CMCA®
Certified Manager of Community Associations
Study Guide
CERTIFIED MANAGER OF COMMUNITY ASSOCIATIONS

CMCA®

STUDY GUIDE

SETTING THE STANDARD FOR COMMUNITY ASSOCIATION MANAGERS WORLDWIDE.
CMCA EXAMINATION

STUDY GUIDE

DISCLAIMER
This study guide is a compilation of NBC-CAM’s identified knowledge areas and
tasks, CAI’s The Essentials of Community Association Management (M-100) course
material and CAI Guides for Association Practitioners (GAP) series. In publishing this
manual, NBC-CAM is not attempting to teach the competencies measured by its
examination, but rather to give you an understanding of test content, structure and
procedure so that you may approach the examination with the confidence that comes
of knowing what to expect.

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

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Managers

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# TABLE OF CONTENTS

## SECTION 1: INTRODUCTION
- Welcome
- CMCA Program
- Formats for Learning
- Preparing for the CMCA Examination

## SECTION 2: CMCA EXAMINATION CONTENT
- The CMCA Examination
- Exploring the Knowledge Areas
- Knowledge Area 1: Meetings
- Knowledge Area 2: Governance and Legal Issues
- Knowledge Area 3: Budgets, Reserves, Investments and Assessments
- Knowledge Area 4: Financial Controls
- Knowledge Area 5: Risk Management and Insurance
- Knowledge Area 6: Property Maintenance
- Knowledge Area 7: Contracting
- Knowledge Area 8: Human Resource Management

## SECTION 3: CMCA EXAMINATION
- Developing the CMCA Examination
- Taking the CMCA Examination
- Sample Examination Questions
- Answers to Sample CMCA Examination Questions
- Recommended Reading Materials

## SECTION 4: CMCA CERTIFICATION
- The CMCA Credential and Your Future
- CMCA Standards of Professional Conduct
- Prepare to Renew Your CMCA
- Continuing Education Activity Worksheet
- Benefits and Values of the CMCA

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**CMCA EXAMINATION STUDY GUIDE**

*Page | 3*
Dear CMCA candidate:

Congratulations on your decision to earn the Certified Manager of Community Association Manager (CMCA®) credential. In doing so, you will join the ranks of over 12,000 other community association managers who have earned the CMCA since 1995. The CMCA represents professionalism in the field of community association management and a commitment to life-long learning.

To qualify to become a CMCA, you must:

- Be a community association manager or be active in the community association profession.
- Successfully complete a prerequisite course on community association management, or have five years experience as a community association manager, or hold an active license from AZ, CA, FL, or NV.
- Pass the CMCA Examination.
- Agree to adhere to strict Standards of Professional Conduct.
- Agree to comply with continuing education requirements.

This guide, developed from a content outline that is the basis for the CMCA examination, is designed to be used by individuals working alone; in small, self-directed learning groups; or in structured groups led by facilitators. This guide is intended to help you manage your preparation for the CMCA examination. It is important for you to become familiar with the content outline and the knowledge areas. The eight specific knowledge areas have been developed to assist you in studying and each area describes the responsibilities and associated tasks performed and the comprehension needed to successfully practice community association management.

Best of luck!

Very truly yours,

John H. Ganoe, CAE
Executive Director
SECTION 1: INTRODUCTION

[CMCA PROGRAM]

The National Board of Certification for Community Associations Managers (NBC-CAM) is an independent not-for-profit organization formed to establish and administer a nationwide program for certification for community association managers. The certification program sets standards for measuring the knowledge and proficiency required for community association management. A professional CMCA certificant has achieved the standards identified and adopted by NBC-CAM. By earning the CMCA, the individual demonstrates to members of the profession, the public, association clients and government authorities a commitment to and interest in providing a high level of quality community association management.

NBC-CAM was incorporated by Community Associations Institute (CAI) in October 1995 as an independent, affiliated organization to administer the CMCA certification program. The NBC-CAM Board of Commissioners (the Board) has full authority over all aspects of the certification program. More than 1000 managers, homeowners and industry professionals were involved in the program’s development. The Human Resources Research Organization (HumRRO), a professional test development firm established in 1951, was contracted to manage the development process, which involved the identification of eleven main knowledge areas. NBC-CAM was designed to meet standards to ensure that the CMCA program meets the stringent criteria required for reliability, validity and applicability.

Standards and Certification: Important to the Industry
The CMCA credential provides an assurance to community association homeowners and board of directors that the manager has the basic knowledge necessary to effectively manage a community association. The CMCA also offers the association a baseline against which to evaluate prospective employees. Board of directors can use the knowledge and skills required for the CMCA as minimum criteria for a manager or management company, and know that the manager they hire will maintain the CMCA Standards of Professional Conduct that are part of the certification program.

NBC-CAM Certification Goals
NBC-CAM was established to operate a certification program that would advance and help assure the quality of community association management services. NBC-CAM’s goals are:
- To enhance the professional practice of community association management;
- To identify the body of knowledge necessary in professional practice; and
- To recognize those individuals who have demonstrated a satisfactory level of mastery of that body of experience.
[FORMATS FOR LEARNING]

Depending on your situation, you have several options on how to prepare and study for the CMCA examination, including independent study, small group study and online networking.

**Independent study** is for those who learn most effectively when they work primarily alone, or for those whose schedule or situation does not permit them to meet with a study group or small group. Independent study allows you to structure your own process and schedule for examination preparation.

**Small group study** is for those who prefer to assemble their own group of peers and share the role of facilitator. You should choose partners who have compatible schedules and learning agendas. This format is most efficient when groups have no more than five members; it is easier to coordinate schedules and tasks with fewer members, though the responsibilities for each are lighter with more members.

**On-line networking** is for those who prefer to use their Internet access through LinkedIn and the CMCA Candidate listserv offered by NBC-CAM.

**LinkedIn**—LinkedIn is a powerful professional networking website that allows you to discover a wealth of new business contacts and resources. Reach out to the CMCA community by joining our group at: [http://www.linkedin.com/e/gis/97333/2D608B7C6FD5](http://www.linkedin.com/e/gis/97333/2D608B7C6FD5)

**CMCA Candidate Listserv** – A listserv is an electronic discussion community, intended to create a powerful, online community for community management professionals to share information.

**To subscribe to the list for CMCA examination candidates:**
- Address an e-mail message to info@nbccam.org
- In the subject line type: subscribe
- In the body of the message type: CMCA Examination Candidate and your full name
- Do not include a signature or any additional text in your message

**Facebook** – Become a CMCA fan and share the great things happening in your community. The CMCA Facebook fan page is a place for CMCAs, board members, volunteers and neighbors to post stories and photos about community activities and events. [www.facebook.com/CMCAcertification](http://www.facebook.com/CMCAcertification)

**CMCA Corner Blog** – Visit [cmcacorner.com](http://cmcacorner.com) and get connected with your peers. CMCA Corner is an online neighborhood for community association managers to share professional interests, experience and information related to community association management.
[PREPARING FOR THE CMCA EXAMINATION]

Assess Your Knowledge Level
Your preparation for the CMCA examination will be more efficient if you are aware of three things: what you already know, how you learn, and where you can go for additional information. The information in the knowledge areas will help you learn these things so you can decide how best to prepare for the examination. Here are some ways to evaluate your readiness in each of the knowledge areas.

Basic Knowledge: You might be just entering the profession or have limited professional experience. You have familiarity with terms and concepts, but you need to complete an in-depth review of the study materials.

How to approach the material: Study every part of each section, familiarizing yourself with terminology while also learning concepts and strategies. Additionally, if you need further information, seek out supplemental reading materials (such as CAI’s GAP Reports) to aid in your studying. A full list of supplemental reading is available at the back of the study guide on page #64.

Intermediate Knowledge: You have moderate professional experience in the area and have taken a pre-requisite course (e.g., CAI’s M-100 course). If you only have on-the-job experience in a function, you may be operating with commonly held misconceptions. Only through reading or formal learning will the information and methods synthesize and integrate into practice.

How to approach the material: Be sure that you are familiar with key terms and concepts, and study the ways in which they are implemented in each section. It is important to differentiate between how things are done and how they should be done in order to succeed on the exam.

Advanced Knowledge: You have extensive professional experience in the area and have taken a pre-requisite course.

How to approach the material: You should be familiar with key terms and concepts; in each section, go through the “topics covered” outline and briefly study the key terms and words/phrases in each section. If you understand the term and/or concept, there is no need to do further reading on the subject.

CMCA Knowledge: You have passed an examination demonstrating that you understand the concepts and potential scenarios, and how to apply strategy to the community association management profession.

How to approach the material: You should be ready to take the exam. Briefly review the key terms and concepts, but there is no need to read each section word-for-word.
SECTION 2: INTRODUCTION

[CMCA EXAMINATION CONTENT]

The CMCA Examination Content serves multiple functions for the CMCA program. First, and most importantly, it provides guidance to candidates preparing for the examination. The degree of detail informs candidates of the scope of content that may be expected. The range of numbers adjacent to each major knowledge area indicates the relative emphasis. Candidates should devote greater effort to the content areas that contain more items than to the areas that have fewer.

The CMCA Examination Content also is a statement, both within and outside of the community association management profession, of the skills required to function effectively as a community association manager. The compilation of knowledge fosters the growing recognition of community association management as a profession.

