

M-100: The Essentials of Community Association Management Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. In zero-base budgeting, what does the process require you to analyze?**
 - A. The reasons for the previous year's budget.**
 - B. The potential future inflation rate only.**
 - C. The reasons for the actual amounts spent.**
 - D. The availability of external loans.**

- 2. Fidelity insurance in a community association primarily covers:**
 - A. Property damage from natural disasters.**
 - B. Employee dishonesty that could lead to theft of funds or assets.**
 - C. Cybersecurity breaches of online banking.**
 - D. Liability for injuries on the condo premises.**

- 3. Which of the following is an example of operating expenses for a community association?**
 - A. Swimming pool management**
 - B. Contingent liability**
 - C. Demolition costs**
 - D. Reserve fund funding**

- 4. Under FMLA, employers with 50 or more employees must provide up to how many weeks of unpaid, job-protected leave?**
 - A. 6 weeks**
 - B. 8 weeks**
 - C. 12 weeks**
 - D. 16 weeks**

- 5. A waiver of subrogation is commonly known as what?**
 - A. Waiver of the transfer of recovery rights.**
 - B. Waiver of lien.**
 - C. Waiver of warranty.**
 - D. Waiver of payment.**

- 6. Which document identifies the premises a stockholder may occupy exclusively and defines the rent payable by the stockholder?**
- A. Proprietary lease**
 - B. Bylaws**
 - C. Declaration**
 - D. Public Offering Statement**
- 7. Who typically performs an audit?**
- A. A certified public accountant (CPA).**
 - B. The association manager.**
 - C. A committee of volunteers.**
 - D. The board president.**
- 8. Which document is not a governing document but is commonly accompanied by it and mandated by statute?**
- A. Public Offering Statement**
 - B. Quorum document**
 - C. Memorandum of association**
 - D. Rules and regulations**
- 9. Which information about the contractor is provided to help evaluate their ability to perform the work?**
- A. Information about the contractor that will help evaluate the contractor's ability to perform the work**
 - B. The contractor's favorite color**
 - C. The contractor's personal hobbies**
 - D. The contractor's tax returns**
- 10. Is it generally a good idea to schedule a performance evaluation meeting with an employee in a public place?**
- A. False**
 - B. True**
 - C. Not sure**
 - D. Depends**

Answers

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

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Explanations

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1. In zero-base budgeting, what does the process require you to analyze?
 - A. The reasons for the previous year's budget.
 - B. The potential future inflation rate only.
 - C. The reasons for the actual amounts spent.**
 - D. The availability of external loans.

Zero-base budgeting starts from a clean slate, requiring you to justify every expense from scratch by tying it to a specific activity and its expected benefits. The process focuses on analyzing the reasons behind the actual amounts spent in the past period—what those costs were for, why they occurred, and whether those activities are still necessary. This right-sized scrutiny pushes you to defend each budget item, decide if it should be funded, altered, or dropped, and avoid simply carrying over prior spending. While inflation forecasts or borrowing options may influence planning, they aren't the central analysis in ZBB—the core is understanding the drivers and purposes of the actual expenditures and validating their continued need.

2. Fidelity insurance in a community association primarily covers:
 - A. Property damage from natural disasters.
 - B. Employee dishonesty that could lead to theft of funds or assets.**
 - C. Cybersecurity breaches of online banking.
 - D. Liability for injuries on the condo premises.

Fidelity insurance focuses on losses from dishonest acts by people who handle the association's funds or assets. For a community association, the main risk is internal theft or embezzlement by staff, managers, or volunteers, such as stealing cash, forging checks, or making fraudulent transfers. This coverage steps in to reimburse the association for those losses up to the policy limits, helping protect the HOA or condo corporation's finances. Other types of losses—like property damage from natural disasters, injuries on the premises, or external cyber breaches—are covered under different policies (property, liability, or separate cyber/crime endorsements), not the primary purpose of fidelity insurance. So the essence of fidelity coverage is safeguarding against internal dishonesty that could drain funds or assets.

3. Which of the following is an example of operating expenses for a community association?

- A. Swimming pool management**
- B. Contingent liability**
- C. Demolition costs**
- D. Reserve fund funding**

Operating expenses are the day-to-day costs needed to run the association and keep the common areas functioning. Pool management fits this category because it is a recurring service that maintains the pool—labor, contracts, supplies, and utilities paid from the operating budget. It is consumed in the current period and does not create a long-lived asset. In contrast, a contingent liability is about a potential future obligation and is recorded as a liability, not an operating expense. Demolition costs typically fall under capital expenditures because they relate to removing or replacing a major asset and are often capitalized rather than expensed in the operating budget. Reserve fund funding is money set aside for future major repairs or replacements; it is not an operating expense but a transfer to reserves used to fund capital projects later.

