



STUDY GUIDE

FEATURING UPDATED CONTENT OUTLINE
EFFECTIVE DECEMBER 2024

CMCA[®]

EXAMINATION

STUDY GUIDE

DISCLAIMER

This study guide is a compilation of CAMICB's identified knowledge areas and tasks for the CMCA examination. Its purpose is not to teach the competencies tested in the CMCA examination but to provide a clear understanding of test content, structure, and procedure. This approach is intended to equip candidates with the understanding necessary to confidentially navigate the examination, knowing what to expect.

Additionally, it is important to note that eligibility to sit for the Certified Manager of Community Associations (CMCA) examination is independent of the purchase or use of any preparation materials, including this study guide. While the guide is a comprehensive resource aimed at aiding your exam preparation, it should be recognized that its use alone does not guarantee a passing score on the examination.

If you are looking for additional information about policies and process related to taking the CMCA examination, please visit www.camicb.org and download the CMCA Handbook.

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NOTE: This version of the CMCA Study Guide features the updated content outline that will go into effect in December 2024. Learn more about these changes on page 8. You can view the CMCA Study Guide featuring the current content outline on camicb.org.

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LETTER FROM THE EXECUTIVE DIRECTOR

Dear CMCA Candidate,

Welcome to your journey towards becoming a Certified Manager of Community Associations (CMCA®)!

At the Community Association Managers International Certification Board, we understand the importance of being well-prepared for the CMCA examination. The Study Guide is crafted to provide a clear understanding of the exam's content, structure, and procedures, rather than teaching the competencies themselves. This approach is intended to equip you with the necessary understanding to confidently navigate the examination, knowing what to expect.

As you delve into this guide, you will find detailed descriptions of the knowledge areas crucial for the exam. Each section is designed to clarify the responsibilities and tasks you will be tested on, serving as your roadmap to a comprehensive study plan. By integrating the insights from this guide with your own professional experience, you can tailor an effective exam preparation strategy that best suits your needs. While additional coursework can supplement your study, it's your unique blend of knowledge, skills, and this guide's comprehensive coverage that will be instrumental in your exam success.

Remember, success in the CMCA examination requires not just familiarity with the content but also a well-structured approach to study. This process is about more than just achieving certification; it lays the groundwork for a thriving career in community association management. Embrace the richness of this learning opportunity, absorbing the knowledge that will empower your professional growth.

We at CAMICB are committed to supporting you every step of the way on your path to certification. Our team is here to assist if you have any questions or need further guidance. Best of luck in your studies and your future endeavors in community association management.

Very truly yours,

A handwritten signature in blue ink that reads "Matthew Green". The signature is fluid and cursive, with the first name "Matthew" being larger and more prominent than the last name "Green".

Matthew Green, CAE
Executive Director

SECTION 1: INTRODUCTION

Begin your journey of advancement in community association management with the Community Associations Managers International Certification Board (CAMICB).

Our journey began with a vision to not just set standards but to elevate them, creating an international certification that stands as a beacon of proficiency and dedication in community association management. In October 1995, CAMICB was incorporated by the Community Associations Institute (CAI), with a plan to maintain the highest industry standards through the Certified Manager of Community Associations (CMCA) credentialing program.

With full authority vested in our Board of Commissioners, CAMICB ensures that the CMCA program meets and exceeds the stringent criteria for reliability, validity, and applicability. In this journey, we partnered with the Human Resources Research Organization (HumRRO), a seasoned professional test development firm since 1951. Together, we created a comprehensive program that sets a gold standard in community association management.

At CAMICB, our mission goes beyond certification—it's about enhancing the entire community association management profession. We recognize individuals who embody the defined body of knowledge, coupled with an unwavering commitment to the CMCA Standards of Professional Conduct. Join us in this quest for excellence, where knowledge meets dedication, and professionals are acknowledged for their exceptional contributions to the field. Welcome to CAMICB, where we shape not just careers but the future of community association management.

THE VALUE OF ACCREDITATION

As we raise the bar for aspiring CMCA credential holders, CAMICB mirrors that commitment in our own pursuit of excellence, setting a standard that reflects our unwavering dedication to quality and integrity through third-party accreditation of the CMCA credential.

Since its accreditation by the National Commission for Certifying Agencies (NCCA) in 2010 and subsequent accreditation by the American National Standards Institute (ANSI) in accordance with ISO Standard 17024 in 2021, CAMICB has proudly held dual accreditation, a distinction achieved by only a select few credentialing bodies worldwide. This dual accreditation serves as a testament to CAMICB's unwavering commitment to upholding the highest standards of excellence in the certification process, reinforcing the global recognition and credibility of the CMCA credential. The NCCA accreditation attests to the rigor and validity of the certification process, while the ISO 17024 accreditation reinforces adherence to international benchmarks for quality and effectiveness.

For those holding the CMCA credential, this dual accreditation provides tangible assurance of the certification's credibility, reflecting a commitment to professional competence and adherence to globally accepted best practices in community association management. It signifies not only personal achievement for credential holders but also instills confidence among employers, clients, and stakeholders, positioning them at the forefront of a distinguished and globally recognized profession.

THIS STUDY GUIDE

This guide provides information on the content of the CMCA exam and available exam preparation resources. For information on the application process, testing accommodations, exam delivery, or any other CMCA program policies, refer to the [CMCA Handbook](#).

SECTION 2: THE CMCA CREDENTIAL

The Certified Manager of Community Associations (CMCA) is the Essential Credential™ for community association managers. It stands as an invaluable asset for knowledgeable and committed community managers looking to advance their careers. Successfully passing the rigorous CMCA exam not only demonstrates a solid understanding of diverse business operations in community association management but also propels one's career forward. CMCA's enjoy better job opportunities, earning an average of 20% more than non-credentialed managers. This internationally recognized and dually accredited credential provides a portable career advantage, allowing managers to operate in various markets globally. By adhering to high Standards of Professional Conduct, CMCA's exhibit their commitment to ethical and proficient professional activities, ensuring consumer and association protection. Recertification, a crucial component, signifies a dedication to continued competency, enabling CMCA's to stay updated on industry trends, connect with peers, and offer the highest level of guidance to associations.

THE CMCA EXAMINATION

The Certified Manager of Community Associations (CMCA) is a standardized examination for professional community association managers developed and maintained by CAMICB. The CMCA is a rigorous 2 ½-hour multiple-choice test that measures candidates' understanding of the knowledge expected of an early-career community association manager.

Passing the CMCA examination is evidence that the manager has an acceptable understanding of the defined body of knowledge. Adherence to the CMCA Standards of Professional Conduct is evidence that the manager is ethical and professional, and compliance with continuing education and recertification requirements proves the manager's commitment to continuous learning and self-improvement.

By adhering to these stringent criteria, the CMCA credential not only assures community association homeowners, boards, and management companies of a manager's competence but also instills confidence in the safeguarding of community association assets, providing homeowners with peace of mind and preserving home values. Moreover, the CMCA serves as a valuable benchmark for employers, offering a reliable standard to assess potential employees. Employers can trust that the knowledge and skills required to obtain the CMCA are rooted in extensive research and practical experience within the community association management field.

CMCA EXAM DEVELOPMENT

CAMICB develops and maintains the CMCA exam in working partnership with the Human Resources Research Organization (HumRRO), a nationally recognized assessment agency. CAMICB partners with HumRRO to ensure that the CMCA exam is developed and maintained in full adherence to the core principles of psychometrics – the science of measuring knowledge through assessment.

With direction from CAMICB and HumRRO staff, the CMCA Exam Development Committee contributes to all aspects of the development and maintenance of the CMCA examination. The Committee is comprised of volunteer subject matter experts (SMEs) from the community association management industry. The Committee is divided into function-specific panels that complete a wide range of exam development tasks, from item review to supporting the job analysis. Volunteers are integral to fulfilling CAMICB's mission to assure the quality of professional community association management worldwide.

EXAM MAINTENANCE

A top priority for CAMICB is to continually maintain, update and validate the CMCA exam. A variety of exam development activities are held throughout the year for this purpose. A cohort of SMEs work under the guidance of a psychometrician to review and edit newly developed CMCA exam items for clarity, relevance, and technical accuracy. Participants work individually and as a group to ensure that potential items are acceptable for inclusion on future examination forms. New exam forms are developed and carefully reviewed each year before being published as active test forms.

JOB ANALYSIS

Equally important to the validity and reliability of the CMCA exam is the periodic completion of a job analysis study. A job analysis is a systematic process of evaluating a profession to identify 1) the tasks that are critical to performing the job well and 2) the knowledge, skills, and abilities needed to perform those tasks successfully. After conducting extensive research to answer these questions, the project ends with developing a formal set of exam specifications (also known as a content outline) that identifies the topics that will be tested on the exam. Completing a comprehensive job analysis is the cornerstone of any legally defensible credentialing program.

