

The Executive Council Of Homeowners Presents Board Member Basics

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A Fundamental Course In Homeowner Association Operations

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Legal Basis

I. Introduction

Common Interest Developments, as we know them, did not exist 50 years ago. They were created primarily for two reasons: to enable builders to build more homes on a given parcel, and, to allow development on parcels which included both buildable and unbuildable land. Where a single-family detached housing development might place four to six homes on each acre of ground, attached housing can accommodate much higher densities, as many as ten to fifteen per acre. Furthermore, unusable land in a single parcel can be avoided through the expedient of clustering homes on the buildable land within the parcel. These issues have become extremely important to the housing industry as land prices have soared in urban areas, and flat, buildable land has become scarce.

Greater density and clustering of homes brings unique governance problems. Where single-family homes can be, and are maintained by the owner, attached housing usually requires community maintenance. High density living requires rules for resident behavior and the use of property not necessary in less dense developments. In short, the higher the density of the housing, the more that must be done to accommodate common, as opposed to individual, needs. High density, attached housing has thus come to be referred to as “Common Interest” Developments, although you will also hear such projects referred to by various other names: homeowners associations; condos; town homes; or community associations.

Regardless of which name is used to describe a particular project, this type of housing has become extremely popular in California. Since approximately 1960, more than 32,000 common interest developments have been built in this state. If the average size of such developments were just 100 units, (*many are much larger*), that would represent over 3,000,000 homes for perhaps as many as 6,000,000 people. Even in a state as populous as California, common interest developments are home to a substantial number of its residents.

A board composed of property owners governs common Interest Developments. This board derives its authority over the property from several governing documents which the builder of the property prepares in accordance with

guidelines published by the California Department of Real Estate and other law of the State of California.

With most attached housing, and in some detached housing, the board, acting on behalf of the association, is responsible for the **maintenance of the property**. Boards are also charged with **enforcing the governing documents, collecting assessments** needed to pay the expenses of the association, and in general, providing for the welfare of the association and its residents.

It is important that each board member understand the legal nature of a common interest development; the association's authority over the property and its owners; and the unique manner in which an association is governed—essentially an experiment in grass roots politics.

II. What are Common Interest Developments?

All of the land and property in a common interest development, regardless of type, is divided into two parts: the part owned by the individual owner, and everything else. The part that is owned by each individual owner, i.e. that property deeded to that owner, is that owner's separate interest. Everything else is common area. [CC 1351(b)]

California law recognizes four types of common interest developments, but we will discuss only the two most common types—Condominiums and Planned Developments. [1351(c)] The major difference between these two types of project is found in the nature of the owner's separate interest. Since many important rights and duties are determined by who owns what, it is very important that each board member understand the difference between condominiums and planned developments.

A. Condominiums

The separate interest deeded to an owner of a condominium is normally just the air space within the unit itself, and such other portions of the property such as parking spaces and storage lockers that the governing documents or deed describe as part of the owner's separate interest. The description of the owners "unit" (as the owner's separate interest in a condominium is usually described) normally includes everything on the warm side (inside) of the sheet rock. It includes all of the fixtures inside the unit, such as lights, stove, and plumbing fixtures, but not the plumbing (or electrical wiring) within the walls. [1351(f)]

All other portions of a condominium building are common area. This includes all of the structural elements of the building, the foundation, and all of the waterproofing components such as exterior siding, windows, and roofs. The parking lot and all of the landscaped areas and recreational facilities adjacent to the building itself are also common area.

The owner of a condominium unit receives a deed to the unit itself and a percentage of all of the common area. If there are 50 units in the project, for example, each owner will own 1/50 of the common area in addition to his or her individual unit.

B. Planned Developments

The owner's separate interest in a planned development is usually referred to as a "lot." A lot in a planned development of attached housing is very similar to a lot in any single family development. It is a parcel of land with specific measurements, and has a residence on it. **The owner of that lot owns the land, and all of the parts of the building on that land.** Even though the buildings on the lots in an attached development have common walls, the boundaries of the owner's separate interest can be determined with reference to the governing documents and to the **parcel map** recorded with the county. [CC 1351(k)]

Therefore, the separate interest owned by an owner of a lot in a planned development includes **all** of the building components on that lot, including foundation, structure, wires, pipes, and all of the waterproofing systems, such as siding and roofs. **The other owners in the planned development do not own any portion of the owner's individual lot.**

In a planned development, the common area is **everything outside of the boundaries of the separate interest lots.** This often includes streets, walkways, landscaped areas, and recreational facilities. The common area parcels are usually **deeded to the association** which then owns that property like any landowner, but subject to the rights and interests of the members of the association, as stated in the governing documents.

C. Architectural "Styles"

Condominiums can be anything from a high rise to a single house, but are most commonly found as multi-story, multi-unit structures. If there is one unit on top of another, it is probably a condominium. The typical condominium project in California is either a high-rise steel and concrete building, or a low-rise wood

frame structure consisting of several buildings each containing multiple apartment-style units. There are, however, many other architectural styles which can be condominiums–work/live space lofts, or office buildings, for example.

Attached housing in a planned development are typically *townhouse* or row house-style dwellings of one or two stories. The word “townhouse” refers only to an architectural style and does not, in itself, connote a planned development project. There are also condominiums which are of the “townhouse” style.

D. Exclusive Use Common Area

Exclusive Use Common Area is common area which is used exclusively by one or more owners. Examples include balconies, patios, walkways, driveways, and entries. The important thing to remember is that exclusive use common area is still *common area*, and except for the owner’s rights to such areas, it is held in common by all of the owners of the property (condominiums) or by the association (*planned developments*) in accordance with a deed from the developer. [CC 1351(I)]

III. What Legal Authority Governs Common Interest Developments?

Common interest developments are a unique blend of Real Estate and Corporate Law. Real estate law governs the property itself, from the subdivision of the property to the restrictions on its use. Corporate law governs the creation and operation of the corporation which manages the property.

A. Governing Documents

Almost all common interest developments, whether they are condominiums or planned developments, are managed by corporations governed by a board of directors. The corporations are called *associations* and are created as non-profit, mutual benefit corporations under the authority of the California Corporations Code. The corporation itself is created by the filing of *Articles of Incorporation* with the California Secretary of State. The rules of the corporation, concerning everything from the number of directors to the dates of meetings are contained in the association’s *Bylaws*.

Physically, common interest developments are parcels of land, and land in California is subject to the law of real property. Anything which causes a change in the status of land must be *recorded* with the *county recorder* in the county where the land is located. This is also true of anything which seeks to regulate the use of real property.

A modern common interest development could not exist if every owner had unrestricted use of his or her property. Because of the density of the property and the attached homes, rules on the use of property are necessary. These rules are contained in the association's **Declaration of Conditions, Covenants, and Restrictions**. The **declaration**, or "CC&Rs," is signed by the developer or the subdivider and recorded with the county recorder, before any of the individual lots or units are sold. Recording the CC&Rs extends their authority over all lots or units in the subdivision. [CC1353]

The Articles of Incorporation, The Bylaws, and The Declaration of Conditions, Covenants, and Restrictions, and any house rules, are the governing documents of the association.

a) Conflicting Authority

If there is a conflict between the governing documents, resolution of that conflict depends on the issue. In matters relating to the association *as a corporation*, first the **Articles**, and then the **Bylaws**, take precedence. In matters relating to the regulation of the real property, the **CC&Rs** have priority. In either case, however, state law can, but does not always, override the governing documents.

B. State Law

The governing authority of the association, as well as the limitations upon that authority, are contained in the governing documents, and in the laws of the State of California. State law on common interest developments is found in both *statutory* and *case* law. State statutes which regulate common interest developments are found in many places in the state codes, but primarily in the *California Corporations Code* and in the *California Civil Code*.

The *California Corporations Code* governs the operations of the association as a non-profit, mutual benefit corporation. In most cases, the bylaws of the association will be sufficient to deal with questions regarding the day to day operation of the association as a corporation. The bylaws deal with such topics as

the qualifications of a member of the association and of directors, election and removal of directors, the powers of the board of directors, and the meetings of the board and of the members. Where the bylaws fail to address a subject, the Corporations Code will supply the law.

The *California Civil Code*, principally Sections 1350 through 1378, contain the provisions of the *Davis-Stirling Act*, a comprehensive collection of statutes dealing with the management of common interest developments. Unlike the Corporations Code, which in most cases defers to the association's bylaws, The Davis-Stirling Act contains provisions which supercede the association's bylaws or CC&Rs, as well as provisions which do not. Reference must be made to the specific provisions of the act to determine whether the act or the governing documents prevail.

C. Case Law

There are published decisions of cases decided by the appellate courts of California which contain precedent that is applicable to common interest developments. Where a case decided by an appellate court contains decisional law which is in direct conflict with a provision of the association's governing documents, the case law will prevail. The recent decisions of state appellate courts in the area of common interest development law provide guidance useful in interpreting the provisions of the governing documents.

IV. What is an "Association" and What does it do?

An *association* of owners is created to *manage* the common interest development. [CC1351(a)] In most cases, the association is a non-profit, mutual benefit corporation created under the California Corporations Code. Associations have been referred to by various names, including "community associations" and "homeowner's associations", but the Davis-Stirling Act refers to them simply as, "associations." Each owner of property in the development is a *member* of the association. The association is governed by a board of directors who are elected by the members. Each unit or lot has one vote. The duties of the association are set out in the *Articles of Incorporation* and the *Bylaws*, two of the *governing documents* of the association.

The association is the "manager" of the common interest development. Management includes providing for proper maintenance of the buildings and the common areas; collecting assessments necessary to pay the association's

operating expenses, and for contributions to reserves; **enforcing the governing documents**, including the restrictions on the use of the property by owners; conducting meetings of members and the board as required by the bylaws; and generally, to protect and preserve the property.

A. Maintenance of the Property

One of the most important management duties performed by an association is to provide for the preservation of the property. This is done usually through the use of skilled professionals, either professional property managers or contractors who can recognize the maintenance and repair requirements of the association and arrange for that work to be done.

However, before an association can maintain the property, it must determine what parts of the property the association is responsible for. This determination is critical because association maintenance resources are limited and an association cannot afford to pay for maintenance or repairs that are the responsibility of the individual owners.

An association's maintenance and repair responsibility is determined by the type of association, and by the provisions of the Declaration of Covenants, Conditions, and Restrictions.

a) Condominiums

In a condominium project, the individual owner is responsible for maintaining only his separate interest. Since in a condominium the separate interest is basically the interior of the condominium unit, that leaves the maintenance and repair of virtually the entire project to the association.

b) Planned Developments

Remember that the owner's separate interest in attached planned developments is the lot and all of the building structure located on that lot. So why doesn't the owner have to maintain the entire structure? If there were no other responsible parties, the owner of an attached residence in a planned development would be just as responsible for maintaining the property as is the owner of a detached home.

But because the properties are attached, and because the common areas also require maintenance, the declaration of planned development common interest developments delegates responsibility for maintenance of the common area, and *some* of the maintenance of the buildings to the association. Therefore, when determining the allocation of maintenance and repair responsibilities in a planned development, check the CC&Rs. The declaration will describe, usually in some detail, just exactly which components of the buildings the association will maintain. Whatever is left is the responsibility of the owner.

Typically the CC&Rs of a planned development will require the association, in addition to the common areas, maintain the “waterproof envelope” of the buildings. This usually includes the roof, walls, caulking and painting. The extent of such maintenance, however, varies widely between associations. For example, one association may be required to “paint and maintain” the exterior surfaces. Another may be required to “paint, maintain, repair, and replace” those surfaces. Those two definitions represent very different repair responsibilities.

A major responsibility of the association is contracting for, and managing, maintenance and repairs. It is important that the association retain the right professionals to write the specifications for the repair, review the contracts, prepare the bids, and supervise the work. This is true whether the job is routine landscape maintenance or a major roof replacement.

B. Enforcement of the CC&Rs

The association is charged with enforcing the Conditions, Covenants, and Restrictions. This includes the “*architectural*” restrictions on each owner’s right to modify the appearance or structure of his or her property. It also includes “*use*” restrictions which condition the owner’s use of the property. Each owner, as well as the association, has the right to enforce them. The CC&Rs are recorded with the county recorder and “run with the land” i.e. they are binding on all present and future owners of the property.

It is this right, vested in the association, to control the use of property that makes a common interest development a unique form of property ownership. It is also the arena that gives rise to criticism of boards of directors as being overzealous or insensitive to the needs of owners. The board must carefully balance its power of enforcement with a “common sense” tolerance of human nature, if it is to avoid such criticism.

It is essential that the association's enforcement efforts are *timely, uniform, and fair*. If the board of directors ignores specific violations, or fails to enforce the CC&Rs generally, two things may happen—the owners will begin to ignore these restrictions; and, if and when the board does resume enforcement efforts, the courts may find that it has waived the right to do so. This may happen notwithstanding “non-waiver” provisions of the documents.

Enforcement *must not be arbitrary*. Ignoring a violation by one owner and then trying to enforce the same restriction against another owner will make it difficult to obtain judicial support for the association's efforts. **Fairness also requires that the association follow the rules of “due process,” i.e. notice and an opportunity to be heard.** These rules are usually found in the governing documents and can also be found in the *California Corporations Code*.