The CMCA Examination Content
The CMCA Examination is a 2.5 hour, 120-question multiple choice exam that tests candidates in:

- Meetings
- Governance and Legal Issues
- Budgets, Reserves, Investments and Assessments
- Financial Controls
- Risk Management and Insurance
- Property Maintenance
- Contracting
- Human Resource Management

The CMCA Examination Content is the result of extensive and regular surveys of community association managers. Discussed in the following pages are the results of the survey and the specific knowledge, skills and abilities that the survey participants identified for the knowledge areas.

This document outlines the knowledge areas measured by the CMCA exam. There are eight categories of knowledge. For each category, important work tasks that require those knowledges are presented to demonstrate the link between what managers do on the job and what they need to know. Note that tasks may appear more than once on this list, as it may require multiple types of knowledge to successfully perform a task.
[KNOWLEDGE AREA 1: MEETINGS]

<table>
<thead>
<tr>
<th>Topic</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>101</td>
<td>Knowledge of the differences in the roles of managers and directors at a board meeting</td>
</tr>
<tr>
<td>102</td>
<td>Knowledge of the requirements (e.g., agendas, notification, quorum, voting procedures) for different types of meetings</td>
</tr>
<tr>
<td>103</td>
<td>Knowledge of the requirements for election procedures</td>
</tr>
<tr>
<td>104</td>
<td>Knowledge of the basic principles of parliamentary procedure (e.g., Roberts Rules of Order, Sturgis’s Standard Code of Parliamentary Procedure)</td>
</tr>
<tr>
<td>105</td>
<td>Knowledge of executive sessions (e.g., procedures; when to hold)</td>
</tr>
<tr>
<td>106</td>
<td>Knowledge of form and retention of meeting minutes</td>
</tr>
<tr>
<td>107</td>
<td>Knowledge of the roles and responsibilities of community association committees (e.g., mandatory and non-mandatory; standing and ad hoc)</td>
</tr>
<tr>
<td>108</td>
<td>Knowledge of how governing documents guide meeting procedures (e.g., open meetings, proxy, quorum, requirements for notices, order of business, location)</td>
</tr>
<tr>
<td>109</td>
<td>Knowledge of meeting issues that are governed by state/regional laws (e.g., open meetings, proxy, quorum, requirements for notices)</td>
</tr>
<tr>
<td>110</td>
<td>Knowledge of right and procedures to recall board members elections</td>
</tr>
<tr>
<td>111</td>
<td>Knowledge of contents and procedures for developing meeting packets</td>
</tr>
<tr>
<td>112</td>
<td>Knowledge of contents and procedures for developing management reports</td>
</tr>
<tr>
<td>113</td>
<td>Knowledge of the functions of nominating committees</td>
</tr>
</tbody>
</table>

Tasks that link to Meetings KSAs

Develop and implement an administrative calendar of association meetings, events and activities for the community

Prepare and submit a management report to the board prior to a meeting that includes minutes, financials, contracts and status of action items

Prepare and distribute meeting notices (e.g., agendas, proxies, ballots) according to the type of meeting and governing document
Implement election procedures (e.g., call for nominees in advance) for membership meetings in accordance with governing documents and state's statutes.

Organize, facilitate, and provide input at meetings of the membership and the board.

Make sure the minutes are accurately recorded and distributed.

Create an action list based on meeting follow-up for management report.

Create an action list based on meeting follow-up for distribution to Board and others.

Provide information and guidance to the board as it sets policies and makes decisions.

Maintain the official corporate records of board resolutions and minutes of all meetings.

Ensure the board follows the proper process in adopting and implementing board resolutions.

Prepare and submit a physical inspection report to the board.

Provide maintenance recommendations to the board.

Establish an emergency preparedness plan.

Arrange for membership/board approval of contracts in accordance with the governing documents.

Provide feedback to the Board on contractor performance.

**Key Terms**

**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, which 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. These are further reviewed in Section VI on page #.

**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.
**[KNOWLEDGE AREA 2: GOVERNANCE AND LEGAL ISSUES]**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>201</td>
<td>Knowledge of the laws and documents that govern a community association and their hierarchy</td>
</tr>
<tr>
<td>202</td>
<td>Knowledge of the roles and duties of the board of directors and officers</td>
</tr>
<tr>
<td>203</td>
<td>Knowledge of the roles and responsibilities of a community association manager</td>
</tr>
<tr>
<td>204</td>
<td>Knowledge of the rights and responsibilities of residents/homeowners</td>
</tr>
<tr>
<td>205</td>
<td>Knowledge of due process to enforce rules and architectural guidelines</td>
</tr>
<tr>
<td>206</td>
<td>Knowledge of board and manager fiduciary responsibilities</td>
</tr>
<tr>
<td>207</td>
<td>Knowledge of the hierarchy of authority among Federal/national, state/regional, local ordinances</td>
</tr>
<tr>
<td>209</td>
<td>Knowledge of the sources of authority to make and enforce rules and architectural guidelines</td>
</tr>
<tr>
<td>210</td>
<td>Knowledge of need for written policies and procedures for managing community association (e.g., operations; emergency and disaster programs)</td>
</tr>
<tr>
<td>211</td>
<td>Knowledge of use and maintenance restrictions in the association documents</td>
</tr>
<tr>
<td>212</td>
<td>Knowledge of internal and external resources for enforcing rules and architectural guidelines (e.g., fees, suspension of voting rights, police, local government agencies, alternative dispute resolution, litigation)</td>
</tr>
<tr>
<td>213</td>
<td>Knowledge of the types of community associations and their similarities and difference</td>
</tr>
<tr>
<td>214</td>
<td>Knowledge of basic requirements around restrictions (e.g., age-restricted community associations)</td>
</tr>
<tr>
<td>215</td>
<td>Knowledge of business ethics and CMCA Standards of Professional Standards; including, conflict of interest, duty of care, duty of loyalty and moral principles.</td>
</tr>
<tr>
<td>216</td>
<td>Knowledge of the basic transition process from developer to homeowner control</td>
</tr>
<tr>
<td>217</td>
<td>Knowledge of types and components of board resolutions and when to use board resolutions over standard motions</td>
</tr>
</tbody>
</table>
Tasks that link to governance and legal KSAs

1. Develop and implement an administrative calendar of association meetings, events and activities for the community
2. Prepare and submit a management report to the board prior to a meeting
3. That includes minutes, financials, contracts and status of action items
4. Prepare and distribute meeting notices (e.g., agendas, proxies, ballots)
5. According to the type of meeting and governing document
6. Implement election procedures (e.g., call for nominees in advance) for membership meetings in accordance with governing documents and state’s statutes
7. Organize, facilitate, and provide input at meetings of the membership and the board
8. Make sure the minutes are accurately recorded and distributed
9. Serve as a liaison between the association/board of directors, legal counsel, and developers
10. Provide information and guidance to the board as it sets policies and makes decisions
11. Educate and advise the board of its role and responsibilities including fiduciary responsibilities and compliance with statutes
12. Manage, conduct or refer new board member orientation
13. Maintain the official corporate records of board resolutions and minutes of all meetings
14. Organize and maintain association files (e.g., contracts, correspondence, owner files)
15. Respond to resident/owner inquiries
16. Respond to conflict among residents/owners by attempting to resolve or refer to proper authority (e.g., Board, legal counsel, mediator)
17. Prepare packets for sales, leases, or transfers required by governing documents or statutes
18. Ensure the board follows the proper process in adopting and implementing board resolutions
Provide support to committee by answering questions and providing background information on issues
20 Prepare committee charters for approval by the Board
   Advise the board in developing rules and regulations in consultation with legal counsel as needed
   Develop due process procedures for board approval in consultation with legal counsel as needed
   Process architectural variance or change requests pursuant to the governing documents by drafting and/or administering requests
   Identify and record potential violations of association restrictions, rules and regulations
   Implement enforcement policies (e.g., rules, architectural controls) as directed by the board and pursuant to the governing documents
   Prepare and send assessment notices and late payment notices pursuant to governing documents
   Apply late charge, interest, legal fees, and/or other charges, on delinquent accounts as directed by governing documents or board policy
   Communicate delinquency information to legal counsel for collection purposes as directed by the board or as outlined in the delinquency policy
   Provide testimony as requested by legal counsel (e.g., association litigation, HR issues, contracts, delinquency, foreclosures)
   Represent the community association, as directed by the Board, to the outside community on association related issues (e.g., interface with local government, media, local public agencies) in accordance with governing documents
33 Prepare resident orientation or new owner familiarization information
   Review contract for key elements (e.g., parties, scope of work, timelines, compensation)
   Coordinate legal review of a contract by association’s attorney when necessary
   Develop uniform assessment collection and accounts receivable processes in coordination with legal counsel and pursuant to governing documents and state statutes
   Prepare and send assessment notices and late payment notices pursuant to governing documents
   Prepare draft capital and operating budgets that adhere to the governing documents and statutes and distribute to owners
   Recommend investment policies to the board in accordance with governing documents, state law, and fiduciary responsibility
   Provide the association financial records to the independent auditor and/or accountant
   Develop/establish a transfer of funds procedure in conjunction with the board directives and/or budget
61 Advise the board to consult with a professional regarding tax filing options
Manage bad debts by recommending write-offs and appropriate procedure for Board consideration.

