**Board of Directors Orientation Agenda**

INTRODUCTION

 {*Management* *Company Name*}

PURPOSE/ROLE OF AN ASSOCIATION

CID TYPES

HOA PUD (Planned Unit Development)

Condominium Association

Coop

OFFICERS

President

Vice President

Secretary

Treasurer

COMMITTEES

 Standing

 Ad Hoc

BOARD PACKAGE

 Agenda

 Prior Minutes

 Financial Statements/Delinquency List

 Action Items

 Bids/Contracts

 Correspondence

 Other as Required

HOMEOWNERS FORUM

 Agenda Item

 No action at present meeting w/o prior notice

 Hearing Procedures

INSURANCE

 Liability Management Company

 Property Condo Deductible HOA

 D & 0 Coverage

 Fidelity Volunteer Management Company

 Workers Compensation

Include:

* Roles of the Board, Management, Contractors, Employees and Legal Counsel
* Association documents
* Minutes and the financial reports.
* Issues facing the Association.
* Board goals and Management’s role in achieving those goals.
* Importance of each Board member’s participation and support

**DUTIES AND RESPONSIBILITIES OF OWNER ASSOCIATIONS**

What is a condominium? What is an Owners’ Association? What may it do? What must it do? How is it supposed to operate? How many association members know the answers to these questions? Obviously the association has the responsibility for the maintenance, administration, and control of the project as well as possession and title to the common area. But the association has a dual role. It is a service-oriented business and a quasi-governmental entity, that is, a private government delivering public services. This document describes the characteristics of owner associations, the governmental and business role played by the association, the responsibilities and legal duties of the officers and directors.

CHARACTERISTICS

All condominium and owner associations have two common characteristics, which form the basis of the legal complexities involved:

**Mandatory membership.** Each purchaser, by receiving a deed, becomes an association member and submits to the authority of the association and to the restrictions upon the use of the property contained in the Declaration of Covenants, Conditions, and Restrictions (“CC&Rs”); and

**The** **power to control the use and enjoyment of private property.** No entity, other than a local, state or national government, has as much authority and, indeed, responsibility to regulate private property as does an homeowners’ association.

STATUTORY POWERS OF THE ASSOCIATION

The association possesses special powers and responsibilities to govern the common interest community. These powers and responsibilities flow from statutes, governing documents, case law or a combination of all three. The association’s primary goal is to preserve, protect and enhance the assets of the common interest community, while promoting the general interests of the association members.

The powers and responsibilities of an association are expressly identified in the Davis-Stirling Common Interest Development Act which provides that an association may:

* Adopt and amend rules and regulations, revenues and expenditures;
* Regulate the use, maintenance, repair, replacement and modification of common elements, including collecting assessments for common expenses;
* Impose charges for late payments of assessments and levy reasonable fines for violations of the declaration, bylaws, rules and regulations of the association;
* Indemnify Board members and maintain liability insurance for directors and officers;
* Institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or unit owners on matters affecting the common interest of the community;
* Make and enter into contracts and incur liabilities;
* Direct the removal of vehicles improperly parked on the Association’s property;
* Exercise any other powers conferred by the declarations or bylaws; and
* Exercise any other powers necessary and proper for the governance of the association.

MAINTENANCE OF THE COMMON INTEREST COMMUNITY

An association and its board is responsible for the maintenance and repair of common areas and common elements. Common elements are defined as “the entire common interest development except the separate interests therein.” It is the responsibility of an association to repair and maintain the common elements. To fund this endeavor, the association has the power to levy and collect assessments from its members for the repair and maintenance of these items. Typical examples of common elements include landscaping, common roads, perimeter fences and walls, and pool/clubhouse facilities.

THE GOVERNMENT AND BUSINESS ROLES OF THE ASSOCIATION

The various responsibilities and, hence, potential liabilities arise from the dual nature of the association’s functions, as a government and as a business.

First, the association provides a vehicle for the individual unit owners to work together. An important aspect of the association lies in its basic nature as a privately owned and operated vehicle of service to a specific community. Because all owners automatically become members of the association upon taking title, however, and because the association is empowered to levy and collect assessments, to make and enforce rules, and to permit and deny certain uses of the property, it can exert tremendous influence upon the individual’s property rights that are normally enjoyed as a part of ownership.

**Government Role**

The association’s governmental role arises from two powers:

1. The power to control property; and
2. The power to levy regular annual, monthly and special assessments.

 State law ordains the creation of the association. Moreover, the creating documents (CC&Rs) are filed with and enforced through state courts. In most cases, the association provides for its members:

• Common area utility services;

• Road maintenance;

• Street lighting;

• Refuse removal, and.

