

# What's Involved with Serving on the Board of a Homeowners' Association

## What Is an HOA Board of Directors?

Almost all developments have an HOA, which bears the responsibility to operate, repair, replace, and maintain the development's common areas, such as parks and clubhouses, owned in common by all the development's homeowners. Most HOAs are nonprofit corporations, and typically, when you buy a home in a planned community, you automatically become a member of its HOA. Most HOAs are run by a board, usually made up of a small number of HOA members, elected by a vote of the other HOA members.

## What Laws and Rules Cover HOAs and Their Boards?

To find out the responsibilities and powers of your HOA (and its board), review your governing documents, specifically the HOA's articles of incorporation and bylaws, and the declaration of conditions, covenants, and restrictions (CC&Rs) and easements. In connection with its responsibility for the common areas, most HOAs are required to adopt an annual budget, and collect dues and assessments from the development's homeowners to pay for the budget. Beyond that, many HOAs also have the power to adopt and enforce rules and regulations, and to hire personnel (or a management company) to help carry out HOA responsibilities.

## Your Fiduciary Obligation as an HOA Board Member

In general, corporate law gives board members of a nonprofit corporation the fiduciary duty to the other members of the HOA (all the other homeowners). In practice, this means that HOA board members must:

- act in good faith
- act in the best interests of the HOA as a whole (and avoid any conflict of interests)
- be informed prior to acting
- not take any actions without proper authority, and
- not take negligent, or willfully harmful actions.

## Other HOA Board Member Duties

Beyond your fiduciary obligation, the specific duties, and responsibilities of HOA board members depend on your governing documents.

### HOA Board Membership and Meetings

Typically, HOA articles and bylaws require that HOAs have a minimum number of board members, each of whom serves for a specific term. The governing documents describe who can serve on the board, and how board members are elected. The documents also determine required meetings and describe meeting and voting procedures.

### HOA Officers

Most boards are also required (or allowed) to elect officers. These commonly include a President, Vice President, Secretary and Treasurer. Each officer has different responsibilities, for example, the President typically sets the agenda, and the Secretary takes meeting minutes.

### Budgeting

A key responsibility of almost all HOA boards is to set the annual budget for the operation and maintenance of the development. Again, procedures for adopting the budget are determined by the governing documents' requirements, but typically, a board vote is necessary. As an HOA board member, you will need to familiarize yourself with the expenses involved with running the community, and make responsible, informed decisions on budget matters.

## HOA Board Powers

HOA board members have various powers under the development's governing documents. These include the following:

- The authority to assess and collect periodic dues from each homeowner to pay for the budget.
- The authority to levy special assessments for items outside the budget—for example, to pay for unforeseen repairs needed to the clubhouse roof after a huge storm.
- The power to adopt rules and regulations. As an HOA board member you might help create and adopt rules on anything from subletting, to lawn maintenance, to what color homes are allowed in the development.
- Enforcement powers, such as the right to assess fees for delinquent dues or for rule violations. The governing documents might also grant the HOA the power to place a lien on a delinquent owner's property for unpaid dues, or to enter a homeowner's property to fix a rule violation. For example, if a homeowner is violating a maintenance rule by failing to mow his or her lawn regularly, the HOA might have the power to assess fines against the violating owner, as well as the authority to hire a lawn service and bill the

homeowner for a mowing. As a board member, your informed vote will help determine what enforcement actions the HOA takes.

## Traits of a Good Board Member

- Unfortunately, no HOA board can always please every owner. When an HOA fines a neglectful homeowner for lot mowing, for example, the owner will likely grumble and complain. Because of this occasional tension, one of the most important board member qualities is diplomacy. To be a good board member, you will need to act as a proactive team player, who uses discussion and negotiation rather than contentious confrontation.
- Although serving on an HOA board can be difficult at times, it can also be rewarding. Volunteer board members are essential to the harmonious functioning of planned developments.

## What Board Members Should Do

An HOA board member Code of Ethics must include what board members should do, such as:

- Only act within the limits of their power or authority as determined by the law and the association's governing documents.
- Always work to serve the association's best interests no matter their personal interests.
- Execute their duties and responsibilities impartially, with no prejudice or favoritism towards any single or group of members or non-members.
- Communicate any personal or professional ties with any individual or company that is looking to enter a business relationship with the HOA.
- When making decisions, board members must use sound judgment and take all available information, resources, and situations into account.
- Give residents a chance to make remarks or provide feedback on matters and decisions of the association.
- Support all decisions made by the collective board to show unity, even if the board member voted to take a different course of action than the one unanimously decided on.
- Hold fair and open elections that are well-communicated to owners.

## What Board Members Should Not Do

As for what board members should not do, here are the fundamental codes to live by:

- Support or promote any action or activity that violates any law or regulation.
- Use their power or position for personal gain.
- Discriminate against colleagues, residents, owners, employees, or contractors on the basis of protected classes as defined by the Fair Housing Act, Americans with Disabilities Act, and state laws.
- Disclose confidential information provided by association members, employees, or contractors.
- Share confidential information with association members or contractors unless clearly permitted by the board.
- Make unwarranted promises to a bidder or contractor.
- Divulge information — decisions, remarks, or discussions — made at any closed board meeting or executive session to any third party, including residents or owners.
- Use association funds, either temporarily or permanently, without authorization or for their own personal benefit.
- Manipulate or misreport known facts in any situation involving the association.
- Directly or indirectly accept gifts of any kind from community members, suppliers, or contractors.
- Personally attack community members, employees, or colleagues.
- Threaten, harass, bribe, or intimidate any fellow board member, resident, owner, employee, or contractor.