Advise the board to maintain insurance coverages (e.g., casualty, fidelity, liability, property, D&O, workers’ comp) in accordance with governing documents, statutes, and board policy.

Advise owners of corporation insurance so they know their responsibility to insure their own property and avoid insurance gaps.

Identify areas of potential loss (i.e., property, liability, income, and personnel).

Recommend professional risk management and insurance professionals.

Arrange for property assessment to determine how much insurance to buy.

Develop and implement risk management techniques.

Develop and implement safety programs.

Develop and implement disaster plans and contingency (evacuation) plans.

Document, submit and coordinate insurance claims.

Obtain and maintain current insurance certificates from contractors and subcontractors.

Identify the physical assets and inventory the community association must maintain.

Conduct periodic property inspections for risk management purposes, obvious maintenance problems, and violations of governing documents.

Ensure that appropriate workers’ compensation coverage is placed and that all workers’ compensation claims are processed in accordance with state laws.

Communicate information regarding insurance policies and limitations of coverage to homeowners.

Prepare and submit a physical inspection report to the board.

Provide maintenance recommendations to the board.

Develop systems (controls and budget item) to ensure maintenance needs are documented and completed.

Implement maintenance, repair, and replacement programs of the board.

Develop and implement an emergency maintenance protocol.

Receive, clarify, and respond to maintenance requests from owners.

Provide or oversee provision of community services (e.g., security) according to Board policy.

Include language in contracts that holds the contractor responsible for complying with local ordinances prior to commencement of work seeking legal counsel when necessary.

Arrange for membership/board approval of contracts in accordance with the governing documents.

Seek interpretation of and apply contract warranties.

Develop, recommend, and update job descriptions for association employees.
Implement the recruiting, selecting, hiring, and firing processes for association employees in accordance with employee handbook and applicable laws

100 Supervise the association employees
   Establish employees performance objectives, evaluate work performance, and conduct periodic reviews with employees
   Establish employment policies (e.g., benefits, leave) with approval of the board
   Identify potential committee members and other volunteers according to Board policy

Key Terms (Legal Basis for Community Associations)

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.

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.

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

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.
**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).

**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.

**Proprietary lease:** A rental agreement between a cooperative housing corporation and a share holder 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.

**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 (Community Management)**

**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.

**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.

**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.

**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 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 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.

**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.

**Key Terms (Rule Development and Enforcement)**

**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.

**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.

**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.

**Rule:** A specific statement of required behavior whose violation carries a penalty (sometimes called a sanction).
### Knowledge Area 3: Budget, Reserves, Investments and Assessments

#### Topics Covered

<table>
<thead>
<tr>
<th>Topic</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>301</td>
<td>Knowledge of how to prepare and use an annual budget</td>
</tr>
<tr>
<td>302</td>
<td>Knowledge of the laws and governing documents that establish budget requirements</td>
</tr>
<tr>
<td>303</td>
<td>Knowledge of board of directors’, officers’, committees’, and manager’s roles and responsibilities in the budget process</td>
</tr>
<tr>
<td>304</td>
<td>Knowledge of the sources of authority to levy and collect assessments, special assessments, additional assessments, and other amounts due the community association</td>
</tr>
<tr>
<td>305</td>
<td>Knowledge of basic legal procedures and alternative remedies available to a community association for collecting delinquent payments from members</td>
</tr>
<tr>
<td>306</td>
<td>Knowledge of the use of a reserve study when developing a replacement reserve fund budget</td>
</tr>
<tr>
<td>307</td>
<td>Knowledge of the procedures of an effective collection policy</td>
</tr>
<tr>
<td>308</td>
<td>Knowledge of the types and components of budgeting methods (e.g., zero based, historical trend)</td>
</tr>
<tr>
<td>309</td>
<td>Knowledge of alternative funding methods to supplement assessments (e.g., loans, user fees)</td>
</tr>
<tr>
<td>311</td>
<td>Knowledge of fundamental requirements for reporting and disclosure statements as required by law</td>
</tr>
<tr>
<td>312</td>
<td>Knowledge of the reserve fund reporting</td>
</tr>
<tr>
<td>313</td>
<td>Knowledge of components, criteria, and composition of reserve studies</td>
</tr>
<tr>
<td>314</td>
<td>Knowledge of limits on community association managers’ investment duties</td>
</tr>
<tr>
<td>315</td>
<td>Knowledge of lender guidelines and statutes (e.g., transfer of ownership, association loans)</td>
</tr>
<tr>
<td>316</td>
<td>Knowledge of basic characteristics of investments and protection limitations</td>
</tr>
</tbody>
</table>
Tasks that link to Budget, Reserves, Investments, and Assessments KSAs

- Prepare and submit a management report to the board prior to a meeting that includes minutes, financials, contracts and status of action items
- Provide information and guidance to the board as it sets policies and makes decisions
- Prepare and send assessment notices and late payment notices pursuant to governing documents
- Manage community operations within constraints of the budget
- In preparation of budget, analyze trends, review historical data, and/or justify budget line-items through zero-based analysis
- Assist the Board in identifying professional assistance to develop and update a multi-year expense and reserve projection in compliance with state statutes
- Prepare draft capital and operating budgets that adhere to the governing documents and statutes and distribute to owners
- Assist the board in identifying funding sources for reserve expenditures and maintain the community association's financial records in accordance with Generally Accepted Accounting Principles (GAAP), legislature, or other regulatory office, and community financial internal control procedures
- Provide regularly scheduled financial statements and reports to the Board
- Analyze the financial statements and reports and report significant variances from the budget
- Recommend investment policies to the board in accordance with governing documents, state law, and fiduciary responsibility
- Identify investment opportunities based on availability and insurance of funds in compliance with statutes
- Implement investment policies of the board
- Implement the reserve funding model approved by the board
- Provide the association financial records to the independent auditor and/or accountant
- Review association invoices for accuracy and due dates
- Ensure payment of association invoices
- Develop/establish a transfer of funds procedure in conjunction with the board directives and/or budget
- Document all transfers of funds
- Advise the board to consult with a professional regarding tax filing options
- Manage bad debts by recommending write-offs and appropriate procedure for Board consideration
Advise the board to maintain insurance coverages (e.g., casualty, fidelity, liability, property, D&O, workers’ comp) in accordance with governing documents, statutes, and board policy. Identify areas of potential loss (i.e., property, liability, income, and personnel).

66 Recommend professional risk management and insurance professionals
67 Arrange for property assessment to determine how much insurance to buy.
69 Develop and implement risk management techniques.
70 Develop and implement safety programs.
71 Develop and implement disaster plans and contingency (evacuation) plans.
72 Document, submit and coordinate insurance claims.
79 Provide maintenance recommendations to the board. Develop systems (controls and budget item) to ensure maintenance needs are documented and completed.
81 Implement maintenance, repair, and replacement programs of the board.
82 Develop and implement an emergency maintenance protocol.
83 Receive, clarify, and respond to maintenance requests from owners.
84 Create maintenance specifications (e.g., schedules, scope) when qualified.
85 or seek experts to develop specifications.
86 Manage work order systems by developing and implementing on an ongoing basis.
87 Establish an emergency preparedness plan.
88 Provide or oversee provision of community services (e.g., security).
89 according to Board policy.
90 Establish employment policies (e.g., benefits, leave) with approval of the board.
91 Review compensation and benefits for staff to ensure that they are competitive with the market.

Key Terms (Budget and Reserves)
Assessment: An assessment is the owner’s financial obligation to the community association during a given period of time—usually one year.

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

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.

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).

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

**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.

**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.

**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.

**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.

**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.

**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.

**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.
**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.

**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.

**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 (Collecting Assessments)**

**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.

**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.

**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.

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

**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.

**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.

**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.

**Key Terms (Financial Statements, Audits, Income Taxes & Investments)**

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

**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.

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

**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.

**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.

**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.

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

**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.

**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).

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

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

**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.

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

**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.
### Topics covered in Financial Controls

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>401</td>
<td>Knowledge of the purpose of and relationships between and interpreting of financial reports (e.g., general ledger, variance, accounts payable, income statement, balance sheet, bank reconciliations)</td>
</tr>
<tr>
<td>402</td>
<td>Knowledge of methods for protecting association funds</td>
</tr>
<tr>
<td>403</td>
<td>Knowledge of the methods for determining the financial health of a community association</td>
</tr>
<tr>
<td>405</td>
<td>Knowledge of the differences between cash, accrual, and modified accrual accounting methods (e.g., recommendations of the American Institute of Certified Public Accountants (AICPA) guidelines on common interest community finances)</td>
</tr>
<tr>
<td>406</td>
<td>Knowledge of auditor statements of cash flows, notes to the financial statements, and purpose of the auditors’ management letter</td>
</tr>
<tr>
<td>407</td>
<td>Knowledge of the components of and the difference between audit, review, and compilation</td>
</tr>
<tr>
<td>408</td>
<td>Knowledge of federal/national, state/regional, and local tax filing responsibilities and filing options for community associations</td>
</tr>
<tr>
<td>411</td>
<td>Knowledge of types of financial controls (e.g., dual signatures on checks)</td>
</tr>
<tr>
<td>412</td>
<td>Knowledge of internal accounting controls</td>
</tr>
<tr>
<td>413</td>
<td>Knowledge of bad debts and budgeting for bad debt</td>
</tr>
<tr>
<td>414</td>
<td>Knowledge of rules for disclosure of association records to members (e.g., disclaimers for unaudited records)</td>
</tr>
</tbody>
</table>