Boards of Directors are responsible for enforcement, but are not required to initiate action against every single violation. Case law has given boards the right to exercise their “*business judgment*.” If it appears that the violation is trivial, accidental, or infrequent, the board may justifiably refuse to initiate enforcement action.

a) Resolution of Disputes

Enforcement actions can be anything from a simple discussion between a member of the board or the manager and the offending owner; to letters, fines, or even legal action. **However, before the board may resort to the courts, it is necessary for it to follow some simple *Alternative Dispute Resolution* procedures as required by the *California Civil Code*.**

C. Budgeting and Collecting Assessments

The board of directors of the association is responsible for budgeting for both the annual expenses of the association and the necessary contributions to its reserve account. It is also responsible for collecting the necessary revenue to operate the association by assessing the members. The operations budget includes all of the expenses of the association for the current fiscal year, while the contributions to the reserve account are based on projections for maintenance or repairs to be done in the future. Annual expenses include such items as management, utility payments, administrative expenses, and insurance.

a) Operations vs. Reserves

Some maintenance by associations is funded from the *operations budget*, and other from the *reserves*. Both accounts are included in the association's financial statements. Which one applies depends on when the maintenance is done. Is the maintenance or repair done on an annual basis? If so, funding for that is properly included in the association's *annual maintenance budget*. Examples can include painting, repair of asphalt, leak repair, and similar expenses.

Long-term maintenance or repair, i.e., projects done infrequently and which require extensive funding, is usually included in the *Reserve Budget*. Examples of projects usually funded from reserves include roof replacement, paving of streets, and large-scale painting projects.

b) Reserve Studies

California law requires that each association conduct a "reserve study" every three years, and review it annually. A reserve study is an investigation by an experience professional to determine which of the association's components will require replacement in the foreseeable future. All components fitting that description are required to be part of the association's reserve study. **The purpose of such studies is to insure that the association is properly funded for future maintenance and repair projects. The association's reserve budget projections are based on its reserve study.**

c) Uncovering Construction Problems

An association is charged with the preservation of the owners' property. That duty includes maintenance, both long and short term, and that includes insuring that the development is properly inspected so that all potential problems are uncovered. Reserve studies usually investigate only visible building components. **Since construction issues can develop in places not readily open for inspection, it is important that the association's investigations also include areas under foundations, and inside walls, decks and other enclosed areas.**

If the project is less than ten years old, problems uncovered in annual inspections might remain the responsibility of the developer of the project. Proper inspection is just as important in older projects however, since in projecting the association's funding requirements, as soon as the cost of a major repair is known, it can be included in the budget. **The longer the period of time that the association**

saves for eventual repairs, the lower the annual assessment will be to each of the owners.

d) Assessments

Once the board determines its annual budget, it calculates the *regular* assessment to be levied on each owner. This annual levy is normally collected monthly or quarterly. The Civil Code limits the amount the board can raise assessments over the prior year, without the member's vote, to 20%. *Special Assessments*, in addition to the regular assessments can be also levied by the board. However, special assessments are also limited by the civil code. **Special assessments which exceed that limitation must be approved by the members.** [CC 1366]

The association, acting through the board, has the power to collect assessments which are not paid on time. *Delinquent assessments* can be collected through by *foreclosing* the association's assessment *lien* on the owner's property using the courts, or non-judicially using a power of sale. The association can also obtain a judgment by taking the matter of the unpaid assessments to *small claims court*.

D. Meetings and Elections

The Association has meetings of members and meetings of the board of directors. Members meetings are usually held once a year and are intended for the election of directors, voting on matters which require member approval, and receiving reports from the board. Meetings of the board of Directors are held more frequently, usually monthly, and are for the purpose of deciding on the day to day business affairs of the association.

a) Annual Meeting of Members and the Election of Directors

The "Annual Meeting" of the members of the association is one of the few times the property owners are directly involved in the business decisions of the association since the governing documents of most common interest developments vest the management of the association in a board of directors. **The notice of the annual meeting provides not only the time and place of the meeting, but also an agenda of the business to be conducted at the meeting.**

The election of the board is one of the items of business at the annual meeting of members. Directors are usually elected from the membership, but in some instances can be individuals with some other interest in the common interest development. For example, the developer of the project may nominate one or more of its employees to be members of the board in the initial stages of the project's development.

Other matters on the agenda of the annual meeting may include receiving the reports of the manager, the president of the board of directors, and the treasurer. The agenda may also include a vote by the members on certain assessments proposed by the board which require member approval. The members may also be asked to approve such things as changes to the governing documents. The actual number of items which must be submitted to the members for approval is quite limited since most policy decisions on the operation of the association are the province of the board of directors.

b) The Board of Directors

The board of directors, and not the membership at large, is the *policy-making body*. It is charged with overseeing the day to day operation and management of the association. The board usually meets monthly, and while association members are encouraged to attend these meetings, members are not permitted to vote on matters before the board. The board must also provide notice of its meetings. The board elects the officers of the association from among the directors. A president, vice president, secretary, and treasurer are the typical officers.

The *powers and duties* of the board and its officers are spelled out in the bylaws of the association. It has broad and specific powers commensurate with its responsibilities. The association is a business and the board has the same authority and responsibility as the owners of any commercial business.

The board can raise capital by assessing the members or through borrowing. It can obligate the association by contracting for maintenance. It also has the power to retain professionals to manage, and to provide accounting or legal services the association.

E. Records and Disclosure

The board or the managing agent of the association maintains the records of the association. These include the *business records* such as contracts, invoices, and records of payment. The records of the association also include the *minutes* of meetings, both the annual meeting of the members and the monthly meetings of the board. Records of elections include ballots and proxies.

a) Disclosure

The board is required to provide to its members certain information as enumerated in the civil code. [CC 1368] These include the annual financial statements. Having complied with the disclosure requirements enumerated by the civil code, the association has no legal duty to provide any other regular data to members or third parties.

There can be, occasionally, special data on the common interest development of which the board becomes aware. This can be, for example, a report on a unique problem, such as an issue related to the repair of the buildings for which the association is not currently funded. This situation can cause conflicts when the sale of a member's unit is pending or the owner is seeking refinancing. For these instances, the board should develop a workable policy of providing information on the financial and physical condition of the property sufficient to assist the member. This can usually best be accomplished with the assistance of the association's legal counsel.

V. Conclusion: A New Philosophy of Government

New board members are often shocked with the realization that members rarely appreciate their efforts. In many cases, election to the board of directors of their homeowner's association is their first exposure to politics of any kind. The members at large often view the board of directors as a kind of extension of municipal government—and treat them as they would any garden variety politician. This circumstance can be somewhat disconcerting to new board members who view their volunteer activity as a major sacrifice worthy of praise, not scorn.

Confrontations can create an adversarial relationship between the board and the members at large. If the board develops a “bunker” mentality and views complaining members as threats, they will not be effective. While it is hard to do

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when challenges from the members arise, board members should attempt to bring dissenting members “into the loop” and listen as carefully as possible to their complaints.

A board which fails to acknowledge the long term maintenance and repair requirements of the development and fails to provide a means of funding for that eventuality will have failed to adequately represent the members of the association. A difficult political environment should not be used to excuse a lack of vision.

Common Interest Developments are a noble experiment in grass roots government. They allow many people to have a voice in a very intimate matter—the care of their homes. Whether the experiment succeeds or fails will depend almost entirely on the ability of the directors and the members at large to ignore their self interest and focus instead on the needs of the “community.”

Association Creation

I. Purpose Of An Association

The purpose of any homeowners association is to *maintain, protect and enhance* the value of the real estate assets of the members and the association. Association responsibilities can be broken down into three basic areas: fiscal, administrative and maintenance. A volunteer Board of Directors, typically made up of members of the association, leads every homeowners association in this endeavor.

In addition, most homeowner associations in California are incorporated as non-profit corporations. As such, the association has broad and sweeping authority in maintaining the property and the enjoyment of the association by its members.

As we shall see, the association is empowered by state statute and its governing documents to pass budgets, hire contractors, enforce the covenants, create and enforce rules and regulations, collect assessments and generally manage the affairs of the association.

The following material considers most elements of the operation of the community. We will examine the governing documents, the roles and responsibilities of the various players, maintenance (including contracts), budgeting, leadership responsibilities, management and insurance.

Homeowner associations are often referred to as Mutual Benefit Corporations. Mutual Benefit Corporations allow members to experience an enhanced lifestyle. Members of a Mutual Benefit Corporation can enjoy more and better amenities and less individual maintenance responsibilities than if they lived in a single-family home. In many condominium projects smaller units have been incorporated in the design to satisfy trends in smaller families or "*empty nesters*".

The economic benefits of living in a common interest development often include lower housing costs due to higher density, greater amenities and quality for the price and finally, mutual security and protection.

A. Governing Documents

The governing documents of most California homeowners associations include:

Articles of Incorporation

Declaration of Covenants, Conditions and Restrictions (CC&Rs)

Bylaws

While not officially part of the governing documents, most associations also follow a set of rules and regulations promulgated by the Board and/or the members.

The Articles of Incorporation established the corporation as an entity. They typically include a statement regarding the type of corporation being formed. The Articles of Incorporation are filed with the state of California and established a corporate status of the association. Every year each association must file a new corporate statement with the state. This filing includes the names of the directors and the business location of the association. Failure to file in any given year can mean the loss of corporate status for the association for that year.

The Declaration of Covenants (*CC&Rs*) is the document we look to for definitions and conditions of ownership. The Declaration usually contains language binding all owners together in any interlocking relationship and establishes the "mandatory membership" requirement for the association. It further establishes rights and responsibilities of the association and the owners.

The Bylaws establish methods and parameters of the conduct of business of the corporation. These include the number and term of board members, conditions of meetings and business methodologies and parameters employed by the association.

The Rules and Regulations of the association established community controls and quality of life standards. The authority for adoption and enforcement of rules and regulations is typically found in the Declaration and Bylaws. The governing documents will give the Board the right and responsibility to "*promulgate rules and regulations from time to time governing the use of the common area and the behavior of the members and their guests*".

Every association is subject to the same hierarchy of authority. The following illustration is a good road map in determining the association's responsibility and authority in making business decisions to govern the corporation.

State Statutes
Articles of Incorporation
Declaration
Bylaws
Rules and Regulations

When determining the association's authority to make decisions, enter into contracts, promulgate rules and enforce the governing documents the first considerations should be given to the board's authority in these areas. Each decision and action of the association can and should be tested against the hierarchy of authority under which it operates.

B. "Creation" - Roles And Responsibilities

Associations are made up of many participants. All associations begin with the developer whose roles include: Declarant, Builder, Seller, first Board of Directors and Homeowner. Associations also include homeowner members, a Board of Directors, and committees.

We will examine the role of each of the participants individually. To be successful every association participant needs a clear understanding of their rights responsibilities and roles in the creation and operation of the community.

1) Developers Role

a) Declarant

The Declarant is the entity that files the original Articles Of Incorporation, Declaration Of Covenants Conditions And Restrictions, and the Bylaws. The Declarant is responsible for developing the governing documents and the initial budget for the homeowners association. The Declarant is responsible for creating and publishing the "white report" which is submitted to the state. All disclosures to the initial purchasers and local municipalities are also the responsibility of the Declarant.

b) Builder

As the builder of the association the developer is responsible for all planning, design and construction work. The quality of the

subcontractors, the construction timetable and the quality of construction are all the part of the developer's role responsibility.

c) Seller

Every developer of every association has a role as a seller of individual homes in the community. The Developer is responsible for the initial marketing plan for all the homes in the association.

The goal of the developer has seller is the same as the goal of homeowner members when they sell their units. The developer tries to achieve the maximum price the market will bear based on the location, design and construction quality of the homes. Maximizing return on investment is the goal of every seller of a unit in a homeowners association. As a seller, the developer strives to achieve this goal with every home that is sold.

d) Board of Directors

The association is established as a corporate entity as soon as the governing documents are filed. When that event occurs the developer begins the filling his role as the initial Board Of Directors of the association. Most associations, when they are new, include a Board of Directors consisting entirely of developer representatives.

As the Board of Directors, the developer has the same fiduciary obligation to protect, maintain and enhance the value of the asset as the homeowner board members will later have. The developer, as the Board, must act in the best interest of the association and its members.

e) Homeowner

The developer of the association owns all unsold units in the new community. As such, the developer functions in his role as homeowner. In his capacity as homeowner the developer is subject to the same covenants, bylaws and rules as all other homeowners and members.

In some cases special provisions of the governing documents may extend certain rights of the developer under certain conditions. For example the developer may be designated in the governing documents as having a

special category of membership until a certain percentage of units are sold.

As you can see from the above the developer plays a unique role in the life of the association. The developer establishes the association, serves as its first Board of Directors, creates its first operating budget, creates its first reserve schedule, creates its marketing plan and fulfills as well as homeowner. In California the developer's disclosure obligations to prospective buyers are set forth in the Davis-Stirling Act.

Among the developer's other responsibilities are creating an environment for a smooth transition from developer control to homeowner control. Useful steps include:

2) Initial Homeowner Orientation and Education

- 1) Buyer's packets
 - a) includes disclosure materials
 - b) information the developer wants new owner to know
- 2) Homeowner manuals
 - a) info about committees, the board, policies and procedures, useful neighborhood information
- 3) Orientation meetings
 - a) to answer questions and further educate the members about the operation of the association

3) Leadership Recruitment and Training

1. Identify and recruit potential leaders
2. Create Ad Hoc Advisory Committees (*must have meaningful responsibilities to identify potential leaders*)

4) Establishment of Initial Administrative Procedures

1. Assessment and funds collection and disbursement procedures
2. Rule creation and enforcement policies
3. Establish replacement reserve investment policy
4. Create maintenance and repair policies, procedures, and plan
5. Establish methods and procedures were meetings and communication

5) Transition

Transition is the orderly process for the transfer of association control and responsibility from the developer to the unit owners. Transition is a series of events that begin with the sale of the first unit and continue until the homeowners assume responsibility for the association's operation and maintenance.

