

Gold Coast CAM License Practice Exam (Sample)

Study Guide



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SAMPLE

Questions

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- 1. What are units in a cooperative association referred to as?**
 - A. Common shares.**
 - B. Condominium units.**
 - C. Cooperative parcels.**
 - D. Individually owned properties.**
- 2. What constitutes a condominium unit?**
 - A. Only the walls of the unit are owned by the occupant.**
 - B. A unit includes air space and certain internal structures and fixtures.**
 - C. A unit is limited to floor space only and common areas are not included.**
 - D. Each unit is a share of the entire building.**
- 3. What is a leasehold agreement?**
 - A. A lease between a landlord and a tenant**
 - B. A lease between a shareholder of a cooperative association and the association as the property owner**
 - C. A rental agreement between a corporation and an individual**
 - D. An agreement between two tenants sharing a unit**
- 4. Once filing is complete, what does the Secretary of State issue?**
 - A. A corporate license**
 - B. A corporation number**
 - C. A confirmation receipt**
 - D. A filing declaration**
- 5. What does the contracts clause generally prevent?**
 - A. Application of newly enacted consumer protection laws**
 - B. Legislative changes from impacting individuals**
 - C. Amendments that impair vested substantive rights in a private contract**
 - D. Local government regulations from exceeding state laws**

- 6. Which group typically has the power to enforce community rules?**
- A. The local government**
 - B. The board of directors**
 - C. All members of the community**
 - D. The property owners**
- 7. What type of organization can be classified as a CAB?**
- A. Only for-profit corporations**
 - B. Only partnerships**
 - C. Any similar organizations involved in community management**
 - D. Non-profit organizations only**
- 8. How is common property in an HOA defined?**
- A. Property that is owned by individual members only.**
 - B. Property that includes only areas specifically designated for recreational use.**
 - C. Real property that is owned or leased by the association or dedicated for use by its members.**
 - D. Property exclusively maintained by external contractors.**
- 9. What can happen if a member has an unpaid assessment in a community association?**
- A. The member is automatically expelled.**
 - B. The unpaid assessment can become a lien on the member's property.**
 - C. The member can no longer attend meetings.**
 - D. The community association must forgive the debt.**
- 10. What is the minimum vote requirement for an HOA document amendment if not stated otherwise?**
- A. Simple majority of the members present**
 - B. Affirmative vote of one-half of total voting interest**
 - C. Affirmative vote of two-thirds of total voting interest**
 - D. Approval by a two-thirds majority of the board**

Answers

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1. C
2. B
3. B
4. B
5. C
6. B
7. C
8. C
9. B
10. C

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Explanations

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1. What are units in a cooperative association referred to as?

- A. Common shares.
- B. Condominium units.
- C. Cooperative parcels.**
- D. Individually owned properties.

In a cooperative association, the units are referred to as cooperative parcels. This terminology is used because in a cooperative structure, the residents do not own their individual living units as separate real estate assets. Instead, they own shares in the cooperative corporation, which gives them the right to occupy a specific parcel within the property. This parcel represents their share of ownership in the entire cooperative and is tied to the cooperative's rules and governing documents. The other terms related to residential properties refer to different ownership structures. For instance, common shares generally align more with the ownership model of a cooperative but do not specifically denote the residential unit aspect. Condominium units refer to separate ownership in a condo association where each unit is an individually owned property, which contrasts with the cooperative model. Individually owned properties denote traditional ownership where each unit or house is owned outright by an individual, further distinguishing them from the cooperative arrangement.

2. What constitutes a condominium unit?

- A. Only the walls of the unit are owned by the occupant.
- B. A unit includes air space and certain internal structures and fixtures.**
- C. A unit is limited to floor space only and common areas are not included.
- D. Each unit is a share of the entire building.

A condominium unit is defined as a distinct section of a condominium property that includes both the airspace within the unit and certain internal structures and fixtures. This definition encompasses not only the physical space that a resident occupies but also the improvements and amenities that are a part of that unit. Residents typically own the interior of their condo, which includes walls, floors, fixtures like cabinets, and sometimes appliances. This ownership extends down to the inside of the walls and up to the ceilings, which emphasizes the significance of both the physical space and the components that provide functionality in living areas. This understanding aligns with common condominium ownership structures where the unit owner has exclusive rights to the interior space, while the exterior and community areas are usually owned collectively by all the unit owners through the homeowners' association. This distinct ownership forms the basis for various rights and responsibilities, particularly in maintaining the unit and participating in the management of shared spaces. The other options do not accurately reflect the comprehensive nature of what a condominium unit entails. While some may focus on limited aspects like walls or floor space alone, these do not encompass the full extent of what ownership of a condominium unit includes. Instead, option B provides a complete and accurate depiction of a condominium unit's characteristics.

