



COMMUNITY BUILDER

March 24, 2022, Volume 14, Issue 4

Common Issues Faced by New Board Members

The operation of an association is one of our purest forms of democratic government. The owners nominate and elect fellow residents to represent their interests in the community by serving on the Board of Directors. The Directors then govern their Association according to the Declaration, Articles, By-laws, and the applicable state statutes (if any).



The individuals who serve their Association do so voluntarily and in an elected capacity. Some will have extensive business experience, and others will have no knowledge except life experience and a strong desire to serve their community. Still, all will have a learning experience by serving on the board as it is a unique business. Unlike most companies, board members will be dealing with friends, neighbors, and a wide variety of personalities who have an intense interest and investment in this business. Common challenges will arise that are new and very foreign, particularly for new board members and experienced ones as well.

Here are a few of the most common issues that directors face:

- Not being familiar with the association documents. Many owners may know the rules and regulations, but not the Declaration, Articles, and By-laws. These documents have a hierarchy and set forth how your Association will be governed and act as a guide. Take time to read and familiarize yourself with the governing documents at the start and if you have questions, seek guidance from the association attorney.
- Being unfamiliar with statutory requirements imposed by the state. Some states are far more regulated than others, and as with all, if your documents do not specifically address a particular issue, the laws will prevail. Look into your state statutes, check with your Community Management Company and the association attorney for additional information.

- Personal liability while serving on the board. The board's specific actions and decisions can result in litigation, and the board may be held accountable personally. Being aware of this may help some to act more judiciously. As a director, you have a fiduciary responsibility to all owners. Rely on legal counsel who specializes in association law to guide you.
- Selective enforcement of rules against some and ignoring others who may be violating the same or different rules is not only unfair, but it can result in action against the board. Be sure to enforce community rules for everyone.
- Understanding the function, and contractual obligation, of the manager and management company to the Association. Being unaware can create friction and hinder everyone from performing their job efficiently. The board should meet with their manager, review the job responsibilities and discuss how the board would like to interface with them and the firm.
- Being elected to the Board for personal gain, specific agenda, or right some wrong they feel has been done in the past. Be aware of this tendency and remember to act in the best interest of the association as a whole.
- Being familiar with the duties and job descriptions pertaining to your responsibility as a board member. The By-laws of the Association typically provide this outline. Other resources exist to assist you in executing your duties – check with your Community Manager who can direct you.
- Inability to devote sufficient time due to other commitments. If you find yourself in this spot, discuss the situation with other board members. Perhaps form committees who can lighten the load. Look for meeting efficiencies, for example, meeting during regular business hours and using a virtual platform.
- Unfamiliarity with the community's current contracts, the existing specifications, leases, and the bidding process. Review regularly the obligations of the community with your Community Manager.
- Some Board members may not fully understand the requirements for reserves that should be established for future maintenance and replacement of the association's common elements. Often, community pressure results in the non-funding of reserves. This issue is getting more scrutiny currently so be ready to make tough decisions for your community.
- Lack of preparation for emergencies or the unexpected, either from a physical standpoint of not having vendors lined up and pre-committed to respond after an emergency, a plan for cleanup and restoration, or a budgeting standpoint, so the Association has the funds to make these decisions. Create a disaster planning guide that will direct the efforts of both the association and homeowners.
- Being unfamiliar with the accounting for the Association and the standard practices and procedures of the industry. Allow someone with knowledge in this area to take responsibility to guide the board. Take advantage of the many resources that are available to you as well.

This list contains only some of the most common problems new board members encounter. Many resources exist, including the local CAI chapter. Allow your community manager and management company to help guide you, along with your legal counsel, CPA, and experienced vendors. Together, you can form a team that will serve your Association well, now and in the future.

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