

CMCA PRACTICE TEST

The first resource the manager should consult to determine whether the association is responsible for a particular maintenance obligation is the:

- A. Deed**
- B. Governing Documents**
- C. Agreement of Sale**
- D. Board President**
- E. Association's Attorney**

In which documents would one typically find the voting rights of member owners?

- A. Federal Statutes**
- B. Board Minutes**
- C. Individual Deeds**
- D. Articles of Incorporation**
- E. Association Bylaws**

Fidelity insurance provides coverage to ensure that the:

- A. Board will meet its fiduciary obligations**
- B. Manager will faithfully follow all document provisions**
- C. Deductible in the Association's insurance policies is reimbursed**
- D. Association will be covered for shortfalls in the reserve accounts**
- E. Association will recover any funds lost through employee dishonesty**

Which of the following would a condominium unit member's personal insurance policy cover when it is the primary insurance policy?

- A. Wind damage to the roof of the member's unit.**
- B. Bodily injury due to a slip and fall in the common area in front of the member's unit**
- C. Bodily injury due to the association using the member's automobile**
- D. Bodily injury due to a slip and fall within a member's unit**
- E. Fire damage to the association's unimproved common walls**

The requirements of federal law regarding safety in the workplace under the Occupational Safety and Health Act (OSHA) include consideration of all of the following, except:

- A. Determination of the number of employees to do the work.**
- B. Specialized training of employees.**
- C. Safety equipment of the work site.**
- D. Posting of warnings related to work site conditions.**
- E. Reporting of accidents.**

Quorum requirement conflicts are resolved by:

- A. State Statute**
- B. The Board of Directors**
- C. A vote of those present at a meeting**
- D. Appointment of a person as a proxy**

Which type of management is the process of operating, maintaining, repairing and replacing common property?

A. Human Resources

B. Facilities

C. Financial

D. Risk

The higher a document's place in the hierarchy, the:

- A. Harder it is to implement**
- B. Greater its power with the board**
- C. More it is regulated legally**
- D. Greater its legal weight in a court of law**

Based on which type of requirements would you choose a contractor over the association to complete work?

- A. Low urgency, costs adequate, tools available**
- B. High urgency, low supervision and training possibly needed**
- C. Requires supervision, expertise required and low urgency**
- D. Low costs, high urgency and borrowed tools**

Who is required to be present for an annual association membership meeting to conduct business?

- A. The Treasurer and the Secretary**
- B. A quorum of the Board of Directors**
- C. All members of the Board of Directors**
- D. A quorum of the members**

Community association governing documents and state statutes may require who to be involved in preparing annual reports?

- A. A CPA**
- B. The Owners**
- C. An Ad-Hoc Committee**
- D. The Management Company**

What is a typical management control used to identify physical assets?

- A. Checklist**
- B. Charts of Information**
- C. Inventory**
- D. Calendar or Schedule**

When a contractor fails to perform to the terms of the contract, which provision in the contract allows the association to terminate?

- A. Default Provisions**
- B. Warranty Provisions**
- C. Insurance Provisions**
- D. Performance Provisions**

Where can an individual find the owner and the association's maintenance responsibilities?

- A. The Plat Map**
- B. The Declaration**
- C. The State Statute**
- D. The Lease**

At the monthly board meeting, it is the role of the manager to do all of the following, except:

- A. Implement the decisions of the board**
- B. Call for a vote on an issue**
- C. Keep discussions on target**
- D. Act as a resource to the board**

All of the following are goals of maintenance in a community association, except:

- A. Meeting the needs of the residents**
- B. Preserving and enhancing the common property**
- C. Limiting injury to residents, guests and employees**
- D. Increasing the association's profits**

The use of parliamentary procedure during meetings helps to ensure that:

- A. Quorum requirements are met**
- B. Only effective motions are made**
- C. The board considers one item of business at a time**
- D. The presiding officer is knowledgeable of meeting procedures**

GAAP requires which statement for year-end reports for a community association?