• Common area landscaping and maintenance

In many cases, it also provides security services and various forms of communication within the community. There exists, therefore, a clear analogy to the municipality’s police and public safety functions, and these functions are financed through assessments or “taxes” levied upon the members of the association.

 The governmental role of the association creates a special concern for strict observance of the governing documents and laws that dictates fairness to all, which is the basis of due process of law. The CC&Rs that contain the Rules must be strictly construed and obeyed. The CC&Rs establish various use restrictions, including the following:

Restrictions upon:

* Sale and leasing;
* Exterior alterations;
* Use of the common area;
* Parking; and
* Even limitations upon uses of the interior

In addition, typical CC&Rs will empower the board to make rules and establish penalties for rule violations. The imposition of penalties, whether fines, a lien upon the property or denial of the use of facilities, certainly represents a quasi-governmental power to affect an individual’s property rights.

The possession and exercise of this power has substantial consequences with clear constitutional implications. The association’s mandatory nature, created and enforced by and through state law, and its authority to affect property rights, compels the conclusion that the association’s actions are “public” in a constitutional sense and requires at least minimal observance of due process and equal protection principles, that is, fairness to all.

**Business Role**

The association’s business role is obvious. It is a service-oriented, cooperative business. The association provides services for and to its members. It does so either through its own employees or through contracts with third parties. No matter how the services are provided, the business duties are a direct result of the powers conferred upon the association by the declaration (CC&R’s) that created it.

The declaration and bylaws make the officers and directors responsible for a variety of business matters. They must concern themselves, as must the officers and directors of any corporation, with business details, such as finance, asset and property management, taxation, insurance, employee relations and many other activities inherent in operating a substantial business.

The association is generally a corporation. Thus the entire body of corporate law becomes applicable. This law clearly establishes certain standards of conduct and performance for the association and for the officers and directors. Having this body of law available can be helpful in resolving association disputes.

**RESPONSIBILITIES AND DUTIES OF THE OFFICERS AND DIRECTORS**

Directors in a community association are volunteers with a big job. The fact that they are volunteers does not diminish its magnitude nor the legal duties imposed. The duty is that of a fiduciary.

**Business Responsibilities**

The general duties and responsibilities of directors are quite similar to – if not identical to – those found in the ordinary non-profit corporation. The directors are elected by and should be responsive to the association’s members. The directors are responsible for making policy and for managing the business of the corporation.

Directors are required to discharge the duties of their respective positions in good faith and with the degree of diligence, care, and skill that an ordinarily prudent person would exercise under like circum-stances. Directors are responsible for general supervision of the association’s affairs and specifically:

* The officers’ activities
* Administrative policy decisions
* Financial decisions
* Covenants, Conditions and Restrictions, Bylaws and Rules compliance
* Organizational changes

Directors are not expected to be specialists or experts. You are expected, however, to be familiar with all of the business, legal and financial aspects of operating the association and to seek and obtain expert advice where needed. Directors should actively participate in the following:

* Association common area maintenance
* Establishing financial policy standards and procedures
* Compliance with applicable tax laws
* Establishing budgets and assessments
* Establishing and implementing collection of assessments, including taking legal action where necessary to collect delinquent assessments
* Establishing and enforcing rules of conduct for owner members and occupants
* Disciplining members for violations of rules
* Prosecuting and defending legal actions for and on behalf of the association
* Selecting professionals for the association such as CPAs, auditors and attorneys
* Selecting and supervising a management agent
* Hiring independent contractors or employees and supervising their actions
* Establishing, maintaining and enforcing architectural and environmental standards
* Appointing and supervising committees
* Procuring and maintaining adequate insurance for the association, including bonds or insurance policies on officers and employees where required, and directors and officers liability insurance
* Supervising the processes required by the legal documents, such as giving notice of meetings, notice of assessments, and furnishing annual or periodic reports
* Dealing with construction problems or construction of the common area improvements
* Establishing reserves and ensuring that sufficient assets are available to take care of periodic renovation, reconstruction, replacement and renewal of association improvements
* Maintaining adequate association books and records, making them available for member inspection
* Periodically reviewing legal documents and making provisions for amendments or updating those documents

The directors regularly advise and oversee the officers of the corporation in the day to day running of the corporation.

