

IREM Certified Property Manager (CPM) Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

Copyright © 2025 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain from reliable sources accurate, complete, and timely information about this product.

SAMPLE

Questions

SAMPLE

- 1. What type of management model may be most effective for a small condominium community?**
 - A. Full service management**
 - B. Self management or financial-only management**
 - C. Only a professional management company**
 - D. Contracted management services from an external vendor**
- 2. What is a critical component of the control approach to risk management?**
 - A. Eliminating exposure**
 - B. Increasing risk acceptance**
 - C. Reducing loss exposure**
 - D. Transferring liability**
- 3. How does disparate treatment differ from adverse impact in employment practices?**
 - A. Disparate treatment is intentional discrimination**
 - B. Adverse impact can be intentional on occasion**
 - C. Adverse impact involves legal consequences**
 - D. Disparate treatment applies only to hiring practices**
- 4. What obligation remains for property managers towards former clients?**
 - A. To ignore previous agreements**
 - B. To maintain loyalty unless it breaches current obligations**
 - C. To always prioritize former clients over current ones**
 - D. To seek approval from former clients for new agreements**
- 5. What are the main areas of legal control for a Common Interest Development (CID)?**
 - A. State law, local statutes, and governing documents**
 - B. Insurance policies and state legislation**
 - C. Owner agreements and federal regulations**
 - D. City planning and zoning laws**

- 6. What committee is responsible for assessing property modifications?**
- A. Nominating Committee**
 - B. Architectural Control Committee**
 - C. Rules Committee**
 - D. Communications Committee**
- 7. What type of documentation do banks often require regarding owner occupancy?**
- A. Proof of personal income**
 - B. Evidence of owner/occupancy**
 - C. Lease agreements from tenants**
 - D. Marketing materials for the property**
- 8. What is the key characteristic of progressive discipline?**
- A. A series of counseling sessions for improvement**
 - B. A single warning before termination**
 - C. A series of escalating interventions leading to dismissal**
 - D. No warnings before disciplinary actions**
- 9. What is a key advantage of using a timed agenda in meetings?**
- A. It eliminates the need for volunteers**
 - B. It ensures every meeting runs indefinitely**
 - C. It provides a projected duration for discussion items**
 - D. It allows members to speak as long as they want**
- 10. What is one type of property inspection commonly conducted?**
- A. Spring and Fall Exterior**
 - B. Indoors and Outdoors**
 - C. Seasonal Landscaping**
 - D. Annual Maintenance Audit**

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. What type of management model may be most effective for a small condominium community?

A. Full service management

B. Self management or financial-only management

C. Only a professional management company

D. Contracted management services from an external vendor

Self management or financial-only management is often the most effective model for a small condominium community due to several reasons. In smaller settings, the community may have a limited budget and fewer complex issues to handle compared to larger properties. Self-management allows residents to take control of the operations, fostering a sense of ownership and community involvement. This approach typically involves residents managing day-to-day operations, making decisions collectively, and potentially reducing costs associated with hiring a full-service management company. Additionally, self-management enables the community association to develop a more intimate understanding of their property and immediate concerns, allowing for tailored solutions that fit their specific needs. In instances where the community may require additional expertise, financial-only management can provide critical financial oversight without the extensive operational costs that come with full-service management. This allows the board to focus on community needs while leaning on professionals for financial best practices, ensuring the property's finances are managed effectively. In contrast, while full-service management and professional management companies can be beneficial for larger or more complex properties, they may not be a cost-effective solution for a small condominium. Contracted management services from external vendors might offer some flexibility but could lack the engaged involvement of self-management, potentially leading to less satisfaction among community members.

2. What is a critical component of the control approach to risk management?

A. Eliminating exposure

B. Increasing risk acceptance

C. Reducing loss exposure

D. Transferring liability

The control approach to risk management focuses on mitigating potential losses by reducing exposure to those risks. Reducing loss exposure involves identifying the various risks associated with property management and implementing strategies to minimize their impact. This can include regular maintenance of properties to prevent accidents, enforcing safety regulations, and conducting regular risk assessments to identify new vulnerabilities. By actively working to reduce the potential for loss, property managers can enhance the safety and security of the properties they manage, thus protecting the investment and interests of owners and tenants alike. This proactive approach is fundamental in creating a resilient property management strategy that not only seeks to respond to risks but also aims to diminish their occurrence from the outset.