A. Cash Flows

B. Auditing

C. Compilation

D. Budgeting

When developing a rule, the rule must be capable of:

- A. Uniform enforcement**
- B. Modifications and revisions**
- C. Limited interpretations**
- D. Selective enforcement**

If you prepare a maintenance responsibility chart for your community association, it must be based on all of the following, except:

- A. Bylaws and declaration**
- B. Board policies**
- C. State Statutes**
- D. Human Resource Policy**

Who is responsible for selecting a contractor?

A. Board

B. President

C. Manager

D. Owners/Residents

A manager must take into consideration all of the following Federal laws during the hiring process, except the:

- A. Americans with Disabilities Act of 1990**
- B. Immigration Reform and Control Act of 1986**
- C. Housing and Urban Recovery Act of 1983**
- D. Family and Medical Leave Act of 1993**

A legally binding contract should include all of the following provisions, except:

- A. Assignability**
- B. Waiver**
- C. Insurance**
- D. Severability**

Which government agency regulates employee compensation or payment?

- A. FDIC**
- B. FICA**
- C. OSHA**
- D. DOL**

If a physical asset is to be replaced, the basis for an association's scheduled replacement consists of the:

- A. Reserve Study and Replacement Fund Budget**
- B. Maintenance Record and Inspection Report**
- C. Inspection Checklist and Reserve Fund Budget**
- D. Inspection Report and Analysis Sheet**

A closed board meeting may also be referred to as a:

- A. Private Session**
- B. Board Session**
- C. Executive Session**
- D. Committee Session**

All of the following are types of association meetings, except:

- A. Special Meetings**
- B. Annual Meetings**
- C. Ad-Hoc Meetings**
- D. Owner Meetings**

A useful management control to record various maintenance services and information needed in case of an emergency is a Maintenance:

- A. Responsibility Chart**
- B. Analysis Sheet**
- C. Request Form**
- D. Contact Sheet**

All of the following are key contract provisions, except:

- A. Standards of Performance**
- B. Job Site Safety Requirements**
- C. Manner in which payments are made**
- D. Contractor's Phone Numbers**

It is a good practice for an association to include a disclaimer in its employee manual stating that:

- A. Employment is based on experience and references**
- B. It is not an implied contract or promise of employment**
- C. Employment may include a background check**
- D. The association is not responsible for any possible injuries on the job**

To get needed maintenance work performed, a manager must organize the maintenance work into basic categories and:

- A. Pay all invoices when presented**
- B. Create controls for ensuring that the work will be completed**
- C. Get at least five bids for work over \$1,000**
- D. Have the board inspect the work**

Upon receipt of a proper petition to call a special meeting, what should the manager do?

- A. Arrange a meeting with counsel**
- B. Advise the board to address it at the next scheduled meeting**
- C. Advise the board of its duty to respond in a timely manner**
- D. Setup a special meeting location**

All of the following are basic types of contracts, except:

A. Service Contracts

B. Repair Contracts

C. Preventative Maintenance Contracts

D. Architectural Contracts

In which procedure are performance problems brought to the employee's attention and actions taken to correct them?

- A. Employment Model**
- B. Progressive Discipline System**
- C. Employee Training Program**
- D. Continuous Improvement Program**

All of the following are criteria to be considered when recommending a contractor to the board, except:

- A. Understanding of what needs to be done**
- B. Possession of the necessary qualifications to do the job**
- C. Price**
- D. Timeframe**

What authority creates the right to vote by proxy?

- A. Association rules and regulations**
- B. State statutes**
- C. Common law**
- D. Owner's rights**

Periodic maintenance performed to avoid disruptive breakdowns and to prolong the useful life of a physical asset is considered:

- A. Routine Maintenance**
- B. Requested Maintenance**
- C. Emergency Services Maintenance**
- D. Preventive Maintenance**

Before the commencement of any services and repairs, the association should:

- A. Survey the owners/tenants to see if services are necessary**
- B. Ask the board to suggest what to do next**
- C. Raise assessments to pay for work**
- D. Compare three or more bids**

All of the following are true with respect to cumulative voting, except:

- A. Many people perceive it as ballot box stuffing**
- B. It allows owners to cast all of their available votes for one person**
- C. The association can amend the governing documents to prohibit it**
- D. It helps establish a quorum**

Preparing for a board meeting includes an agenda with:

- A. The Vice-President's Report**
- B. Minutes of the previous meeting**
- C. Items to be addressed and voted on**
- D. Introductions of the Board and Manager**

Which contract covers the costs of all labor and materials?