Officers (president, vice president, secretary, treasurer) of the association are elected by the board of directors. The officers are responsible for the execution of policy and for the day-to-day operations of the association. In this capacity, they have constant contact with individual members and with requests for services, rule applications or interpretations, assessment problems, and a myriad of other daily business details inherent in the operation of the association’s business.

As a practical matter, in most cases the officers and directors will be the same individuals, but the officer needs to remember that he/she does not make policy on the spot, but rather executes in accordance with the association’s rules and procedures the policy made by the board. The board member needs to remember the necessity of establishing and publishing rules and regulations that afford clear guidelines and assistance to the person or committee who is involved with an association problem.

The directors must act on behalf of the association. In performing their duties, the officers and board should function as fiduciaries and must act accordingly. Directors can hire employees or agents, such as property managers, to assist them perform their duties. Directors can also appoint new board members, but only for the unexpired portion of any term.

Directors may not act independently on behalf of the association to amend the declarations (CC&Rs), or elect new members to the board of directors. These items typically require the vote of the membership (refer to bylaws).

If a member of the board is sued for acts performed while he/she acted in an official capacity, the association is required to indemnify the member for all losses and claims, in addition to providing for the defense of the sued member. Additionally the association is required to have certain levels of insurance in place to protect its members.

The association is not required to indemnify and defend the board member if he/she acted maliciously, with wanton malfeasance, or was grossly negligent. Boards of directors are not personally liable to victims of crimes, which occur on the association’s property.

**Fiduciary Duties of Board Members**

The responsibilities of association officials (which include directors, officers or any development member in control of the association) are as follows:

* **G**ood Faith
* **O**bedience
* **L**oyalty
* **D**iligence

Obedience includes the obligation to act within the scope of one’s authority. This includes obligations imposed by statue, common law and terms of the governing documents.

The individual who purchases a home in a common interest community and is elected a director by his fellow members is a fiduciary in every sense. All officers and directors owe their association a duty of care.

In addition, directors owe a duty of undivided loyalty, honesty and full disclosure. This more stringent duty or rule of conduct arises in those areas involving self-serving (lining one’s own pockets), conflicting interests or other similar issues. Fiduciary responsibilities are those responsibilities that prevent the following from occurring:

* Overriding the corporate opportunity
* Competing with the corporation
* Engaging in activity that constitutes a conflict of interest
* Oppressing minority members

Board officers owe a fiduciary duty to the association. This duty requires that officers and directors exercise ordinary and reasonable care in managing the affairs of the association. The fiduciary duty exists “where one party is so situated as to exercise a controlling influence over the will, conduct, and interest of another ... or where the law requires the utmost good faith.”

**Duty of Care**

The first part of the director’s duty is to observe the “business judgment rule.” Directors owe a duty of care to their association. A director will not be liable for decisions or actions that result in losses to the association, as long as he/she exercises the same degree of care and skill as an ordinarily prudent director in a similar situation.

A court will not interfere with the internal affairs of a corporation nor substitute its judgment for it, the directors or officers, so long as their decisions have a reasonable basis. In applying this rule, courts consider subjective, as well as objective, factors:

* The nature of the enterprise (association);
* Whether the director’s job is full time or part time; and
* Whether the director has a special background.

The fact that a director is a part-time volunteer with no special background does not, however, excuse him/her from exercising due care; it simply helps define what the standard of care should be in a particular case. In general, some of the most important factors in determining if the reasonable standard of care has been met are whether the decisions made by the Board are based on adequate information. In other words, “it is an informed decision.”

**Protective Measures**

Under the business judgment rule, to protect him or herself, a director should:

* Remain informed about the association’s business at all times
* Attend and participate in meetings or, if absent, have the minutes reflect the reason
* Read minutes of those meetings not attended
* Register a dissent in the minutes when in disagreement with the board’s actions
* Be knowledgeable about the CC&Rs, bylaws, rules and regulations and other association documents

Make sure written minutes are prepared for each meeting showing what was decided and the vote count (for or against).

When making a business decision, a director must act in good faith pursuant to an honest exercise of judgment not influenced by personal or other considerations, except for the welfare of the association. At this point, the fiduciary duty of good faith, fair dealings and loyalty comes into play. This fiduciary duty mandates a good faith effort to work for the association’s benefit and not to use the position of director to enhance one’s personal interests. This duty is most sensitive, and courts closely scrutinize any action that appears to be self-serving.

The duty to act with good faith and diligence, care and skill applies not only to business decisions, but also to the regulatory decisions board members must make, including rule enforcement, assessment collection, review of architectural changes and many others. Failure to meet this duty can subject the director to personal liability.