Effective transitions contain elements that include:

Owner education

- Correspondence
- Newsletter
- Direct contact
- Membership in ECHO

Gradual owner training and involvement

- Workshops
- Training sessions
- Establishment of committees
- Appointment of ad hoc advisory board positions

Gradual reduction of direct developer involvement in association decisions

- Delegation of authority to committees
- Selective task force guidance
- Turnover of historical records, construction plans, documents and financial information

Homeowner orientation and information meetings

- Conduct a series of educational/informational meetings at regular intervals
- Review of contracts, governing documents, budget, operations
- Review transition process, roles and responsibilities of board members, committee members, election procedures and leadership criteria
- Solicit involvement of membership

Organizational meeting

- Organize and conduct the first organizational meeting of the association

2) Homeowners' Role

The homeowner's role in the association is pivotal to the success of the community. Homeowners should be encouraged to participate in annual meetings, elections and on any committees the association establishes. It has been said, "*The world belongs to those who show up*". Perhaps this is truer in a homeowners association than anywhere else.

Homeowners have the right to expect a Board of Directors will deal fairly and honestly with them and create open channels of communication to keep them informed of important issues facing the community. In return, homeowners should take every opportunity to participate in their community.

All homeowners in association have the obligation to adhere to the covenants conditions and restrictions set forth in the Declaration, to abide by the bylaws and obey the rules and regulations as set forth by the Board. In addition, all homeowners are legally obligated to pay regular and special assessments in a timely manner.

Homeowner feedback at Board meetings, meetings of the members and annual meetings is critical to the Board's success. California provides for homeowner input via the open meeting law passed by the Legislature. We will address the open meeting law and homeowner communication later when we discuss meeting procedures.

3) Board's Role

The Board of Directors of the association is charged with the overall responsibility of maintenance of the common areas. The Board also has the responsibility for enforcing the governing documents and rules and regulations. In general, the Board is responsible for the management and operation of the association.

It is important to note that the Board may delegate its authority to operate the association, (*usually to a managing agent*), but cannot delegate its responsibility. When the association hires in managing agent, or any other contractor, the Board is delegating authority to that entity for certain association operations. However, the Board is ultimately responsible for all aspects of the association.

The Board's authority is derived from state statutes, specifically the Davis-Stirling Act, the state corporate statutes and the governing documents. Essentially the Board is a policymaking body responsible for the maintenance, administration and the financial well being of the association.

The Board's responsibilities and duties fall into several categories. Overall, the Board acts in a fiduciary capacity for the members. As a fiduciary body the Board must exercise care in all matters, acting in the best interest of the members and in the best interest of the community. In addition, the Board must act in accordance with state statutes, the governing documents and must act in, "*good faith*", in all its dealings.

The decisions the Board makes should meet the test of "the business judgment rule". Simply put, this means the Board's decisions must be reasonable and be based on the best information available to the Board at the time the decision is made. The "*best information*" includes information from the manager, professional contractors, accountants, attorneys, trade associations like ECHO as well as other professional resources.

Resolutions – Taking Action

For the Board to make conscientious, deliberate decisions regarding its business it is necessary to adopt a structure for the process. This typically involves using a form of parliamentary procedure such as "Robert's Rules of Order. "Robert's Rules" when strictly applied can be very complicated. Holding a successful Board meeting will probably not require complete adherence to the complexities of the

procedures. However, using basic parliamentary procedure will prove extremely useful for the Board.

For example, when a member of the Board wishes to make a motion or comment on an item before the Board, it is useful for the member to be recognized by the President before commenting. This helps minimize potentially argumentative confrontations between participants.

An example might be a deliberation about passing a rule forbidding wind chimes. The exchange might go like this:

Member A: “I move to ban wind chimes from the property”

President : “There is a motion to ban wind chimes from the property. Is there a second?”

Member B: “I second the motion”

President: “The motion is duly made and seconded. The chair recognizes Member A, who made the motion, to open discussion regarding the motion.

Member A: “Wind chimes are loud and adversely affect the delicate sensibilities of my dog. I therefore believe, in the interest of promoting healthy pets, that we should ban wind chimes”.

President: “Is there further discussion? The chair recognizes Member C”.

Member C: “I disagree because I love the peaceful sound of wind chimes and hate Member A’s dog.”

President: “Thank you. Is there any more discussion? The chair recognizes Member B.”

Member B: “I hate Member A’s dog also and only seconded the motion so I could point that out in discussion.”

President: “Thank you. Is there any more discussion? Hearing none, the motion on the floor is to ban wind chimes from the property. Those in favor signify by saying aye. Those opposed signify by saying no. The ayes have it. Motion carries”.

The Board causes actions to be taken by passing *resolutions* that are *based on motions*. Motions are made by members of the Board and are open for

discussion only after the motion receives a second. Resolutions establish precedent for the association's operations, help the Board be consistent in their decisions and can protect the Board from charges of arbitrariness when adopting policies. Decisions of the Board need not be by consensus. Members may disagree on issues and while consensus is desirable, virtual no decision requires a unanimous vote.

Officers' Role

President

The President is typically elected by the members of the Board and acts in the capacity of CEO and leader of the association. The President is ultimately responsible for the content of the agenda for Board meetings and running meetings according to the Board's policy.

The President also executes contracts and official documents on behalf of the association and acts as official liaison to the management company.

Vice President

The Vice President performs all duties assigned by the President and acts on the President's behalf in the President's absence.

Secretary

The Secretary prepares and distributes minutes and other official association documentation. The Secretary is responsible for attesting to the authenticity of all official corporate documents and correspondence including, but not limited to, minutes, notices and election results.

Traditionally many of the duties of the Secretary are delegated to the managing agent. However, some items should not be delegated. They include:

BASICS FOR BOARD MEMBERS

1. Signing and dating the minutes of every meeting
2. Authenticating (*by signature*) the results of all elections
3. Authentication of notices

Treasurer

The Treasurer is the Chief Financial Officer of the association. As CFO the Treasurer is ultimately responsible for collection and expenditure of all assessments, though authority to do so may be delegated to the managing agent.

The Treasurer also reviews and monitors the financial reports and performance of the association and summarizes these for the other Board members at Board meetings. While the financial statements may be prepared by an outside entity (bookkeeper or managing agent) it is important that the Treasurer demonstrate an understanding of the financial position of the organization on a regular basis to fulfill the obligations of the office.

The Treasurer's verbal report to the Board might include:

- Cash on hand
- Status of reserves
- *Unusual* accounts payable and receivable
- Variance of actual to budget for month & year (*if substantive*)

Finally, the Treasurer will be responsible for signing any checks (*if required*) and monitoring the investment and collection policies of the association.

Clearly the role of the Treasurer is a very important one and may require training in areas regarding the understanding of financial statements and understanding investment policies. The association's bookkeeping and/or managing agent can be extremely helpful in this regard and should be called on for any assistance the Treasurer may require. Remember, the Treasurer, like all other Board members, may delegate authority but not the responsibility for the task of the office.

Members At Large

All members of the Board are responsible to come to the meetings prepared to conduct business in a professional manner. This means that each member must prepare ahead of time to make the important decisions that affect the business of the corporation.

Review of the materials in the informational Board packet is essential to fulfilling this responsibility. If, after reviewing the material, a Board member has questions about the information they should be advised to contact the member or manager responsible for the piece of business they are considering.

The following checklist is a useful guideline for members at large to follow:

- Come to meetings prepared - Do your homework
- Maintain a professional demeanor
- Ask questions ahead of time
- Accept and support the President as the leader
- Put personal issues aside
- Encourage others to participate by example
- Be open and fair
- Keep a healthy perspective

Committees' Role

Committees can serve a useful role in the operation of the association. They offer members an opportunity to participate in the community and help the Board delegate tasks that would be too time consuming and/or expensive for the Board or manager.

All committees serve at the will and direction of the Board. The chair is appointed by the Board or President and is assigned the responsibility of operating the committee in accordance with Board policy, the governing documents and any applicable state statutes. These guidelines should be set forth in a written document (*usually referred to as a charter*) for the Chair and committee members to follow. This document should be as specific as possible about what task(s), how, when and why the committee is to perform. The Board in conjunction with the committee chair can set the size of the committee, and the members appointed to it. If a financial element is involved in the committee's operation the amount needs to be agreed upon when the committee is formed so everyone's expectations are the same.

To be effective committees need specific direction regarding the tasks they are to perform and how they are to perform them. A committee without guidance from the Board can easily become a mob looking for a problem to solve. This occurrence, more often than not, becomes a detriment to the community and Board. The idea is to structure committees to allow the greatest participation in the most positive way possible while promoting the idea of community involvement.

Each committee should have a clearly defined goal and be given a time frame within which they can accomplish the goal. Each committee should also have a method of reporting their progress to the Board. Reporting to the Board allows the Board to monitor the committee's performance and gives the Board an opportunity to meet with the committee chair privately to discuss any deviation from the goal that may arise.

Because the Board has received regular reports, when the committee delivers its final report and recommendations to the Board the Board can be certain the committee will recommend an action the Board can follow. Nothing is more debilitating to a group of hard working volunteers on a committee than to make a recommendation to the Board at a Board meeting only to have the Board then debate the wisdom and performance of the committee.

Once the committee has performed its role and made its recommendations in accordance with goals and procedures outlined by the Board, the Board can simply "accept with gratitude" the report and recommendations of the committee". If additional study is required the Board can simply accept the report and take the committee's recommendations under advisement. Either way, the President should publicly and "grandly" thank the chair and the members of the committee for the hard work and diligence they have given to betterment of the community. It is impossible to thank the committee members loudly or publicly enough. By doing so, the Board creates motivation for others in the community to serve on a committee, or even the Board.

Committees usually fall into two distinct categories: standing and ad hoc. A few examples, (*though certainly not the only ones*), of **standing committees** are **Architectural Control/Review** (*usually established by the By-laws*), **Newsletter/Communication**, **Nominations** (*usually established by the By-laws*) and **Social/Recreational**. These committees would typically function throughout the year to assist the Board with the duties required.

Examples of ad hoc committees might be:

1. Rules (*annually review rules for possible modifications including elimination of outdated rules*)
2. Finance (*help prepare the budget*)
3. Document Amendment (*studies document amendments as required*)

Remember, regardless of whether a committee is “standing” or “ad hoc” it will require specific direction and guidance in its goals, purpose and operations.

Management’s Role

The role of the association manager is to implement policies and programs adopted by the Board in accordance with the management contract. The manager acts as the Board’s immediate professional resource for information and guidance when considering policy and maintenance questions. In addition, the manager may act as the liaison to contractors, vendors, professionals and the homeowners. The manager may also act in other capacities as outlined in the contract. These capacities might typically include bookkeeping, publishing the newsletter, performing property inspections, preparing resale disclosure packets on behalf of the association, collections and rules enforcement, preparing maintenance procedures and manuals, contractor oversight and the facilitation of bid specifications.

Regardless of the management model the association adopts, the administrative functions listed above will need to be provided for. The determining factors may be many, but the job remains the same. Annual calendars, programs and budgets need to be created along with procedures to review the management functions and plans for their effectiveness. This can be a somewhat overwhelming task for the many people. The key to success is to understand the needs of the community and then select the management model that best serves those needs.

As always, the Board may delegate implementation authority to the manager but may not delegate its responsibility for proper implementation of its policies, programs and/or operations. All management authority is derived from the Board and based on specific policies or directions of the Board.

Conceivably, the manager can deliver any service at any level for which they are qualified and that the association is willing to pay for.

Types of Management

There are four basic types of association management. They are:

1. Volunteer (self managed)
2. Service contractors (some administrative functions are performed by third parties)
3. On-site paid staff (individual manager who hires and supervises association employees)
4. Contract management (management company)

There are many factors to consider when determining which type of management best serves a specific association. The size and complexity of the community, its financial resources, the nature and complexity of the physical plant, availability of volunteers, the number and type of amenities and finally, any legal requirements set forth by the governing documents can all have a determining affect on an association's management decision.

We will look at the advantages and disadvantages of each type of management to achieve a better understanding of its desirability for individual associations.

Volunteer (self-management)

The advantages of self-management are clear. Costs are lower than any other type of management and it affords the association direct control over all operations. In theory, because the managers are the Board and Committee members, homeowners can have greater and more immediate access to decision makers which may allow for quicker response to requests for information and service. Finally, this form of "sweat equity" may lead to short term lower assessments.

The disadvantages are just as clear. The association risks unnecessary costs due to lack of training and experience. In short, we may not know what we don't know. It may also be difficult to always find sufficient numbers of volunteers with the time required to manage the community. There is also the issue of occasional inadequate volunteers performance. This can be a difficult situation between neighbors and friends. Additionally, there can be a serious loss of continuity when volunteers turnover or move. Finally, insuring the volunteers may become problematic at different times under specific circumstances.