CAMICB's most recent job analysis study ran from June 2021 to December 2022. Volunteers from the Job Analysis Panel and the Oversight Panel made key contributions to the development of community association management job task list and the interpretation of findings. The study produced an updated blueprint that reflects shifts in the distribution of the exam content based on meaningful changes in the profession. The changes indicate the profession's adaptation to a continuously evolving environmental, social, political, and regulatory landscape—one that early career managers must navigate. The Board of Commissioners approved the new content outline at the December 2022 meeting and those changes to the exam will go into effect in December 2024.

SECTION 3: CMCA EXAMINATION CONTENT

The Certified Manager of Community Associations (CMCA) is a standardized multiple-choice examination evaluating knowledge across critical areas of community association management. These domains are weighted by relative importance, with larger percentages indicating more items related to that topic on the exam. Each domain includes statements describing essential tasks and knowledge concepts for effective performance as a community association manager. Exam items gauge the knowledge outlined in these statements.

The 2.5-hour exam comprises 120 questions: 100 scored and 20 unscored pilot-test items. Pilot items have no bearing on the candidate’s score; CAMICB includes them to gather statistical data on their effectiveness before potentially incorporating them as scored items in future exams. Each question contains four response options, only one of which is the correct or best answer. You will be asked to select the correct or best answer from these options.

THE CMCA CONTENT OUTLINE

The exam content outline serves as a blueprint for the CMCA exam, detailing the specific knowledge areas and their respective weights that candidates are tested on. The content outline guides the development of CMCA exam questions, as well as serving as a strategic roadmap for candidates preparing for certification. It offers a detailed understanding of assessed subjects and their relative importance. This insight allows candidates to assess their strengths in alignment with the blueprint, facilitating targeted study efforts in areas that require more attention and ensuring comprehensive coverage of the material.

In essence, the content outline empowers candidates to approach their studies with a clear understanding of the areas critical for success in the CMCA exam and, by extension, in their roles as community association managers.

CHANGES TO THE CONTENT OUTLINE (EFFECTIVE DECEMBER 2024)

The CMCA exam content outline is based upon the findings of a job analysis study, an extensive research project focusing on the job tasks performed and knowledge used by early-career community association managers. The job analysis is conducted approximately every five years, resulting in updates to the content outline based on the findings of the research. In 2021-2022, CAMICB oversaw a job analysis that resulted in significant reorganization of the content outline. These changes to the CMCA exam will go into effect in December 2024. Until that time, the exam will continue to follow the content outline that was established by the 2016 job analysis.

Here’s a simple comparison between the current and future content outline:

Current CMCA Content Outline	
Knowledge Domain	Weight
Governance, Legal and Ethical Conduct	23%
Budgets, Reserves, Investments, and Assessments	15%
Contracting	13%
Financial Controls	11%
Risk Management and Insurance	11%
Property Maintenance	11%
Meetings	10%
Human Resources	6%
Total	100%

Future CMCA Content Outline <i>(As of December 2024)</i>	
Knowledge Domain	Weight
Governance and Compliance	23%
Financial Management	20%
Meetings and Events	18%
Risk Management	15%
Property Maintenance	14%
Contracting	10%
Total	100%

While much of the knowledge tested on the exam remains generally consistent, there are crucial differences in how it is organized in the new content outline. Additionally, the knowledge statements on the updated outline are considerably more detailed, providing candidates with enhanced clarity and understanding.

Notable changes for the future content outline include a reorganization of job tasks and knowledge into six principal categories compared to the current eight, allowing for a more cohesive representation of the industry's nuances.

For instance, content previously segregated into distinct categories, such as *Budgets, Reserves, Investments, and Assessments* and *Financial Controls* will now be consolidated under broader headings like *Financial Management* and *Risk Management*. This streamlined approach better reflects the multifaceted nature of association management, presenting a more cohesive and holistic assessment framework for aspiring CMCA candidates.

One of the findings of the job analysis study was a significant emphasis on meetings and events in the daily responsibilities of early-career managers. Consequently, the exam will see an expansion of the *Meetings and Events* domain from 10% to 18%. Furthermore, *Property Maintenance* and *Risk Management* will increase by 3% and 4% respectively, while *Contracting* reduces from 13% to 10%.

Notably, the *Human Resources* domain, constituting 6% of the current exam, will no longer feature in the revised content outline.

WHEN SHOULD I TAKE THE EXAM?

In December 2024, CAMICB will implement changes to the content of the CMCA exam, reshaping the distribution and emphasis of knowledge domains. These modifications reflect the evolving landscape of community association management, ensuring the certification remains aligned with industry needs.

Candidates facing the choice of when to test should consider the following:

- Current Content Outline (Pre-December 2024):
 - o Candidates opting to test against the current outline will encounter questions reflecting the existing knowledge distribution.
 - o This approach might be suitable for those well-versed in the current content or looking to certify promptly without delving into the new outline.
- New Content Outline (Effective December 2024):
 - o Waiting to test against the new outline offers candidates exposure to the updated knowledge areas and their revised weights.
 - o Candidates aspiring to align their knowledge with the latest industry trends and practices may find this option more appealing.

Ultimately, the choice between testing against the old or new content outline depends on individual preferences, preparation timelines, and the desire to certify against the most current standards. CAMICB aims to provide flexibility, allowing candidates to make informed decisions based on their unique circumstances and learning objectives.

HOW TO READ THE NEW CONTENT OUTLINE

The upcoming CMCA exam content outline, effective December 2024, introduces a structured framework comprising six content domains. Each domain encapsulates the essential areas where a community association manager must showcase competence. These domains serve as comprehensive categories guiding the examination's focus.

Within each domain, candidates will encounter two key components:

- Knowledge Statements:
 - These represent the fundamental concepts, principles, and facts that candidates must understand and be familiar with to demonstrate proficiency in a specific domain.
- Task Statements:
 - Task statements outline the practical duties and responsibilities associated with the profession. While this is a written exam and candidates won't be directly evaluated on task performance, proficiency in the knowledge statements should enable them to demonstrate the ability to address and fulfill these tasks effectively.
 - Tasks are further categorized into sub-domains, providing a detailed breakdown of specific job functions and responsibilities within each broader domain.

This structured approach ensures that the exam comprehensively evaluates a candidate's knowledge and their potential to apply it in performing critical tasks across diverse aspects of community association management.

NOTE: This version of the CMCA Study Guide features the updated content outline that will go into effect in December 2024. You can view the version of the CMCA Study Guide that features the current content outline on camicb.org.

THE CMCA EXAM CONTENT OUTLINE (EFFECTIVE DECEMBER 2024)

GOVERNANCE AND COMPLIANCE (23%)

An association manager must demonstrate competence in the administration of organizational accountability, decision transparency, and legal accountability, including policy development, rule enforcement, communication, and delineation of roles and responsibilities, to (a) ensure the association is in compliance with all governing documents and legal requirements, (b) ensure rules and policies are applied in a fair and consistent manner, (c) cultivate and promote a positive and peaceful community environment, and (d) ensure the board, association members, and other parties have a clear understanding of the governing documents, relevant laws, and when to seek legal clarification or interpretation.

KNOWLEDGE STATEMENTS

- Knowledge of the procedures for managing unrecoverable debts
- Knowledge of the purposes and components of disclosure statements
- Knowledge of the principles of assessment/debt collection
- Knowledge of the principles and components of collection policies
- Knowledge of the types and purposes of community association governing documents
- Knowledge of due process principles and procedures
- Knowledge of the principles and procedures for establishing association rules and architectural and/or aesthetic guidelines
- Knowledge of the principles of legislation and policy development
- Knowledge of the types and purposes of restrictions
- Knowledge of the types and purposes of board resolutions
- Knowledge of governance issues that require legal review
- Knowledge of the procedures for transitioning governance of the association from developers to owners
- Knowledge of the types and purposes of committees established by the board
- Knowledge of the roles, rights, and responsibilities of board members and officers
- Knowledge of the roles, rights, and responsibilities of community association managers
- Knowledge of the roles, rights, and responsibilities of members of the community association
- Knowledge of the types of community associations
- Knowledge of conflict resolution strategies and techniques

JOB TASK STATEMENTS

Enforce association rules and regulations.

- Review association governing documents.
- Assess association operations to determine if they are in compliance with the association's governing documents.
- Prepare and/or update procedures for promoting compliance with association rules, policies, and guidelines.
- Enforce association rules, policies, and guidelines.
- Document violations of association governing documents, rules, policies, and/or guidelines.
- Implement the collection policy adopted by the board (e.g., preparing and/or issuing notices for assessment payments, imposing late fees, suspending privileges and/or voting rights).

Provide information and/or guidance on association rules, policies, and procedures.

Provide information and/or guidance to the board on the development and enforcement of association rules, policies, and/or procedures.

Coordinate with qualified parties (e.g., attorney, legal representative) to provide information and/or guidance to the board on laws, statutes, ordinances, and other legal requirements that impact the association.

Compile and distribute information pertaining to the governance of the association (e.g., legal updates, decisions and actions taken at board meetings).

Provide information and/or guidance to the board on the roles and responsibilities of association members and stakeholders (e.g., directors, officers, committee members, owners, association managers).

Provide information and/or guidance to the board on the association’s responsibilities for the maintenance of association assets.