The director can also be liable for illegal or tortuous acts of the board or of the association if he/she participates in the decision or knowingly fails to take steps to avoid the action. The very real consideration that a director may not abdicate his/her supervisory role concerns not only the volunteer director, but also the developer of the project who honestly seeks assistance. Reliance upon one to whom authority has been delegated does not thereby relieve the director of responsibility. Failure to exercise supervision that permits mismanagement or non-management is an independent ground for finding a breach of fiduciary duty.

**Duty of Loyalty**

The fiduciary obligation can arise not only from the nature of the business relationship, but also from the nature of the control relationship. When an officer or director is able, because of his/her position, to exercise a controlling influence over the rights, interest, and property of another, he/she is in a position of trust and confidence with respect to the other person and is held to a higher standard of conduct.

Officers and members of the Board also owe a duty of loyalty to the association. Essentially board members must not place themselves in a position where personal interests would conflict with the interests of the association. For example, when the board awards a contract, a board member must disclose if he/she will personally benefit from it. If the board member stands to benefit, the contract is considered self-serving, and without full disclosure can be a violation of the member’s duty of loyalty.

**Delegation of Authority**

To adequately satisfy their duties to the association, board members may delegate their authority to a variety of persons and committees.

The association may rely on lawyers, accountants, property managers, investment advisors or anyone else whom it is reasonably believed can adequately accomplish the duties. The association may delegate any function to an agent, except as otherwise provided by statute or the association’s declaration.

**The Business Judgment Rule**

When undertaking management transactions for the association, board decisions must have a reasonable basis to indicate the transaction was made with due care and in good faith. This entitles board members to make good faith mistakes without encumbering liability.

Basically, the “Business Judgment Rule” requires a director to exercise a duty of care that an ordinarily prudent person in a like position would use under similar circumstances; i.e. the director should act like a reasonable director would. If the director acts reasonably, then he/she will be free from liability for any mistakes made while serving on the board.

 In summary, with regard to the reasonable care, business judgment and bad faith dealing, it can be said that in most cases the realm of investigation, debate, consideration of alternatives and other such activities of the board is a highly important factor in determining individual director liability under the reasonable care standard.

**PERSONAL LIABILITY OF BOARD MEMBERS**

Even though board members are generally conscientious in carrying out their responsibilities, they sometimes make good faith decisions that result in harm to the association or unit owners. The question then arises as to whether board members should be held personally liable for unintentional mistakes made while serving as directors. Because board members are usually inexperienced in association management and because they are not compensated for their services, the general rule is that their liability is limited.

Officers and directors can potentially be held personally liable, however, in a number of areas including:

* Causing the association to enter into a long-term contract in violation of the legal documents of the association, where the contract turns out not to be in the best interest of the association
* Failure to acquire and maintain adequate insurance, or to renew an insurance policy on time
* Unauthorized entry into a dwelling
* Failure to adequately maintain the common area, lighting within the common area, or to provide adequate security in the common area
* Failure to collect assessments, enforce restrictions or provide adequately for reserves
* Failure to file a lawsuit before the statute of limitations has run
* Failure to provide adequate safety measures for recreational facilities, particularly where children are involved
* Failure to use due care in hiring responsible personnel
* Failure to properly supervise employees
* Participating in discriminatory conduct giving rise to a civil rights suit.

When a board member is sued for acts performed in his/her official capacity, the association must undertake all costs of defense, unless it is proven that the board member acted maliciously, with wanton malfeasance or with gross negligence. After such proof, the association is no longer liable for the cost of defense, and may recover costs already expended.

**SAMPLE ASSOCIATION**

**DIRECTORS FIDUCIARY RESPONSIBILITY RESOLUTION**

Members of the Board of Directors of a Common Interest Community volunteer their services to the Association for numerous reasons ranging from a desire to participate more closely in making decisions that affect the community to a desire to undertake a significant challenge. Frequently, however, directors accept positions on the board without an appreciation and understanding of the nature of the responsibility which they have undertaken. Board members owe a fiduciary duty to the Association, which includes a duty of loyalty, of care and of confidentiality. These duties begin when a person becomes a director, and except for the duty of confidentiality, terminate once he/she is no longer a director.

A violation of these duties may result in personal liability to a director. While a director may be protected by either the association’s directors and officer’s liability insurance policy or a personal liability insurance policy, a director must be aware of the responsibility he has and the duties he owes to the association in order to avoid potential liability. Directors must also be aware of the potential for conflicts of interest and the appropriate method of addressing such conflicts should they arise.