This type of management may be best suited for small associations with few amenities and contractors where the demographic tends to be retired individuals with the time and experience required to operate the association and become familiar with the complex laws governing associations.

Service Contractors

This type of management involves contracting with specialists in certain areas of the association's operations. Examples of contractors might be bookkeepers, landscapers and pool services.

Using this type of management the Board can delegate time intensive functions to outside contractors who have greater expertise and skill in than the volunteers might. Contractors usually provide their own equipment resulting in cost savings to the association. Fewer volunteers will be required as much of the labor will be delegated to the contractors as well.

Disadvantages would include a lack of professional oversight of the contractors. The association would also be faced with drafting specifications and/or contracts, a task which might exceed the volunteer's personal and professional limitations.

Finally, using service contractors means the Board will be heavily involved in contractor selection and supervision. A task, which can be daunting even for the most seasoned, and well trained professionals.

This type of management might best be suited for small to medium associations with few or no amenities.

On-site Paid Staff

The "*paid staff*" form of management usually involves the employment, under contract, of an individual manager to manage an individual property. The manager typically has an office on-site and devotes full time to managing the association. The manager is generally responsible for hiring and supervision of all association personnel and interfaces on a daily basis with the homeowners, Board and committees.

"Paid staff" management often allows for more Board control over the day to day operation of the community. Because the staff works for only one association they may be more immediately responsive to the member's or Board's needs and offer a full time management presence. In addition, the Board can select a manager with a particularly well-suited personality and skill set for the association.

However, using this management model the Board may have to deal with personnel issues regarding the manager and employees. It can also be extremely difficult to find and retain skilled managers. If the right manager can be found,

there can be a serious loss of continuity and institutional memory when the manager eventually moves on.

The association faces additional challenges in areas of vacation coverage and sick leave for the manager and staff. The lack of depth can lead to increased costs or time commitments on the part of the Board.

Finally, the close proximity of the working environment can place additional pressures on the staff causing a loss perspective, focus and impartiality in what can be a highly charged political and performance oriented operation.

The “paid staff” model of management is usually associated with large and/or well funded communities.

Contract Management

Third party contract management is the most common management model in use today. It involves the association hiring a full service management firm that then assigns a manager to the property. The manager typically divides her/his time between several associations and relies heavily on the resources of the company to assist in the performance of the management functions.

Most management companies offer a wide variety of services that can be tailored to the particular needs of an association. All the services being provided to the association will be detailed in the management contract offering the association a yardstick to measure management performance.

The depth of personnel of the management company is a distinct advantage to the association. Should one manager leave, another can be assigned that will already be familiar with the company and association operations, thus minimizing service disruption.. The management company typically has personnel with a wide assortment of diverse experience in many areas of management. When you hire the company you typically hire its cumulative management experience and expertise.

The management company will probably have policies and systems to offer that are proven to work in other associations. This minimizes the time and expense involved operations and prevents the association from having to “reinvent the wheel”. They also bring with them a list of proven contractors and resources which should reduce the time and effort the Board must spend in searching out reliable vendors to work on the property. These established relationships can often mean cost savings to the community.

There are also some disadvantages to the contract management model. For example, the manager is not available daily on the site and the Board must find the right management company for their property's political and mechanical environment. A management company search can be an arduous process.

Hiring a management company can be more costly in the short term than hiring an individual manager or having the volunteers manage the association themselves. And finally, the Board will have limited control over the management personnel assigned to their property.

This type of management model is the most popular and can be found in every size association, regardless of the amenities or funding level of the community.

Rules Development & Enforcement

The creation and enforcement of effective rules is something every association faces. The Board is charged with the responsibility to maintain and protect the value of the property and promote the enjoyment by the members. To do this, the governing documents will generally give the Board the authority to adopt rules to assist them in this task.

Legal Basis

The legal basis for rules adoption and enforcement comes from the same hierarchy of authority we discussed earlier. However, the authority relied on most heavily will be the Declaration of Covenants, Conditions and Restrictions and the Bylaws. Information regarding the legal issues surrounding rules creation and enforcement can be found in Chapter 1 of this course manual.

For now, know that *all rules must be lawful, reasonable and enforceable*. It will do the association no good to have rules that can not be enforced or that inconvenience a majority of the members.

Rules Creation

The rules of an association can cover a wide variety of the association's operations. They may include anything from architectural controls to the behavior of the members and their guests. The authority to create rules is generally vested, by the governing documents, in the Board. However, the Board

B A S I C S F O R B O A R D M E M B E R S

may take suggestions from committees, the manager or other sources for guidance when adopting rules.

In rules creation, as in other aspects of association operations, it is a foolish Board that operates in a vacuum. It is often wise to consult association members, the association's attorney and the manager before actually adopting any rule.

The rules exist for the benefit of the members and their feedback is a valuable tool in determining what rules should be adopted. Communication will be a key factor in the success or failure of the rule. Every year the Board must publish the rules and enforcement procedures (*including potential fines and penalties*) to the members.

There are several steps that can be followed to create an effective rule. They are:

1. Determine the Board's authority to make the rule by checking the governing documents
2. Determine the need for the rule. Is the behavior or activity you are attempting to control an aberration or a constant? Is there a different method that can be employed to handle the situation? Are the current rules sufficient to deal with the problem?
3. Set the scope of the rule by determining exactly who and what will be covered.
4. Set the parameters and penalties for violations. Use simple clear language to state the rule. Determine reasonable enforcement procedures and penalties. A good method is to ask the manager, the association's attorney or consult ECHO materials to determine how other associations handle the same situation.
5. Test the rule for legal compliance by having it reviewed by the association's attorney.
6. Notify the members that the Board is considering the rule and solicit feedback to try to build support and consensus for the rule.
7. Pass the rule by resolution of the Board
8. Notify the members of the rule's adoption, cite the Board's authority to make the rule and what the Board is trying to accomplish by its adoption. Detail the enforcement provisions and procedures so members know what the Board's expectations are involving violations and enforcement.

Enforcement

Enforcement of the rules can be one of the most uncomfortable aspects of Board service. It is difficult for many people to become confrontational with neighbors, and yet, the Board may be required to do just that when it comes to rules enforcement. There are many pitfalls to avoid and many challenges to overcome. However, focusing on a clearly stated, fair process can smooth the way and help the Board avoid charges of unfairness or arbitrary enforcement. Consistency in enforcement is extremely important.

Due process is an important element of successfully enforcing the rules and covenants. Adopting a "due process" approach to enforcement can help the Board be assured that they are applying the rules fairly and consistently. The elements of due process are simple but can be complex. Generally the aspects of due process include:

1. A written *notice of the violation* including the rule being violated, the Board's authority to make and enforce the rule, (*citing the covenant, bylaw or statute from which the authority is derived*), and the anticipated penalties for noncompliance.
2. The notice should also give the violator a "*reasonable time to cure*" the violation or cease the offending behavior.
3. The "*right to be heard*" should also be included in the written notice. The "right to be heard" should give the alleged offender an opportunity to appear before the Board to present a case for why the rule should not apply or why he/she should not be charged with the violation. The notice should include a date, time and place for the meeting and may offer to reschedule within a reasonable time frame that would be more convenient for the recipient.
4. *Fines and penalties must be reasonable*. Unreasonable fines and penalties may damage the associations right to enforce the rule. "Reasonable" can be different for every association and/or every rule or violation. It is best to consult with the association's attorney regarding a reasonable fines and penalties prior to the adoption of a rule.

Focusing on the process above rather than the individuals involved should serve to make the enforcement of the rules as fair and consistent as possible.

Maintenance

Every association has certain obligations for maintenance and repair of common area elements. These responsibilities are outlined in the governing documents of the association and require planning and financing to be effective. In this course we will examine the various types of maintenance a Board will be required to perform and methods that have proven effective for fulfilling these obligations in a responsible and professional manner.

Governing Documents

The governing documents of the association will outline the maintenance responsibilities of the association and individual owners. There are many questions to be answered and each association may have its own unique definitions for common area, limited (*or exclusive use*) common area and individual unit ownership and responsibility.

It is important to check your Declaration of Covenants and By-laws for specific responsibilities relative to your association.

Common Area

Typically, the governing documents of association will assign the cost and responsibility to repair and maintain the common area to the association. Common area/element often include structural and external building components, landscaping, roads, parking lots, and amenities.

On the surface this would seem a simple proposition. However, governing documents are not always clear and associations have spent countless dollars for legal opinions regarding what is, and what is not, a common element. If a question ever arises in your association regarding responsibility for repair and maintenance of a common element, contact your attorney for assistance. Do not guess!! Guessing wrong can needlessly cost the association considerable sums and set damaging precedents for the future.

Limited Common Area

Typically, but not always, the association will be responsible for the repair, maintenance and replacement of those elements defined in the governing documents as "*limited common elements*". Generally, these are elements limited to the exclusive use of an individual owner or are appurtenant, (attached) to an individual unit.

Some examples of typical limited use common elements are balconies or decks, storage lockers and garage spaces. There are many others and again, the place to look for what they are in your association is the Declaration of Covenants, Conditions and Restrictions and the By-laws.

Responsibility for maintenance of these items can be vague and you should consult your attorney whenever there is a question about what must be maintained and who must maintain it.

Types Of Maintenance

Regular/Routine

Routine maintenance involves tasks that are required on a regular basis to maintain the cleanliness, safety and/or upkeep of the property. These items might include cleaning and custodial chores, life safety equipment inspection and testing, pool and other amenity maintenance.

Sometimes these routine chores (changing burned out light bulbs, etc.) can be done by a handyman or cleaning service. Others will require hiring a contractor with specialized expertise.

Whatever the case may be, a written schedule of inspections and maintenance tasks needs to be maintained by the association. This will assist in tracking expenses and help identify opportunities for improvement in the routine maintenance of the property.

Preventative Maintenance Program

The advantages of a preventative maintenance program are obvious. Prolonging the life of common elements and mechanical systems can save the association members huge sums of money overtime.

A preventative maintenance program involves a schedule of cleaning, care and repair of equipment, which is designed to prolong its useful life. Pumps, motors, roofs and gutters, community gates, irrigation and plumbing systems, and virtually all other major components require preventative maintenance. A good place to look to help identify these items might be the replacement reserve study. It will usually include most items that will benefit from a preventative maintenance program.

An effective preventative maintenance program will include a written schedule of inspections to be performed for each of the included elements. Some will require annual inspection. Many will require more frequent inspections.

A written maintenance calendar is useful to make certain no item is overlooked. Maintenance schedules and procedures for most components can be acquired from the manufacturers; still others may require the input of a licensed contractor who can be hired to draft preventative maintenance specifications. Many association management firms can also be contracted to help create a

preventative maintenance program and will work with outside experts to assemble the required documentation and specifications.

Deferred Maintenance

Deferred maintenance is maintenance that the association might choose to defer for either economic or other practical reasons (*i.e., contractors are unavailable, supplies are not available, inconvenience to the members, season of the year*). Most associations face the question of deferred maintenance on a regular basis. The question almost always boils down to, “What can we afford and when can we afford it?”

A good reserve study can help with planning for the economic impact of maintenance. However, the best reserve study in the world will not help if it is inadequately funded. Remember, whatever the cost of the item today, it will nearly always be more expensive tomorrow.

If the Board decides to defer a maintenance item certain key questions must be answered:

1. Will other elements/systems be affected?
2. What will the additional associated costs be down the road?
3. Who will be most impacted?
4. Will the health or safety of the residents be jeopardized?
5. Will the structural integrity of the building or any of its components be jeopardized?

Emergency Maintenance

Occasionally, an association will be faced with the need to perform maintenance outside of the maintenance plan. Unforeseeable circumstances can arise that require immediate attention. These occurrences may create a threat to the health, safety and welfare of the residents or the structural integrity of the building. When this happens it is useful to have an emergency plan in place.

An emergency maintenance plan includes procedures for dealing with contractors, homeowners, governmental agencies and even the press in some cases. A good emergency maintenance plan might include:

- Organizational chart of responsible parties (who calls who? who does what?)
- Emergency phone numbers

- General contractors
- Emergency cleanup companies
- Insurance agents/adjusters
- Disaster relief agencies/contacts
- Evacuation procedures
- Temporary housing procedures

Creating and following a detailed maintenance plan can help minimize the risk of ever needing to perform emergency maintenance. However, it is always better to be prepared than to be caught unprepared.

Maintenance Programs

The first step to creating an effective maintenance program is to define the scope of the requirements. Conduct a thorough inspection of the entire property to check the condition of the buildings and equipment. As mentioned earlier, the current reserve study is a good tool to use to help determine what items should be inspected. This will require creating an inventory of the property (if one does not exist). You will need to define the warranty period for all equipment being maintained and, as mentioned above, you may need to contact the manufacturer to determine maintenance procedures.

The second step is to define the association's maintenance goals and standards. Determine the greatest areas of financial impact first. Then look at the issues that affect the quality of life of the members. Keep in mind that curb appeal plays a major role in the value of the units. You will also need to check the governing documents for any standards they may establish. Finally, contact professionals and contractors for recommendations regarding the equipment and elements that need to be maintained.

Once the need has been established for a good maintenance program to be put into place, the association is faced with determining how best to implement its plan. There are alternatives. In-house maintenance and contract programs each have their own advantages and disadvantages. We will examine each in the following section.