### Tasks that link to Financial Controls KSAs

- Provide information and guidance to the board as it sets policies and makes decisions
- Prepare and send assessment notices and late payment notices pursuant to governing documents
- Apply late charge, interest, legal fees, and/or other charges, on delinquent accounts as directed by governing documents or board policy
- Communicate delinquency information to legal counsel for collection
- Purposes as directed by the board or as outlined in the delinquency policy
Develop uniform assessment collection and accounts receivable processes in coordination with legal counsel and pursuant to governing documents and state statutes
Maintain the community association's financial records in accordance with Generally Accepted Accounting Principles (GAAP), legislature, or other regulatory office, and community financial internal control procedures
Analyze the financial statements and reports and report significant variances from the budget
Recommend investment policies to the board in accordance with governing documents, state law, and fiduciary responsibility
Identify investment opportunities based on availability and insurance of funds in compliance with statutes
Implement investment policies of the board
Review and approve association invoices
Follow financial internal control procedures when managing the accounts
Develop/establish accounts payable/receivable procedures in accordance with governing documents and GAAP
Identify independent accounting practitioners for association use
Provide the association financial records to the independent auditor and/or accountant
Review association invoices for accuracy and due dates
Ensure payment of association invoices
Develop/establish a transfer of funds procedure in conjunction with the board directives and/or budget
Document all transfers of funds
Advise the board to consult with a professional regarding tax filing options
Manage bad debts by recommending write-offs and appropriate procedure for Board consideration
Identify areas of potential loss (i.e., property, liability, income, and personnel).
Develop and implement risk management techniques

Key Terms (see Knowledge Area 3: Budgets, Reserves, Investments and Assessments)
**[KNOWLEDGE AREA 5: RISK MANAGEMENT AND INSURANCE]**

### Topics covered Risk Management and Insurance

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>501</td>
<td>Knowledge of the various types of standard and supplemental coverages, and endorsements (e.g., property, liability, fidelity, blanket, D&amp;O, code and ordinance) required under local/regional laws (e.g., state statutes, Sharia)</td>
</tr>
<tr>
<td>502</td>
<td>Knowledge of risk management issues and techniques relating to property, liability, monetary, personal, and personnel exposures to loss</td>
</tr>
<tr>
<td>503</td>
<td>Knowledge of insurance certificate requirements for contractors</td>
</tr>
<tr>
<td>504</td>
<td>Knowledge of the source for community association insurance requirements</td>
</tr>
<tr>
<td>505</td>
<td>Knowledge of the distinction between the community association and individual owner insurance coverage</td>
</tr>
<tr>
<td>506</td>
<td>Knowledge of banking requirements (e.g., forms, signatures, identification) for filing insurance applications and claims</td>
</tr>
<tr>
<td>507</td>
<td>Knowledge of the basic components of the association’s insurance policy</td>
</tr>
<tr>
<td>508</td>
<td>Knowledge of co-insurance</td>
</tr>
<tr>
<td>509</td>
<td>Knowledge of deductibles</td>
</tr>
<tr>
<td>510</td>
<td>Knowledge of various types of exclusions (e.g., mold building ordinance, non-owned and hired auto, defamation)</td>
</tr>
<tr>
<td>511</td>
<td>Knowledge of the components of an effective risk management strategy (e.g., contractual transfer, segregation of loss)</td>
</tr>
</tbody>
</table>

### Tasks that link to Risk Management and Insurance KSAs

- Provide information and guidance to the board as it sets policies and makes decisions
- Respond to resident/owner inquiries
- Document all transfers of funds
- Advise the board to consult with a professional regarding tax filing options
- Manage bad debts by recommending write-offs and appropriate procedure for Board consideration
- Advise the board to maintain insurance coverages (e.g., casualty, fidelity, liability, property, D&O, workers’ comp) in accordance with governing documents, statutes, and board policy
Advise owners of corporation insurance so they know their responsibility
to insure their own property and avoid insurance gaps
Identify areas of potential loss (i.e., property, liability, income, and
personnel).
Recommend professional risk management and insurance professionals
Arrange for property assessment to determine how much insurance to buy
Coordinate inspection by risk management underwriter
Develop and implement risk management techniques
Develop and implement safety programs
Develop and implement disaster plans and contingency (evacuation) plans
Document, submit and coordinate insurance claims
Obtain and maintain current insurance certificates from contractors and
subcontractors
Identify the physical assets and inventory the community association must
maintain
Conduct periodic property inspections for risk management purposes,
obvious maintenance problems, and violations of governing documents
Ensure that appropriate workers’ compensation coverage is placed and
that all workers’ compensation claims are processed in accordance with
state laws
Communicate information regarding insurance policies and limitations of
coverage to homeowners
Prepare and submit a physical inspection report to the board
Develop systems (controls and budget item) to ensure maintenance needs
are documented and completed
Implement maintenance, repair, and replacement programs of the board
Develop and implement an emergency maintenance protocol
Receive, clarify, and respond to maintenance requests from owners
Create maintenance specifications (e.g., schedules, scope) when qualified
or seek experts to develop specifications
Manage work order systems by developing and implementing on an
ongoing basis.
Establish an emergency preparedness plan.
Provide or oversee provision of community services (e.g., security)
according to Board policy.
Prepare an information package concerning competitive bids for the
Board by verifying insurance, checking references and summarizing bid
options
Facilitate preparation of bid specifications defining scope of work and
requests for proposals
Negotiate contracts for board signature
Seek interpretation of and apply contract warranties
Implement the recruiting, selecting, hiring, and firing processes for association employees in accordance with employee handbook and applicable laws.

**Key Terms**

**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.
# Knowledge Area 6: Property Maintenance

## Topics covered in Property Maintenance

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>601</td>
<td>Knowledge of the division of maintenance responsibilities between the community association and the individual owners (and where to find it)</td>
</tr>
<tr>
<td>602</td>
<td>Knowledge of basic maintenance needs for the property, physical plant, operations, and systems</td>
</tr>
<tr>
<td>603</td>
<td>Knowledge of the types of maintenance programs (i.e., routine, preventive, requested, emergency, scheduled), the steps in establishing one, and the necessary controls of and timing for these programs</td>
</tr>
<tr>
<td>604</td>
<td>Knowledge of control procedures for protecting physical assets (e.g., key and access control, disaster preparedness)</td>
</tr>
<tr>
<td>605</td>
<td>Knowledge of regulations and requirements pertaining to environmental issues (e.g., recycling, pesticides, herbicides, chemical storage, storm water drainage)</td>
</tr>
<tr>
<td>606</td>
<td>Knowledge of relationship between maintenance and the operating and reserves and capital budgets</td>
</tr>
<tr>
<td>607</td>
<td>Knowledge of work order systems for property maintenance and repair</td>
</tr>
<tr>
<td>608</td>
<td>Knowledge of applicable laws affecting maintenance processes (e.g., permits, inspections)</td>
</tr>
</tbody>
</table>

## Tasks that link to Property Management KSAs

- Create maintenance specifications (e.g., schedules, scope) when qualified
- or seek experts to develop specifications
- Establish an emergency preparedness plan.
- Receive, clarify, and respond to maintenance requests from owners
- Provide maintenance recommendations to the board
- Develop and implement risk management techniques
- Develop and implement an emergency maintenance protocol
- Manage work order systems by developing and implementing on an ongoing basis.
- Conduct periodic property inspections for risk management purposes,
- obvious maintenance problems, and violations of governing documents
- Implement maintenance, repair, and replacement programs of the board
- Develop systems (controls and budget item) to ensure maintenance needs are documented and completed
Coordinate inspection by risk management underwriter
Prepare and submit a physical inspection report to the board
Facilitate preparation of bid specifications defining scope of work and
requests for proposals
Review the contractors’ work to see that it appears to meet contract
specifications, seeking professional guidance as needed
Provide information and guidance to the board as it sets policies and
makes decisions
Prepare and submit a management report to the board prior to a meeting
that includes minutes, financials, contracts and status of action items
Develop and implement safety programs
Develop and implement a master calendar for events, maintenance,
contracts and other administrative activities
Respond to resident/owner inquiries
Provide feedback to the Board on contractor performance
Identify inspectors who are qualified to evaluate contractor work to ensure
it meets contract specifications
Review contract for key elements (e.g., parties, scope of work, timelines,
compensation)
Maintain and distribute specific community information (e.g., list of service
providers, physical amenities, operation hours, owner vs. association
responsibilities) to residents/owners
Create an action list based on meeting follow-up for management report
Arrange for property assessment to determine how much insurance to buy
Communicate information regarding insurance policies and limitations of
coverage to homeowners
Recommend professional risk management and insurance professionals
Develop and implement disaster plans and contingency (evacuation) plans
Prepare an information package concerning competitive bids for the
Board by verifying insurance, checking references and summarizing bid
options
Seek interpretation of and apply contract warranties
Provide or oversee provision of community services (e.g., security)
according to Board policy.
Identify areas of potential loss (i.e., property, liability, income, and
personnel).
Identify the physical assets and inventory the community association must
maintain