WHEREAS, the Board wishes to avoid self-service, actual or apparent, in its administration of the Association; and

WHEREAS, the Board wishes to adopt requirements for directors in order to assure sound management of the Association:

NOW THEREFORE BE IT RESOLVED THAT the following shall apply:

* No Director shall use his/her official capacity to make or participate in making an association decision in which he/she may have a direct or indirect financial interest (other than an undivided homeowner interest).
* A Director shall disclose to fellow Directors the potential for a conflict of interest as soon as it is apparent and will work to avoid even the appearance of impropriety.
* Each Director shall exercise his/her powers and duties in good faith to the best of each director’s abilities and with the utmost loyalty to the Association and Owners.
* Each Director shall have sufficient familiarity with the Governing Documents (Articles, CC&Rs, Bylaws, and Rules & Regulations) and Davis-Stirling Act so that he/she can use them to assist the Board in the procedural and substantive decision-making process.
* Each Director shall seek to understand and fulfill the responsibilities of his/her position as a Director, including the additional responsibilities he/she may assume as an officer or committee member.
* Each Director shall prepare it advance for meetings so as to make the best use of the time. This includes review of relevant material received prior to meetings.
* A Director shall not discuss Executive Session business outside of Board meetings, unless expressly authorized to do so by the Board. This duty extends even after his/her term has expired.
* Each Director acknowledges that he/she may be asked to resign from the Board if he/she has three unexcused absences from consecutive Board meetings.

Copies of Attorney/Client communications are privileged and are not to be distributed beyond the Board, unless expressly authorized to do so by the Board. This duty extends even after his/her term has expired.

Caution: It is not the intent of these resolutions to establish a Director’s standard care for a particular situation. Rather it is intended to assist directors in acting in a manner which may well be above the standard of care in order to avoid claims or accusations having merit as well as those without merit.

Duly adopted by the Board of Directors on

President

Secretary

**ASSOCIATION COMMITTEES**

Committees are very useful in obtaining greater participation by owners in the administration and operation of the project. They can also be effective training grounds for future Board directors.

The main purpose of committees is to delegate some of the Board’s responsibility. If the Board becomes involved in too many details of running the association, its members will be over burdened and its leadership will be scattered, inefficient and ineffective.

The Board must, however, stay actively involved with each committee it appoints. Officers and directors do not escape responsibility for their duties by delegating them to committees. There are some duties, which either by law or by provisions in the legal documents cannot be delegated, and others that can be delegated but only with approval of the Board and/or the general membership.

Committees are responsible for gathering facts so that the Board can make reasonable decisions. The Board must not make decisions without sufficient consideration of all the alternatives, points of view and interests within the Association. In general, committee guidelines are:

A. **Selection of Members**. The Association’s committee members are appointed by a majority vote of the Board of Directors.

B. **Term of Service.** Committee members serve for one year, or until such other time as successors are appointed.

C. **Regular Meetings.** Regular committee meetings should be held at a time and place determined by the Committee, but no less than twice each calendar year.

D. **Removal or Resignation.** Any committee member may be removed, with or without cause, by the affirmative vote of a majority of the Board. Any committee member may resign at any time by submitting a written resignation to the Board.

E. **Conduct of Meetings**.

1. Notices of the meetings should be posted 5 to10 days prior to the meeting. (Responsibility of Chairperson).

2. All recommendations to go before the Board must be submitted to the property manager in writing.

F. **Compensation**. No member shall receive compensation for any service he/she may render to the Association. Any expenses incurred by the committee for which reimbursement will be requested must first receive Board approval.

G. **Quorum.** A majority of the committee members constitute a quorum, but committees are not a decision-making body of the Association. The committee is a fact-finding group that presents recommendations and proposals to the Board. The Board renders the decision say on all issues.

H. **Committee Objectives:**

1. Provide the Board with facts to support recommendations.

2. Establish sound policies and procedures related to the specific tasks of the committee.

3. Develop programs to meet the needs and interests of the Association.

4. Develop scope of duties for the committee.

Through the formation of committees, the Association establishes a link between Owners and the Board: a basis for positive and open communication that helps to improve the overall community.

**LANDSCAPE COMMITTEE ROLE AND RESPONSIBILITIES: (as determined by the Board)**

The landscape committee makes periodic inspections of the common areas’ appearance, including exclusive use. The maintenance of relatively high uniform standards throughout can be as important as anything else in keeping property values and appearance up to par.