In-House vs. Outside Contract

In-House

Many large associations, and some smaller ones as well, choose to perform maintenance by using “in-house staff” rather than outside contractors. In larger associations this might involve hiring a maintenance person who helps draft and then implement the plan. In some smaller, self-managed associations volunteers take on the responsibility.

The advantage of volunteers performing the required tasks seems obvious. It may save money. Keep in mind things may not be what they seem.

The perceived savings is accompanied by disproportional risk. In-house maintenance programs staffed with volunteers may create the need for additional insurance to cover the volunteers in case of injury or death. In addition, should a maintenance task be substandard the association will not have much recourse against a volunteer member of the association. Finally, it may be difficult, on an ongoing basis, for the association to find an adequate volunteer labor force willing to be trained and to perform the required functions. For all of the reasons stated above, in-house programs that rely on volunteers are not recommended.

In-house programs that rely on hired staff are another matter. This type of program generally gives the association more control over the activities and work being performed as part of the maintenance program. In-house staff also brings immediacy to the work required. They are typically available when and where work needs to be done.

There is a down side however. In-house staff is usually more expensive than using outside contractors. Hiring, training, insurance, supervision, employment policy, taxes, cost of tools and vacation coverage all factor in. For larger association there may be an economy of scale but for most medium and small sized associations this type of program is cost prohibitive.

In-house Staff Advantages:

- Convenience
- Accountability
- Continuity
- Responsiveness

In-house Disadvantages

- Burden of employment
- Capital investment (*tools & equipment*)
- Hiring & training of qualified staff
- Insurance & liability exposure

Outside Contractors

Using outside contractors to execute the association's maintenance plans has advantages and disadvantages as well. Using an outside contractor allows the association to create a contractual obligation to adhere to the standards it sets. Most outside contractors will be able to bring a higher level of expertise to a wider variety of areas than a limited in-house staff. In addition, using outside contractors eliminates the need for capitalization of tools & equipment. Finally, contractors typically require little or no direct supervision. By contract they will be responsible for work being performed according to the specification of the contract.

The disadvantages of outside contractors might include a loss of control by the association over how certain functions are performed. It is also likely that an outside contractor might be less immediately available for emergencies. Finally, in some cases, the association may experience higher costs for certain work or functions.

Types of Maintenance Contracts

Service Contract

This type of contract typically covers recurring maintenance that needs to be performed on a regular basis. Examples are pool and landscape maintenance. All service contracts need to be based on detailed specifications and can be negotiated annually to suit the association's fiscal abilities.

Specific Repairs

Specific repairs or maintenance contracts are targeted at one time repairs or maintenance projects that are infrequent or occur at less than regular intervals. Examples of this type of contract might be a painting, asphalt or roof repair project. Again, this contract will carefully drafted specifications and may also require the use of a licensed contractor acting as *project supervisor*.

Preventative Maintenance

A preventative maintenance contract provides for regular inspection and maintenance of building and mechanical elements. Examples might be HVAC systems, boilers, water systems, elevator service contracts, etc.

Specifications

Most associations create a policy for triggering the need for specifications. Frequently this policy involves a dollar limit above which specifications will be required. Something to keep in mind when creating your policy is that work costing as little as \$1000 may be as important and as complex as a job costing hundreds of thousands of dollars. A good yardstick is to take cost and impact of the work into consideration when deciding whether specifications are required.

After the policy is in place the association must hire a qualified professional to draft the necessary specification. All too often associations unwilling to pay a professional will ask the manager to draft a specification for free, try to draft one themselves or worse, ask a contractor to write a bid for the work and then send that bid to other contractors as a basis to bid the project. Setting aside the ethical considerations, what the association will receive back from other vendors are bids based on the job as the first contractor saw it rather than the job as specified by a disinterested third party professional. All these bids will likely vary in scope and methodology and it will be extremely difficult to “compare apples to apples”.

To protect itself and to be certain adequate specifications are drafted the association is well advised to seek the services of a qualified outside professional. While this may be a little more expensive in the short term it nearly always pays dividends long term.

Specifications should include the scope of work to be performed, exact requirements of the job and performance schedules, in some cases, materials to be used, payment terms (*including a delay of final payment to give the association's construction manager a reasonable opportunity to inspect the work*), penalty clauses and requirements for appropriate licenses and insurance coverages. The specification should also include communication procedures including contact personnel and procedures for handling charge orders.

Bidding

After the specification has been approved it can be let out to bid. Be reasonable in the number of contractors you select to send the bid to. Often three or four bids are sufficient. You can ask the professional who drafted the specification for any recommendations he/she might have. It will also be a good idea to hire this individual to evaluate the bids as they are received and even to make a final recommendation on the contractor to hire based on the bids. Relying on the advice of an expert involving work that falls outside the association's expertise helps assure the association is performing in accordance with the "business judgment rule" and may help minimize its liability if something goes wrong.

If there will be multiple bidders on a project, you may want to hold a "bidders conference" on-site to discuss your expectations of the process. Setting the level of expectation early will result in clearer and more useful bids. Be certain to check references of the contractors and try to visit other jobs they are performing or have performed. Check the contractor's current business licenses and insurance certificates. Ask pertinent questions about their work with other associations and any legal or financial difficulties they may be having. Finally, select a contractor that seems to best be able to perform the work according to the specification. When you have made your selection it is a good idea to ask your attorney to review the contracts before they are signed and work begins.

Insurance

Insurance Types

Insurance policies are no substitute for maintaining the property. Insurance is in place for extraordinary events that may cause a loss to the association. There are a variety of insurance coverages most associations will consider. They include:

- Property
- Comprehensive General Liability
- Directors & Officers Liability
- Umbrella
- Boiler & Machinery
- Workers Compensation
- Business Interruption

Every association is encouraged to consult with their insurance professional to help them determine adequate coverages for the various types of policies in place for their association.

Property Insurance

Property insurance typically covers the common area and/or association property (excluding unit contents) from loss or damage by any covered peril that is not excluded.

Determining Coverage

Insurance specifications are usually based on the requirements of the state statutes, the governing documents (which set minimum requirements), mortgage lenders and property valuations.

Managing Risk

When renewing your insurance policies it may be a good idea to undertake a risk management analysis. During this analysis you can determine your major and minor risks. Make a list of what can burn or be destroyed, stolen or broken. After your analysis consider methods of dealing with or eliminating these risks that do not involve insurance. Include a fire evacuation plan and emergency procedures plan. Review can the analysis on a regular basis to be certain no new risks have emerged and that old risks are effectively dealt with. Remember, every step you take towards minimizing your risks can have a positive impact on your insurance premiums.

Common Endorsements

Replacement Cost (100% of cost of reconstruction including required code upgrades)

Blanket Coverage (eliminates the need to schedule buildings and structures separately)

Demolition Endorsement (specifies an amount to be paid for demolition of any undamaged portion which may be required by law or code)

Contingent Liability (coverage for responsibility of others imposed by law or contract)

Single Entity Coverage (covers building contents including chattels, i.e., cabinets, appliances, floor coverings, etc.)

Landscape Coverage (includes theft, vehicle damage, wind damage)

Wind Driven Rain (covers loss caused by rain, sleet, ice, sand or dust driven by wind which damages interior of buildings regardless if external damage is first sustained)

Sewer & Drain Backup

Loss Of Assessments or Rental Fees (if not excluded in main policy)

Waiver of Subrogation (Insurance company waives its right to pursue recovery of damages from unit owner)

Comprehensive General Liability

Comprehensive general liability policies extend liability coverage to any place the association is doing business.

Common Endorsements

Personal Injury (extends coverage to false arrest, detention, malicious prosecution, libel, slander/defamation, invasion of privacy and wrongful entry.

Medical Payments (whether or not the association is liable)

Non-owned Auto

Hired Auto (includes leased or borrowed vehicle)

Watercraft Liability (boats)

Products Liability and Completed Operations

Independent Contractors Liability (protects from loss caused by independent contractor)

Broad Form Property Damage (extends coverage to property of others in the association's care and work performed on behalf of the association)

Advertising liability (Slander, libel, defamation, etc.)

Extended Bodily Injury

Directors & Officers Liability

D&O insurance (as it is popularly referred to) covers the board members acting on behalf of the association. The board members will be covered as long as their actions are legal and in "good faith". D&O insurance can also cover those working for the board under certain circumstances.

D&O insurance has its limits however. It will not cover errors in insurance or errors made if the board has failed to perform reasonable "due diligence" (relying on experts, etc.).

Most D&O policies are currently written on a "claims made" basis. This means the policy can extend forward from the time of liability.

Umbrella Liability

Umbrella liability includes many common coverages that extend the liability policy of the association. These coverages include:

Bodily Injury

Malicious Prosecution

Property Damage

False Arrest, Imprisonment or Detention

Defamation, Slander & Libel

Wrongful Entry

Mental Anguish

Discrimination

Humiliation

Mental Injury

Fright

Assault and Battery to Protect Persons & Property

Shock

Disability

As you can see, the coverages for Umbrella Liability are extremely broad. However, you need to check your policy annual for these coverages as they can change over time.

Fidelity Bonds

Fidelity bonds indemnifies the association for loss of money or property due to acts of fraud, dishonesty, forgery, theft, larceny, embezzlement, wrongful abstraction or willful misapplication and any criminal act. Fidelity bonds should be in amounts, determined by the board, to cover any likely or probable loss amounts. Many associations believe that a million dollar bond is adequate. Others believe half a million will do. Your association will need to consult with your insurance professional to help you determine adequate coverages.

COMMUNITY ASSOCIATION INSURANCE CHECKLIST

By: Garth M. Leone
PART ONE OF TWO

The following to list has been assembled to assist you in understanding and managing your association insurance program. We have broken the checklist into two parts - one for the person or persons administering the association insurance program, and one for the Broker or Agent to complete and sign. The key to good insurance protection is to have a clear understanding of what *is* and *is not* covered. The checklist below is intended as a guide for conversation with your Broker / Agent and among the Board of Directors. Use it as such, not as an all-inclusive guide to policy language. In all instances, your Association Policy Language will govern coverage. Hopefully this checklist will assist you in getting a basic understanding of what to expect from that Language.

A. BOARD OF DIRECTORS / MANAGER / INSURANCE COMMITTEE or INSURANCE ADMINISTRATOR SECTION - Complete and Sign Below

COVERAGE ELEMENTS-

Does the Association's Insurance Program address <i>ALL</i> of the following areas?	
Property Coverage	Y N
General Liability Coverage	Y N
Directors and Officers Liability Coverage	Y N
Fidelity Bond / Employee Dishonesty Coverage	Y N
Workers Compensation Coverage	Y N
If the Association has Central Boilers, have you considered separate Boiler Coverage	Y N
Is Fidelity Bond Limit = 3 x Monthly Assessments + Amount in Reserves (FNMA)	Y N
Optional Umbrella Liability Coverage Considered (including aggregate)	Y N

BROKER / AGENT EXPERIENCE -

Is the Broker / Agent experienced with CID Insurance	Y N
Is the Broker / Agent active in trade organizations that relate to the CID field	Y N
What is the CID Insurance experience of the Broker / Agent	
Number of CIDs Insured _____ Years working with CIDs _____	

SERVICE PROVIDER / VENDOR INSURANCE ISSUES -

Are <i>ALL</i> Vendors providing Proof of Liability coverage on a regular basis	Y N
Are <i>ALL</i> Vendors providing Proof of Workers Comp. coverage on a regular basis	Y N

UNIT OWNERS CONCERNS -

Have the Details of the Master Policy been made available to Unit Owners	Y N
Have Unit Owners been advised of their Individual Liabilities (i.e. "You need an HO6")	Y N
Are Premium increases within the Boards' Authority	Y N
Have Unit Owners been provided proper disclosure Documents	Y N
Do the Policies provided meet the Minimum Requirements of the CC&Rs	Y N
If no - document any exceptions	
If the Policies are "CC&R Sensitive" are the unit owners aware of their Liabilities	Y N

Completed By - Signature _____

Position / Title _____

Date _____

BASICS FOR BOARD MEMBERS

PART TWO OF TWO

B. BROKER / AGENT SECTION - Please Complete, Sign and Return

Do you consider yourself "Experienced" in CID Insurance? Y N
 Number of CIDs Insured _____
 Years working with CID Insurance _____
 CID Trade Affiliations _____

1. BASIC COVERAGE COMPONENTS:

Does the Associations Insurance Program address *ALL* of the following areas?