3. How does disparate treatment differ from adverse impact in employment practices?

A. Disparate treatment is intentional discrimination

B. Adverse impact can be intentional on occasion

C. Adverse impact involves legal consequences

D. Disparate treatment applies only to hiring practices

Disparate treatment refers to a form of discrimination where individuals are treated differently based on certain protected characteristics, such as race, gender, or religion. This type of discrimination is characterized by intentional actions that result in less favorable treatment of a person or group compared to others. For example, if an employer deliberately chooses not to hire a qualified candidate because of their race, this is an instance of disparate treatment. The distinction lies in the intentional nature of the discrimination in disparate treatment, as it contrasts with adverse impact, which may result from neutral policies that inadvertently affect a particular group more negatively, despite no intent to discriminate. Therefore, identifying disparate treatment is crucial, as it indicates a clear violation of equal employment opportunity laws where the intent to discriminate plays a significant role. In summary, the concept of disparate treatment being rooted in intentional discrimination is fundamental in understanding how workplace discrimination operates and is addressed legally. This understanding is vital in ensuring compliance with employment laws and promoting fair treatment across all employment practices.

4. What obligation remains for property managers towards former clients?

A. To ignore previous agreements

B. To maintain loyalty unless it breaches current obligations

C. To always prioritize former clients over current ones

D. To seek approval from former clients for new agreements

The obligation that property managers have towards former clients centers on the principle of loyalty. Maintaining loyalty to former clients means that property managers should respect the confidentiality and terms established in previous agreements as long as this loyalty does not conflict with their current obligations to other clients. This is rooted in ethical practices and the duty to uphold trust established during the professional relationship. In practice, this means that a property manager should not disclose sensitive information or act in a way that could harm the interests of a former client, unless these actions contradict their responsibilities to current clients or violate current agreements. Upholding this loyalty reinforces professional integrity and fosters a reputation for reliability and ethical conduct within the industry. In contrast, ignoring previous agreements would undermine trust and could lead to legal repercussions. Prioritizing former clients over current ones would disrupt the balance of responsibilities and could lead to conflicts of interest. Seeking approval from former clients for new agreements may not always be feasible or necessary, as the ongoing duties are bound by the original agreements and the current context of obligations. Thus, ensuring loyalty while managing multiple relationships is crucial for a property manager's ethical and professional standing.

5. What are the main areas of legal control for a Common Interest Development (CID)?

A. State law, local statutes, and governing documents

B. Insurance policies and state legislation

C. Owner agreements and federal regulations

D. City planning and zoning laws

The main areas of legal control for a Common Interest Development (CID) include state law, local statutes, and governing documents. State law provides the overarching legal framework that governs the formation and operation of CIDs, including regulations pertaining to property ownership, homeowners' associations, and management responsibilities. Local statutes might include zoning laws and ordinances that apply specifically to the geographic area where the CID is located, impacting what can be built and how the property can be used. Governing documents, such as the declaration of covenants, conditions, and restrictions (CC&Rs), bylaws, and rules and regulations, are crucial as they define the rights and responsibilities of the homeowners and the association itself. These documents establish the operational structure of the development, outlining how decisions are made, common area maintenance duties, and the regulations residents must abide by. Collectively, these areas ensure that CIDs function smoothly and meet the regulatory requirements imposed by both state and local authorities. In contrast, insurance policies and state legislation focus on risk management rather than the legal control of the CID itself. Similarly, owner agreements and federal regulations do not encompass the complete scope of legal control specific to CIDs, and city planning and zoning laws, while relevant, do not address all

6. What committee is responsible for assessing property modifications?

A. Nominating Committee

B. Architectural Control Committee

C. Rules Committee

D. Communications Committee

The Architectural Control Committee is responsible for assessing property modifications because its primary function is to ensure that changes made to properties within a community adhere to established architectural standards and guidelines. This committee evaluates proposals for modifications such as new construction, renovations, and landscaping to ensure that they align with the aesthetic and functional coherence of the neighborhood. They help maintain property values and community standards by enforcing rules related to appearance and design, which is essential for the overall integrity and appeal of the area. In contrast, the Nominating Committee usually focuses on identifying and recommending candidates for leadership positions within the organization, while the Rules Committee typically deals with the creation or modification of community rules rather than enforcement related to property changes. The Communications Committee is primarily focused on disseminating information and improving communication within the community, rather than managing property modifications. Therefore, the Architectural Control Committee is clearly the appropriate group tasked with assessing modifications to properties.