- A. Cost and Fees**
- B. Repair Service**
- C. Lump Sum**
- D. Time and Materials**

Your community association should have established dismissal policies and procedures in its:

- A. Performance Evaluation Program**
- B. Interview Process**
- C. Employee Handbook**
- D. Employment Records and Files**

A community association wants to develop an RFP to repair or replace roofs of properties that were damaged in a recent storm. Who should prepare the extensive specifications for the job?

- A. Board Members**
- B. Association Manager**
- C. Third-Party Expert**
- D. Possible Contractor**

Annual meetings are intended to provide a forum:

- A. In which owners expand their power**
- B. For all business, elections and reports stated**
- C. For owners to decide special meetings**
- D. To allow the board to take action at a special meeting**

A job description should include:

- A. Required duties of the position**
- B. A list of paydays and holidays**
- C. Salary and benefits**
- D. Reporting relationships**

When an organization is interested in receiving proposals for a particular project, what should it develop?

- A. Bid specification**
- B. Bid request**
- C. Bid qualifications sheet**
- D. Bid statement of work**

Who is entitled to vote when more than one person owns a unit or lot?

- A. All owners are entitled and their vote is split**
- B. All owners are entitled and each gets a vote**
- C. Neither owner is entitled and they must have a proxy in order to vote**
- D. Owners should vote in concert, with one owner designated to cast the vote**

The process of reviewing the extent to which a person has met established goals and standards is called:

- A. Progressive Planning and Enhancement**
- B. Performance Evaluation**
- C. Improvement Programming**
- D. The Ten Steps of Highly Effective People**

Which of the following are detailed instructions about the products or services requested from a contractor?

- A. Warranties**
- B. Bid Specifications**
- C. Qualifications Sheet**
- D. Payment Bonds**

More and more associations are employing which professional to attend annual or special meetings and to rule on all procedural questions?

- A. Certified Lawyers**
- B. Professional Parliamentarians**
- C. Certified Negotiators**
- D. Professional Arbitrators**

A cost and fees contract covers:

- A. All contracted work fees after it has been completed**
- B. A level of performance for a specific period of time and money**
- C. Actual labor and materials costs and a percentage of profit**
- D. Hourly rates, material costs and a percentage of the total costs**

What is the process of establishing performance goals and standards for an employee?

- A. Employee orientation to the association**
- B. On-going training**
- C. Performance Planning**
- D. Performance Evaluation**

All of the following statements are correct with regards to special and annual meetings, except:

- A. Both have to meet minimum quorum requirements set by statute**
- B. Both require notice of meeting to be sent to all owners within time allotted**
- C. Both provide a forum for business not stated in meeting notice**
- D. Both allow owners to attend in person or by proxy**

What is an aid commonly used for planning and budgeting the use of personnel?

- A. Job Description**
- B. Annual Budget**
- C. Manpower Reports**
- D. Performance Planning**

What sets forth criteria for the annual meeting, including notice, quorum, voting and proxy procedures?

- A. Articles of Incorporation**
- B. Bylaws**
- C. State Statutes**
- D. Parliamentary Procedures**

What regulates specific working conditions, safety equipment and reporting of accidents?

- A. Fair Labor Standards Act**
- B. Child Labor Laws**
- C. Worker's Compensation Laws**
- D. Occupational Safety and Health**

For which project would a board most likely want to use a consultant to help develop bid specifications?

- A. Landscape Renovation Project**
- B. Repairing and/or Replacing all Roofs**
- C. Painting the Interior of Lobbies and Hallways**
- D. Repairing HVAC and Boilers**

In terms of compensation, a contract should state:

- A. Who provides insurance coverage**
- B. Each employee's rate to perform the work**
- C. When and on what terms payments will be made**
- D. Requirements for a payment bond**

In what type of a contract would a waiver of lien be recommended?