Property Coverage	Y N
General Liability Coverage	Y N
Directors and Officers Liability Coverage	Y N
Fidelity Bond / Employee Dishonesty Coverage	Y N
Workers Compensation Coverage	Y N

2. PROPERTY COVERAGE:

Special Form "ALL RISK" Coverage	Y N
Blanket Replacement Cost Coverage	Y N
Adequate Coverage for Detached Structures	Y N
Interiors Coverage Provided	Y N
Are Additions and Alterations Included	Y N
Is The Policy "CC&R Sensitive"	Y N
Is Business Personal Property of the Association Covered	Y N
Is there a Co-Insurance Clause	Y N
If yes is there an "Agreed Amount" endorsement to waive penalties	Y N
Foundations, Retaining Walls, Underground Utilities Covered	Y N
Walks, Pools, Fences, Streets, Common Area Fixtures Covered	Y N
Waiver of Subrogation against Owners	Y N
What is the Insurance Companies A.M. Best Rating?	_____

3. GENERAL LIABILITY COVERAGE:

Is the Liability Coverage written on a "Comprehensive" form or equivalent that includes -
 Completed Operations, Bodily Injury, Property Damage Liability, Personal Injury etc. Y N
 Per Occurrence Limits

\$ _____
 Aggregate Limit

\$ _____
 Limits in Compliance with Prevailing Law (Homeowners Immunity Act) Y N
 Non-Owned and Hired Automobile Coverage Y N
 Limits \$ _____

Waiver of Subrogation against Owners Y N
 Host Liquor Liability Y N
 In addition to The Association and Unit Owners, who is an Insured -

Management Company	Y N
Association Employees	Y N

What is the Insurance Companies A.M. Best Rating? _____

B. BROKER / AGENT SECTION - Continued

4. DIRECTORS AND OFFICERS LIABILITY COVERAGE:

Matching Limits with General Liability Y N
 "Right and Duty to Defend" language rather than "Reimbursement" language Y N
 "Claims Made" or "Occurrence" based Coverage (Please circle one)
 If Claims Made, is there Coverage for All Prior Acts Y N
 Is there a Retroactive Date (if yes, explain consequences of same) Y N
 Coverage for Insurance Decisions (excluding Earthquake and Flood) Y N
 Coverage for Defense Cost Y N
 Inside or *Outside* of Policy Limits? (Please circle one)
 Is there a Deductible / Retention / Participation Y N
 If yes, specify \$ _____
 Coverage for Volunteers acting at the direction of the Board Y N
 Coverage for Manager / Employees acting at direction of the Board Y N
 Is there coverage for Employment Related Practices Y N
 What is the Insurance Companies A.M. Best Rating? _____

5. FIDELITY COVERAGE:

Does Coverage Extend to ALL "Money Handlers"
 Board of Directors Y N
 Company / Individual providing Management Services (if applicable) Y N
 Company / Individual providing Financial Services (if different from Mgr.) Y N
 What is the Insurance Companies A.M. Best Rating? _____

6. WORKERS COMPENSATION:

Paid Employees of the Association Covered Y N
 Directors, Officers, Committee Members, Volunteers Covered Y N
 What is the Insurance Companies A.M. Best Rating? _____

7. OPTIONAL COVERAGE

Umbrella Liability policy provided? Y N
 Limits (Occurrence / Aggregate) \$ _____ / _____
 Is there Earthquake Coverage for the Association -
 Carrier _____ A.M. Best Rating _____
 California Admitted Y N
 Deductible on a per building basis Y N
 Per building deductible _____ %
 Does the Quake policy mirror the Property policy in terms of covered items Y N
 If No, please attach an explanation of the differences
 "Building Ordinance" Coverage -
 Does the policy contain an "ordinance" endorsement Y N
 If yes - Loss of Value Limit \$ _____
 Demolition Costs Sub limit \$ _____
 Increased Construction Costs Sub limit \$ _____
 Is there Flood Insurance Coverage Y N

BROKER / AGENT - Attach a separate sheet with any comments or Coverage issues you think the Association should consider. Likewise, explain any answers from above that warrant further explanation, particularly any "No" answers. Thanks for your assistance!

 Completed By - Signature _____ Position / Title _____ Date

Meetings

One of the most important elements in the operation of a community association is the meeting process. Most associations hold monthly Board meetings as well as Annual and Committee meetings. From time to time it will also be necessary for the association to hold a Special meeting of the homeowners to decide issues that must be addressed between Annual meetings.

The success of an association is often reflected in the quality and tenor of its meetings. Surprisingly, the meeting process is often ignored or misunderstood in many communities. We have all attended the interminable three-hour Board meeting. Most of us have also been privy to the process of rescheduling an Annual meeting due to the lack of a quorum, or we have been at the occasional Special meeting that nearly erupts into a riot because of some controversial topic being discussed.

There are ways to avoid these scenarios that have been successful throughout the country. In this article we will explore some of the techniques for successful meetings and ways to implement them in an effort to streamline and control the meeting process. To begin, we must examine some basic general assumptions about meetings.

What Is A Meeting?

In a community association a meeting can be defined as two or more people coming together to make decisions regarding physical, financial or administrative operations of the community. The Board is in charge of a corporation whose assets may be in the millions of dollars. A Board meeting is a gathering of the corporate Board to conduct the business of the association. A Board meeting is a business meeting of the corporation Board.

Similarly, the Annual meeting is a business meeting of all the members of the corporation to conduct business and to elect the directors of the corporation. The Annual meeting is yet another a business meeting.

A Special meeting is like an Annual meeting in that it involves all the members of the association. However, the only business that may properly be discussed or conducted at a Special meeting is that which has been posted with the notice of the meeting. No other business may be or topics may be discussed.

Committee meetings are slightly different. The Board holds them to explore ideas and avenues of operations assigned as tasks to the Committee. By their nature they are generally less formal than the other types of meetings. However, they must be organized and operated in a business-like manner to be successful. Again, these meetings are a manifestation of the multi-million dollar corporation to which the members belong.

The four types of business meetings held by an association then are **Board, Annual, Special and Committee**. How these are conducted will have a dramatic impact on the success of the community and will, more often than not, be responsible for whether members will be willing to serve in leadership positions in the future. Now that we have looked at the four types of meetings and understand their purposes, lets begin to explore the meeting process for each.

To be successful, each type of meeting requires its own unique processes. Many elements enter into the meeting process and we can break these elements into three categories; Preparation, Conduct and Follow-up. No one category is more important than another so lets begin by discussing the preparation required for the Board meeting. For purposes of discussion we will assume that the community holds monthly Board meetings to conduct the business of the association.

Board Meeting Preparation

Time is the most precious asset anyone can possess. The amount of time members spend in a board meeting should be viewed as a gift by them to the association that should not be squandered. To be certain time is not wasted let us assume the meeting is to be used to decide issues. Board meetings should not be viewed as performances for the general membership but as genuine working business meetings. In order to accomplish this, as many issues as possible must be discussed either in writing or verbally, prior to the meeting. It is imperative that the Board avoid surprises at their business meetings. No issue should be raised that is not published on the agenda and the agenda should be in every Board member's hands at least three to five days prior to the meeting. Sounds tough but studies indicate as much as 50% of the time spent in business meetings is used to discuss issues the participants were unaware of prior to the meeting.

When an issue is unexpectedly inserted into a meeting the participants are forced to spend time becoming educated about the issue at that time. There is often no way to check the accuracy of the various reports being presented and often results in an issue being tabled for discussion at the next meeting, or worse, the

issue being decided on the basis of limited facts. You can also count on the meeting dragging on at least a half-hour extra for each unanticipated item that is raised.

Most people find this to be an unacceptable style of meeting. To avoid it, the President should insist that each Board member wanting an issue discussed put that issue on the agenda and supply all pertinent information, in writing, prior to the Agenda's publication date. This will give Board members with an interest in the topic the opportunity to discuss it and raise questions about it prior to the meeting. Once at the meeting, the issue can come up on the agenda, a motion can be made regarding the question, followed by limited pertinent discussion and then the vote.

It is imperative that the Board meeting not be viewed as an opportunity for Board members (or the manager if there is one) to hear themselves talk. Board members are not obligated to speak to each issue that is raised. If they were, meetings would likely last two or three hours.

So far, we have discussed that Board meetings are used for decision making. Preparation begins with a written agenda published at least three to five days prior to the meeting. On the agenda will be a line for committee reports. Again, no committee should report unless they have submitted their report, in writing, prior to the agenda's publication and all the Board members have had an opportunity to become familiar with it. This should become part of the job description for the chair of each committee and be part of each committee charter.

Committee reports do not have to be long documents. They can be a summary of the committee operation but should include any motion being requested by the committee of the Board. If it looks as though the report will present a problem at the Board meeting it should be discussed and resolved by the President and the chair of the committee privately before the meeting so that the committee does not go through the public humiliation of having an idea or motion they have worked diligently to create being blown out of the water by the Board. If the committees are charged properly this will rarely happen and, for the sake of morale, must be avoided as often as possible.

If the association is professionally managed, the management report will also be part of the agenda. Again, this report should be in writing and in the hands of the Board members at least three to five days prior to the meeting. This is especially important because the management report will undoubtedly include items that require action by the Board. If the Board has the report ahead of time they can

contact the manager with any questions they might have. The manager should most certainly contact each Board member prior to every meeting to answer any questions that have been raised regarding the report and issue clarifications as necessary so that when the meeting is called each member is prepared to make responsible decisions based on the information provided. In the event the community is not professionally managed responsibility for the above report will fall to the President and they will need to take the steps outlined above to insure a smooth responsible decision making process.

Board Meeting Preparation Summary:

All reports should be in writing and submitted prior to the meeting. A report not submitted in writing prior to the meeting should not be addressed until the Board has had ample opportunity for review and consideration.

All participants in the meeting should be contacted prior to the meeting to clarify issues and answer any questions they may have regarding the issues to be decided. The agenda and all related reports should be in the hands of the participants at least three to five days prior to the business meeting.

Board Meeting Conduct

The conduct of the meeting, in conjunction with the preparatory steps outlined above, can make the most dramatic difference in the length and quality of the meeting. Many factors must come together for a successful meeting to take place. Among these are the location and meeting environment, the method of controlling the length and the willingness of the President and Board members to share the responsibility for conducting efficient, businesslike meetings. First let's take a look at the meeting environment.

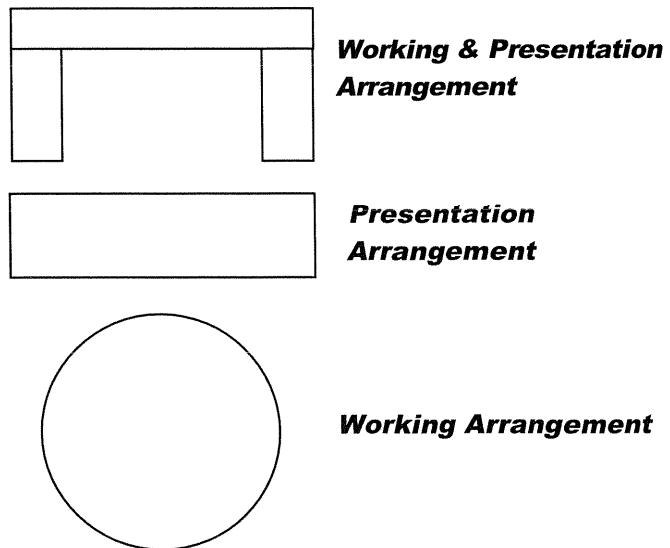
Nearly everyone involved in business meetings agrees that the best place to conduct a working meeting is in a businesslike environment. To most associations this means having the Board meeting in a meeting room at a table set up for that purpose. But what if the association has no meeting room? As mentioned earlier, many association Boards find themselves meeting in a Board member's unit. This is the least recommended environment to try to have a business meeting. The psychology of someone's home is social, not business. An alternative place can almost always be found. Local schools, churches, hotels and other businesses have been known to donate space for Board meetings. If no alternative can be found and your meetings must be held in a member's unit,

BASICS FOR BOARD MEMBERS

meet at the dining room or kitchen table. That is where most business in a home is conducted. Try to set the psychology of a business meeting. Meeting in comfortable chairs in someone's living room should be avoided at all costs. It is practically impossible to maintain a semblance of professional conduct in a setting normally used to socialize.

If your association is lucky enough to have a room that can be used for Board meetings, then consider the way the room is set up. What is the shape of the table? What is the seating arrangement? Do adversarial members often sit opposite one another? Is the seating arranged for work or for a performance for the homeowners?

Below are some examples of table shapes and seating arrangements found successful in many businesses and communities. Keep in mind that different arrangements can be used effectively in different circumstances. However, for our purposes we are looking for the most successful arrangement for a working Board meeting.



As you can see, the best arrangement for a working meeting seems to be either a round table or oblong tables arranged in a "U" shape. Both of these allow the participants to interact with each other easily in a non-confrontational manner. If you have members who always seem to be in conflict try seating them side by side or parallel to each other with a third member between them as physical

buffer. It is very difficult to be confrontational when attempting to talk through someone in the middle.

Some last tips on room arrangements:

Do not sit adversaries opposite each other. Set them parallel to one another and separate them with one or two other members. This will make it more difficult to confront each other and will allow them to more easily focus on the issues at hand.

Do not allow smoking in the meeting room. Get rid of any ashtrays. Many people today are bothered by smoke and this may prevent them from participating in a positive way.

Under no circumstances allow the consumption of alcohol prior to or during a meeting. To make good decisions the members should be of sound mind. This can easily become a legal issue, (*competency*) as well as an operational problem.

Agendas

Nearly everyone uses an agenda. However, keeping to the published agenda is often difficult. A method needs to be found to keep the meetings on time and focused. The most effective tools for this process are Robert's Rules of Order or some other form of parliamentary procedure and a "timed agenda".

First, let's examine the basics of Robert's Rules. Before we begin let me say that the effective use of Robert's Rules does not require anyone to be a parliamentarian. Likewise, as the preamble to the Rules states, "Robert's Rules are merely a guideline to an effective meeting and decision making process". They can be flexible and only in the most extreme and formal of cases do they need to be followed to letter. However, certain of the rules can be very useful in any meeting.

For instance, no discussion should take place about any item without a motion and a second being made to adopt or reject the item. Remember that time is our most valuable asset. Too many times lengthy discussion is held on a particular topic that is of only marginal interest to the group as a whole. If this simple rule is adopted you may find your meeting taking on much more business-like tone and therefore a more productive content.