Key Terms
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.
# [Knowledge Area 7: Contracting]

## Topics covered in Contracting

<table>
<thead>
<tr>
<th>Topic</th>
<th>Description</th>
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<tbody>
<tr>
<td>701</td>
<td>Knowledge of the steps involved in negotiating contracts</td>
</tr>
<tr>
<td>702</td>
<td>Knowledge of how to prepare a request for proposal</td>
</tr>
<tr>
<td>703</td>
<td>Knowledge of criteria for deciding whether to contract work out or use association staff</td>
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<tr>
<td>704</td>
<td>Knowledge of duties, responsibilities, and limitations detailed in the professional management agreement</td>
</tr>
<tr>
<td>705</td>
<td>Knowledge of the methods for resolving contract disputes (e.g., mediation, arbitration, alternative dispute resolution, litigation)</td>
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<tr>
<td>706</td>
<td>Ability to recognize when RFP specifications need to be developed by a third-party expert</td>
</tr>
<tr>
<td>707</td>
<td>Knowledge of contractor compliance with contract terms related to deposits, progress payments, retention, and final payments</td>
</tr>
<tr>
<td>708</td>
<td>Knowledge of types of contracts (e.g., Time and Materials, Firm Fixed Price)</td>
</tr>
<tr>
<td>709</td>
<td>Knowledge of basic components of contracts (e.g., scope, parties, and price)</td>
</tr>
<tr>
<td>710</td>
<td>Knowledge of key contract provisions, including labor, materials, termination, deadlines, and performance bonds (e.g., performance bonds, payment bonds, penalties, insurance requirements, and waiver of liens)</td>
</tr>
<tr>
<td>711</td>
<td>Knowledge of when to have a legal review of a contract</td>
</tr>
<tr>
<td>712</td>
<td>Knowledge of when to have a 3rd party administer the contract</td>
</tr>
<tr>
<td>713</td>
<td>Knowledge of the steps involved in evaluating and comparing bids</td>
</tr>
<tr>
<td>714</td>
<td>Knowledge of what constitutes a contractual commitment (e.g. oral agreements; oral direction)</td>
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## Tasks that link to Contracting KSAs

- Prepare and submit a management report to the board prior to a meeting that includes minutes, financials, contracts and status of action items.
- Provide information and guidance to the board as it sets policies and makes decisions.
- Provide support to committee by answering questions and providing background information on issues.
Review contract for key elements (e.g., parties, scope of work, timelines, compensation)

57 Review association invoices for accuracy and due dates
Advise the board to maintain insurance coverages (e.g., casualty, fidelity, liability, property, D&O, workers’ comp) in accordance with governing documents, statutes, and board policy
Identify areas of potential loss (i.e., property, liability, income, and personnel).

69 Develop and implement risk management techniques

70 Develop and implement safety programs

72 Document, submit and coordinate insurance claims
Obtain and maintain current insurance certificates from contractors and subcontractors
Identify the physical assets and inventory the community association must maintain
Conduct periodic property inspections for risk management purposes, obvious maintenance problems, and violations of governing documents
Ensure that appropriate workers’ compensation coverage is placed and that all workers’ compensation claims are processed in accordance with state laws

79 Provide maintenance recommendations to the board
Develop systems (controls and budget item) to ensure maintenance needs are documented and completed

81 Implement maintenance, repair, and replacement programs of the board

82 Develop and implement an emergency maintenance protocol

83 Receive, clarify, and respond to maintenance requests from owners
Create maintenance specifications (e.g., schedules, scope) when qualified or seek experts to develop specifications
Manage work order systems by developing and implementing on an ongoing basis.

86 Establish an emergency preparedness plan.
Provide or oversee provision of community services (e.g., security) according to Board policy.
Prepare an information package concerning competitive bids for the Board by verifying insurance, checking references and summarizing bid options

89 Identify potential contractors
Facilitate preparation of bid specifications defining scope of work and requests for proposals

90 Review the contractors’ work to see that it appears to meet contract specifications, seeking professional guidance as needed
Identify inspectors who are qualified to evaluate contractor work to ensure it meets contract specifications
Include language in contracts that holds the contractor responsible for complying with local ordinances prior to commencement of work seeking legal counsel when necessary.

93 Negotiate contracts for board signature
94 Arrange for membership/board approval of contracts in accordance with the governing documents
96 Provide feedback to the Board on contractor performance
97 Seek interpretation of and apply contract warranties

Key Terms

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 agreement between the parties.

Governing law provision: 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.
[KNOWLEDGE AREA 8: HUMAN RESOURCE MANAGEMENT]

**Topics covered in Human Resource Management**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
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<tbody>
<tr>
<td>801</td>
<td>Knowledge of applicable laws and regulations pertaining to basic personnel management (e.g., payroll, occupational safety and health statutes, employee records, discrimination issues)</td>
</tr>
<tr>
<td>802</td>
<td>Knowledge of the value of written personnel policies and procedures</td>
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<tr>
<td>803</td>
<td>Knowledge of the basic process for recruiting, screening, selecting and orienting new employees</td>
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<tr>
<td>804</td>
<td>Understanding of written job descriptions for association employees, including benefits of and how to prepare them</td>
</tr>
<tr>
<td>805</td>
<td>Knowledge of volunteer management, including the use of and restrictions on risk management, and governance</td>
</tr>
<tr>
<td>806</td>
<td>Knowledge of basic HR policies that impact association management</td>
</tr>
<tr>
<td>807</td>
<td>Knowledge of basic principles of supervision (e.g., evaluating, promoting, disciplining, providing ongoing training, dismissing employees, coaching, and mentoring)</td>
</tr>
<tr>
<td>808</td>
<td>Ability to apply association employment policies and local law in managing staff</td>
</tr>
<tr>
<td>809</td>
<td>Ability to communicate employment policies and local law to the management firm and/or association</td>
</tr>
<tr>
<td>810</td>
<td>Knowledge of the board’s responsibility regarding employment practices</td>
</tr>
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</table>

**Tasks that link to HR Management KSAs**

- Develop, recommend, and implement personnel policies in compliance with federal, state, and local laws, seeking legal review as necessary
- Maintain and properly retain individual personnel files in accordance with law
- Develop and implement safety programs
- Develop and implement disaster plans and contingency (evacuation) plans
Ensure that appropriate workers’ compensation coverage is placed and that all workers’ compensation claims are processed in accordance with state laws.

Provide or oversee provision of community services (e.g., security) according to Board policy.

Develop, recommend, and update job descriptions for association employees.

Implement the recruiting, selecting, hiring, and firing processes for association employees in accordance with employee handbook and applicable laws.

Supervise the association employees.

Establish employees performance objectives, evaluate work performance, and conduct periodic reviews with employees.

Establish employment policies (e.g., benefits, leave) with approval of the board.

Identify potential committee members and other volunteers.

According to Board policy, manage volunteers or assist board in managing volunteers by working with volunteer groups and writing job descriptions and expectations for volunteer roles.

Review compensation and benefits for staff to ensure that they are competitive with the market.

Provide management continuity planning for key staff and volunteer positions.

**Key Terms**

**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.

**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.
**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.

**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.

**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.
SECTION 3: CMCA EXAMINATION

[DEVELOPING THE CMCA EXAMINATION]

Overview of the Process of Developing the Examination
The CMCA examination is a nationally developed standardized examination which has been validated by a recognized professional testing firm, approved by the NBC-CAM Board, and administered by an independent, recognized testing agency (HumRRO).

The CMCA examination is developed under national guidelines by the National Organization of Competency Assurance (NOCA) (www.noca.org). NBC-CAM utilizes a psychometric approach to developing the examination questions and evaluating the performance of individual test takers. We use subject matter experts to develop questions in a way that measures the applied knowledge of the test taker on the topic areas outlined within community association management. The standard approach to adult certification examinations is to develop four answers; three that are incorrect and one that is correct. However, one of the three incorrect answers is designed to be a “distracter” from the right answer. The distracter will be an incorrect answer, but it is intended to get the test taker to demonstrate that they have applied knowledge as opposed to concrete knowledge.

The contents of the examination are based on a study of related job requirements. In 2011, NBC-CAM completed an update to the 2006 occupational analysis. The occupational analysis study identified 114 relevant tasks organized into eight categories: Meetings, Governance and Legal Issues, Budgets, Reserves, Investments and Assessments, Financial Controls, Risk Management and Insurance, Property Maintenance, Contracting, Human Resource Management. It also identified 72 knowledges that are required for successful performance of the tasks. These knowledges were organized into eight content areas.

In addition to the 100 scored test items, each CMCA examination includes 20 items that are included on an experimental basis. These “pilot test” items are new or substantially revised items that we want to test before incorporating them on new versions of the test as operational (e.g., scored) items.

Level of Knowledge Measured in the CMCA Examination
There are categories in the cognitive domain that can be tapped by utilizing multiple approaches to test items. The categories include: knowledge, comprehension, application, analysis, synthesis, and evaluation.
**Iceberg Analogy**
The broad levels of knowledge are best described as recall (concrete) knowledge, comprehension knowledge, and applied (comprehension, application) knowledge. These levels are defined below and illustrated through examples.

