

CHAPTER 18 QUIZ (REVISED)

1. Which of the following best describes an unbudgeted expense?
 - a. Any overrun of 10% or more in an operating budget category
 - b. An expense not included in the current year budget
 - c. A capital expense included in the reserve budget
 - d. Any item for which the association plans to borrow funds

Ref: Managing Association Funds, Unbudgeted Expenses

2. What is a special assessment?
 - a. A charge to members of a specific amount, in addition to the periodic assessment, for a non-budgeted, typically unanticipated, repair, replacement, or other expense
 - b. An add-on to a periodic assessment, for a planned repair or expense
 - c. A charge to members for repairs to their unit or parcel made by the association
 - d. A claim a member makes on the association for damage to their unit or parcel.

Ref: Unbudgeted Expenses, Special Assessments

3. In an HOA, prior to turnover, a developer-controlled board may not levy a special assessment unless:
 - a. A majority of non-developer-controlled parcels, at a duly called and quorumed meeting, vote in favor of the special assessment.
 - b. A majority of eligible TVI, excluding developer-controlled parcels, at a duly called and quorumed meeting, vote in favor of the special assessment.
 - c. A supermajority of non-developer-controlled parcels at a duly called and quorumed meeting, vote in favor of the special assessment.
 - d. The board votes unanimously in favor of the special assessment.

Ref: Unbudgeted Expenses, Special Assessments

4. As a fiduciary, a director or officer has all but which of the following duties?
 - a. Duty of care
 - b. Due to act in good faith
 - c. Duty of loyalty
 - d. Duty of guarantee

Ref: Fiduciary Duties

5. What is the common surplus?
 - a. It is the excess of all revenues retained by the association after the deduction of all expenses.
 - b. It is the excess of revenue over expense in the operating section of the budget.
 - c. It is the profit made by the association upon the sale of association property.
 - d. It may not include the surplus from a special assessment, except in an HOA.

Ref: Surplus Funds

6. All of the following are options an HOA may exercise relating to a special assessment surplus **except**:
 - a. It may be transferred to one or more reserve accounts.
 - b. It may be applied as a credit to a future special assessment.
 - c. It may be refunded to the members.
 - d. It may be used to offset future expenses in the operating budget.

Ref: Surplus Funds

7. Which of the following is a statutory limitation on the use of a debit card?
 - a. Only directors or officers may use a debit card in the name of the association, and only for association expenses.
 - b. A debit card must be issued in the name of, and billed directly to, the association, and used solely for office and maintenance supplies under \$100.
 - c. In a condominium, directors, officers, employees, and agents may not use a debit card issued in the name of the association for the payment of association expenses.
 - d. In any community association, a debit card may be used solely for expenses directly related to social club activities permitted in the declaration or bylaws.

Ref: Debit Cards

8. What is the notice requirement for an HOA to file a lien?
 - a. 30 days prior to filing the lien
 - b. 20 business days prior to filing the lien
 - c. 15 business days before filing the lien
 - d. 45 days before filing the lien**

Ref: Collection Procedures, Liens, Effective Periods, Homeowners' Association

9. What is the condominium association financial institution annual report?
- An annual report required to be delivered to the DBPR by every condominium association containing the names of every financial institution in which it has savings accounts
 - An annual report required to be delivered to the DBPR by every cooperative association containing the names of every financial institution in which it has savings accounts
 - An annual report required to be delivered to the secretary of state, division of corporations, by every community association containing the names of all directors, officers, and agents.
 - An annual report required to be delivered to the DBPR by every condominium association containing the names of every financial institution in which it has any financial account
- Ref: Condominium Association Financial Institution Annual Report*
10. A condominium may suspend the voting rights and rights to use the common elements of members who have been delinquent in any monetary amount for a period of:
- Over 90 days
 - 90 days or more
 - 30 days or more
 - 60 days or more
- Ref: Late Payment Consequences, Suspension*
11. Monies received from delinquent members are applied to their account in the following order:
- Assessments, attorney's fees, fees to the management firm, late fees, and interest
 - Fees to the management firm, interest, attorney's fees, assessments, and late fees
 - Attorney's fees, assessments, interest, late fees, and fees to the management firm
 - Interest, late fees, fees to the management firm, attorney's fees, and assessments
- Ref: Collection Procedures, Application of Payments*
12. Acceleration of assessments means:
- The association increases the frequency of assessment payments from its members.
 - The association requires a delinquent member to pay all remaining assessments for the current fiscal year, in addition to the amount owed.
 - The association requires a delinquent member to enter into a payment plan to pay the amount owed at a faster rate.
 - The association accelerates its legal action to collect from delinquent members
- Ref: Late Payment Consequences, Acceleration of Assessments*
13. What is the limit on a late fee a community association is permitted to charge a member?
- \$25 or 5%, whichever is less, if provided in the association documents
 - \$25 or 5%, whichever is less, even if the documents are silent
 - \$25 or 5%, whichever is greater, even if the documents are silent
 - \$25 or 5%, whichever is greater, if provided in the association documents
- Ref: Late Payment Consequences, Late fees*
14. Community association statutes governing the collection of rent from lessees of a delinquent member provide for all of the following **except**:
- The association must mail to the lessee and member the written notice of the association's demand for the lessee to make the payments to the association.
 - The member must provide the lessee a credit against rents due to the member in the amount of the monies that have been paid to the association.
 - The association is required to maintain the unit or parcel if the lessee is paying their rental obligation to the association.
 - The association may sue for eviction of the lessee as if the association were a landlord if the lessee fails to make a required payment to the association.
- Ref: Collection Procedures, Collection from Lessees*