- A. Repair of the HVAC system**
- B. Re-roofing the buildings**
- C. Repair of the pool pump**
- D. Annual tree pruning**

Legal review prior to executing a contract will assist the association in the event that:

- A. A subcontractor is used**
- B. A performance bond is required**
- C. There is a budgetary shortfall**
- D. The board has questions or concerns**

Employment contracts need not include:

A. Legal sources

B. Interests

C. Termination

D. Notice

In older condominiums, an association should have what type of contract covering mechanical equipment?

- A. Time and Materials**
- B. Specific Repair**
- C. Service**
- D. Preventive Maintenance**

Rather than describing the scope of work in detail in the contract, a manager may:

- A. Attach the bid specifications**
- B. Call each contractor to describe the job**
- C. Be on site to oversee project content**
- D. Suggest the board meet the contractor to talk about the scope of work**

Preparing a bid request includes which of the following:

- A. Verifying references**
- B. Identifying potential contractors**
- C. Recommending a contractor to the board**
- D. Verifying contractor insurance**

Alternative dispute resolution includes which of the following methods?

A. Mediation

B. Subrogation

C. Litigation

D. Indemnification

In an initial letter you send to an owner who has violated one of the association's adopted rules, which of the following is included?

- A. The amount of fine assessed**
- B. Steps to amend the rules**
- C. The offer to meet to hear the owner's viewpoint**
- D. What the outcome of similar cases has been**

Which of the following has the greatest regulatory influence on the management of a community association?

- A. Federal Statutes**
- B. Articles of Incorporation**
- C. Specific State Statutes**
- D. General State Statutes**

When a dispute is mediated, an uninvolved third party facilitates discussion and:

- A. Makes the final judgement for both parties**
- B. Presents a decision which the parties are free to reject**
- C. Assists both parties in reaching a mutually acceptable agreement**
- D. Decision is binding upon both parties**

When developing a rule, it must be consistent with:

- A. Fine schedules as approved by the courts**
- B. Board recommendations and resolutions**
- C. Guidelines established within the governing documents**
- D. Applicable statutes and governing documents**

In the hierarchy of a community association's governing documents, which of the following is the highest authority?

- A. Bylaws**
- B. Articles of Incorporation**
- C. Declaration**
- D. Mortgage Lender Requirements**

The Board of Directors receives its authority to perform its specific duties through the:

- A. Community Charter**
- B. Governing Documents**
- C. Board Resolutions**
- D. Board Member Job Descriptions**

Which of the following is within the authority of the Board of Directors?

- A. Creating by-laws**
- B. Being paid for their service**
- C. Establishing programs**
- D. Amending the declaration**

In preparing the association's annual financial report, many governing documents specify:

- A. Retaining an independent tax specialist**
- B. Retaining an independent certified public accountant**
- C. The establishment of a finance committee**
- D. The use of the management company's accountant**

Which of the following would impact the operation of a newly installed entry control system?

- A. Communicating the access control policy to residents**
- B. Identifying warranty procedures**
- C. Developing a capital replacement budget line item**
- D. Informing the association's insurance agent**

A board exercises its fiduciary responsibility by:

- A. Authorizing the manager to enforce rules**
- B. Establishing internal controls**
- C. Authorizing a committee to adopt due process procedures**
- D. Voting to eliminate parking rules**

What “duty” do the Board members and the Manager have to the members?

A. Accountability

B. Loyalty

C. Service

D. Conduct

The primary purpose of a community association is to:

- A. Guarantee property tax benefits**
- B. Protect the financial health of the owners**
- C. Provide owners protection from municipal laws**
- D. Deal with governance and business**

Management conducts its tasks for the day to day operation of the association in accordance with the:

A. Minutes

B. Contract

C. Board President's instructions

D. Resolutions

Who has the ultimate responsibility for the care and maintenance of the common areas, facilities and physical property?

- A. The Board of Directors**
- B. The Association Manager**
- C. The Developer until Turnover**
- D. The Executive Committee**

You have a proprietary lease in XYZ development. Which of the following best describes your interest in the property?