3. What is a leasehold agreement?

- A. A lease between a landlord and a tenant
- B. A lease between a shareholder of a cooperative association and the association as the property owner**
- C. A rental agreement between a corporation and an individual
- D. An agreement between two tenants sharing a unit

A leasehold agreement is a specific type of arrangement where a shareholder of a cooperative association enters into a lease with that association, which holds title to the property. This agreement allows the shareholder to occupy a unit within the building while the cooperative maintains ownership of the entire property. It is distinctive because the shareholder does not own the real estate directly but has a proprietary interest in the cooperative, and the lease grants them the right to use and enjoy the space in accordance with the cooperative's rules. In cooperative living arrangements, the cooperative corporation takes care of common areas and overall property management, while each shareholder holds a lease providing them rights and responsibilities regarding their individual unit. This relationship is fundamentally different from a traditional landlord-tenant lease, where the property ownership is clear-cut, and the landlord retains significant authority over the property. This clarification highlights the nature of leasehold agreements, particularly in cooperative settings, setting them apart from other arrangements that might involve direct rental agreements or shared living situations between tenants.

4. Once filing is complete, what does the Secretary of State issue?

- A. A corporate license
- B. A corporation number**
- C. A confirmation receipt
- D. A filing declaration

When a business submits its formation documents to the Secretary of State, the correct issuance upon successful filing is a corporation number. This unique identifier is assigned to the corporation and serves as an essential part of its legal documentation. The corporation number ensures that the entity is officially recognized and can operate under the laws of the state, distinguishing it from all other corporations. This number is critical for various purposes, such as bank account registration, obtaining business licenses, filing taxes, and complying with legal requirements. Furthermore, it confirms the business's existence once it is recorded in the state's corporate registry. Therefore, receiving a corporation number solidifies the establishment and acknowledgment of the entity by the Secretary of State, which is a fundamental step in the corporate formation process.

5. What does the contracts clause generally prevent?

- A. Application of newly enacted consumer protection laws**
- B. Legislative changes from impacting individuals**
- C. Amendments that impair vested substantive rights in a private contract**
- D. Local government regulations from exceeding state laws**

The contracts clause generally prevents amendments that impair vested substantive rights in a private contract. This principle is rooted in the protection of individual liberties and property rights. Specifically, the contracts clause prohibits states from enacting laws that would retroactively alter the terms of contractual agreements, thereby upholding the sanctity of contracts. This ensures that parties can rely on the terms of their agreements and that the agreements they have made cannot be arbitrarily modified or nullified by subsequent legislation. Understanding this protection is crucial for individuals and businesses as it provides a level of stability and predictability in their dealings. It encourages a sense of trust in contractual relationships, knowing that their legally agreed-upon rights cannot be diminished by future laws or regulations. The other options refer to potential conflicts with contracts or governance issues, but they do not encapsulate the main purpose of the contracts clause, which is to protect the integrity of existing contracts from legislative changes that could undermine their enforceability.

6. Which group typically has the power to enforce community rules?

- A. The local government**
- B. The board of directors**
- C. All members of the community**
- D. The property owners**

The board of directors is typically responsible for enforcing community rules within a homeowners' association or any managed community setting. This group is elected by the community members to represent their interests and ensure compliance with the governing documents, such as bylaws and rules. The board has the authority to create, implement, and enforce community standards to maintain property values, ensure safety, and foster a harmonious living environment. Their ability to sanction rule-breaking, impose fines, or take corrective measures is formalized through the community's regulations, giving them the necessary power to uphold the rules effectively. While other entities like local government or homeowners do play roles in governance, they do not usually have the specific authority or responsibility for enforcement of community rules, which is distinctly held by the board of directors.

