Don't Fall into the Pit!

Being on the board of a homeowners association or condominium association can be a very fulfilling experience. Many board members enjoy getting to know their neighbors better, offering guidance on association matters, and playing an active role in the operations and health of the community. Most board members take their positions seriously and truly want to do an excellent job. However, being a board member can be challenging at times, and there are certain mistakes that are easy to make and can be detrimental to an association. This is why it can be advantageous to work with a community association manager (CAM). CAMs can help board members avoid common pitfalls to ensure the association runs smoothly and legally. Here are some of the common mistakes boards can make: 1. Not following the govern- ing documents—Some- times boards do not carefully read their documents and then fail to abide by them. This can happen if a new board is elected and they try to follow a previous board's example as opposed to reviewing the declaration and bylaws of the association. Typically, this is unintentional, but it can cause a lot of potential issues. It is extremely important to follow the documents as they are written, both from a legal standpoint and to ensure fairness for all residents of the community. An association manager can assist with questions a board might have about documents. CAMs will also review the documents and help advise boards when a policy or procedure may not be in line with the bylaws. 2. Becoming overzealous—Board members are understandably excited about their position, and sometimes in their ambition to make positive changes in their community, they can make large decisions too quickly. Smaller changes can lead to big changes. It is best to weigh any major policy changes very carefully. As mentioned before, documents need to be reviewed before procedures change. Also, there is a risk of alienating fellow residents if a major change is implemented too quickly. Sometimes hasty decisions can backfire. For example, a new board may decide to fire all current vendors, believing it is in the best interest of the association. However, in doing this, all ongoing projects lose momentum, and it becomes impossible to determine which vendors were actual problems and which were not. Take the time to speak to your association manager. In the case of vendors, if you are unhappy with someone, then your CAM can likely recommend alternate qualified vendors for your association. He/she can also give you advice about how to implement changes within the community. 3. Holding improper meetings—All board meetings must be documented and notice provided. Any time a quorum of board members gets together and speaks about association business, this is considered a board meeting. Boards often may do this at a casual lunch or other social gatherings, not realizing this is a violation of association law. Conversations at social gatherings need to steer away from any type of discussion about the community. If you have questions, speak to your CAM to help clarify what is and is not okay to discuss amongst your fellow board members when there is not an official meeting taking place. 4. Mismanaging the association budget—Budgets can be a complicated issue for any community. Too often, boards make errors in judgment when it comes to association funds. Common mistakes are spending too much too quickly, not establishing funds for emergencies and other incidentals, and keeping costs artificially low in order to please homeowners. It is crucial to look at finances in the long-term. While a board may want to add an amenity, execute a requested repair, or fulfill other homeowner requests, it is important to think how the association might be impacted in five to ten years from a large financial decision today. Boards should review prior year budgets and learn from them.

Also, as hard as it may be to consider raising assessments, sometimes it is necessary in order to continue to meet your fiduciary responsibilities. CAMs usually have a lot of experience assisting boards in different types of associations. They can typically provide guidance and advice throughout the budget process and also help make sure that any work that is completed is done so at a reasonable price. 5. Losing patience—Being a board member can be a very stressful position. As rewarding as it can be, there are times when it can feel thankless and frustrating. At times board members may feel like they are hearing a broken record when they get similar complaints from multiple homeowners. It can be easy to lose patience and become aggravated with explaining a situation multiple times, but try to remember that to each member, this is a new conversation. Residents come to boards with their concerns because they are the trusted representatives of the association. As hard as it can be sometimes, it is vital to maintain a respectful rapport with the homeowners in your association. Having poor relationships can make things challenging during board meetings. Community association managers can assist with the stressful task of listening to owner concerns. They often act as the middleperson between the owner and the board and can typically field most questions and concerns before they ever need to make it to a board member. Many boards find this to be one of the best parts of working with a community association man- ager. It is beneficial to residents as well since they can become familiar with one designated contact. 6. Not knowing when to seek legal advice—This can be a very tricky topic. Boards do not want to overuse their attorneys since this can become costly, but there are definitely times when legal advice should be utilized. If you are dealing with a challenging situation with a homeowner that could potentially turn into a lawsuit, this would be a time to seek legal counsel. Additionally, when statutes change, it might be a good idea to consult the association attorney to see if the board needs to do anything to be in compliance with the law. Talk to your association manager if you need help on finding the right balance for your community. Volunteering for a board comes with a large number of responsibilities and decisions that have to be made. It can be very easy to make common errors in judgment that can cause significant issues down the road. Reviewing these tips and keeping an open line of communication with your association manager are good ways to ensure you have checks and balances in place to make sure your association continues to thrive and operate successfully.