Resolve complaints, disputes, grievances, and conflicts among individuals and/or groups.

Document complaints, disputes, grievances, and/or conflicts submitted by association members, residents, employees, service providers, and/or board members.

Coordinate with qualified parties (e.g., the board, legal representative, specialists) to investigate and resolve complaints, disputes, grievances, and/or conflicts submitted by association members, residents, employees, service providers, and/or board members.

Process, store, and maintain business and administrative information, data, and records.

Maintain directories of community information (e.g., preferred service providers, physical amenities, hours of operation, owner and association responsibilities).

Organize, store, and maintain association documents, files, and records (e.g., membership lists, contracts, owner files, meeting minutes, board nominations, corporate register, invoices, insurance policies, enforcement notices, information required by law).

Review and/or process the association’s corporate registration.

Process owners’ requests for architectural and/or aesthetic improvements, changes, or variances.

FINANCIAL MANAGEMENT (20%)

An association manager must demonstrate competence in the administration and stewardship of association finances, including assessment collection, budgeting, investments, and reserve/sinking funds, to (a) ensure budgets and other financial documents are prepared accurately, (b) promote the financial well-being and stability of the association, (c) help the board and association understand the financial condition of the association, (d) build positive relationships that foster trust and confidence with the board and association members, (e) maintain awareness of financial trends that might impact the association, and (f) ensure funds are adequately protected and secured in accordance with board policy and insurance requirements.

KNOWLEDGE STATEMENTS

Knowledge of metrics for evaluating the financial positions of community associations

Knowledge of the principles of accounting

Knowledge of accounting standards

Knowledge of the types and purposes of accounting methods

Knowledge of the causes and impact of unrecoverable debts

Knowledge of reporting requirements for association fund types

Knowledge of the types, contents, and purposes of financial reports and records

Knowledge of tax filing responsibilities and filing options for community associations

Knowledge of the principles of budget formulation

Knowledge of the types of threats to budget estimation

Knowledge of the types and purposes of association budgets

Knowledge of methods for conducting replacement reserve studies/long-term fund analysis/sinking fund studies

Knowledge of the types of financial assets and liabilities

Knowledge of the types of investment opportunities available to associations

Knowledge of investment principles and terminology

Knowledge of the types of income sources for community associations

Knowledge of methods for raising and collecting money for the association

Knowledge of the purposes and characteristics of audits, reviews, and compilations

JOB TASK STATEMENTS

Coordinate and/or monitor the implementation of board-approved financial plans, policies, and procedures.

Coordinate with authorized parties (e.g., the board, specialists) to conduct and/or update reserve studies.

Provide information and/or guidance to the board on best practices related to reserve fund planning.

Provide information and/or guidance to the board on the implementation of the physical recommendations from the reserve study (e.g., identifying major capital improvements needed in the community).

Provide information and/or guidance to the board on the implementation of the financial recommendations from the reserve study (e.g., identifying and implementing funding sources, reallocating funds, identifying reserve expenditures required to preserve the community).

Monitor the implementation of the investment policies and/or procedures adopted by the board.

Collect and analyze financial data and information.

Coordinate with qualified parties (e.g., accountants, controllers, bookkeepers) to prepare and/or review financial statements and reports (e.g., balance sheets, statements of revenue and expenses, accounts payable aging report, general ledger detail, bank reconciliations).

Analyze financial data (e.g., revenue, expenditures).

Prepare estimates of projected revenue and expenses.

Investigate and document accounting errors, discrepancies, and variances.

Prepare variance reports for the board (e.g., actual versus budgeted).

Monitor and control the use of financial resources.

Prepare association budgets.

Submit association invoices and/or bills to the board for authorization of payment.

Review and approve payment of invoices and/or bills (e.g., ensuring contract amount matches amount billed).

Process reimbursement for association expenses (e.g., committee expenses, supplies for board meetings).

Provide information and/or guidance to the board on best practices for reviewing/utilizing financial statements and reports (e.g., balance sheets, statements of revenue and expenses, accounts payable aging report, general ledger detail, bank reconciliations).

Coordinate with professional accountants to process the association's audit/review and tax filing documentation.

MEETINGS AND EVENTS (18%)

An association manager must demonstrate competence in the preparation, facilitation, and documentation of meetings and events, including board meetings, membership meetings, and elections, to (a) ensure the board maintains awareness of current issues that impact the community, (b) ensure meetings are organized, efficient, and effective, (c) build trust and confidence with the board, (d) promote timely decision-making on issues that impact the community, and (e) provide the board with information and guidance to render informed decisions on behalf of the association.

KNOWLEDGE STATEMENTS

Knowledge of the principles of group dynamics

Knowledge of the procedures for recalling/removing board members and officers of the board

Knowledge of the procedures for nominating board member candidates

Knowledge of the procedures for conducting board member elections

Knowledge of the types of election materials and tools

Knowledge of the principles and procedures for recording minutes at board meetings

Knowledge of the types, contents, and purposes of supporting documentation for association meetings

Knowledge of the contents and purposes of management reports

Knowledge of the procedures for calling association meetings

Knowledge of the principles and procedures for conducting association meetings

Knowledge of the principles and procedures for conducting executive/closed session meetings of the board

Knowledge of meeting facilitation techniques

Knowledge of the types and purposes of association meetings

Knowledge of the types of community events offered by community associations

Knowledge of presentation techniques

JOB TASK STATEMENTS

Prepare for association elections.

Verify association members' eligibility to participate in elections.

Assign/Appoint registrars, inspectors of election, or ballot counters for association elections.

Collect and process election ballots.

Prepare for association meetings and/or community events.

Prepare and/or update calendars for meetings and/or events (e.g., board meetings, membership meetings, parties, fundraisers, networking events).

Reserve and/or confirm venues and spaces for community events (e.g., contacting venue staff, confirming attendee registration).

Prepare and distribute meeting notices, agendas, and/or schedules.

Prepare and distribute packets for board meetings (e.g., agenda, management report, prior meeting minutes, financial report, memos, correspondence, action item lists).

Coordinate the attendance of qualified parties (e.g., reserve specialists, lawyers, insurance agent, auditors, vendors) at board and/or membership meetings.

Prepare venues and spaces for meetings and/or events (e.g., purchasing materials, arranging furniture, setting up audio and/or video equipment).

Prepare registration materials for meetings, elections, and/or events (e.g., rosters, sign-in sheets, signature cards).

Calculate and/or confirm quorums for board and/or membership meetings.

Conduct/Facilitate orientation programs for new board members.

Facilitate or conduct board and/or membership meetings.

Direct or conduct board and/or membership meetings (e.g., obtaining and assigning the floor, facilitating homeowner forum, calling for motions).

Assist the board in directing and/or conducting board and/or membership meetings (e.g., providing information about past decisions, monitoring time spent on each topic, adhering to meeting rules, responding to disruptions).

Document meeting minutes.

Prepare and/or update lists of action items based on decisions made by the board.

Deliver presentations at board and/or membership meetings on topics that impact the association.

Provide information and/or guidance to the board and/or association membership on meetings, elections, and/or events (e.g., requirements, procedures).

RISK MANAGEMENT (15%)

An association manager must demonstrate competence in the coordination and/or implementation of internal controls, including risk assessment and analysis, auditing, reporting, emergency response, and insurance, to (a) promote the financial well-being and stability of the association, (b) mitigate the association’s risk exposure and liability, (c) protect assets, people, and property, and (d) identify when to rely on external experts and specialists (e.g., insurance agents, risk specialists).

KNOWLEDGE STATEMENTS

Knowledge of the principles of insurance

Knowledge of the types and purposes of insurance coverages, endorsements, exclusions, and clauses

Knowledge of insurance requirements for community associations

Knowledge of procedures for filing insurance applications and claims

Knowledge of risk management principles and practices

Knowledge of the types and purposes of financial and accounting controls

Knowledge of the types and purposes of internal controls for protecting physical assets

Knowledge of the principles and procedures for maintaining the security and confidentiality of sensitive information

Knowledge of the purposes and components of disaster management plans

Knowledge of the types of environmental issues that impact community associations

Knowledge of the types of exposure to loss that impact community associations

JOB TASK STATEMENTS

Coordinate risk management activities, projects, or services.

Coordinate with authorized parties (e.g., the board, insurance companies, adjusters, other agents of the association) to submit and/or settle insurance claims.

Coordinate with authorized parties (e.g., the board, consultants/specialists) to conduct security/safety assessments (e.g., evaluating camera placement/operation, identifying security system need, identifying access control weaknesses, verifying that lighting is operational and adequate).

Coordinate with authorized parties (e.g., the board, consultants/specialists) to implement and/or monitor safeguards/internal controls for mitigating risks and/or threats to the association (e.g., theft, embezzlement, vandalism).

Procure and/or stock emergency supplies and equipment (e.g., first aid kits, fire extinguishers, radios, defibrillators, wheelchairs).

Coordinate the development, updating, and implementation of risk management policies and procedures.