The landscape committee should:

* Meet with outside contractors for irrigation, gardening, landscaping, pest control, etc.
* Assist in the monitoring of the work performance of the landscape contractors. Direct orders to contractors, gardeners or landscape personnel should be given only under the express authority of the board, property manager or the president of the association.
* Monitor individual owner’s complaints about the physical condition of the project.
* Establish a preventative maintenance program with the assistance of the Board or landscape contractor.
* Periodically check its reserves to determine whether the funding is adequate to meet the future maintenance, repair and replacement requirements.
* Assist in supervision and be responsible for inspections and for the effective operation of the irrigation system for the common area landscaping. Water conservation should be reviewed on an ongoing basis.
* Be responsible for special beautification and or improvement projects, obtaining bids and making recommendations to the Board.

**COMMITTEE REPORTS**

The landscape committee should report at each Board meeting, given in writing to the Board one week in advance of the regularly scheduled Board meetings.

The landscape committee should prepare a report to be presented at the annual member meeting. These reports should be filed with permanent records of the Association.

The committee should also work closely with the financial committee in preparing the yearly budget, providing information about the landscape contract, other proposed landscaping expenses and funding of any special projects and or improvements.

The landscape committee should have a liaison to help promote and foster open communication with the membership.

**HOMEOWNERS ASSOCIATION**

**BOARD PROTOCOL**

PROCEDURAL RULES FOR

CONDUCTING MEETINGS OF THE ASSOCIATION

Organization principles – rules of conduct – are necessary to shape a strong and effective Board of Directors for the betterment of the entire community. Based on freedom of speech, respect for fellow members, uniformity and fairness, the principle of majority rule, the right of the minority to be heard, and the duty to abide by the will of the majority. If followed, it is then and only then the Board can make a most effective contribution to the association members needs.

If there were no rules or established customs, and if each could talk on any subject as long and as many times as he pleased, and if all could talk at the same time, it would be impossible in most cases to ascertain their deliberate judgment on any particular matter. Experience has shown the necessity for rules, as well as for a presiding officer to enforce them and to preserve order.

The most serious defect in many board meetings is the lack of decorum. The presiding officer must maintain good order if business is to be carried out.

**OFFICERS AND MEMBERS AND THEIR RESPECTIVE DUTIES**

**Duty of the President:**

1. To enforce the rules and preserve order, and when any board member notices a breach of order he can ask for an enforcement of the rules. The president controls the meetings, preventing them from getting out of control, but still facilitating the climate for free expression by participants.

2. To acquire a working knowledge of the governing documents and standing rules of the association.

3. To have a reference list of committees. The president also is normally responsible for appointing new committee members, depending on the Associations’ governing documents.

4. To control and maintain order. The president may ask Board members to raise their hands and be acknowledged prior to relinquishing the floor so that they may speak.

5. To explain and decide all questions of order that come before the Board.

6. To announce all business as outlined on the agenda.

7. To be informed on issues and communications to come before the Board.

8. To consider only one motion at a time and state all motions in clear, concise language.

 9. To not permit any discussion of a motion until it has been properly seconded and stated. The president, to encourage debate, will specify which member of the board has the floor. (No board member should be allowed to speak twice on the same question if there are others who wish to claim the floor.) Homeowners (non-board members) are not to be allowed to debate a motion or join in discussion unless a majority of the Board members consent.

10. To ensure all motions are put to a vote and results entered in the minutes.

11. To maintain decorum and discipline.

12. To talk no more than necessary when presiding.

13. To refrain from discussing a motion when presiding. (The president can discuss and/or debate a motion before the Board; however, he/she must first relinquishment the Chair until the vote has been taken. The vice-president is asked to take the Chair in the interim.)

14. To be absolutely fair and impartial.

15. To extend every courtesy to the Board member posing a motion, regardless of personal opinions.

16. To sign contracts once approved by the Board.

17. To be an ex officio member of all except the nominating committee.

18. To perform such other duties as are prescribed in the bylaws.

19. To use the time-saving “general consent,” when routine matters are considered.

20. To preside during nominations and elections even if he/she is a candidate. When he/she is the sole nominee, for the sake of appearances he/she asks the vice-president to put the question to vote.

**B. Duties of the Vice President:**

1. In absence of the president, the vice president presides and performs the duties of president.

2. The vice president may also head an important committee as outlined in the bylaws.

**C. Duties and Rights of Board Members:**

1. To acquire a working knowledge of the association’s governing documents and standing rules.

2. To be knowledgeable about parliamentary procedure.

3. To write down – in the form of a motion – any issues to be brought before the Board.

4. To receive permission to speak before speaking.

5. To avoid speaking upon any matter until a motion has been made and seconded.

6. To maintain focus, not moving to a different topic until the current one has been resolved.

1. To discontinue debate once the president puts the motion to a vote.
2. To refrain from all personal comments in debate.

