

## CHAPTER 6: Lease Negotiations

### MATCHING:

credit report  
closing techniques  
lease application  
rental history  
noncompeting clause

concessions  
credit rating  
lease assumption  
expansion option  
tenant alteration costs

1. \_\_\_\_\_ The process by which the manager guides the prospect to accepting the space and signing the lease
2. \_\_\_\_\_ A negotiable point in a lease, often requiring the landlord to give up something in the prospective tenant's favor
3. \_\_\_\_\_ Numeric financial rating of commercial or industrial companies used internationally by Dun & Bradstreet
4. \_\_\_\_\_ A lease clause granting a tenant the option to lease additional adjacent space after a specified period of time
5. \_\_\_\_\_ A report issued by a service bureau detailing an individual's past and current account and history of making payments
6. \_\_\_\_\_ A written document filled out by all prospective tenants; identifying the prospect, a rental history, financial status, etc.
7. \_\_\_\_\_ A lease clause granting a retail tenant an exclusive right to operate without competition on the property
8. \_\_\_\_\_ A lease concession whereby a property owner agrees to take over the balance of payments on a prospective tenant's current lease in order to induce the tenant to change locations
9. \_\_\_\_\_ A record of the prospect's previous rental patterns that can influence the manager's decision to rent or not rent
10. \_\_\_\_\_ Construction, remodeling and alteration expenses for work needed to make the premises useable by the tenant; major point of lease negotiations

### Chapter 6: True/False

1. **T F** Every prospect should fill out a visitor registration form.
2. **T F** The manager does not have to take lease applications from people that he or she feels won't fit in with the other tenants.

3. **T F** A family or company that changes locations frequently will make a good choice for a tenant.
4. **T F** The property owner gives up something of value when a concession is granted.
5. **T F** Justification for a lease concession will depend on how much space the tenant needs and how long the lease will be.
6. **T F** Giving a month's free rent is a better concession than lowering the monthly rate for the term of the lease.
7. **T F** The manager should sign the lease if the total economic value of the lease justifies the concessions.
8. **T F** The marketing goal has been reached when the prospect answers the ad.
9. **T F** Part of the qualifying process is to examine the prospect's national origin.
10. **T F** The role of an attorney is to bring up enough objections that the prospect loses interest.

## Chapter 6: Multiple Choice

1. **Every prospect who walks in the door should complete a**
  - a. visitors registration form.
  - b. lease application.
  - c. credit report application.
  - d. referral form.
2. **The Civil Rights Act of 1968 (Fair Housing Act) make it illegal to refuse a prospective purchaser on the basis of**
  - a. public assistance, age, marital status.
  - b. inability to hold a job.
  - c. race, color, religion, sex, national origin, familial status and handicap.
  - d. race, religion, sexual orientation, number of people in the rental unit.
3. **To legally obtain a credit report, a property manager**
  - a. submits a phone request to national credit agency.
  - b. need not obtain the applicant's consent.
  - c. can do so for some applicants and not for others.
  - d. can only do so with the applicant's permission.

- 4. All of the following are correct regarding the rationale behind validating a prospect's financial references EXCEPT**
  - a. Slow or erratic payers usually retain this pattern.
  - b. Prompt and steady payers are inconsistent in meeting their obligations.
  - c. Prospective tenant with an erratic history should be turned down.
  - d. If there are only one or two lapses, allow the prospect to explain.
  
- 5. Another word for concession is a(n)**
  - a. bribe.
  - b. give away.
  - c. inducement.
  - d. bargaining.
  
- 6. One of the major concessions granted to balance the needs of the tenant and the prevailing market is**
  - a. owner alterations.
  - b. expansion options.
  - c. temporary free rent.
  - d. to defray moving expenses.
  
- 7. Residential tenant alterations are usually restricted to**
  - a. highly customized alterations to meet their needs.
  - b. decorating expenses.
  - c. the established building standard.
  - d. those done by the tenant.
  
- 8. What is the clause in a lease that allows a tenant an exclusive right to operate without competition?**
  - a. Step-up
  - b. Noncompeting
  - c. Encumbrance
  - d. Acceleration
  
- 9. Which of the following is an indirect way to ease moving costs of a tenant?**
  - a. Lease assumption
  - b. Paying for the moving vans
  - c. Lease buy-out
  - d. Offer stationary with the new address at no charge
  
- 10. When the prospective tenant hesitates, the effective manager will employ several**
  - a. styles of discussion.
  - b. qualifying questions.
  - c. closing techniques.
  - d. trial closes.