Coordinate with authorized parties (e.g., the board, consultants/specialists) to prepare and/or update risk management policies and procedures.

Coordinate with authorized parties (e.g., the board, consultants/specialists) to prepare and/or update emergency/disaster management plans.

Coordinate with authorized parties (e.g., the board, consultants/specialists) to prepare and/or update information security policies and procedures (e.g., data privacy, file retention and destruction, surveillance data).

Coordinate with authorized parties (e.g., the board, consultants/specialists) to prepare and/or update facility security policies and procedures.

Coordinate risk assessments to identify risks, threats, weaknesses, and other hazards.

Coordinate with qualified parties (e.g., specialists, service providers) to conduct and document risk and/or threat assessments.

Coordinate with insurance providers to conduct insurance appraisals.

Review insurance policies to ensure they provide coverage that meets requirements set forth in the governing documents.

Provide information and/or guidance on risk management principles, practices, and issues.

Distribute information about insurance policies and limitations of coverage to the board and/or association members.

Provide information to association members on their responsibilities for obtaining and maintaining insurance coverage (e.g., liability, property, content, improvements).

Coordinate with qualified parties (e.g., specialists, service providers) to respond to emergency incidents (e.g., contacting first responders, photographing evidence, contacting restoration services).

PROPERTY MAINTENANCE (14%)

An association manager must demonstrate competence in the administration of programs and activities that preserve the operational and physical condition of association property, including site inspections, preventative maintenance, oversight, and timely reporting, to (a) ensure parties entrusted with the care and operation of association assets are held accountable, (b) ensure the board maintains awareness of current issues that impact association assets, (c) promote, protect, and increase property values, (d) mitigate risks from physical hazards, and (e) prevent losses due to deferred maintenance.

KNOWLEDGE STATEMENTS

Knowledge of the types of materials and equipment used for constructing and repairing residential facilities

Knowledge of the types, contents, and purposes of property maintenance reports

Knowledge of the purposes and components of property maintenance plans

Knowledge of the types of hazardous and non-hazardous goods used by community associations

Knowledge of the principles of facility energy management

Knowledge of the principles of environmental sustainability

Knowledge of the types and purposes of maintenance programs

Knowledge of the types and purposes of maintenance management systems and tools

Knowledge of the types of property maintenance activities

JOB TASK STATEMENTS

Conduct and/or coordinate site visits or property inspections.

Conduct site visits and/or surveys to identify and list the association's physical assets (e.g., recreation/fitness facilities, swimming pools, maintenance equipment and tools, boilers, parking areas, perimeter walls).

Conduct site visits and/or property inspections to identify violations of association governing documents (e.g., landscaping alterations, deviations from community standards, unapproved exterior modifications).

Conduct site visits and/or property inspections to identify property maintenance needs (e.g., cracked sidewalks, peeling paint, wood rot, broken fences, malfunctioning elevators, rust, cracks in the foundation, leaks, standing water).

Coordinate site visits and/or property inspections with qualified parties (e.g., service providers, the board, committees).

Conduct site visits to evaluate the progress and/or completion of maintenance activities/projects.

Direct and/or coordinate property maintenance activities, projects, or services.

Prepare and/or update property maintenance plans, schedules, calendars, and/or responsibility charts.

Prepare and/or update maintenance and operational processes and procedures.

Coordinate with qualified parties (e.g., service providers, specialists) to develop specifications for maintenance projects and tasks.

Direct and/or coordinate with service providers to perform maintenance activities (e.g., routine, preventative, emergency, breakdown).

Schedule service providers to perform maintenance and repairs.

Investigate maintenance inquiries and requests submitted by association members and/or residents.

Prepare work orders for maintenance and/or repair services.

Prepare, compile, and/or or update maintenance documentation.

Prepare property inspection reports and/or site visit reports.

Compile and/or review property inspection reports developed by service providers.

Document maintenance inquiries and requests submitted by association members and/or residents.

Track maintenance needs, requests, and responses using maintenance management systems.

Monitor and document service providers' progress, performance, and/or compliance with contractual obligations.

CONTRACTING (10%)

An association manager must demonstrate competence in the administration of service or repair contracts, to (a) ensure the most qualified service providers are selected to perform work on behalf of the association, (b) ensure service providers perform effective, efficient, and high quality work, (c) build positive, professional relationships that foster trust and confidence with the board, association members, employees, and service providers, and (d) ensure and maintain accountability and oversight of service providers.

KNOWLEDGE STATEMENTS

Knowledge of the contents and components of requests for proposals, bids, or quotes

Knowledge of the procedures for evaluating and selecting proposals, bids, or quotes

Knowledge of contract types

Knowledge of contract provisions

Knowledge of contract management procedures

Knowledge of the purposes and contents of management agreements

Knowledge of insurance requirements for vendors/contractors

JOB TASK STATEMENTS

Identify service providers to fulfill service or repair contracts.

Prepare requests for proposals (RFPs) to obtain bids from service providers.

Prepare bid analyses for review by authorized parties (e.g., the board, legal counsel, management company president/CEO).

Coordinate with authorized parties (e.g., the board, legal counsel, CFO, company president/CEO) to review, evaluate, and select bids/quotes.

Obtain and/or verify information about service providers (e.g., qualifications, licenses, credentials, services, pricing).

Conduct interviews with service providers.

Coordinate the ratification and/or amendment of service or repair contracts.

Coordinate with authorized parties (e.g., the board, legal counsel, CFO, company president/CEO) to conduct contract negotiations with service providers.

Conduct contract negotiations with service providers.

Coordinate the ratification of service or repair contracts (e.g., obtaining board approval, notifying service providers of contract award).

Coordinate with authorized parties (e.g., the board, legal counsel) to amend service or repair contracts (e.g., increasing service expectations, adjusting cost/timeline, negotiating/executing changes to terms and conditions).

SECTION 4: EXAM PREPARATION

Below is a list of exam preparation resources recommended by CAMICB. All CMCA candidates are encouraged to devote at least 4-6 weeks of dedicated study time prior to taking the examination. Each resource described here should be seen as one component of a comprehensive study plan. The most effective plans utilize a wide range of study tools and reference materials leading up to the exam date. Use and/or purchase of all CMCA exam preparation tools is entirely optional.

Links to all resources described below can be found by visiting camicb.org and clicking on the **Exam Preparation** tab, or by navigating directly to camicb.org/get-certified/cmca-examination-preparation.

DISCLAIMER: *Purchase of the preparation materials is not required to become eligible to sit for the examination and does not guarantee a passing score.*

CMCA EXAM PREPARATION E-LEARNING COURSE

Free online resource from CAMICB

This interactive online course is available to CMCA candidates as a self-paced, on-demand resource. The content is divided into eight learning modules, split into two distinct parts. The first half of the course focuses on creating an exam preparation plan, building effective study methods, and implementing practical test-taking tools. The second half covers CMCA exam content, focusing on the three knowledge areas that are typically considered to be the most challenging: *Risk Management & Insurance; Financial Controls; and Governance, Legal & Ethical Conduct*. Each domain is covered in a scenario-based learning module designed to reinforce and contextualize knowledge.

M-100 PARTICIPANT GUIDE

Available from CAI with M-100 course registration

Candidates who establish eligibility for the CMCA by completing CAI's *M-100: The Essentials of Community Association Management* course are recommended to use their course Participant Guide as a key resource in their exam preparation efforts. The M-100 Participant Guide covers many of the terms and concepts tested on the CMCA exam, making it an excellent resource for candidates to re-read as a part of their preparation efforts.

Note: *the M-100 is a comprehensive introductory course, but it does not teach all of the information tested on the CMCA exam. The M-100 class and Participant Guide should not be viewed as the sole resources needed to pass the CMCA. CAMICB recommends a well-rounded study approach, using as many resources as possible, to gain a broad knowledge base and increase chances of success on the CMCA exam.*

CMCA PRACTICE EXAM

Online resource available for purchase from CAMICB

CAMICB offers an online CMCA Practice Exam for candidates who want to test their knowledge and familiarize themselves with the type of questions that they can expect to see on the CMCA exam. The Practice Exam includes 65 questions that were used on past forms of the CMCA exam. None of the practice questions will be found on current forms of the exam, as their primary purpose is to familiarize users with the wording, format, and content of a typical CMCA test question.

Candidates can purchase one attempt at the Practice Exam for \$25 or two attempts for \$40. As with all CMCA exam preparation materials recommended by CAMICB, purchase and/or use of this resource is entirely optional.

GUIDES FOR ASSOCIATION PRACTITIONERS

Printed copies available for purchase from CAI

The Community Associations Institute (CAI) presents the Guides for Association Practitioners (GAP) series as reference material for active community association managers. Each GAP focuses on a particular facet of community association management, starting with a simple introduction and building up to a more comprehensive, detailed understanding of the subject matter. There are more than two dozen GAPs available from CAI, but CAMICB specifically recommends the following six volumes as part of a comprehensive CMCA exam preparation plan.

