



## MISTAKES THAT NEW BOARD MEMBERS MAKE

### **By Associated Property Management**

The winter months is the traditional period of time reserved for annual meetings and the election of new officers and directors. This has evolved over the years as the best time to hold elections, as most of the owners are in residence at this time of year and their involvement is usually much greater. The operation of an association is one of our purest forms of democratic government. Simply put, owners nominate and elect fellow residents to represent their interests on the Board of Directors/Administration in order to govern their association according to the Declaration of Condominiums and its Bylaws.

The individuals who serve their association in an elected capacity are an absolute cross section of our society. Some people have had extensive business experience which can be very helpful. Others have no experience at all, which in some cases can be just as helpful. I know of no real practical experience or training that will prepare anyone for being on the Board of Directors/Administration of an association. It is a totally unique business, in that you are dealing with friends, neighbors and a group of different personalities. For the inexperienced, there are common mistakes in administering an association. Some mistakes can be rectified through education and practical experience. Most can be solved with a lot of common sense. The most common mistakes for new officers and directors are the following:

Not being familiar with the association documents. Many owners may be aware of the rules and regulations but not with the Declaration and its Bylaws. These documents set forth how your association will be governed and act as a guide.

Not being knowledgeable of State Statutes, as well as other state and federal laws. In many instances, if the documents do not address a certain problem or circumstance, then these other laws will prevail.

Many Board members are unaware of their personal liability while serving on the Board of Directors/Administration. Certain decisions and actions by the Board can result in litigation and the Board may be held accountable on a personal basis. Being aware of this may help some to act more judiciously. As a director, you have a fiduciary responsibility to all of the unit owners. Rely on an attorney who specializes in association law to guide you. Some new Board members will selectively enforce rules while ignoring others who may be violating the same or different rules. This is not only unfair but it can also bring action against Board members.

Many new Board members are unaware of the Property Manager's true function. If there is a property management company, just what are their contractual responsibilities?

Being unaware not only creates friction but also hinders everyone from performing their jobs efficiently. I suggest having the Board meet with their respective managers, review their job responsibilities with them and talk about the way the Board would like to interface with them or their firm.

Some unit owners want to be Board members for their own personal gain, or to right some wrong they feel they received in the past. This type of thinking can lead to trouble for all concerned.

Some officers and directors are unaware of their responsibilities. Actual job descriptions can clarify these duties. Obviously, the best time to be fully aware of these duties is prior to being nominated. The Bylaws will provide these duties.

Some directors are unwilling to put sufficient time and effort into their positions. This is not fair to the other unit owners, or to the other directors who will have to make up the slack. In some instances, there will be directors who overstep their bounds of responsibility and may be in conflict with the documents. This will disrupt the workings of the association. Never conduct business and meetings in private. This is in conflict with documents and state laws.

Directors may be unfamiliar with existing specifications, contracts, leases and the bidding process.

Directors may be unfamiliar with standard insurance coverages. This one single area will produce most of the litigation against a Board, especially if it is not properly covered. Some Board members may be unfamiliar with requirements for reserves for repair and the calculations of same. Also, directors who are unwilling to make tough decisions with regards to preventative maintenance expenditures, for fear of criticism.

Some members may be unfamiliar with standard accounting practices and procedures. Allow someone with knowledge in this area to take the responsibility for this all important area.

Boards may not be prepared for emergencies and the unexpected. Such things will happen and they should be thought out well beforehand.

This list is comprised of only the most common mistakes that seem to be repeated by new officers and directors. They are all correctable and, through a period of adjustment and experience, can all be conquered.

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