The CMCA Examination focuses on items that reflect knowledge “below the surface” – applied knowledge and comprehension.

**Categories in the Cognitive Domain**
1. **Concrete:** Knowledge of terminology; specific facts; ways and means of dealing with specifics (conventions, trends and sequences, classifications and categories, criteria, and methodology); universals and abstractions in a field (principles and generalizations, theories and structures). Concrete knowledge is defined as the remembering (recalling) of appropriate, previously learned information.

2. **Comprehension:** Grasping (understanding) the meaning of informational materials.

3. **Application:** The use of previously learned information in new and concrete situations to solve problems that have a single answer.

4. **Analysis:** The breaking down of information materials into their component parts, examining (and trying to understand the organizational structure of) such information to develop divergent conclusions by identifying motives or causes, making inferences and/or finding evidence to support generalizations.

5. **Evaluation:** Judging the value of material based on personal values/opinions, resulting in an end product, with a given purpose, without real right or wrong answers.
[DEVELOPING THE CMCA EXAMINATION]

About the CMCA Examination
CMCA Qualifications:
To qualify to become a CMCA, a manager must:

- Be a community association manager or be active in the community association industry.

- Complete and pass a prerequisite course on community association management, qualify for a waiver if you have at least five years experience as a community association manager, or hold an active pre-approved state license.

- Complete all aspects of the CMCA application form and pay the scheduled fees.

- Agree to adhere to the Standards of Professional Conduct established and amended by NBC-CAM.

- Pass the CMCA examination.

Examination Formats
There are two convenient ways to take the CMCA Examination computer based or pencil-and-paper.

Computer-based Examination
Once the board determines you are eligible to take the examination and notifies Pearson VUE, an Authorization to Test (ATT) letter will be e-mailed to you. The ATT includes the dates you will be eligible to take the examination as well as your test authorization number and an expiration date. If you do not take your examination within the approved one-year cycle, your testing fee and application will be forfeited.

You must have your ATT before you schedule an appointment to take the examination. If you lose your ATT, contact NBC-CAM at 1.800.779.CMCA. Offices are open Monday through Friday from 9 a.m. to 5 p.m. Eastern Standard Time.

The computer-based exam offers more exam dates and locations and gives instant test results to candidates. It is administered by Pearson VUE, an international computer-based testing company with proctored testing centers worldwide.

To take the CMCA examination via computer, please sign up for the exam by checking computer-based testing on the CMCA application. Minimal computer experience is required. When you are ready to take the exam, test officials will put you at ease with step-by-step instructions.

Immediately after you complete the exam, Pearson VUE will score your test and you will be given your results immediately. A feedback report will be given to candidates who do not pass the examination.
What to take to the testing center
- You must have government-issued photo identification to be admitted to the test administration room.
- We recommend you have your candidate ID and/or authorization ID with you, but it is not required.
- You may not take cell phones, books, papers, or other reference materials into the test administration room.
- No food or beverages may be taken into the test administration room.
- Listen to the test administrator carefully. Ask all questions before the exam begins.
- Visitors are not allowed in the test administration room.

Computer-based examination and Results
The test center administrator will give you a brief orientation/overview on the workstation. The examination software includes a calculator, a timer, and a question counter. You will also have the ability to skip questions and return at a later time. When you have finished with your pass/fail examination, the test administrator will release your grade to you. Candidates who successfully complete the examination will receive confirmation and the CMCA certificate within four to six weeks via mail.

Computer technical difficulties – Pearson VUE
On very rare occasions, technical difficulties may be encountered at the testing center. If you experience technical difficulties, notify the testing center administration immediately. Every effort will be made to correct the problem as quickly as possible.

In the case of severe technical difficulties or power loss, candidates may be unable to continue their testing session. In such instances, reasonable accommodations will be made, including rescheduling of the testing appointment. Requests will be evaluated by NBC-CAM on an individual basis.

Computer-based examination fees
The cost of the computer-based exam is $300 (standard fee of $250 plus a $50 electronic service fee) which covers the application fee, exam, your first year of certification, Smartbrief (the CMCA e-newsletter) and access to the CMCA social media network.

If a candidate does not pass the exam they are given a feedback report showing the approximate percentage of items answered correctly and the opportunity to re-take the exam. Candidates must complete and submit the Retake Application and submit the examination fee. The fee is $250 for a Pearson VUE computer-based retake examination.
**Paper-and-pencil examination**
You may choose to take the exam via the standard pencil-and-paper format at one of the pre-determined locations. To take the CMCA examination via pencil-and-paper, please sign up for the exam by selecting pencil-and-paper on the CMCA application. Candidates will receive pencil-and-paper test results four to eight weeks after taking the exam. Results include a feedback sheet showing the approximate percentage of items answered correctly.

**Paper-and-pencil examination fees**
Complete and submit the application. The examination fee is $350 and is nonrefundable. Candidates who need to retake the exam must resubmit a Retake Application and a $300 retake fee. There is no limit on the number of times a candidate may take the examination. Applications are only good for 5 years.

**Paper-and-pencil examination approval**
Once the board determines you are eligible to take the CMCA examination, an approval letter will be e-mailed to you within four weeks of your submitted application. Contact the proctor listed on your approval letter to confirm testing location and time. If you fail to confirm with your proctor the time and location of your examination, and you miss the appointment, your application/testing fees will be forfeited.

**Paper-and-pencil examination results**
Candidates will receive their examination results four to six weeks of taking the examination. No examination results are given out over the telephone, emailed, or faxed. Results include a candidate feedback report that will show the approximate percentage of items answered correctly. **Numeric test grades are not given out. Only pass/fail information is provided.**

**Exam scoring**
The CMCA examination is a criterion-referenced examination; i.e., the passing score is set beforehand, and candidate performance on the examination is not compared to the performance of others taking the examination. In a criterion-referenced examination, a candidate must obtain a score equal to or higher than the “passing score” to pass the test. The passing scores represent absolute standards and are determined by NBC-CAM content experts using psychometrically accepted standard-setting methodology.

**Score reporting**
The pencil-and-paper examinations are electronically scored by the Human Resources Research Organization (HumRRO). For this reason, it is important to complete the answer sheet according to the instructions provided by the Test Administrator or Proctor on the day of the exam. Candidates will receive credit only for answers
recorded on the scannable answer sheet. Answers marked in the test booklet(s) will NOT be counted toward a candidate’s score. All candidates will receive a score report of their performance. Examination results are mailed to candidates approximately four to six weeks after the examination administration. In reporting the examination results to candidates, statistical procedures are used to convert raw scores (i.e., the number of test questions answered correctly) to scaled scores which are equivalent for all administrations of the examination(s). The scaled score is not a “number answered correctly” score. Candidate scores cannot be given via telephone, email, or fax.

Hand score requests
Candidates who fail the CMCA paper-and-pencil examination may appeal their results by sending a written request to have their exam hand-scored within thirty days. The results of the hand-scoring will be sent to the candidate within thirty days of receipt of the request. There is no charge for hand-scoring. Requests should be submitted to NBC-CAM via email, fax, or U.S. mail. There is no hand score equivalent for a computer based test. If there is a technical problem during a computer-based examination, follow the procedures described in “Computer Technical Difficulties – Pearson VUE” on page #49 of this document.

Confidentiality policy
NBC-CAM will not release any information regarding a candidate’s examination application and a candidate’s examination administration to any employer, regulatory agency, or any other person or entity unless they inquire in writing to the Commission. The name and certification status of individuals who have successfully completed the CMCA examination may be published and released upon request to employers and other interested parties. NBC-CAM and HumRRO will discuss score-related matters with the candidate or the candidate’s legal representative only.

Record retention policy
NBC-CAM will compile and file records for each CMCA applicant and certificant and will retain the applications as follows:

- New applications will be stored permanently in an electronic manner.

- Recertification and reinstatement applications will be stored for four years and will be destroyed after four years.

Refunds and extensions
The exam fees are nonrefundable. There is no limit on the number of times a candidate may take the exam.

Carefully select your testing date and location. The one year period of exam eligibility from the date of issuance of the Authorization to Test letter will not be extended.
Pearson VUE: If you need to reschedule your computer-based testing appointment, you must contact Pearson VUE 48 hours prior to your scheduled appointment. Leaving a message on an answering machine is not an acceptable method of canceling or rescheduling your appointment. If you fail to arrive for your appointment or cancel without giving the required notice, you will forfeit your testing fee. If weather or other natural disaster causes a test center closure, your appointment will be rescheduled without incurring an additional fee.

Identification requirements
You must present government-issued photo identification (ID) to be admitted to the testing center. The printed name on your ID must be the same as the name that appears on your registration form. Acceptable forms of primary identification are (photo mandatory): valid driver’s license with photo and valid state/province ID card with photo. Without proper identification, you will not be admitted to take the examination. There will be no refund of your testing fee.

Security measures
Numerous security measures will be enforced during the test administration to ensure the integrity of the program. Be aware that you will be observed at all times while taking the examination. This observation may include direct observation by test proctors or testing center staff.