GAP Volume Title	Page Count
Bids & Contracts: How to Find the Right Community Association Professional	22
Drafting Rules: How Community Associations Maintain Peace & Harmony	34
Insurance: How Community Associations Protect Themselves	56
Meetings & Elections: How Community Associations Exercise Democracy	72
Reserve Funds: How & Why Community Associations Invest Assets (Second Edition)	76
Risk Management: How Community Associations Protect Themselves (Second Edition)	72

These volumes are available from CAI for individual purchase or as a bundle (called the *CMCA Study Kit*) for a discounted rate. As with all CMCA exam preparation materials recommended by CAMICB, purchase and/or use of this resource is entirely optional.

CMCA QUIZLET

Free online resource from CAMICB

The CMCA Quizlet is the ideal resource for studying key terms and definitions that may appear on the CMCA exam. This simple online tool allows candidates to monitor their progress and revisit previously missed items. Quizlet accommodates different learning styles by offering multiple study formats, including flashcards, quizzes, and games.

BEST PRACTICES REPORTS

Available as free electronic downloads from FCAR

This series of reports published by the Foundation for Community Association Research (FCAR) aims to identify and encourage best practices in specific topic areas related to the community association management profession. These publications document criteria for best practices in a particular area and then apply those principles using real-life case studies. CMCA candidates are encouraged to review the Best Practices Reports listed below. Candidates can utilize the Best Practices Reports to focus their study on particular knowledge areas that they want to improve upon.

Report Number	Report Subject
1	Reserve Studies/Management
2	Governance
3	Strategic Planning
4	Financial Operations
5	Community Harmony and Spirit
7	Transition
8	Community Security
10	Ethics

STRATEGIES FOR TAKING MULTIPLE CHOICE EXAMS

Taking multiple-choice exams can be challenging, but with the right strategies, you can improve your performance. Here are some recommended strategies for tackling multiple-choice exams:

Visualize Success: Imagine yourself confidently answering questions and successfully completing the exam. Visualization can boost your confidence.

Read Carefully: Read the question thoroughly to ensure a clear understanding of what is being asked. Pay attention to specific terms, conditions, or qualifiers that might affect your response. Misinterpreting a question or rushing through the options can lead to selecting the wrong answer, even if you know the material.

Eliminate Wrong Answers: Read each response option carefully. There may be a subtle difference in response options that makes one the better choice, and the best answer may not be immediately apparent. There are no trick questions on the exam, but you need to be a careful reader.

Focus on the Present: Concentrate on the question at hand. Do not let thoughts about previous questions or concerns about upcoming ones distract you.

Answer Easy Questions First: Start with the questions you find easiest. This boosts your confidence for more challenging questions later. Flag questions you do not know the answer to and revisit them at the end.

Manage Your Time: Allocate a specific amount of time to each question and stick to it. You have up to 2.5 hours (150 minutes) to complete 120 questions. This averages out to roughly 1.25 minutes (75 seconds) per question.

Use the Process of Elimination: If you are unsure of the correct answer, eliminate options you know are incorrect. This improves your odds of selecting the right choice.

Use Educated Guessing: When uncertain, make an educated guess. Selecting an answer for every question is essential, as your score is determined solely by the number of correct responses. Incorrect answers do not result in a deduction from your overall total.

Do Not Look for Patterns: Do not concern yourself with identifying a pattern in your responses. The sequence of test responses was randomly generated, so there is no need to alter your answers to create or disrupt a pattern.

Trust Your Instincts: If you are unsure about an answer, go with your initial instinct. Studies show that your first choice is often correct.

Review Strategically: If time permits, review your answers strategically. Trust your instincts during the review and avoid second-guessing yourself excessively.

Stay Hydrated: Dehydration can impact cognitive function. Keep a water bottle handy and stay hydrated throughout the exam.

Stay Calm and Focused: Do not let difficult questions fluster you. Stay calm, focused, and move through the exam systematically.

SAMPLE CMCA EXAMINATION QUESTIONS

Explore these sample questions to familiarize yourself with the format and style of the CMCA exam. These examples are intended to give you a sense of how exam questions are structured and phrased. It's important to note that these samples are not intended to test your knowledge, nor should you expect to find these exact questions on your exam. Their accuracy in reflecting current exam content is not guaranteed. Instead, use these questions as a tool to guide your preparation and to set realistic expectations for the types of questions you will encounter during the actual examination.

1. Quorum requirements 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

2. Fidelity insurance provides coverage to ensure that the:
 - a. board will meet its fiduciary obligations.
 - b. manager will faithfully follow all document provisions.
 - c. association will be covered for shortfalls in the reserve accounts.
 - d. association will recover any funds lost through employee dishonesty.

3. Which type of management is the process of operating, maintaining, repairing, and replacing common property?
 - a. Human Resources
 - b. Facilities
 - c. Financial
 - d. Risk

4. 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

5. 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

6. 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

7. 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.

8. 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

9. What is a typical management control used to identify physical assets?
 - a. Checklist
 - b. charts of information
 - c. inventory
 - d. calendar or schedule

10. 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

11. Where can an individual find the owner and association's maintenance responsibilities?
 - a. the plat map
 - b. the declaration
 - c. the state statute
 - d. the lease

12. 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

13. 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

14. 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

15. GAAP requires which statement for year-end reports for a community association?
 - a. cash flows
 - b. auditing
 - c. compilation
 - d. budgeting

16. When developing a rule, the rule must be capable of:
 - a. uniform enforcement
 - b. modifications and revisions
 - c. limited interpretations
 - d. selective enforcement

17. 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

18. Who is responsible for selecting a contractor?
 - a. Board
 - b. President
 - c. Manager
 - d. Owners/residents

19. 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

20. Which government agency regulates employee compensation or payment?
 - a. FDIC
 - b. FICA
 - c. OSHA
 - d. DOL

21. A legally binding contract should include all of the following provisions except:
- Assignability
 - Waiver
 - Insurance
 - Severability
22. If a physical asset is to be replaced, the basis for an association's scheduled replacement consists of the:
- reserve study and replacement fund budget
 - maintenance record and inspection report
 - inspection checklist and reserve fund budget
 - inspection report and analysis sheet
23. A closed board meeting may also be referred to as a:
- private session
 - board session
 - executive session
 - committee session
24. All of the following are types of association meetings except:
- special meetings
 - annual meetings
 - ad hoc meetings
 - owner meetings
25. A useful management control to record various maintenance services and information needed in case of an emergency is a maintenance:
- responsibility chart
 - analysis sheet
 - request form
 - contact sheet
26. All of the following are key contract provisions except:
- standards of performance
 - job site safety requirements
 - manner in which payments are made
 - contractor's phone numbers
27. It is good practice for an association to include a disclaimer in its employee manual stating that:
- employment is based on experience and references
 - it is not an implied contract or promise of employment
 - employment may include a background check
 - the association is not responsible for any possible injuries on the job

28. To get needed maintenance work performed, a manager must organize the maintenance work into basic categories and:
- pay all invoices when presented
 - create controls for ensuring that the work will be completed
 - get at least five bids for work over \$1,000
 - have the board inspect the work
29. Upon receipt of a proper petition to call a special meeting, what should the manager do?
- arrange a meeting with counsel
 - advise the board to address it at the next scheduled meeting
 - advise the board of its duty to respond in a timely manner
 - set up a special meeting location
30. All of the following are basic types of contracts except:
- service contracts
 - repair contracts
 - preventative maintenance contracts
 - architecture contracts
31. In which procedure are performance problems brought to the employee's attention and actions taken to correct them?
- employment model
 - progressive discipline system
 - employee training program
 - continuous improvement program
32. All the following are criteria to be considered when recommending a contactor to the board except:
- understanding of what needs to be done
 - possession the necessary qualifications to do the job
 - price
 - timeframe
33. What authority creates the right to vote by proxy?
- Association rules and regulations
 - State statutes
 - Common law
 - Owner's rights
34. Periodic maintenance performed to avoid disruptive breakdowns and to prolong the useful life of a physical asset is considered:
- routine maintenance
 - requested maintenance
 - emergency services maintenance
 - preventive maintenance

35. Before the commencement of any services and repairs, the association should:
- survey the owners/tenants to see if services are necessary
 - ask the board to suggest what to do next
 - raise assessments to pay for work
 - compare three or more bids
36. All of the following are true with respect to cumulative voting except:
- many people perceive it as ballot box stuffing
 - it allows owners to cast all of their available votes for one person
 - the association can amend the governing documents to prohibit it
 - it helps establish a quorum
37. Preparing for a board meeting includes an agenda with:
- the vice-president's report
 - minutes of the previous meeting
 - items to be addressed and voted on
 - introductions of the board and manager
38. Which contract covers the costs of all labor and materials?
- cost and fees
 - repair service
 - lump sum
 - time and materials
39. Your community association should have established dismissal policies and procedures in its:
- performance evaluation program
 - interview process
 - employee handbook
 - employment records and files
40. A community association wants to develop a RFP to repair or replace roofs of properties that were damaged in a recent storm. Who should prepare the extensive specifications for the job?
- board members
 - association manager
 - third-party expert
 - possible contractor
41. Annual meetings are intended to provide a forum:
- in which owners expand their power
 - for all business, elections and reports stated
 - for owners to decide special issues
 - to allow the board to take action at a special meeting