- A. A time-share interest**
- B. A divided interest**
- C. An undivided interest**
- D. Stock membership**

If an owner fails to receive notice of a meeting, the association is not responsible if the owner:

- A. Did not notify association of their current address**
- B. Does not usually attend the meetings**
- C. Already signed the petition to call the meeting**
- D. Shares title with multiple owners**

Executive sessions should typically be used for discussing which of the following issues:

- A. Controversial issue**
- B. Member's delinquency**
- C. Landscaper's service quality**
- D. Proposed rule change**

Which of the following is a duty of a manager attending a board meeting?

- A. Call the meeting to order**
- B. Establish the agenda**
- C. Take the minutes of the meeting**
- D. Be the time keeper**

If the governing documents and laws present conflicting notice periods, follow:

- A. The by-laws**
- B. State laws**
- C. Your attorney's advice**
- D. Declarations**

Why are special membership meetings held?

- A. To vote on a new budget**
- B. To conduct specific business**
- C. As a means to communicate to membership**
- D. To elect members to the Board**

If a proxy vote needs to be approved, the best option for an approver would be:

- A. The proxy giver**
- B. The secretary**
- C. A notary**
- D. A witness**

Board meeting minutes should include which of the following:

- A. Names of all members present**
- B. Summary of board remarks**
- C. Exact wording of each motion**
- D. Summary of owner comments**

What is the best way to communicate the management's expectation for an employee to complete regular and special tasks during a certain time period?

- A. Job orientation**
- B. Job duties**
- C. Establishing performance goals**
- D. Performance reviews**

The purpose of a personnel manual or employee handbook is to:

- A. Provide the format for job evaluations**
- B. Define individual job descriptions**
- C. Detail the programs the company offers**
- D. Explain employee rights and responsibilities**

When staff members help to develop policies and procedures, they are more:

- A. Likely to get acknowledged for their contributions**
- B. Committed to their job**
- C. Committed to implement them**
- D. Likely to be satisfied with their job**

Which tool is most effective for defining the employee's duties?

- A. Personnel policy**
- B. Job description**
- C. Routine performance reviews**
- D. State or local labor regulations**

When an association contracts out all of its services and has no employees, it is a best business practice to:

- A. Negotiate contracts within the bidding process**
- B. Purchase employment practices liability insurance**
- C. Assume the contractors carry their own insurance coverage**
- D. Increase the coverage under the D&O insurance policy**

A component of building ordinance insurance coverage includes:

- A. Glass damage**
- B. Extra demolition**
- C. Water damage**
- D. Power failure**

To provide payment of the insurance deductible, you would:

- A. Pass the cost directly on to the owners**
- B. Negotiate with the hired contractor**
- C. Allow for costs in the operating budget**
- D. Budget as a reserve expense**

What does “co-insurance” obligate the association to do?

- A. Pay the deductible**
- B. Maintain certain limits of insurance**
- C. Cover the depreciated value of all association buildings**
- D. Provide insurance for homeowners**

Directors and Officers liability insurance is designed to cover claims resulting from:

- A. Theft of funds by an association board member**
- B. Wrongful acts of employees of the association**
- C. Bodily injury of directors and officers**
- D. Damage to board owned property**

What section of an insurance policy describes the coverage limits, deductibles, policy period and premium?

- A. Policy conditions**
- B. Policy endorsements**
- C. Policy definitions**
- D. Declaration page(s)**

Which of the following types of insurance coverage is one of limited value to a community association?

- A. Liability**
- B. Assessment Fee Receivable**
- C. Worker's Compensation**
- D. Commercial Umbrella**

Liability claims should be sent to the insurer:

- A. Requesting a public adjuster be assigned**
- B. Without admitting negligence**
- C. By the Insurance Trustee**
- D. Within 72 hours of the incident**

What is the primary source of requirements when developing the association's annual maintenance budget?

- A. Governing Documents**
- B. State Law**
- C. Annual Audit**
- D. Reserve Study**

When the board reviews the proposed budget for approval, what should it consider?

- A. The financial effect on the owners**
- B. The economic impact on tenants**
- C. The financial position of the association**
- D. The physical condition of the association members**

Which method is the best alternative to increasing assessments?