This means that no member may raise any topic without first making a motion regarding the topic. If there is no second to the motion the issue will die without discussion. If a second is made, then the President is obligated to ask for discussion. Discussion is not an unlimited forum for the members to express their opinions. The President has the power to limit discussion on any topic by announcing that, "Discussion will be limited to one round of comments by each member." This will guarantee that each Board member may be heard if they so desire while limiting the informal filibuster that can be a problem in some meetings. Discussion should never be allowed to wander from the topic at hand, nor should too much repetition be permitted. If a member has nothing new to add to the discussion they should be encouraged to say that they agree with whatever opinion has already been expressed and the discussion should move on. In all cases it is the President or Chair's responsibility to see that Robert's Rules are implemented at the meeting.

This can be difficult and politically sensitive. Especially because none of us likes to appear as though we are foreclosing someone else's ideas. To make the task of keeping the meeting on track and on time easier, it is a good idea to employ the use of a "timed agenda". A timed agenda simply lays out the approximate length of the meeting and the time that will be allotted each report or item for discussion. In its simplest form it looks like this:

Sample Board Meeting Agenda

- | | |
|------------------------|------------------|
| 1. Call To Order | - 7:00 |
| 2. Open Forum | - 7:00 (15 min.) |
| 2. Secretary's Report | - 7:15 (5 min.) |
| 3. Treasurer's Report | - 7:20 (10 min.) |
| 4. Management Report | - 7:30 (25 min.) |
| 5. Committee Reports | - 7:55 (10-20) |
| 6. Unfinished Business | - 8:15 (10 min.) |
| 7. New Business | - 8:25 (10 min.) |
| 8. Adjourn | - 8:35 |

As you can see, in this typical scenario the meeting will last an hour and 20 minutes. This may even be a little long as typically the unfinished and new business portions of the agenda are handled under the various reports which take place earlier on the agenda.

As you think about this process keep in mind it is not necessary to read the minutes of the previous meeting aloud, or to read the management report, (*informational section*) verbatim. The minutes should have been in the Board member's hands with their packet of information at least three to five days prior to the meeting. All that is required is a motion to approve, or correct and then approve. If time permits, the manager may summarize the informational items in

the management report but should move quickly to any action items that are part of the report. Remember that the members have had the report for a few days. The manager has discussed it with each one and hopefully has answered any questions outside the meeting. The Board should get on with the business portion of the meeting as quickly as possible.

If the Board wishes to raise issues about the manager's performance they should arrange a time to hold a meeting with the manager, preferably in the manager's office, to go over these items. Unless they are making a motion to terminate the contract, the manager's performance should never be an issue at a Board meeting. Again, the purpose of the Board meeting is to make decisions. The President should never allow it to deteriorate into a general gripe session.

Before you say it, yes this can be a tough task for an association not used to operating in a business-like manner. It requires discipline and a commitment to success by each member of the Board. Successful meeting procedures can not be imposed. They must be agreed upon.

There are certain tools that can be used to assist in the process of the timed agenda. The President should always come to the meeting with a gavel. The gavel is the symbol of authority in a business meeting and sets a psychological mood in each member. The President can also appoint an official timekeeper. Often this is the secretary of the Board but it can be anyone, (including the President) who will occasionally remind the members of the time or that time has run out to discuss a particular item. This is especially important early in the implementation process when members are attempting to acclimate. These time reminders should be gentle nudges as opposed to authoritarian statements. No one likes to be bullied into moving on. A good tool to gently remind the Board of the importance of the clock is an hourglass or large timepiece placed directly in the middle of the table. This will assure constant awareness of the need for efficiency on everyone's part.

We have left out one essential element to the Board meeting success. That is celebration. Prior to every adjournment someone should state the reasons the meeting was successful. There is always a reason even in the worst of meetings. No one was killed, no one went to jail, no one went bankrupt and, very likely, no physical violence took place. There is always a reason to celebrate. Ending on a high note is one of the most important responsibilities of the Board. It provides a reason to come back and allows for positive success. A manager can thank the Board for helping him improve their management style or the operation of their company or the opportunity to explain why a certain thing was done a certain

way. The same holds true for the Treasurer, Secretary and each participant in the meeting. Celebration is paramount to success.

Homeowner Input

In 1996 the California legislature passed a bill requiring associations to allow homeowner input at Board meetings. However, the legislature included language allowing the Board to restrict the amount of time any member would be allowed to speak on a topic. Input from the homeowners is an invaluable tool in the decision making process. The proviso, as always in such matters, is that the time allotted should be "reasonable".

To accommodate homeowner input the Board should establish a Homeowners Open Forum that commences immediately after the Call to Order. As you can see, there is no place on the agenda for homeowner input. The purpose of the forum will be to hear various residents' opinions on any issue they care to raise. The Board should listen carefully, take notes and respond only, *(and then briefly)* if a direct question is asked. An often heard response to request for action at these meetings is, "Thank you for bringing this issue to our attention. We will consider it between now and the next meeting and will take appropriate action. We will keep you informed of progress and may ask your advice if it looks as though we will be voting on this issue at the next meeting."

Again, the purpose of the forum is to allow the owners access to the process and the Board members. When it is time for the meeting to begin the President should thank all homeowners for attending the forum, invite them to stay to watch their representatives in action and remind them that during the balance of the meeting the Board will conduct its business and only the Board is allowed to participate. The purpose of the Board meeting remains for the Board to conduct the business of the association and it falls only to them to decide the various issues. Thank the homeowners again for coming and sound the gavel to move the meeting along to the next item on the agenda.

No part of the meeting process should be attempted "cold turkey". This is especially true if the association currently operates in some other fashion. A good idea is to have the entire Board meet to discuss implementing the meeting plan at least two months prior to the first attempt. After that meeting, the changes in meeting operation should be published to the membership with an explanation of why they are necessary, *(Board burnout, lack of volunteers, efficiency of operation, fiduciary obligation to operate in a business-like manner, etc., etc.)*. Certainly questions will be raised. Some objections may surface but all can be

dealt with logically. A business-like meeting environment is more conducive to good decision-making, is less work, more efficient and may eventually be more fun for the participants.

A word of caution: Timed agendas are the most effective way to hold an efficient meeting. For those not used to the process a caveat is in order. The first time you use a timed agenda you will probably not conclude all the business listed. You may only cover half the items. This is not unusual. The members of the Board must be prepared to table the remainder of the items until the next meeting or call a special Board meeting for another day to conclude the business. It is extremely important that the first meeting end on time.

At the second meeting the Board will accomplish more than they did at the first and by the third meeting everyone should be comfortable with the process and understand that they must come to the meeting prepared to do business. As a general rule, at the third and subsequent meetings all business will be able to be conducted in accordance with the agenda. Patience is often required to unlearn unproductive meeting habits but the end result will be well worth the efforts and the rewards will be seen on many levels over time in the association.

Executive Session

The California legislature has established the following reasons a homeowner association Board is allowed to adjourn to "executive session".

1. Discuss litigation matters
2. Discuss personnel matters
3. Member discipline

When the Board adjourns to executive session to discuss any of the above matters detailed minutes need not be kept. However, a note in the Board meeting minutes should describe in general terms the matters which were discussed in the executive session.

If the Board adjourns to executive session for purposes of "member discipline" the subject member may, upon request to the Board, be in attendance during the "executive session".

Board Meeting Conduct Summary:

1. Hold a homeowner's forum. to accommodate member input.
2. Hold meetings at a regular time and on a regularly scheduled date.
3. Use a timed agenda.
4. Appoint a timekeeper.
5. Do not read the minutes of the previous meeting aloud. All members should have these in advance and simply move for corrections or approval.
6. Use parliamentary procedure.
7. Allow no business to be discussed without a motion and second.
8. Do not discuss informational items; merely point out where they may found in the written reports.
9. Celebrate!
10. Adjourn on time regardless of your place in the agenda.

Board Meeting Follow-up

Follow-up to Board meetings will involve the President, Secretary, Treasurer and the various committees of the Board. It will also involve the manager.

One of the most important elements of following up on a Board meeting is to report to the owners. Summarize actions that were taken and discussed and either post these or publish them in the newsletter. Some associations publish the minutes of the meeting. This can be risky since the minutes are not approved until the following meeting. In addition, good minutes are generally very boring reading since they should contain little except the motions that were made and the resolutions of those motions.

Each Board member should be given an action list following each meeting which details not only the action he or she is expected to perform but all actions that will be taken as a result of the meeting. This becomes the Boards ongoing action calendar and can be reviewed at each meeting. Along these same lines the manager should send his or her action list from the meeting to each Board member to be certain there were no misunderstandings during the meeting. Again, this can be included as part of the management report at the next meeting. In addition, any legal actions that were taken should be implemented from the various action lists. These will include collections, executed contracts, rules and covenant enforcement, etc.

The Secretary should catalogue each resolution that was adopted and place it in the association's book of resolutions for easy access at subsequent meetings. The

Secretary will also be responsible for including all approved minutes in the corporate record book of the association. This is an important document that must be updated each month. It is the official legal record of the corporation and should always be kept current. Finally, any associations have the Secretary send a copy of the minutes to their attorney to keep them advised of the actions of the Board.

The Treasurer should publish the Treasurer's report to the homeowners. One of the most effective methods would be the newsletter unless there are specific other legal requirements.

Annual Meetings

The stated purpose of nearly every Annual Meeting is to elect the directors of the association and conduct such other business as may properly come before the assembly. Sounds pretty exciting eh? Not to most homeowners. To quote Thomas Jefferson, "In an ideal world all people would look upon their responsibilities in a democracy with serious intent that leads to action." Ah Tom, if only we lived in an ideal world.

In condoland things are not always so ideal. Most of us have had to adjourn an Annual meeting from time to time due to a lack of a quorum. Perhaps this is because we fail to be creative in the ways we use the Annual meeting. At the Annual meeting the directors must be elected. That is the legal task. But the Annual meeting can be considerably more than that.

Why not use the Annual meeting to celebrate the past contributions of various members. Use it as an awards celebration. Have entertainment by some of the members or bring in someone from outside. Have refreshments served after the business portion of the meeting is finished. In other words, use the Annual meeting as an excuse to have to have a party. Going somewhere to vote, for most of us, is work. We all like to go to parties. You can have a very successful Annual meeting simply by dressing it up in a new suit of clothes.

One association in Minneapolis has a community photographer. A retired woman who lives in the association loves to take pictures and does so throughout the year. She covers Board meetings, socials, the garage at 1:00 a.m. and anything else of interest. She manages to catch many of the more active members in candid poses and then she does a slide show at each Annual meeting. Everyone giggles and laughs at the pictures and a good time is had by all. In fact, many members feel slighted if they are not part of the show. Attendance at these Annual

meetings runs close to 85% each year. Even many of the absentee owners show up for the refreshments and food that are served after the meeting. This community budgets at least \$1000 per year for the Annual meeting. This is a small price to pay for awards, food, refreshments, entertainment and an opportunity to report the annual business and elect the directors of the community.

Another community brings in a guest speaker each year. The speakers have ranged from a leading member of the local chapter of CAI to a prominent Senator from the district. Again, the result has been very high attendance figures at the meetings. Remember, once the owners are there you can conduct the business of the community. Give them a reason to come. If it costs a little, it is money well spent.

Annual Meeting Preparation

The preparation for next year's Annual meeting actually begins at this year's Annual meeting. The nominating committee should be formed and charged with soliciting candidates for next year's election. Then the wait is on until its time for the notice of the next Annual meeting. A cutoff date for a list of candidates should be set by the Board. This generally can be 30 days prior to the mailing of the notice and should become part of the Board's annual calendar. The next step is to actually mail the notice.

You should check the Declaration & Bylaws each year for the requirements regarding mailing of the notice for the Annual meeting. Do not rely on memory. Go over the requirements for proxies, cumulative voting, *(if allowed)*, reports and the agenda. Set the date time and place if these are not specified in the governing documents.

Annual Meeting Follow-up

Minutes of the meeting should be typed and sent to all members of the Board immediately following the meeting. A copy should also be sent to the Association's attorney. These will be approved at next year's Annual Meeting so they should also be on file, *(in the corporate record book)*, for distribution to the members at the appropriate time the following year. The election results become part of the corporate record as well. They should be sealed and kept in an appropriately.

Annual meetings are considered "meeting of the members" under California statute and as such must be run in accordance with a set of parliamentary procedures adopted by the meeting. These can be Roberts Rules of Order or any other set of procedures the assembly chooses to adopt.

Follow-up to the Annual Meeting includes reporting to the members on the results of the election and any other business or topics of interests discussed. Attendance at the next Annual Meeting will depend, in some respects, on the success of this years meeting. You must report the meeting in its most positive light to keep the community interested and motivated.

In addition to the members, the Association's attorney and insurance company will need to be notified of the change of directors and officers. Because the community is a not for profit corporation it will also be necessary to inform the state of these changes. The procedure for doing this varies from state to state so you will need to check with your state corporate authority about the proper registration procedure.

Finally, send a congratulatory letter to each candidate that ran for office. It is important that everyone volunteering to participate feels like a winner. If they weren't elected this year they may be willing to run again next year or serve as an alternate for the current directors. Candidates not elected are often willing to serve by appointment should the need arise. They are tomorrow's resource for the community.