42. A job description should include:
- required duties of the position
 - a list of paydays and holidays
 - salary and benefits
 - reporting relationships
43. When an organization is interested in receiving proposals for a particular project, what should it develop?
- Bid specification
 - Bid request
 - Bid qualifications sheet
 - Bid statement of work
44. Who is entitled to vote when more than one person owns a unit or lot?
- All owners are entitled and their vote is split
 - All owners are entitled and each gets a vote
 - Neither owner is entitled and they must have a proxy in order to vote
 - Owners should vote in concert, with one owner designated to cast the vote
45. The process of reviewing the extent to which a person has met established goals and standards is called:
- progressive planning and enhancement
 - performance evaluation
 - improvement programming
 - the ten steps of highly effective people
46. Which of the following are detailed instructions about the products or services requested from a contractor?
- Warranties
 - Bid specifications
 - Qualifications sheets
 - Payment bonds
47. More and more associations are employing which professional to attend annual or special meetings and to rule on all procedural questions?
- certified lawyers
 - professional parliamentarians
 - certified negotiators
 - professional arbitrators
48. A cost and fees contract covers:
- all contracted work fees after its been completed
 - a level of performance for a specific period of time and money
 - actual labor and materials costs and a percentage of profit
 - hourly rates, material costs and a percentage of the total costs

49. What is the process of establishing performance goals and standards for an employee?
- Employee orientation to the association
 - On-going training
 - Performance planning
 - Performance evaluation
50. All of the following statements are correct with regards to special and annual meetings except:
- both have to meet minimum quorum requirements set by the statute
 - both require notice of meeting to be sent to all owners within time allotted
 - both provide a forum for business not stated in meeting notice
 - both allow owners to attend in person or by proxy
51. What is an aid commonly used for planning and budgeting the use of personnel?
- Job description
 - Annual budget
 - Manpower reports
 - Performance planning
52. What sets forth criteria for the annual meeting, including notice, quorum, voting, and proxy procedures?
- Articles of incorporation
 - Bylaws
 - State statutes
 - Parliamentary procedures
53. What regulates specific working conditions, safety equipment and reporting of accidents?
- Fair Labor Standards Act
 - Child labor laws
 - Worker's compensation laws
 - Occupational Safety and Health

ANSWERS TO SAMPLE EXAM QUESTIONS

Question #	Question Answer	Question #	Question Answer
1.	A	28.	B
2.	D	29.	C
3.	B	30.	D
4.	D	31.	B
5.	C	32.	D
6.	D	33.	B
7.	D	34.	D
8.	A	35.	D
9.	C	36.	D
10.	A	37.	C
11.	B	38.	D
12.	B	39.	C
13.	D	40.	C
14.	C	41.	B
15.	A	42.	A
16.	A	43.	B
17.	D	44.	D
18.	A	45.	B
19.	C	46.	B
20.	D	47.	B
21.	C	48.	C
22.	A	49.	C
23.	C	50.	C
24.	C	51.	A
25.	D	52.	B
26.	D	53.	D
27.	B		

KEY TERMS

KEY TERMS: GOVERNANCE AND COMPLIANCE

Ad hoc committee: Used when an objective needs consideration and no standing committee within the organization can absorb that issue into its scope. Usually these committees are used on a short-term basis, such as temporary oversight of an issue or review of the standing rules of that community.

Alternative dispute resolution: Mediation, arbitration and other ways of resolving conflicts with the help of a specially trained neutral third party without the need for a formal trial or hearing.

Appeal: A request for a review of a case by a higher authority—if permitted by the governing documents or statute.

Articles of incorporation: Bring the corporation into existence, define its basic purposes and powers, indicate whether stock will be issued, and indicate whether there will be a board of directors.

Board liaison system: Directors are assigned to certain committees to guide the committee on Board policy and procedures and to report back to the Board. Directors serving as a liaison must distinguish their role from the role of the committee chairperson.

Business judgment rule: If a board has exercised reasonable business judgment in making a decision, the court will generally not consider the board negligent in its fiduciary duty, nor will the court substitute its judgment for that of the board. However, the board must demonstrate how it has taken care in reaching a decision. It is up to the court to decide if the board has exercised reasonable business judgment.

Bylaws: Formally adopted governing regulations for the administration and management of a community association.

CC & Rs (Covenants, Conditions & Restrictions): The governing documents that dictate how the homeowners association operates and what rules the owners—and their tenants and guests—must obey. These legal documents might also be called the bylaws, the master deed, the houses rules or another name. These documents and rules are legally enforceable by the homeowners association, unless a specific provision conflicts with federal, state or local laws.

Community association: A group of owners who wish to provide a communal basis for preserving, maintaining, and enhancing their homes and property.

Condominium: A living unit fully owned by an individual with an undivided interest in the common elements of the community. The community association itself owns no real estate as an association.

Cooperative: Wherein an individual owns stock or membership in the cooperative, and holds a proprietary lease or occupancy agreement for his or her living unit.

Declaration: Declaration is used interchangeably with CC & Rs.

Default hearing: A hearing held when the alleged violator fails to appear.

Due process procedure: a formal process designed to protect the rights of all parties involved.

Employee handbook: Also known as a personnel manual. The employee handbook summarizes company behavior requirements, outlines benefits offered and also gives tools that can be used to enforce disciplinary action if needed. Employers design handbooks to answer employees' questions before employees ask them and to advise them on company policies that an employee might have never considered.

Employment at will: This is a statement to the effect that the community association retains the right to dismiss an employee without cause at any time.

Fiduciary duty: Requires directors to act in the best interests and for the benefit of the corporation, thus the community as a whole. This fiduciary duty has two components: one, the members are required to avoid conflicts of interest and acting out of self-interest; and two the members are also required to act as reasonable people in managing the association's affairs.

Governing documents: Documents which provide for the legal structure and operation of the community.

Hearing notice: This is a written notice to an alleged violator that a hearing will be held to consider his or her alleged violation.

Hierarchy of authority: Rules and architectural guidelines may not contradict or be in conflict with the legal sources that take precedence over them. Although rules and architectural guidelines are lower in the hierarchy of authority for community associations, they may clarify and expand a community's governing documents—but may not conflict with the other governing documents.

Indemnification: To indemnify and hold harmless means to exempt an individual or entity from responsibility for claims made against the organization and to reimburse the individual or entity for damages or expenses incurred as a result of such claims.

Job description: A job description is a specific description of the required duties of a position, skills and knowledge necessary to perform required duties, and reporting relationships of the position.

Management audit: A management audit consists of a review of governing documents and existing policies and procedures, current condition of the property, owner/resident satisfaction, and fiscal operations. This review can be done by the board and manager together, or a third-party management consultant can be hired.

Management ethics: The term "ethics" refers to the specific choices to be made by an individual in his or her relationships with others. Professional ethics are the rules or standards that govern the conduct of members of a profession. The assumption is that the special expertise held by members of the profession holds them to a high standard of trust by others.

Management plan: A management plan is a statement of goals and objectives approved by the board. It includes the yearly cycle of tasks that management should perform on the community association's behalf.

Master association: An organization of homeowners in a large condominium or planned unit development (PUD) which includes representatives from other, smaller homeowner organizations.

Mixed use development: A development which is designed to mix two or more "uses" of land together (i.e. a shopping center which offers office space for dentists).

OSHA: Occupational Safety and Health Administration: The agency responsible for promulgating rules, setting health and safety standards, and overseeing enforcement, whether by direct federal effort or by relying on state enforcement programs.

Performance evaluation: The process of reviewing a person's work performance to determine the extent to which his/her established goals and standards have been met.

Performance goals: Those regular and special tasks management expects an employee to perform during a certain time period.

Performance planning: Performance planning is the process of establishing performance goals and standards for an employee.

Performance standards: A description of the results management expects an employee to accomplish during a certain time period. They are reflected in the criteria used for performance evaluation.

Personnel manual: Also known as employee handbook. The personnel manual summarizes company behavior requirements, outlines benefits offered and also gives tools that can be used to enforce disciplinary action if needed. Employers design handbooks to answer employees' questions before employees ask them and to advise them on company policies that an employee might have never considered.

Planned community: The most common type of community association, where an owner owns his or her lot and/or living unit and the community owns any common areas, such as tennis courts and roads for the use and benefit of the lot owners.

Progressive discipline system: A procedure whereby performance problems are brought to the employee's attention and the employee and employer take appropriate actions to correct them.

Proprietary lease: A rental agreement between a cooperative housing corporation and a shareholder allowing use of a certain unit in the premises.

Public offering statement: A disclosure statement prepared by a developer that contains all material facts about a property offered for sale and that must be provided to a prospective purchaser in accordance with applicable state or federal law.

Resolution: A resolution is a motion that follows a set format and is formally adopted by the board of directors.

Rule: A specific statement of required behavior whose violation carries a penalty (sometimes called a sanction).