7. What type of organization can be classified as a CAB?

- A. Only for-profit corporations
- B. Only partnerships
- C. Any similar organizations involved in community management**
- D. Non-profit organizations only

The correct answer identifies that any similar organizations involved in community management can be classified as a CAB (Community Association Board). This classification includes a wide array of organizational structures that are engaged in managing communities, such as homeowner associations, condominium associations, and various other non-profit and for-profit entities focused on the governance, maintenance, and operation of shared facilities and community resources. This broad definition allows for inclusive management structures that can effectively represent residents' interests, regardless of whether they are designated as for-profit or non-profit. By encompassing any organization engaged in community management, it ensures flexibility and adaptability within the evolving landscape of community associations. The other options limit the scope of what can be considered a CAB. Some suggest exclusion based solely on the type of organization, such as for-profit corporations or partnerships, which do not fully capture the range of structures that serve community management purposes. Additionally, non-profit organizations alone would exclude many valid entities that contribute to community management effectively.

8. How is common property in an HOA defined?

- A. Property that is owned by individual members only.
- B. Property that includes only areas specifically designated for recreational use.
- C. Real property that is owned or leased by the association or dedicated for use by its members.**
- D. Property exclusively maintained by external contractors.

Common property in a Homeowners Association (HOA) is defined as real property that is owned or leased by the association itself, or dedicated for use by its members. This includes areas such as clubhouses, swimming pools, parks, pathways, and any other facilities that benefit all members of the HOA community. The key aspect of common property is that it is accessible and serves the interests of the entire community rather than being privately owned. By understanding this definition, we recognize the importance of common property in promoting community interaction and shared responsibilities among members. This shared ownership helps establish a sense of community and encourages cooperation in maintaining these areas. The other options mischaracterize common property. For instance, the idea that it is owned solely by individual members is inaccurate because it would imply exclusivity, contrary to the communal aspect of an HOA. The suggestion that it includes only recreational areas overlooks the broader range of shared resources that may exist, while describing it as property maintained exclusively by external contractors neglects the essential ownership and communal aspects of the property defined for the association and its members.

9. What can happen if a member has an unpaid assessment in a community association?

- A. The member is automatically expelled.**
- B. The unpaid assessment can become a lien on the member's property.**
- C. The member can no longer attend meetings.**
- D. The community association must forgive the debt.**

The correct answer highlights an important aspect of community association management regarding financial obligations. When a member of a community association has an unpaid assessment, the association has the legal right to place a lien on the member's property. This means that the association can secure the debt against the member's property, effectively making it a claim on the property until the debt is satisfied. This lien serves several purposes. It provides a mechanism for the association to enforce collection of the assessment, as the member cannot sell or refinance the property without paying off the lien. This legal tool ensures that associations can maintain financial stability and fund necessary services and upkeep for the community. The other options do not accurately reflect the typical procedures regarding unpaid assessments. For instance, automatic expulsion or the inability to attend meetings may not be standard practices and can vary based on the governing documents of the community association. Additionally, forgiving the debt is not a common policy, as associations depend on assessments to operate effectively. Hence, the establishment of a lien becomes the most relevant and enforceable action associated with unpaid assessments.

10. What is the minimum vote requirement for an HOA document amendment if not stated otherwise?

- A. Simple majority of the members present**
- B. Affirmative vote of one-half of total voting interest**
- C. Affirmative vote of two-thirds of total voting interest**
- D. Approval by a two-thirds majority of the board**

The correct answer is based on the typical governance structure of homeowners associations (HOAs) where, if not specified otherwise in the governing documents, amendments to the documents generally require a two-thirds affirmative vote of the total voting interest. This requirement ensures that a significant majority of the members agree with the proposed changes, reflecting a strong consensus within the community before any alterations are made to the foundational rules that govern their association. This two-thirds threshold is commonly established to protect the interests of all members and to prevent a small, possibly transient minority from making significant changes that could affect the long-term stability and character of the community. Such a requirement balances the need for flexibility in governance (allowing for necessary changes over time) with the need for stability and broad support, making it a standard practice in many states. Other options may represent varying levels of voting requirements, but a simple majority of those present or a simple majority of total voting interests typically does not provide sufficient support for substantial changes to HOA governing documents. A requirement for board approval only, while valid in certain contexts, does not encompass the wide-ranging input from the entire membership that such amendments usually necessitate.