7. What type of documentation do banks often require regarding owner occupancy?

- A. Proof of personal income**
- B. Evidence of owner/occupancy**
- C. Lease agreements from tenants**
- D. Marketing materials for the property**

Banks typically require evidence of owner occupancy as a safeguard against risks associated with loans, particularly in residential properties. This documentation helps verify that the borrower is living in the property they are financing, which can influence loan terms and interest rates. Owner-occupied properties are often viewed as less risky investments for lending institutions, as the homeowners have a vested interest in maintaining the property. In cases where the property is an investment or rental property, lenders may impose stricter criteria, including higher down payment requirements or different interest rates, because these properties do not have the same level of commitment by the owner. Therefore, providing evidence of owner occupancy assures the bank that the mortgage will likely be paid as the homeowner is directly invested in their residence.

8. What is the key characteristic of progressive discipline?

- A. A series of counseling sessions for improvement**
- B. A single warning before termination**
- C. A series of escalating interventions leading to dismissal**
- D. No warnings before disciplinary actions**

The key characteristic of progressive discipline is a structured approach that involves a series of escalating interventions that can lead to dismissal. This method allows for an employee to have opportunities for improvement before facing termination. Each step in the process typically increases in severity and consequence, starting from verbal warnings or counseling sessions to formal written warnings, and potentially culminating in suspension or termination if the employee's performance or behavior does not improve. In contrast, the other options do not capture the essence of progressive discipline. A series of counseling sessions for improvement reflects an aspect of guidance rather than the method's systematic escalation. A single warning before termination lacks the progressive nature of the discipline process, which emphasizes multiple opportunities for correction. Lastly, not providing warnings before disciplinary actions fundamentally contradicts the principles of progressive discipline, as the approach is designed to give employees the chance to understand and correct their behaviors before harsher consequences are implemented.

9. What is a key advantage of using a timed agenda in meetings?

- A. It eliminates the need for volunteers**
- B. It ensures every meeting runs indefinitely**
- C. It provides a projected duration for discussion items**
- D. It allows members to speak as long as they want**

Utilizing a timed agenda in meetings offers the significant advantage of providing a projected duration for discussion items. This approach helps to structure the meeting effectively by allocating specific time slots for each agenda item. As a result, participants are better prepared to engage in focused discussions, knowing how long they have to address each topic. This time management tactic can enhance productivity by keeping discussions on track and minimizing the risk of any single item dominating the meeting. It allows for a more streamlined flow of information and encourages participation within the defined time constraints, helping to ensure all relevant topics are covered. Other options do not align with the key advantages of a timed agenda. For instance, eliminating the need for volunteers does not accurately reflect the purpose of a timed agenda, which focuses more on time management than on participation dynamics. Additionally, the assertion that a timed agenda ensures meetings run indefinitely is contradictory to its purpose, as the agenda is designed to promote efficiency and conclusion within a designated timeframe. Lastly, allowing members to speak as long as they want counters the structured nature of a timed agenda, which seeks to control discussion lengths to enhance overall meeting effectiveness.

10. What is one type of property inspection commonly conducted?

- A. Spring and Fall Exterior**
- B. Indoors and Outdoors**
- C. Seasonal Landscaping**
- D. Annual Maintenance Audit**

One common type of property inspection is the Spring and Fall Exterior inspection. This type of inspection focuses on the outside of the property and is typically conducted twice a year, aligning with the changing seasons. It allows property managers to assess the condition of exterior elements, such as the roof, gutters, siding, windows, landscaping, and any outdoor amenities. By conducting these inspections in the spring and fall, property managers can identify and address any maintenance issues that may have developed over time, particularly those caused by winter weather or summer storms. This proactive approach helps maintain the property's appearance and functionality, preventing larger repair costs down the line and ensuring tenant satisfaction. Other options, while they may describe aspects of property management, do not represent a standard or commonly recognized type of inspection. For instance, the option about Indoors and Outdoors may imply a general sense of inspection but isn't specific enough, nor is it conducted with a set frequency like the seasonal inspections. Seasonal Landscaping focuses more on the maintenance of landscaping rather than an overall property inspection. Lastly, while an Annual Maintenance Audit is important, it is typically more comprehensive and not specific to the exterior condition assessments that are characteristic of Spring and Fall inspections.