- A. Reducing maintenance expenses by deferring repairs**
- B. Increasing income by charging higher user fees**
- C. Reducing maintenance expenses by selling common areas**
- D. Increasing income by opening a line of credit**

The manager is not usually responsible for preparing the:

- A. Investment Report**
- B. Tax Returns**
- C. Annual Budget**
- D. Variance Report**

What is the purpose of a Management Letter?

- A. To note problem areas in an association's financial operations and recommend modifications and improvements**
- B. To serve as an audit engagement letter after selection of the auditor by the board**
- C. To outline the nature and scope of a proposed audit**
- D. To serve as a cover letter to an audit report distributed to association members**

The interim financial report should, at a minimum, include a:

- A. Statement of changes in member's equity, cash flow analysis and notes to financial statements.**
- B. Statement of reserve funding, investment results and accounts receivable.**
- C. Statement of income and expenses, account balance and a balance sheet.**
- D. Statement of cash flow, balance and bank statements.**

If you want to know the difference between actual and budget figures for a revenue account, to which documents should you refer?

- A. Balance sheet and budget**
- B. Statement of cash flow and budget**
- C. Statement of profit and loss**
- D. Statement of income and expenses and budget**

The best reasoning for recommending the modified accrual accounting method is that, compared to cash accounting, it:

- A. Will make future audit work more accurate**
- B. More accurately reflects the association's financial condition**
- C. Is more easily understood by board members**
- D. Can be accomplished more quickly**

What are two essential financial documents the board of directors should use to determine the amount of funds available for an unbudgeted expense?

- A. Statement of cash flows and accounts receivable report**
- B. Balance sheet and statement of revenue and expense**
- C. Statement of cash flows and check register**
- D. Replacement reserve report and general ledger**

Your association just completed the eighth month of its fiscal year. Which financial report would be most useful to project year end expenses?

- A. Statement of Revenue and Expense**
- B. Balance Sheet**
- C. Statement of Cash Flows**
- D. Accounts Payable Report**

On what basis is the community association reporting its finances when the financial reports indicate income when received and expenses when paid?

- A. Cash Basis**
- B. Modified Accrual Basis**
- C. Accrued Basis**
- D. Modified Cash Basis**

A significant decline in the amount of investments is most likely the result of:

- A. Failure to invest association funds properly**
- B. Seasonal timing of expenses**
- C. Expenditures out of reserve funds**
- D. Failure to collect delinquent assessments**

To determine which physical assets must be maintained by the association, the manager should:

- A. Consult the local building codes**
- B. Review the association's governing documents**
- C. Ask the developer to identify assets**
- D. Walk the property to inventory assets**

A work order:

- A. Documents current maintenance standards**
- B. Identifies what needs to be done during the year**
- C. Assigns maintenance tasks**
- D. Is a punch-list of maintenance needs**

Which of the following is an example of an association control system?

- A. Frequent neighborhood inspections**
- B. Owner garage door locks**
- C. Telephone entry system**
- D. Posting police department information on building bulletin boards**

Which of the following is a common management control for ensuring maintenance work is performed in a timely manner?

- A. A purchase order system**
- B. An equipment warranty**
- C. A work order/response form**
- D. A contractor's invoice**

Where would a manager find guidelines regarding the association's responsibility for maintaining the physical assets?

- A. Equipment warranties**
- B. Real estate sales contract**
- C. Governing documents**
- D. Board resolutions**

The primary management control tool for identifying whether the association needs to maintain a particular property element is:

- A. Physical inspections**
- B. Association bylaws**
- C. Maintenance responsibility chart**
- D. Community asset inventory**

When monitoring maintenance of an association's swimming pool, which of the following should be entered into a permanent log at regular intervals?

- A. Chlorine level readings**
- B. Facility usage statistics**
- C. Pump motor inspections**
- D. Number of accidents or incidents**

Which type of maintenance should be managed with a routine maintenance contract?

- A. Replacing dead shrubs**
- B. Painting building hallways**
- C. Cutting the grass**
- D. Cleaning sewer lines**