15. Which of the following is NOT true regarding liens?
- A member's unit or parcel serves as collateral for assessments due to the association.
 - A lien is a legal claim of one person or entity upon a property to secure the payment of a debt or the satisfaction of an obligation.
 - An association may place a lien on a unit or parcel only for unpaid assessments, but not for any other monies due from the member to the association.
 - A lien is satisfied only when a member has paid all amounts owed in full.
- Ref: Collection Procedures, Liens*
16. A claim of lien of a condominium secures all except which of the following?
- All unpaid assessments that are due as well as those that may accrue after the claim of lien is recorded
 - All reasonable attorney's fees incidental to the collection process
 - Any interest that the association may legally charge
 - Any rents from lessees of the member that the association collects prior to or during the lien period
- Ref: Collection Procedures, Liens, Valid Claim*
17. A director, manager, or management company, at the time a condominium forecloses on a unit:
- May purchase the unit at auction
 - With some exceptions, has the right to obtain possession of the residence from the circuit court if a tenant has failed to vacate the premises within 30-days of the foreclosure
 - Is prohibited from purchasing a unit at the foreclosure sale resulting from a foreclosure for unpaid assessments or to take title by deed in lieu of foreclosure
 - Is prohibited from purchasing a unit at the foreclosure sale, unless a majority of eligible TVI of the membership has amended the documents
- Ref: Foreclosures, Foreclosure Prohibition (Condominium Only)*
18. What is the definition of foreclosure?
- A legal process in which a lender attempts to recover the balance of a loan from a borrower who has stopped making payments to the lender, by forcing the sale of the asset that was used as collateral for the loan
 - A legal process to evict a tenant from a parcel or unit, on which a borrower has discontinued payment to a lender
 - A legal process to take possession of personal or real property of a creditor, to recover the balance of monies owed on a parcel or unit
 - A legal process in which a debtor agrees to transfer property to a lender in return for a forgiveness of debts and release from debtors' prison
- Ref: Foreclosing the Claim of Lien*
19. A condominium or HOA association is entitled to collect from the first mortgagee or its successor or assignees who acquire title to a unit or parcel by foreclosure or deed in lieu of foreclosure:
- The lesser of the unpaid regular periodic assessments for the 12 months immediately preceding acquisition of title or 1% of the original debt on the first mortgage
 - The greater of the unpaid regular periodic assessments for the 12 months immediately preceding acquisition of title or 1% of the original debt on the first mortgage
 - The lesser of the unpaid regular periodic assessments for the 6 months immediately preceding acquisition of title or 2% of the original debt on the first mortgage
 - The greater of the unpaid regular periodic assessments for the 6 months immediately preceding acquisition of title or 2% of the balance due on the mortgage
- Ref: Foreclosures*
20. An association with total annual revenue from \$300,000 to less than \$500,000 is required to prepare which type of annual financial report?
- Audit
 - Review
 - Cash receipts
 - Compilation
- Ref: Annual Association Financial Report Requirements, Based on Revenue*

21. What is an estoppel certificate?
- A signed statement by an association member to a prospective purchaser of what monies they believe are outstanding to the association
 - A signed statement of a member's current balance of monies owed to the association, which includes a statement by the association that the information is correct
 - A signed statement of a title agent disclosing any liens or encumbrances upon an association property that is under contract for sale
 - A signed statement by an association member of all mortgages, monies owed the association, and any tax liens that may be pending on the property
- Ref: Estoppel Certificates*
22. An association is required to issue an estoppel certificate within ___ after a written or electronic request from a member, member's designee, a unit's or parcel's mortgagee or their designee.
- 10 calendar days
 - 20 business days
 - 30 calendar days
 - 10 business days
- Ref: Estoppel Certificates, Time Frames*
23. How much is the fee for preparation and delivery of an estoppel certificate, if there is no outstanding balance due the association?
- \$100
 - \$150
 - \$ 50
 - \$250
- Ref: Estoppel Certificates, Estoppel Fees*
24. A community association is required to prepare and complete an annual financial report within:
- 30 days of the end of the fiscal year or annually on a date provided in the bylaws
 - 60 days of the end of the fiscal year or annually on a date provided in the bylaws
 - 90 days of the end of the fiscal year or annually on a date provided in the bylaws
 - 120 days of the end of the fiscal year or annually on a date provided in the bylaws
- Ref: Annual Association Financial Reports, General*
25. If an association is eligible to use Form 1120-H to file a federal income tax return:
- It can elect to include exempt function expenses.
 - It can elect to exclude any profit from the sale of laundry machine cards.
 - It can elect to exclude exempt function income, such as member assessments.
 - It can elect to donate any excess of revenue over expenses to fund the manager's bonus.
- Ref: Taxes, Federal Income Tax Return, Association's Income Tax Obligation*