

Sample Exam Questions & Answers

The questions below are examples of the types of test items on the CLM exam. But please note, *actual items may vary in content and difficulty level.*

1. An asset placed in service today would be most commonly depreciated for U.S. Federal tax reporting purposes using which of the following methods?

- (a) Alternative Minimum Tax
- (b) Accelerated Cost Recovery System
- (c) Double Declining Balance
- (d) Modified Accelerated Cost Recovery System

2. According to the Americans with Disabilities Act (ADA), when are medical examinations for potential new hires allowed?

- (a) Once a job has been offered but prior to the commencement of employment
- (b) Within 30 days of commencement of employment
- (c) Prior to a position being offered
- (d) When the employer doubts the applicant's ability to perform

3. The term "selection procedure" as used by the Equal Employment Opportunity Commission (EEOC) includes:

- (a) Standardized tests only
- (b) Interviews only
- (c) Physical examinations only
- (d) Any procedure used as a basis for selection decisions

4. What characterizes an effective progressive discipline procedure?

- (a) It includes feedback which is provided after several offenses
- (b) It is intended to improve performance
- (c) It is a systematic process intended to lead to demotion or termination
- (d) It provides for informal counseling sessions

5. One of your attorneys has been asked to become a member of a client's board of directors. What should be your main concern?

- (a) The attorney may not be skilled to advise the board of directors in the complete scope of legal issues that may arise during board meetings
- (b) The attorney may be inclined to accept work projects either outside of the scope of the firm's resources and/or with unrealistic deadlines just to satisfy specific members of the board
- (c) The attorney's actions as a director may not be covered by your firm's professional liability insurance policy
- (d) The attorney's time may be redirected away from the practice of law to the interests of the corporation for which he or she is a director

6. "Claims made" professional liability insurance policies typically include a provision for "prior acts" coverage. This coverage reaches back in time to a period prior to the policy period. A condition precedent to this coverage is that the insured individual:

- (a) Purchased an extended reporting option at the conclusion of the prior policy period
- (b) Notified the carrier during the policy year in which the act, error or omission occurred of the possibility that something had happened that could give rise to a future claim
- (c) Diligently pursued a path to mitigate damages from some act, error or omission which was reported to the carrier in a subsequent period because of an unanticipated event
- (d) Did not know or could not have reasonably known that a particular act would result in a claim

7. What is the function of Application Service Providers (ASPs)?

- (a) To provide in-house help desk services to organizations
- (b) To host software applications and store data accessible over the Internet
- (c) To link voice and data systems using fiber optics
- (d) To provide analysis of optimal software applications to maximize workflow

8. In the strategic planning process, what addresses (a) what is involved, (b) when it begins and ends, (c) who will do it, (d) how much it will cost, and (e) the expected outcomes?

- (a) Vision statement
- (b) Goals statement
- (c) Statement of objectives
- (d) Action plan

when may a lawyer destroy client files?

- (a) One year after the conclusion of the matter
- (b) After the lawyer has attempted to return the file to the client and after ensuring that no legal or ethical restrictions prevent their destruction
- (c) If the lawyer, in his or her professional opinion, concludes that the matter is completed and the client has no further need of the file contents
- (d) Once the lawyer has determined that the client cannot or will not pay outstanding fees

10. When may funds not be disbursed from a trust fund account?

- (a) Before a prescribed number of days after receipt of funds
- (b) Without specific written instructions from the client to the firm
- (c) Until the specific funds to be disbursed have been collected by the firm's bank
- (d) If the firm has co-mingled those funds into a common client trust fund

9. According to ABA guidelines,



● **Correct Answers:**

1. d 2. a 3. d 4. b 5. c 6. d 7. b 8. d 9. b 10. c

"Not only has acquiring the CLM increased my own confidence, but it has also provided me with increased appreciation, recognition, and confidence of the partners in my firm."

Dawn Kowalski, CLM, Office Manager, Smith Hood Perkins Loucks Stout Bigman Lane & Brock, PA, Daytona Beach



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