**ORDER OF BUSINESS**

The following is a standard order of business for Board of Directors’ meetings:

1. Call to Order

2. Approval of Minutes

3. Financial Reports

4. Reports of Standing Committees

5. Reports of Select Committees

6. Unfinished Business

7. New Business

8. Membership Forum

It is the duty of the president to call the meeting to order at the appointed time, to preside at all meetings, to announce the business before the Board in its proper order, to state and put all questions properly brought before the Board, to preserve order and decorum.

If the president is late for a meeting, the vice-president should start the meeting if a quorum is present. The president, upon arriving, should wait until the pending business is over before taking his/her seat.

All business is brought before the meeting by a motion or resolution, a report of a committee or a communication.

**1. Reading of Minutes of the previous meeting** (and their approval): The president asks if there are any corrections. (It’s expected each Director will have read the minutes prior to the meeting.) The minutes stand as approved or as corrected.

**2**. **Reports of Standing Committees:** All reports by officers and committees should be in written form. Standing committees usually function throughout the year. These committees are given responsibility to further various projects. These committees are appointed by the Board and are expected to submit reports, when requested, and at annual meetings.

**3. Reports of Select Committees:** All reports by officers and committees should be in written form. Select Committees are appointed by the Board following a motion “to commit,” meaning to refer to a committee to perform some special task, secure more information, investigate a situation and bring back a report or a recommendation to the Board. These temporary committees cease to function when they have fulfilled their specific purpose.

**4. Member Forum:** All Owners have the right to attend and speak at annual and Board meetings, except in the case of executive sessions. The Member Forum is devoted to comments by owners. Except in emergencies, no action may be taken upon a matter raised until the matter itself has been specifically included as an agenda item for action.

**a)** **Preparation and Written Testimony:** Any Owner wishing to bring business before the Board should, unless it is very simple, present the Board with a written statement to include the following items:

i) **Clear Statement of the Problem or Concern**  Who, what, when, where, and why.

ii) **Why the Problem or Issue Must be Addressed and/or Solved**  The Owner must present the Board with facts and other data on the need for solving the issue.

iii) **Causes of the Problem**  Be specific.

iv) **Possible Solutions** – How does the Owner want the Board to respond?

v) **The Best Solution**  Board will compare and evaluate all possible solutions. The Board may also choose to table the issue or take no action.

vi) **Implementation**  The Board will agree on the next step at the meeting so the solution will be effective.

**b) Participation:** While, as a general rule, free debate is allowed on every question, it’s necessary for the Board to have rules to prevent time being wasted and to complete the agenda.

i) The Board will hear only one owner at one time for three minutes. An owner is limited to the number of times he/she is allowed to speak to the same question. Two speeches may be allowed each member (except upon an appeal).

ii) An owner can be permitted (by a majority vote of the Board) to speak more often or longer whenever it is desired, and the motion granting such permission cannot be debated.

iii) The Board may choose to limit the debate by setting a specific amount of time for the question, or the Board may choose to close debate altogether. In other words, the Board may choose to review the written report, allow no owner participation, and make a decision or postpone a decision until a later date.

iv) The Board can postpone, either definitely or indefinitely, or reconsider any question. The questions considered could be postponed to another time, or the previous question can be ordered on it so as to stop debate, or it can be laid on the table, or referred to a committee to examine and report on it.

1. If a subject is of such importance that it should be considered it at a special time, then a motion should be made to make the question a “special order.”

 The motion requires a two-thirds vote for its adoption, because it is really a suspension of the rules. If a subject is a special order for a particular meeting, then on that meeting day it supersedes all business except the reading of the minutes. If two special orders are made for the same day, the one first made takes precedence.

E. **Adjournment:** In order to prevent the Board from being kept in session an unreasonable time, no meeting should go longer than two hours maximum.

**GENERAL MEETING CONDUCT OF THE BOARD**

**A. Primary Rule:** All business is to be brought before the Board by a motion or resolution, a report of a committee or a communication: **Only one principal or main motion at a time.**

It is necessary for every assembly, if discussion is allowed, to have rules to prevent its time being wasted, and to enable it to accomplish the object for which the Board was organized. At times, though, their best interests are served by suspending the rules temporarily. In order to do this, someone makes a motion.