Standing committee: Committees which have a continued existence and are not related to the accomplishment of a specific, once-only task. Budget and nomination committees are examples of standing committees.

Statute: A formal written enactment of a legislative authority that governs a country, state, city or county.

Umbrella association: A cluster of community association types that can include aspects of homeowners associations, condominiums and cooperatives.

KEY TERMS: FINANCIAL MANAGEMENT

Acceleration: The collection of all assessments due through the end of the fiscal year. For example, if an owner's payments on the annual assessment are due monthly and become delinquent at the end of March, all monthly payments through December of that year are due immediately.

Accrual basis of accounting: This method records income when it is earned (or assessed to owners) and expenses when they are incurred or acquired.

Assessment: An assessment is the owner's financial obligation to the community association during a given period of time—usually one year. It covers the owner's share of the common expense, also known as "common expense liabilities" in some states.

Assets: Assets include anything owned that has value. Unlike commercial businesses, however, the actual land and buildings of the community association are not generally shown as an asset.

Audit: An examination of the accounting records and procedures of an organization by a CPA for the purpose of verifying the accuracy and completeness of financial records.

Bad debt write-off: A bad debt write-off consists of recording an uncollectible debt as an expense that the association must absorb. This usually requires a resolution of the board.

Balance sheet: A balance sheet is a summary of a community's financial position at a specific point in time.

Baseline funding: The goal of this funding strategy is to keep the reserve cash balance above zero.

Cash basis of accounting: This method records income when it is collected and expenses when they are paid.

Certificate of deposit: When a CD is reinvested together with its accumulated interest, the ultimate yield will be higher than the stated rate of interest.

Chapter 7 bankruptcy: Chapter 7 is called straight bankruptcy or liquidation. It involves the prompt conversion of all the individual's or corporation's non-exempt property to cash, and payment of creditors to the extent possible.

Chapter 11 bankruptcy: Chapter 11 is called a reorganization because it is designed to allow for an orderly payment to creditors that enable a corporation to continue.

Chapter 13 bankruptcy: Chapter 13 is used to reorganize personal or non-corporate debt. A plan is submitted to a judge for paying off all or nearly all of the debt over a specified period of time.

Chart of accounts: An organized list of titles, descriptions and assigned numbers of all accounts in an organization's general ledger. The assigned number helps you locate the account. The title describes the purpose of the account.

Commercial reporting method: Combines operating and reserve activities in the same column, as opposed to fund reporting, which consists of preparing separate columns for operating, reserve and any special funds.

Compilation: A presentation of financial statements by a CPA without the assurance that the information conforms to GAAP.

CPA: Certified Public Accountant is an accountant who has passed certain examinations and met statutory and licensing requirements of a US state.

Discretionary budget line items: These are items based on owner, board and committee desires. They are items people would like to have—given their values, lifestyle, and preferred level of service (e.g. social and recreational expenses, and picnic areas).

Engagement letter: When your community hires a CPA, he or she will send an engagement letter. An engagement letter describes the nature of the work to be done, type of report to be prepared, fee for services and time frame for the assignment.

Expenses: Expenses are the cost of goods and services used to operate and maintain the community's property.

Fair Debt Collection Practices Act: Requires that the person who owes a debt receive written notice.

FDIC: Federal Deposit Insurance Corporation, a government agency that guarantees investors' deposits in member institutions.

FHA: Federal Housing Administration. Regulates and influences such items as the amount of insurance a community association must carry, procedures for financial operations and requirements for the upkeep of property.

FHLMC: Federal Home Loan Mortgage Corporation. Buys mortgages from lenders and in doing so require certain types of insurance to be in place.

FICA: Federal Insurance Contributions Act. This act requires employers and employees to make matching contributions to Social Security. The employer must withhold the employee's share of the tax from his or her wages or salary.

FLSA: Fair Labor Standards Act. This act addresses minimum wage requirements, maximum hours of work and overtime pay.

FNMA: Federal National Mortgage Association. Federally established secondary mortgage institution that may set requirements that your community association will have to meet if owners are to participate in their financing programs

Foreclosure: Foreclosure is a legal proceeding filed in court whereby a party with a claim against an owner can claim ownership of the unit involved in order to recover the money it is owed. The unit is usually auctioned by the court and sold to the highest bidder.

Full funding: The goal of this funding strategy is to attain and maintain the reserves at or near 100 percent as called for on the component inventory.

Fund reporting method: Consists of preparing separate columns for operating, reserve, and any special funds.

GAAP: Generally Accepted Accounting Principles. Their purpose is to provide uniformity among reports from different organizations.

Historical trend budgeting: This method begins with the assumption that existing line items are needed. The amount of funds allotted to each during the current year is adjusted for expected changes in the coming year.

Investment yield: Yield is simply the return received on the investment.

Investments: Investments involve the purchase of anything with money value for the purpose of generating additional money over time (e.g. savings accounts, certificates of deposit, U.S. Treasury securities and stocks).

Liabilities: Liabilities consist of what is owed to others or collected in advance (e.g. owner assessments received prior to the billed month).

Lien: A lien is a legal claim by one party (community association) on the property of another (delinquent owner) to obtain the payment of a debt or the satisfaction of an obligation. Placing a lien on an owner's property protects the community association's interests.

Major improvement expenses: Major improvement expenses consist of items that are not necessarily required, but are added to improve the overall welfare, safety or life of the residents—or to enhance the value of the community association as reflected in the resale value of units.

Members' equity: Members' equity is called the fund balance under the fund method of reporting. It equals the difference between the community association's assets and liabilities.

Modified cash basis of accounting: This method records income and expenses on a cash basis with selected items recorded on an accrual basis. Modified cash varies in format depending on the number of items accrued.

Net income: Net income is the amount left after deducting expenses from income.

Net loss: A net loss occurs when expenses are greater than income.

Notes to financial statements: The notes accompany the CPA-prepared financial statements. These footnotes provide additional information to help the reader understand the community association's financial situation.

Operating budget: The section of a budget devoted to operating activities includes operating expenses and major improvement expenses—but not the replacement fund.

Operating expenses: Operating expenses are those items that occur on a regular basis—day to day, week to week, month to month, and year to year.

Personal money judgment: A decision by a judge to allow the community association to claim the owner’s personal property to settle a delinquent account.

Reconciliation of expenses and revenue: After you draft both your operating and replacement fund budgets for the coming year, you must reconcile your estimated expenses with your community’s anticipated revenue. To reconcile means to bring together after a difference.

Replacement fund: The replacement fund consists of funds put aside—in reserve—for the replacement of major components of a community’s common property.

Representation letter: A letter from the CPA that states that the information the community association provides is true to the best of its knowledge.

Reserve cash flow statement: Shows the amount to be funded and the amount to be expended from the replacement fund over a given period of time.

Reserve study: A reserve study is a budget planning tool that considers the current status of the replacement fund and determines a stable and equitable funding plan to offset the anticipated future major common area expenditures.

Revenue: Revenue consists of the collective items or amounts of income which, in the case of a community association, are appropriated for public expenses.

Statement of cash flows: This is a summary of the flow of funds into and out of the community association. Summaries are prepared for normal operations, investment activities, and any borrowing activities.

Statement of income and expense: This report records the community association’s financial transactions during a given period of time—generally for a given month plus the fiscal year to date. It is a way to keep track of the community’s financial activity.

Threshold funding: This method is based on the baseline-funding concept. The minimum reserve cash balance in threshold funding is set at a predetermined dollar amount.

Treasury bills: Treasury bills are short-term instruments that mature in 13, 26, or 52 week periods. They are issued in minimum denominations of \$10,000. Anything larger must be in \$5,000 increments. As soon as one is purchased, the buyer receives the promised earnings. Then, when the bill matures, the buyer receives the face value (value indicated in the wording of the T-bill).

Treasury bonds: Treasury notes mature in one to 10 years. Treasury bonds mature in more than 10 years. Both notes and bonds are issued in denominations from \$1,000 to \$100,000. They are also interest-bearing with interest paid every six months. When the note or bond matures, the buyer receives the full face value.

Zero-based budgeting: With this method, all line items are set to zero and the amount of funds allotted to each must be justified.

KEY TERMS: MEETINGS

Abstention: When a participant in a vote either does not go to vote (on Election Day) or, in parliamentary procedure, is present during the vote, but does not cast a ballot. An abstention may be used to indicate the voting individual’s

ambivalence about the measure or mild disapproval that does not rise to the level of active opposition. Abstentions do not count in tallying the vote; when members abstain, they are in effect only attending the meeting to aid in constituting a quorum.

Action item list: An action item is a documented event, task, activity or action that needs to take place. Action items are usually documented in the meeting minutes and are recorded in the task list of the group. At the next meeting the action item list is reviewed by the group and at that meeting the facilitator will check the status of these items.

Agenda: An agenda is a list of meeting activities in the order in which they are to be taken up, beginning with the call to order and ending with adjournment.

Amend a motion: Amend a motion is used to modify another motion. The motion to amend takes three basic forms: Inserting or adding words or paragraphs; Striking out words or paragraphs; Striking out words and inserting or adding others or substituting an entire paragraph or complete resolution for another.