Special Meetings

Just as with the Annual Meeting you should check the governing documents of the community to determine the notice and voting procedure to be used to call and conduct a Special Meeting. It is a legal meeting of the members of the corporation and must fulfill all the requirements of state statutes and the Declaration and Bylaws.

Special Meetings of the membership may be called to take any action allowed by the governing documents. The preparation for the meeting is similar to that of the Annual Meeting, as it requires the mailing of a notice, proxies and other related materials.

There is, however, one important difference. At a Special Meeting of the members the only topics which may be discussed or considered are those for which the meeting was called. In other words, the notice for the meeting must

state the purpose of the meeting and no other topics may be considered, discussed or voted on.

There is, traditionally, another form of general meeting. This involves no legal requirement in most states but instead is an informal gathering of the members for some informational purpose. No action is taken. Instead, the meeting is held simply to disseminate information to the community.

All pertinent information about the issues should be mailed to the members well in advance of the meeting so everyone comes prepared. Just as with all other meetings, surprises are not healthy for the meeting process.

Special Meeting Conduct

Special Meetings are considered "meetings of the members" under California statute and as such must be run in accordance with a set of parliamentary procedures adopted by the meeting. These can be Roberts Rules of Order or any other set of procedures the assembly chooses to adopt.

The conduct of a Special Meeting, like the conduct of any meeting, requires the use of an agenda. To be effective a timed agenda is again recommended. Of course, any member wishing to address the issues should be given ample opportunity to be heard. Maximum participation by those in attendance will assure sound decisions based on informed opinion. With this in mind it will still be necessary for the chairman to control the meeting. Perhaps a time limit for discussion and comment can be set prior to the meeting. In this way, all the members will be prepared to address their comments in as concise a way as possible.

The agenda itself will consist of a roll call, call to order, statement of resolutions, voting procedures and adjournment. There will be no place for approval of minutes, reports of officers or committees, new business or unfinished business. Remember that the Special Meeting is called for specific purpose. The agenda need only address that purpose.

After the issue has been discussed the question may be called and the vote taken. It is useful, but not required, to announce the results of the election at the meeting. If the issue is very controversial the Board may choose to announce the results by mail instead to eliminate the possibility of hostilities erupting between factions in the community. Either way is acceptable as long as the results are published quickly and accurately.

Special Meeting Follow-up

After the meeting has been adjourned, the appropriate actions must be taken. Minutes must be typed and included in the corporate record. These will be approved at the next meeting of the Board of Directors. A report of the meeting should be sent to the general membership announcing the results of the election and reporting on the meeting itself.

The Board members and/or manager should be assigned whatever tasks are needed to carry out the directives of the meeting. If the actions taken alter the annual operating plan or budget these should be amended accordingly and distributed to the membership and affected professionals working with the association.

Summary

As you can see, the meeting process of an association involves many elements. To be successful each of these need to come together at appropriate ways and times. It is possible to meet without considering any of these elements, however, the chances for success are greatly diminished. Remember that there are many purposes being served by the meeting process besides those that appear on the agenda.

Each meeting sends its own subliminal supportive communication to the members. Following the above outlined steps should assist you and your community in alleviating many of the pitfalls which can destroy good group process. If you try the methods above, and they don't quite work the first few times, don't be discouraged. There may be much that needs to be unlearned before you can be successful. As I mentioned earlier, old habits and behavior patterns are not easily changed. However, if you put out the effort, are patient and persistent in the end you will be successful. The community can't help but prosper on all levels as a result. Good meeting process is in the interest of everyone.

Working With Volunteers

There are many views and opinions about the role of the volunteer in community association operations. Some professional managers believe volunteerism should play no role in associations. Others believe volunteers are of

great assistance in accomplishing the job of managing the association. Certainly, in self-managed associations the volunteer is essential to the community's success.

Volunteers play many different roles in associations. They serve as Board members, members of task force groups and on committees. In some communities they do the bookkeeping and all other management related functions. The level of volunteer involvement in a community depends on many factors. The size of the Board, the size of the community and the current number of projects and activities all play a role. Often it depends on problems being experienced by the association or some controversial issue that is being considered. Whatever the role of the volunteers, to be productive and successful they must be involved and understood.

Why People Volunteer

Understanding why people volunteer is an important element in understanding how best to work with them. The reasons are as diverse as the personalities involved. We can begin to understand these reasons by looking at the reasons any of us become motivated to action. The diagram below is "Maslow's Hierarchy of Human Needs". It is useful in the study of volunteers because it categorizes the various levels of human development that result in general behavior patterns. The act of volunteering is a behavior. So are the behavioral characteristics of the volunteer once he is assigned a task. Maslow is predicated on the supposition that all people worked to achieve "self actualization". That is, all of us are trying to achieve some feeling or state of self-awareness and completeness. According to Maslow's theory all humans strive throughout life to achieve this goal.



Volunteering falls in the diagram at any level. Whether a person is motivated to volunteer by positives or negatives is largely related to their position on the pyramid. Most members of an association have taken care of their of their physiological needs. That is to say they have food and shelter. However, perhaps they are still struggling to make that food and shelter secure. A tendency might be to relate the security level with physical security. This would be only partly accurate. Far more significant in the communities we deal with is the area of financial security.

Perhaps the member has stretched himself thin financially to be able to afford his unit. Perhaps his current employment is not secure, thereby posing a threat to his physiological needs. In this case we might find ourselves dealing with a recalcitrant owner who volunteers for the finance committee in order to work to keep assessments as low as possible.

If a member has achieved financial security he may be willing to volunteer to fulfill his socialization needs. This may involve a need to fill a larger role in the community or to have a greater say in the quality of life. Many volunteers in a community association serve out of a sense of obligation to the community. This too is considered service for socialization needs.

Still other volunteers come forward to serve for ego gratification. They enjoy the recognition from the other members of the community. They need the admiration of their peers and neighbors for the gift of time they are giving to make the community a better place to live.

Each of the levels of Maslow can result in a member serving out of a positive or negative sense of involvement. No one level should be seen as creating better service than another. Each position on the scale brings with it its own unique opportunities for the volunteer to feel personally rewarded for their service. Understanding these opportunities is the key to working with volunteers.

Elements of Volunteerism

Maslow lays out the basic reasons for why people volunteer. To many, these may seem abstract and not connected to the real world practice of community association management. If we were to put Maslow into more specific terms we could say that people volunteer for the following reasons:

1. Serve society (the greater good)

2. Seek meaningful satisfaction and achievement
3. Solve a specific problem
4. Improve quality of life (for themselves and/or others)
5. Protect their interest in the asset
6. Obtain information
7. Obtain exposure (personal and professional)
8. Continue a family tradition

This list covers many of the most common reasons people volunteer in a community association environment. The list is in no particular order of ranking but can serve as a starting place for dealing with volunteers in a real world setting. In a community that is short on volunteers it will be helpful to refer to this list occasionally to help identify those members that might be willing to give their time.

Whether a person is going to volunteer to protect their investment, solve a specific problem relating to them or to seek some sense of self worth through their service to the community, you can begin to identify them by their behaviors.

For instance, suppose you have a member who is a chronic complainer about some issue related to the operation of the association. One of the best methods of dealing with this behavior is the classic co-opting technique used in behavior modification. When they complain that the parking rules are inadequate it might be useful to ask them to serve on the Rules and Regulations committee.

The danger here is that the member may focus exclusively on one issue. In that case it might be better for the Board to form a task force to address only the parking rules. Give it a fixed time frame to perform, (in accordance with good group process as described in an earlier chapter), and let the member solve his own problem. This will of course require close guidance and supervision by the Board but will allow the owner an opportunity to feel like part of the solution instead of being the problem.

It is relatively easy to understand a person's reasons for volunteering when they come forward. It is much more difficult to create an environment in which people feel a desire to come forward on their own in large numbers. Creating this environment has been the subject of most of this course. However, besides good group process and meeting techniques there are some other areas of understanding that will prove useful.

Motivating Volunteers

"It is impossible to motivate anyone. However, through effective leadership people can be inspired. Leadership is the ability to establish standards and manage a creative climate where people are self-motivated toward the mastery of long term goals, in a participatory environment of mutual respect, compatible with personal values." Mike Vance

If we agree with Mike Vance's statement then we must be willing to create the opportunities necessary for volunteers to come forward rather than always attempting to twist their arms to get them to serve. There are some tools we can use in our effort to make the task easier.

In order to recruit the volunteers needed to help the Board operate the community we must first get their attention. This can either be through a positive or negative event or occurrence. Getting the attention of the members can be centered around a number of association elements. Perhaps the event is financial. Members always seem to get interested in the operation of the association whenever a special assessment or substantial increase in the regular assessment is passed. Or, it may involve a problem or controversy the community is experiencing as in the parking example above.

Perhaps the best way to get a potential volunteer's attention is through entertainment. As in the case of the annual meeting described in the meetings section above, there are ample opportunities for the association to get peoples attention through entertainment and then ask them to help out.

Whatever the method, it is much easier to get someone to volunteer after a major change in their life. According to Dr. Frank Hiron, most people are willing to change their behavior and get involved in new activities within six months after a major change.

A major change can be interpreted to mean a change in employment status, death of a loved one, a move, a marriage or divorce, or a personal crisis of some kind. Whatever the change, if you can approach someone within the six-month window your chances of recruiting them to help are greatly increased.

Communication With Volunteers

Once the association has the attention of the volunteers, (and successfully solicited their participation), it is necessary to communicate with them on an

ongoing basis to reinforce the value of volunteering. Several methods are available to help with this task. One of the most effective is to use the newsletter to continually talk about the good works of the various volunteers. To be effective will require that names be mentioned, interviews take place and even photographs to help raise the image of the volunteer as a positive model.

When dealing with committees as a group, probably the best reward they can receive is for the Board to take positive action on their recommendations in a public setting. If the Board assigns a specific task, with a fixed time frame for achievement and a method of reporting the result, then it will be easy for the Board to adopt the committee's recommendation without discussion. The Chair of the committee may want to deliver a report summarizing the work of the committee at the Board meeting and recognizing the volunteers who helped. The Board should use this forum as an opportunity to publicly reward the members through recognition and support of their efforts.

Each time a committee or person gives of their time, they will be giving the most valuable asset they have to the community. Their reward must be in proportion to that gift. Maslow is a powerful influence and addressing the ego needs of the volunteer must be stressed when communicating with them and the community as a whole.

This presupposes that all the elements of good group process and effective meetings are being followed. Nothing will discourage a volunteer faster than having to spend endless hours in disorganized and fruitless meetings trying to accomplish seemingly endless tasks. Remember, the task given to volunteers to accomplish must be specific and monitored through communication on an ongoing basis. If the volunteer begins to stray from the appointed task and path of achievement generally a gentle reminder is enough to bring them back on track. Unfortunately this may not always be the case.

Firing The Volunteer

In selecting volunteers to perform tasks for the community special care needs to be given to appoint those people that possess the necessary qualifications for the job. More than once most of us have experienced the agony of watching a well intentioned group of unqualified volunteers flounder in their task due to a lack of knowledge or expertise. This is debilitating not only for those volunteers involved but also for the potential volunteers who witness the chaos.

It is also possible that a volunteer will sometimes decide that their personal agenda is more important than that of the corporation. This can lead to conflicts with other members, the manager and even outside vendors. The situation can easily develop into one of adversarial relationships and obstinacy on the part of the members involved.

Another scenario, which develops frequently, is the good-hearted volunteer who for one reason or another simply fails to perform. Perhaps they intended to do a good job and their other obligations interfered. Perhaps they are a supportive personality type and simply have a difficult time saying no. Either way, they are a non-productive resource for the community.

When any of the above situations occur the Board will be faced with the most difficult choice they must make relative to the volunteer work force. They will have to decide whether to fire the volunteer.

Here again, the community association Board needs to be reminded they are running a business. They are in charge of a large corporation with duties and responsibilities to its members that must be fulfilled. As in any corporation, if a worker is not fulfilling an obligation they previously agreed to they will need to be replaced. However, in a community association this becomes a delicate matter due to the political and domestic relationships involved. Replacing the volunteer must be carried out with the utmost caution and only as a last resort.

No volunteer should ever be publicly humiliated for non-performance. A private meeting with the President or Board can be used to inquire of the volunteer's progress toward the goals established by the Board. Generally, the volunteer will recognize the problem and either correct it or agree to step down. Only when this does not occur should the Board take direct action to replace him.

There is opportunity in replacing a volunteer. It sends a clear message to the other owners that the community appreciates their support and time but that when a commitment to the group is made it must be followed through. Surprisingly, this sometimes stirs greater interest in some members to volunteer as they begin to see the work of the association as serious business. They realize the Board is actually going to protect the interests of the members and see that work is accomplished. Again, this action by the Board begins to remove the psychological mindset of a club and moves it ever closer to that of a corporate business.

Summary

Working with volunteers can be one of the most rewarding aspects of community association management. However, to be successful, the volunteers must be guided and controlled in their efforts to contribute to the community. The Board must establish priorities and develop a work plan. A basic understanding of the priorities of the community must be in place. Finally, the Board needs to create a successful model for volunteers. That model must contain elements of recruitment, communication and rewards if it is going to establish a positive and productive pattern that will entice members to volunteer. The Board must show their appreciation to those volunteers that contribute. Making the volunteer process as painless and easy as possible should be the goal. In this way the community members can feel involved, productive and successful in assisting in the protection of their asset and feeling like a valuable part of their community.

