

## Annual Meeting- What is a Proxy?

A couple of weeks ago, I attended a meeting where members were voting on an important amendment. It did not pass because the legal details were not adhered to, upsetting the members, which prompted our previous article on Designated Voters. To recap, the Designated Voter (if required by your documents) causes the owners to designate a single owner to receive the mailings, to execute the proxy and to cast votes for that unit. If the proxy or ballot is not cast by that designated person then, unfortunately, the proxy and/or ballot are not valid and may not be counted towards quorum or the vote.

That leads us to the next part - the Proxy. Every members meeting, whether it is an Annual Meeting or a Special Meeting, requires a quorum to be present in person or by proxy in order for business to be conducted. The quorum requirement is set either by document or by State statute.

There are several different types of Proxy. There is the general Proxy given by the unit owner to another party, whether it is a neighbor or another non-designated owner of the unit. If not designated on the Proxy, the other party will generally default to be the Secretary of the Board of Directors. A general Proxy will be used to achieve quorum. The Proxy should be returned in the envelope provided as it will allow the Association to know in advance who will be signing in for the non-attending member, and to get an idea if quorum might be achieved. Proxies may also be brought to the meeting but validating them (making sure they were executed by the designated voter or by the owner of record) will take time. In some instances, the number of proxies held by an individual will permit that individual the right to that same number of votes for any issue that may be lawfully determined at a meeting of the members.

A Limited or Directed Proxy is given with specific instructions to the Proxy holder detailing how to vote for the absentee owner. The issue could be an amendment, a special assessment, or in some cases a ballot for elections.

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Both types of Proxy must be technically correct in order to be valid. While researching this article I read a number of arbitration cases regarding the incorrect use of proxies that led to an Association having to reverse the outcome of an election, several amendments, and a special assessment. Not to mention the time and cost to go through the arbitration and eventually holding the meetings all over again.

When an owner is designating a proxy holder, it is important to be sure that the Proxy person is going to attend the meeting. In another recent instance, an attorney-created Proxy form did not provide for a Substitution of Proxy. The officer of the Association found out at the last minute he had to have surgery. In order for the proxies to count towards quorum, he had to go back to all of the grantors to get the proxies reissued to another member who was able to attend. Had the form contained this clause (as ours always do) the first officer would merely have had to assign them to another member.

As they say, the Devil is in the details. Yes, it is an onerous burden. Yes, it can be costly. But complying with the documents and statutes will protect the Association, the Board and the members from spending additional funds for another meeting, save money on legal fees and in some cases, fines for violating State law.

Sentry Management makes every effort to ensure that the forms, the sign in sheets, and the process are done in strict compliance with your documents and the laws to protect you and your members.