Ballot: A ballot is a device used to record choices made by voters. Each voter uses one ballot. Ballots are not shared.

Committee report: These reports should highlight matters to be decided and recommendations by the committee. Supporting research should be included in the reports. Committees need to clearly state the actions they are asking the board to take, and you should provide your committees with a suggested format for their reports and a sample.

Debate: During an election, a formal discussion involving opposing candidates vying for the same position.

Executive session: When a board must hold a discussion or make decisions of a sensitive nature. The topics that commonly require an executive session and are allowable by law usually include personnel issues, contract negotiations and discussions, lawsuits and other legal matters, and governing document violations.

Financial report: This is a report on the community's financial condition and activities, including a general ledger, variance, accounts payable, income statement and balance sheet.

Majority: Over 50% of the votes needed to win an election. The majority vote can come from those owners who attend the meeting, in person or by proxy, to decide all matters except special issues.

Management report: This is the manager's report on the association's current management and administrative activities.

Minutes: The minutes of a meeting document the decisions made during the meeting. This provides a permanent public record of positions and actions taken by the board.

Motion: A formal proposal stating that the association took certain action

Notice of meeting: An official announcement that a meeting will take place, which should be sent in writing to board members at least a week before a meeting.

Parliamentary procedure: The body of rules, ethics, and customs governing meetings and other operations.

Plurality: Awards the election to the candidate with the most votes, regardless of whether or not they received the majority.

Proxy: Proxy is the agency, function, or power of a person authorized to act or vote in place of another resident who could not be present.

Quorum: Quorum is the number of residents required to be present to transact business legally. That number is established in the association's by-laws.

Robert's Rules of Order: A book that provides common rules and procedures for deliberation and debate in order to place the whole membership on the same footing and speaking the same language.

Second a motion: Generally, once the motion has been proposed, consideration by the assembly occurs only if another member of the body immediately seconds the motion.

Table a motion: Incomplete items on the agenda should be rescheduled, or tabled, for another meeting.

Timed agenda: A more specific agenda that limits the amount of time focused on specific areas, so as to move the meeting along at a more thorough and prompt pace.

KEY TERMS: RISK MANAGEMENT

Actual cash value (ACV): The depreciated value of an item.

Advertising injury: Advertising injury provisions in CGL (comprehensive general liability) include language providing coverage to the community association with respect to damages resulting in "misappropriation of advertising ideas or style of doing business" or "infringement of copyright, slogan or title."

Agreed amount endorsement: Provides for an agreed upon limit of property insurance.

Coinsurance: Coinsurance is a standard element in most property policies that obligates the insured to maintain certain limit of property insurance based on a stated percentage.

Common declarations: This section of the policy is like the title page of a book. It typically includes such information as the name and address of the insured and the period of coverage.

Common policy conditions: These are the basic provisions that apply to all insurance coverages in the package. For example, when to file proof of a loss or what happens when a premium is not paid.

Contingent liability: Covers the value of any undamaged portion of a building which may have to be replaced because of building laws.

Contractual transfers: This involves entering into a contract that will, among other things, transfer the community association's legal responsibility for any loss.

Cross liability: Cross liability allows an owner to bring a claim against his or her community association. This coverage is in the owner's interest. It is standard for owners to be insured in liability insurance for condominiums and cooperatives, while planned communities must see to it that this concept is present in their liability coverage.

Directors and officers liability insurance: This insurance is designed to pay for damages arising from wrongful acts that do not lead to property damage, bodily injury, advertising injury, or personal injury.

Direct writer system of insurance: Comprised of employees of a single insurance company who only place the insurance of that company.

Electronic data processing (EDP): This insurance may be needed for computer equipment, networks, websites, security systems, protection from hackers, and similar information technology exposures.

Endorsements: Endorsements expand, contract or clarify coverage.

Exposure avoidance: This involves avoiding the circumstances that would expose the community association to certain type of loss.

Extra demolition: Covers the value of demolishing any undamaged portion of a building.

Fidelity insurance: This insurance protects against employee dishonesty which may lead to the theft of money, securities, or property.

HO-1,-2, -3, -4, -5, -6 policies: HO-1, HO-2, HO-3, and HO-5 refer to policies for owner-occupied units. HO-4 is a tenant's policy. HO-6 is a policy for a condominium or cooperative unit owner.

Liability exposure to loss: Liability losses arise when a person or entity threatens or actually brings a legal claim against the community association, its members or others whom it must indemnify by contract (such as a management company).

Personal injury (PI): Injury arising from libel, slander, false arrest, invasion of privacy, wrongful entry, or malicious prosecution.

Personal property: Inventory, furniture, fine arts, equipment, supplies, machinery, electronic data processing (EDP), and valuable papers and records.

Policy forms: Policy forms define the type of insurance coverage provided, for example, property, liability and boiler and machinery. The forms also define how comprehensive each type of coverage is—what is included and what is excluded.

Property exposure to loss: Property losses can be to tangible community association property (buildings and contents) or to intangible association property (information, proprietary Web site, etc.).

Real property: Real property includes buildings, land, and the newest type of property exposure.

Risk financing: The process of obtaining resources to pay for any financial consequences of accidental loss.

Segregation of exposure: Segregation of exposures involves the duplication or separation of property exposures to loss.

Third-party insurance: Liability coverage purchased by an insured (the first party) from an insurer (the second party) for protection against claims of another (third party).

Waiver of subrogation: The insurer waives its right to require the association to transfer recovery rights to the insurer regarding unit owners.

KEY TERMS: PROPERTY MAINTENANCE

Emergency services maintenance: This is the ability to respond to unpredictable problems (for example, sewer backups, slope failures, roof leaks and frozen pipes). The key to a successful response to an emergency is to anticipate the different possibilities—and to develop a plan for responding to each one.

Facilities management: The process of operating, maintaining, repairing, and replacing common property—that is, the common elements or areas.

Inspection report: An inspection report—commonly called a “punch list”—is a compilation of all the maintenance needs identified during an inspection.

Maintenance contact sheet: A useful management control to record various maintenance services and information needed in case of an emergency.

Maintenance record: While the maintenance calendar tells you when maintenance ought to be done, the record tells you when it actually was done.

Management control: Any means used to track, record, remind or command attention; usually these means are forms or documents.

Preventive maintenance: This is periodic maintenance to avoid disruptive breakdowns and to prolong the useful life of the physical asset in question.

Requested or corrective maintenance: This is maintenance requested by an owner, a tenant, or the board—or identified during routine inspection of the property.

Responsibility chart: A management control you can use to keep track of who is responsible for the maintenance of various property elements or areas.

Scheduled replacement: This consists of replacing physical assets as they wear out or break. Scheduled replacement is considered a part of maintenance because it addresses the useful life of a physical asset.

Work order/response form: A work order is a form for assigning work to be done in any one of the five maintenance programs described earlier.

KEY TERMS: CONTRACTING

Assignability provision: This provision states that neither party may assign its obligations under the contract to any other person without the express written consent of the other party.

Bid request: Also known as request for proposal (RFP). An announcement that an organization is interested in receiving proposals for a particular project.

Bid specifications: Detailed instructions about the products or services requested through the bid request. All contract terms should be included in the bid request.

Contract: A contract is an agreement between two or more parties—enforceable by law—by which each party promises to do, or not to do, something.

Default: Failure of either party to fulfill the terms of the contract.

Entire obligation provision: This provision states that the written, signed contract constitutes the entire

This provision states that the law of a particular state will be applied if there are any disputes about the contract after it is signed. This is particularly useful when the community association and the contractor are based in different states.

Modification provision: This provision states that the contract may not be modified in any way unless such modification is written and signed by both parties.

Payment bond: This bond comes in a package with the performance bond. The surety guarantees that the contractor's suppliers and any subcontractors will be paid if the contractor does not pay them.

Performance bond: This is a guarantee by a surety (a third party) to protect the community association if the contractor fails to perform or finish the work. Because there is a cost to the community association involved, a performance bond typically is used with certain large projects.

Progress payments: Partial payments based on some demonstrable progress in completing the work involved.

Prospective bidder's questionnaire: Also known as qualification sheet. This is a document that asks for certain types of information to determine if the bidder is technically and financially qualified to handle a job of this scope.

Qualification sheet: Also known as prospective bidder's questionnaire. This is a document that asks for certain types of information to determine if the bidder is technically and financially qualified to handle a job of this scope.

Request for proposal (RFP): Also known as bid request. An announcement that an organization is interested in receiving proposals for a particular project.

Severability provision: This provision states that if a court finds that any clause of the contract is illegal or unenforceable, that clause shall be severed (separated) from the rest of the contract, so that the whole contract need not be invalidated.

Waiver of lien: A document which gives up the right to make a claim against the community association for payments not received.

Waiver provision: This provision states that a waiver (permission) by one party of any breach of contract (failure to fulfill a provision) by the other party shall not act as a general waiver of future breaches.

Warranty: A warranty should state what is covered, for how long, and what the contractor will do if the work or product proves defective.