Examinations cannot be viewed, copied, or studied by any individuals. Copying or retaining test questions or transmitting the test questions in any form to other individuals, organizations, or study groups will result in forfeiting your right to have your examination graded and may result in disciplinary action by the board.

REQUESTING SPECIAL TESTING ACCOMMODATIONS
NBC-CAM abides by all applicable federal and state statutes relating to the accommodation of disabled individuals. All requests for special accommodations must be submitted in writing along with the submission of the application. Testing accommodations for candidates with disabilities will be made only with the authorization of the board.

Candidates who have requested special testing accommodations from the board should not schedule an appointment to take the examination until receiving written confirmation of the accommodations.

If the test site if closed
If you are unsure whether a test site is closed because of inclement weather or some other factor, you should contact the testing center or proctor directly. If the site is open, it is your responsibility to keep the appointment. If the site is closed, you will be given the opportunity to reschedule the appointment at no additional cost.
[SAMPLE CMCA EXAMINATION QUESTIONS]

The CMCA examination assesses your recall of knowledge and application of knowledge with multiple-choice questions designed to test a higher level of cognitive knowledge. The following are sample questions.

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:
   a. assignability
   b. waiver
   c. insurance
   d. severability

22. If a physical asset is to be replaced, the basis for an association's scheduled replacement consists of the:
   a. reserve study and replacement fund budget
   b. maintenance record and inspection report
   c. inspection checklist and reserve fund budget
   d. inspection report and analysis sheet

23. A closed board meeting may also be referred to as a:
   a. private session
   b. board session
   c. executive session
   d. committee session

24. All of the following are types of association meetings except:
   a. special meetings
   b. annual meetings
   c. ad hoc meetings
   d. owner meetings

25. A useful management control to record various maintenance services and information needed in case of an emergency is a maintenance:
   a. responsibility chart
   b. analysis sheet
   c. request form
   d. contact sheet

26. All of the following are key contract provisions except:
   a. standards of performance
   b. job site safety requirements
c. manner in which payments are made  
d. contractor's phone numbers

27. **It is good practice for an association to include a disclaimer in its employee manual stating that:**  
   a. employment is based on experience and references  
   b. it is not an implied contract or promise of employment  
   c. employment may include a background check  
   d. the association is not responsible for any possible injuries on the job

28. **To get needed maintenance work performed, a manager must organize the maintenance work into basic categories and:**  
   a. pay all invoices when presented  
   b. create controls for ensuring that the work will be completed  
   c. get at least five bids for work over $1,000  
   d. have the board inspect the work

29. **Upon receipt of a proper petition to call a special meeting, what should the manager do?**  
   a. arrange a meeting with counsel  
   b. advise the board to address it at the next scheduled meeting  
   c. advise the board of its duty to respond in a timely manner  
   d. set up a special meeting location

30. **All of the following are basic types of contracts except:**  
   a. service contracts  
   b. repair contracts  
   c. preventative maintenance contracts  
   d. architecture contracts

31. **In which procedure are performance problems brought to the employee's attention and actions taken to correct them?**  
   a. employment model  
   b. progressive discipline system  
   c. employee training program  
   d. continuous improvement program

32. **All the following are criteria to be considered when recommending a contractor to the board except:**  
   a. understanding of what needs to be done  
   b. possession the necessary qualifications to do the job  
   c. price  
   d. timeframe
33. What authority creates the right to vote by proxy?
   a. Association rules and regulations
   b. State statutes
   c. Common law
   d. Owner’s rights

34. Periodic maintenance performed to avoid disruptive breakdowns and to prolong the useful life of a physical asset is considered:
   a. routine maintenance
   b. requested maintenance
   c. emergency services maintenance
   d. preventive maintenance

35. Before the commencement of any services and repairs, the association should:
   a. survey the owners/tenants to see if services are necessary
   b. ask the board to suggest what to do next
   c. raise assessments to pay for work
   d. compare three or more bids

36. All of the following are true with respect to cumulative voting except:
   a. many people perceive it as ballot box stuffing
   b. it allows owners to cast all of their available votes for one person
   c. the association can amend the governing documents to prohibit it
   d. it helps establish a quorum

37. Preparing for a board meeting includes an agenda with:
   a. the vice-president’s report
   b. minutes of the previous meeting
   c. items to be addressed and voted on
   d. introductions of the board and manager

38. Which contract covers the costs of all labor and materials?
   a. cost and fees
   b. repair service
   c. lump sum
   d. time and materials

39. Your community association should have established dismissal policies and procedures in its:
   a. performance evaluation program
   b. interview process
   c. employee handbook
   d. employment records and files
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?
   a. board members
   b. association manager
   c. third-party expert
   d. possible contractor

41. Annual meetings are intended to provide a forum:
   a. in which owners expand their power
   b. for all business, elections and reports stated
   c. for owners to decide special issues
   d. to allow the board to take action at a special meeting

42. A job description should include:
   a. required duties of the position
   b. a list of paydays and holidays
   c. salary and benefits
   d. reporting relationships

43. When an organization is interested in receiving proposals for a particular project, what should it develop?
   a. Bid specification
   b. Bid request
   c. Bid qualifications sheet
   d. Bid statement of work

44. Who is entitled to vote when more than one person owns a unit or lot?
   a. All owners are entitled and their vote is split
   b. All owners are entitled and each gets a vote
   c. Neither owner is entitled and they must have a proxy in order to vote
   d. Owners should vote in concert, with one owner designated to cast the vote

45. The process of reviewing the extent to which a person has met established goals and standards is called:
   a. progressive planning and enhancement
   b. performance evaluation
   c. improvement programming
   d. the ten steps of highly effective people

46. Which of the following are detailed instructions about the products or services requested from a contractor?
a. Warranties
b. Bid specifications
c. Qualifications sheets
d. Payment bonds

47. More and more associations are employing which professional to attend annual or special meetings and to rule on all procedural questions?
   a. certified lawyers
   b. professional parliamentarians
   c. certified negotiators
   d. professional arbitrators

48. A cost and fees contract covers:
   a. all contracted work fees after its been completed
   b. a level of performance for a specific period of time and money
   c. actual labor and materials costs and a percentage of profit
   d. hourly rates, material costs and a percentage of the total costs

49. What is the process of establishing performance goals and standards for an employee?
   a. Employee orientation to the association
   b. On-going training
   c. Performance planning
   d. Performance evaluation

50. All of the following statements are correct with regards to special and annual meetings except:
   a. both have to meet minimum quorum requirements set by the statute
   b. both require notice of meeting to be sent to all owners within time allotted
   c. both provide a forum for business not stated in meeting notice
   d. both allow owners to attend in person or by proxy

51. What is an aid commonly used for planning and budgeting the use of personnel?
   a. Job description
   b. Annual budget
   c. Manpower reports
   d. Performance planning

52. What sets forth criteria for the annual meeting, including notice, quorum, voting, and proxy procedures?
   a. Articles of incorporation
   b. Bylaws
c. State statutes  
d. Parliamentary procedures

53. What regulates specific working conditions, safety equipment and reporting of accidents?  
   a. Fair Labor Standards Act  
   b. Child labor laws  
   c. Worker's compensation laws  
   d. Occupational Safety and Health
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1. **CAI’s M-100 Course Material:** *The Essentials of Community Associations Management*, Second Edition. The course material offers readers basic information and the essentials of community association management. (Community Associations Institute, 2003.)


3. **Bids and Contracts,** Third Edition, by Stephen Bupp, CMCA, AMS, PCAM. Provides readers with the information needed to write simple, effective specifications and contracts, ensuring that repairs or maintenance of common areas will go smoothly. It contains a 27-point Specifications Chart, a checklist that will prevent a manager from overlooking any aspect of the project, and adaptable samples of specs for a repainting project plus a bid for a preventive maintenance contract. (Community Association Press, 2004.)

4. **Meetings & Election:** *How Community Associations Exercise Democracy*, by P. Michael Nagle. Addresses all aspects of meeting procedures from giving notice of a meeting to conducting and controlling the meeting. Topics include quorums, ballots, voting, elections, nominations and proxies. (Community Associations Press, 2005.)

5. **Reserve Funds:** *How & Why Community Associations Invest Assets*, Mitchell H. Frumkin, P.E., P.P., RS, MBA, and Nico March, CFM, Editors. How to set up and implement reserve funds. Chapters cover investing in reserve funds, investment policies and options, and list the pros and cons of each. Contains a summary of state reserve fund requirements, the complete reserve standards and the reserve specialist code of ethics. (Community Associations Press, 2005.)

6. **Risk Management:** *How Community Associations Protect Themselves*, by Clifford J. Treese, CIC, CPCU, ARM, CIRMS. This report explains how to manage risk by using a five-step decision-making process and how to implement a risk management program by engaging in four key activities. Learn why insurance alone isn’t enough to control risk. Addresses the growing risks for community associations in the Internet age, special considerations after September 11, 2001 and how to integrate reserves and risk management programs. (Community Associations Press, 2006.)

7. **Insurance:** *How Community Associations Protect Themselves*, by Clifford J. Treese, CIC, CPCU, ARM, CIRMS, and Katharine Rosenberry. Covers community
insurance obligations, amount needed, types of coverage available and more. (Community Associations Press, 2006.)