**B. Debate:** While, as a general rule, free debate is allowed on every motion, to prevent a minority from taking advantage of this privilege it is necessary to have methods by which debate can be closed and final action can at once be taken.

Instead of cutting off debate entirely by ordering the question, allow limited debate. In a community association, where harmony is so important, a majority vote should be required for the adoption of any motion to cut off or limit debate. Consideration can be postponed to another time, or the previous question can be ordered on it so as to stop debate, or it can be tabled or referred to a committee.

**Board Member Contribution:**

1. Stay on the subject at hand. Be sure you know the subject and the objectives being discussed. If you’re not sure, ask for clarification – not only for your own benefit but also for other Board members.

2. Go to each Board meeting with a positive attitude and an objective to help make the meetings as productive as possible. Do your homework prior to the meeting. Read the Board package in advance.

* Avoid side conversations
* Don’t argue with other members – challenge, but avoid arguments
* Avoid responding emotionally
* Ask questions if you aren’t sure

3. Be open to other ideas; open-mindedness begets open-mindedness. When you’re willing to listen to the ideas of others, they’re more apt to be open to your ideas.

1. Offer facts and options where appropriate. Maintain dissenting views in the face of opposition but not to the point of having a closed mind. Consider the problem objectively. Don’t present or accept opinions as fact. Avoid becoming emotional.

5. Listen to understand. Listen to the ideas of others; listen carefully and try to understand their viewpoints. Be courteous by respecting their opinions even if they are different from your own.

**Conflict of Interest**

Board members are expected to identify any issue before the Board that places them, a spouse or family member in conflict of interest. In such cases, the board member may discuss the issue (as is a right of membership) but abstains from voting.

**Executive Meetings**

Executive sessions are occasionally required to discuss personnel or legal issues. Fine hearings can also be held in executive session at the request of the member. Executive meetings are not open to members. All other business must comply with the Open Meeting Act.

**Maintaining Confidentially**

Board members must maintain strict confidentiality on all issues discussed in executive sessions. All information in board packages is to remain confidential. To discuss, duplicate or circulate information in the monthly packet not only does a disservice to the Board and the association, but also in some cases may subject the board to legal action or suit.

A director who leaks information on an issue the Board is to consider in either an executive session, or open meeting before the Board has had an opportunity for discussion, is doing a disservice to both the Board and the association. Leaks only exacerbate dissention within the association and do not allow the Board to consider a topic without being confronted by angry homeowners.

**Supporting Board Policies**

Once the Board has resolved an issue or established a policy, it is expected that all Board members will support the Board’s policy and not revisit the issue in further meetings.

Expressing personal or diverse opinions after board meetings (or to vendors or outside advisors) once a Board decision is made is inappropriate.

**Official Records**

The official records (financials, minutes, documents, member rosters and other associated files) are maintained by {*Company Name}*. Inspection of books and records, the membership register, books of account and minutes of meetings of the members, of the board and of committees of the board, are made available for inspection and copying by any member. Members may contact {*Company Name*} to arrange for viewing of the named items.

**Communicating Within the Community**

Homeowners deserve fair, ethical treatment and factual information. A community with effective communications between the board and the members functions more efficiently and generates more volunteer participation. A newsletter or web site canserve this purpose. To disseminate information for special needs, such as a notice of activities or meetings, flyers are posted.

Members look to the board for leadership. The best way to state a case to members is to state the facts and the possible remedies without enhancements of emotion, blame, embroidery or personal interest. Remember, running the association is a business, not a social activity.

**Communicating Outside the Community**

The Association is in the business of preserving, protecting and enhancing the association’s physical property, financial position, legal standing and the image the association presents to the members and to the community. Members of the Board of Directors represent the Association.

The Board works together as a team in conveying messages within the association (at Board or Annual meetings) and outside to the local community, i.e., the City. The association’s power is visible when approaching the City (either the Planning Commission or the City Council) on issues of major importance to the whole association.

Individual members of the association are encouraged to voice their personal opinions on any issue, either before the association or before the City. If a Board member wishes to voice an opinion before the City on which the Board has not taken a position, however, particularly one that is contrary to the majority decision of the Board or solely in the interest of the individual, he/she must do so only as an individual homeowner and not as a Board member.

**PERSONAL FULFILLMENT**

Serving on a Board of Directors of your community can be one of the most enjoyable, rewarding, and educational and frustrating volunteer jobs you may ever have.

Enjoy your time and feel proud of yourself for giving your time and energy to the benefit of your neighbors and your little town.

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