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?
   a. 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.
   b. 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.
   c. 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.
   d. 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:
   a. Over 90 days
   b. 90 days or more
   c. 30 days or more
   d. 60 days or more

Ref: Late Payment Consequences, Suspension

11. Monies received from delinquent members are applied to their account in the following order:
   a. Assessments, attorney’s fees, fees to the management firm, late fees, and interest
   b. Fees to the management firm, interest, attorney’s fees, assessments, and late fees
   c. Attorney’s fees, assessments, interest, late fees, and fees to the management firm
   d. Interest, late fees, fees to the management firm, attorney’s fees, and assessments

Ref: Collection Procedures, Application of Payments

12. Acceleration of assessments means:
   a. The association increases the frequency of assessment payments from its members.
   b. The association requires a delinquent member to pay all remaining assessments for the current fiscal year, in addition to the amount owed.
   c. The association requires a delinquent member to enter into a payment plan to pay the amount owed at a faster rate.
   d. 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?
   a. $25 or 5%, whichever is less, if provided in the association documents
   b. $25 or 5%, whichever is less, even if the documents are silent
   c. $25 or 5%, whichever is greater, even if the documents are silent
   d. $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:
   a. 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.
   b. 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.
   c. The association is required to maintain the unit or parcel if the lessee is paying their rental obligation to the association.
   d. 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. A member’s unit or parcel serves as collateral for assessments due to the association.  
   b. 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.  
   c. 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.  
   d. 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?
   a. All unpaid assessments that are due as well as those that may accrue after the claim of lien is recorded  
   b. All reasonable attorney’s fees incidental to the collection process  
   c. Any interest that the association may legally charge  
   d. 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:
   a. May purchase the unit at auction  
   b. 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  
   c. 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  
   d. 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. 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  
   b. A legal process to evict a tenant from a parcel or unit, on which a borrower has discontinued payment to a lender  
   c. 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  
   d. 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:
   a. 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  
   b. 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  
   c. 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  
   d. 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?
   a. Audit  
   b. Review  
   c. Cash receipts  
   d. Compilation 
   
   Ref: Annual Association Financial Report Requirements, Based on Revenue
21. What is an estoppel certificate?
   a. A signed statement by an association member to a prospective purchaser of what monies they believe are outstanding to the association
   b. 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
   c. A signed statement of a title agent disclosing any liens or encumbrances upon an association property that is under contract for sale
   d. 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.
   a. 10 calendar days
   b. 20 business days
   c. 30 calendar days
   d. 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?
   a. $100
   b. $150
   c. $ 50
   d. $250

Ref: Estoppel Certificates, Estoppel Fees

24. A community association is required to prepare and complete an annual financial report within:
   a. 30 days of the end of the fiscal year or annually on a date provided in the bylaws
   b. 60 days of the end of the fiscal year or annually on a date provided in the bylaws
   c. 90 days of the end of the fiscal year or annually on a date provided in the bylaws
   d. 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:
   a. It can elect to include exempt function expenses.
   b. It can elect to exclude any profit from the sale of laundry machine cards.
   c. It can elect to exclude exempt function income, such as member assessments.
   d. 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