4. Under FMLA, employers with 50 or more employees must provide up to how many weeks of unpaid, job-protected leave?

- A. 6 weeks**
- B. 8 weeks**
- C. 12 weeks**
- D. 16 weeks**

Under FMLA, eligible employees of covered employers can take up to twelve weeks of unpaid, job-protected leave in a twelve-month period for specified family and medical reasons. That 12-week limit, applied within a defined 12-month window, is what makes the answer correct. The leave is job-protected, so you must be restored to the same or an equivalent position when you return, and health benefits must continue as required. The other durations listed do not align with the federal standard. Some states or employer policies may offer more time, but the federal limit is twelve weeks.

5. A waiver of subrogation is commonly known as what?

A. Waiver of the transfer of recovery rights.

B. Waiver of lien.

C. Waiver of warranty.

D. Waiver of payment.

Subrogation is the insurer's right to step into the insured's shoes and go after the party responsible for a loss after paying a claim. A waiver of subrogation means that right is given up, so the insurer will not pursue the responsible party to recover the amount paid. This arrangement is often included in contracts, leases, and insurance certificates to prevent disputes between contracting parties after a loss, making it easier for projects to move forward without finger-pointing. That's why the term described here is the waiver of the transfer of recovery rights. It specifically captures the idea of relinquishing the insurer's ability to transfer the recovery claim to another party. The other options describe different concepts (like a lien, which is a security interest in property; a warranty, which is a promise about quality; or a payment waiver, which would avoid payment), none of which align with the idea of giving up the right to recover costs from the at-fault party.

6. Which document identifies the premises a stockholder may occupy exclusively and defines the rent payable by the stockholder?

A. Proprietary lease

B. Bylaws

C. Declaration

D. Public Offering Statement

The key document is the proprietary lease. In a cooperative, a stockholder owns shares and is granted exclusive, long-term occupancy of a specific unit through this lease. It lays out exactly which unit the stockholder may occupy and what must be paid each month (the rent or carrying charges) to the cooperative. The other documents serve different roles: bylaws govern how the association runs and decisions are made; the declaration outlines property rights and covenants but doesn't specify who may live in a particular unit or the occupant's rent; the Public Offering Statement provides disclosures to buyers but does not determine occupancy rights or ongoing charges.

7. Who typically performs an audit?

- A. A certified public accountant (CPA).**
- B. The association manager.**
- C. A committee of volunteers.**
- D. The board president.**

Audits require independence and professional standards. A certified public accountant is trained and licensed to perform independent audits, follow auditing standards, test transactions, evaluate internal controls, and issue an audit report that provides an objective opinion on whether the financial statements fairly present the association's finances. This external verification adds credibility for members and lenders and meets governance expectations. The association manager handles day-to-day finances, a committee of volunteers can review records but not conduct a formal audit with professional standards, and the board president governs rather than audits. So, the typical person to perform an audit is a certified public accountant.

8. Which document is not a governing document but is commonly accompanied by it and mandated by statute?

- A. Public Offering Statement**
- B. Quorum document**
- C. Memorandum of association**
- D. Rules and regulations**

Public Offering Statement is not a governing document but is legally required to accompany the governing package in many states. It acts as a disclosure to prospective buyers, outlining important information about the HOA's finances, assessments, reserves, ongoing or potential litigation, and other obligations. Because it's mandated by statute, it's routinely provided with the set of governing documents so buyers can make an informed decision before purchasing. The other items are part of the governance structure or are not standard mandated disclosures: a Memorandum of Association is a foundational corporate charter that creates the entity itself, rules and regulations are actual rules that govern operations, and a "quorum document" is not a recognized standard document in this context.

9. Which information about the contractor is provided to help evaluate their ability to perform the work?

A. Information about the contractor that will help evaluate the contractor's ability to perform the work

B. The contractor's favorite color

C. The contractor's personal hobbies

D. The contractor's tax returns

The main idea is to provide information that actually helps you judge whether the contractor can do the job. When evaluating a contractor, you want details that reflect their qualifications and track record—things like licenses, insurance, references, past performance on similar work, and how they plan to complete the project. That kind of information directly informs you about their ability to meet the scope, quality, schedule, and safety requirements. The best choice focuses on information that will help evaluate capability because it centers on relevant evidence about how well the contractor can perform. In contrast, personal attributes like favorite color or hobbies don't shed light on job performance, and tax returns aren't typically used to judge whether someone can complete the work.

10. Is it generally a good idea to schedule a performance evaluation meeting with an employee in a public place?

A. False

B. True

C. Not sure

D. Depends

Keeping performance feedback private is essential. These conversations often involve sensitive topics about an employee's work, behavior, or development, and a private setting helps ensure honesty and focus. In a public place, the employee may feel exposed, which can hinder open discussion, cause embarrassment, or invite interruptions and misinterpretations from others. A confidential space—such as a private office or a quiet meeting room—fosters trust, allows for a constructive, non-confrontational tone, and provides a suitable environment for discussing goals, feedback, and next steps. If privacy isn't possible in person, use a confidential channel or arrange a time and space that genuinely protects privacy. For these reasons, it is not generally a good idea to schedule a performance evaluation meeting in a public place.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://m100essentialsofcommassocmgmt.examzify.com>

We wish you the very best on your exam journey. You've got this!

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