You may purchase items 2-7 listed above directly from CAI for a 20% discount if you purchase them as a bundle. Visit the CAI Bookstore at www.caionline.org and enter the Item #: M5134. Add each GAP to your shopping cart.

**CMCA Study Kit**
Six Essential GAPs for CMCA Applicants
Item #: M5134
Retail Price: $120.00
Member Price: $72.00

Improve your chances of acing the CMCA exam after reading these six guides covering rules, bids and contracts, meetings and elections, reserves, risk management and insurance. Members save 40% by purchasing these titles together.

**Contents:** The CMCA Study Kit includes the following Guides for Association Practitioners
- Drafting Rules: How Community Associations Maintain Peace & Harmony
- Bids & Contracts: How to Find the Right Community Association Professional
- Meetings & Elections: How Community Associations Exercise Democracy
- Reserve Funds: How & Why Community Associations Invest Assets
- Risk Management: How Community Associations Protect Themselves
- Insurance: How Community Associations Protect Themselves

More information on the CMCA certification and examination is available at National Board of Certification for Community Association Managers at www.nbccam.org.
SECTION 4: CMCA CERTIFICATION

Once you have successfully completed the examination and learn that you have earned your CMCA credential, celebrate your success! Tell your friends and colleagues, your family and the leaders of your community association and/or community management firm. Spreading the word about your CMCA® certification will help advance your career. Extend the visibility and awareness of your professional credential by following these tips.

PROMOTE YOUR CMCA

- **Display your CMCA certificate**
  Frame your certificate, and hang it in a visible area of your office. Visit [www.framingsuccess.com](http://www.framingsuccess.com) and enter NBC-CAM for a discount on great frames.

- **Wear your CMCA lapel pin**
  Wear your pin at the office, at meetings and at events. E-mail info@nbccam.org for a new pin.

- **Use your CMCA padfolio and notepad**
  Bring your padfolio and notepad to all meetings, especially within your community. To order more CMCA-printed notepads, e-mail info@nbccam.org.

- **Include your CMCA credential in all communications**
  Your credential creates a positive image and increases awareness of the profession of community association management. When discussing what you do for a living, be sure to mention that you are a CMCA. Include your credential on your resume and professional biography, and include a brief description about its value.
  - Use the CMCA acronym after your name wherever possible, including:
    - Business cards
    - E-mail signatures
    - Letters and reports
    - Memos and faxes
    - Facebook, LinkedIn, Twitter and blog postings
    - Directories and listings

- **Speak at events**
  Take advantage of community events, professional meetings and CAI chapter events to speak about your CMCA and why communities benefit from hiring credentialed professionals. Use the CMCA brochure as a guide, and wear your
lapel pin to create visibility and spark conversation. The greater the awareness of the CMCA credential, the greater the value to your career.

- **Work with your organization/association**
  Ask your organization to help promote the CMCA credential by posting the following message on their website with a list of their certified managers.
  - Board Certified: Congratulations to our newest CMCA s! The CMCA credential is the only worldwide certification program for community association managers and demonstrates that these managers have met requirements for managing condominium, cooperative and homeowner associations. [list of managers with CMCA credential]

- **Educate homeowners**
  Leave CMCA brochures in your company's lobby or community common area to inform homeowners about the credential. Contact NBC-CAM to obtain CMCA brochures.

In addition to celebrating your success, you will be educating your community association board members and members of the industry about the importance of earning and maintaining a professional in the community association field.
[CMCA STANDARDS OF PROFESSIONAL CONDUCT]

A Certified Manager of Community Associations (CMCA®) shall:

1. Be knowledgeable, act, and encourage clients to act in accordance with any and all federal, state, and local laws applicable to community association management and operations.

2. Be knowledgeable, comply and encourage clients to comply with the applicable governing documents, policies and procedures of the Client Association(s) to the extent permitted by that Client.

3. Not knowingly misrepresent materials facts, make inaccurate statements or act in any fraudulent manner while representing Client Association(s) or acting as a CMCA.

4. Not provide legal advice to Client Association(s) or any of its members, or otherwise engage in the unlicensed practice of law.

5. Promptly disclose to Client Association(s) any actual or potential conflicts of interest that may involve the manager.

6. Refuse to accept any form of gratuity or other remuneration from individuals or companies that could be viewed as an improper inducement to influence the manager.

7. Participate in continuing professional education and satisfy all requirements to maintain the CMCA.

8. Not breach his/her fiduciary duty.

9. Conduct themselves in a professional manner at all times when acting in the scope of their employment in accordance with the terms and conditions of their contractual agreement and in accordance with local, state and federal laws.

Recognize the original records, files and books held by the manager are the property of the Client Associations to be returned to the Client at the end of the manager’s engagement and maintain the duty of confidentiality to all current and former clients.
 Enforcement of the Standards of Professional Conduct
In order to maintain and enhance the credibility of the NBC-CAM certification program, the Board has adopted procedures to allow consumers and others to bring complaints concerning a CMCA to the Board. In the event of a violation of the Standards of Professional Conduct, or of other substantive requirements of the certification process by a Certificant, the Board may impose sanctions against the Certificant. The grounds for sanctions under these procedures are as follows:

1. Conviction of a felony or other crime of moral turpitude under federal or state law in a manner related to the practice of, or qualifications for, professional activity;
2. Gross negligence or willful misconduct in the performance of professional services, or other unethical or unprofessional conduct based on demonstrable violations of the NBC-CAM Standards of Professional Conduct;
3. Fraud or misrepresentation in the application for or the maintenance of any professional membership, professional accreditation, or other professional recognition or credential; or
4. Loss of a state license required to practice community association management.

A violation of any of these Standards of Professional Conduct may be grounds for administrative action and possible revocation of the CMCA certification by NBC-CAM. For additional information to interpret the Standards of Professional Conduct or regarding enforcement procedures, please view our web site at http://www.nbccam.org/program/standards.cfm.
[PREPARE TO RENEW YOUR CMCA]

As a CMCA you can continue to enhance your marketability, show your dedication to your profession, and provide topnotch guidance to your associations by continuing your education and maintaining your certification.

When to recertify
You must recertify every two years to keep the CMCA certification current. Managers must pay an annual service fee of $105 each year.

Recertification Guidelines
To recertify and retain the CMCA credential, a certificant must:
- Continue to practice community association management
- Complete and submit the Recertification Application available at www.nbccam.org
- Satisfy the continuing education requirements

Continuing Education
Recertification requires the completion of 16 hours of continuing education within your two-year certification period. So, start tracking your continuing education activity as soon as you pass the CMCA examination.

Any individual who meets the continuing education requirements to maintain CAI's Association Management Specialist (AMS®) or Professional Community Association Manager (PCAM®) designations or the National Association of Housing Cooperative's (NAHC) Registered Cooperative Manager (RCM) designation, Florida's Community Association Manager license (CAM), or Nevada's Community Association Manager certificate will satisfy the current NBC-CAM continuing education requirement.

Credit hours may be earned only for education that meets either of the following criteria:
- It pertains to community association operations or management
- It contributes to the professional development of the CMCA

Educational courses offered by the following course providers are approved – check the NBC-CAM website for an up-to-date list of course providers at http://www.nbccam.org/cmca/recertification.cfm:
- Community Associations Institute and its chapters
- National Association of Housing Cooperatives
- Building Owners & Managers Association International
- Club Managers Association of America
- Florida Division of Professions, for continuing education credit for the CAM license
- Nevada Real Estate Division, for continuing education credit for the CAM license
- IREM
- CertainTeed
- Gray Systems, Inc.

**Additional Continuing Education Course Requirements:**

- One hour of credit equals one hour attended.
- Self-study credit must be pre-approved by NBC-CAM and is limited to no more than four hours every two years.
- Teaching a course related to community association management can qualify for credit.
- Publishing an article in a regional or national community association publication may qualify for credit.

You are required to submit a completed recertification along with proof of continuing education. Acceptable forms of documentation are:

- Completed form provided by NBC-CAM noting specifics about the continuing education.
- Certificates of attendance/completion
- Agendas
- Transcripts
- Sign-in sheets
- Invitation or acknowledgement for presentation
- Course outlines
- Copies of articles (for those who author articles)

The following page includes the Continuing Education Tracking Form or download the convenient continuing education tracking form that will assist you in tracking your continuing education. Remember to keep a copy of this handy and fill it out throughout the year as you attend or participate in continuing education programs.

For current information about continuing education, visit:  
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[BENEFITS AND VALUES OF THE CMCA]

CMCA
A voluntary certification founded in 1995, the CMCA program is designed to elevate professional standards, enhance individual performance and designate those who demonstrate fundamental knowledge to the practice of community association management.

Through a comprehensive certification examination, rigorous professional standards and continued training requirements, the CMCA certification helps ensure that the manager has the knowledge, experience and integrity to provide the best possible service to a community association.

CMCA Designees Represent Excellence
If you make a commitment to make community association management career, you should consider obtaining your CMCA. You will enjoy these important benefits:

- **Knowledge.** CMCA have successfully completed comprehensive coursework on community association management. CMCA update their knowledge regularly by participating in professional development education programs.

- **Experience.** CMCA are required to work in the community association management profession to maintain their certification.

- **Integrity.** CMCA commit to upholding the highest ethical standards by abiding by the CMCA Standards of Professional Conduct.