

CHECKLIST TO ENSURE THAT THE BOARD IS ON THE WAY TO ESTABLISHING THE BEST PRACTICES FOR A SUCCESSFUL COMMON INTEREST COMMUNITY BOARD.

The below checklist is provided as a guide for the new Director to look quickly at those things that should start the Director on the road to serving as a good Fiduciary. It is not meant to be all inclusive, but rather to start the Director on the right path. Be prepared to have your association cover any copying expenses for the copies that are part of the management contract. If you signed the declaration sent to the NRED right after you were elected and before reading the laws governing our industry, you perjured yourself. Please read them ASAP. Digital copies should will save you some of the cost.

<u>Activity</u>	<u>Needs More Info</u>	<u>Done</u>
1. Ask your manager when you will have board training or where classes will be taught? Classes that you should consider are shown below:	[]	[]
a. Basic Overview of CIC's in Nevada		
b. Meetings and Elections		
c. Enforcement and Rules		
d. Building A Sense of Community in Your HOA		
e. Federal Laws		
f. Other State of Nevada Laws		
g. Fiduciary Duties		
h. Financials and Audits - Learn how to read them		
i. Budgets		
j. Reserve Studies & Funding Plans		
k. Contracts and RFP's in the CIC		
l. Insurance and Risk Management (If you don't have the right insurance, you are self-insured and it should be a line item on your budget.		
2. Ask for a project binder or links with all of these documents inside		[][]
a. Articles & Amendments		
b. Bylaws & Amendments		
c. CC&R's & Amendments		
d. All Rules & Resolutions		
e. Certificate of Insurance (Shows all coverage)		
f. Contracts for all independent contractors		
g. Employee job descriptions if any employees		
h. Emergency Contact Numbers		
i. Most current Reserve Study		
j. Most recent financial statements		
k. Most recent audit or review		
l. Public Offering Statement (may not have if older communities)		
3. Ask for copies of the last two years of minutes (minimum)	[]	[]
4. Ask to see if the association has Plat Maps for use.	[]	[]
5. Read Articles of Incorporation	[]	[]
a. What NRS statute were we formed under? (Important)	[]	[]
b. Are we exempt from the Business Tax? (NRS 82-Yes)	[]	[]

- c. What do our Articles state that our purpose is for even having the corporation? [] []
6. **Read Bylaws & Amendments** – How the Corporation Functions – Such as how many Directors, how many meetings ,Officer Duties, etc. [] []
7. **Read CC&R's & Amendments** – More serious document as it has been recorded against each property and the lender provisions are in these documents. [] []
8. Read Rules and Regulations –Make sure you got them all. [] []
9. **Read Nevada Revised Statute 116** [] []
10. **Read Nevada Revised Statute 116A** (Manager laws) [] []
11. **Read Nevada Administrative Code 116 & NAC 116A** [] []
- (As you read the above documents, ask yourself the following questions):
- a. What is defined as common area and what are the responsibilities of the association and what are the responsibilities of the owners? [] []
- b. What authority does the board have through the documents and Nevada law? [] []
- c. What Committees are established by the governing documents? Is there a committee charter that specifies the scope of work/authority of each Committee's? [] []
- d. How often does the Board need to meet? [] []
- e. How often do the Owners need to meet? [] []
- f. Are there any insurance requirements for Assn? [] []
- g. Are there any insurance requirements for Contractors? [] []
- h. Did you find a copy of your enforcement and fine policy? [] []
- i. Did you find a copy of the Investment Policy? [] []
- j. Did you find a copy of the Collection Policy? [] []
- k. Did the last budget distributed to the owners include a copy of the Collection Policy? [] []
12. Ask for the Ombudsman's Certification to sign –After Reading the above documents and laws. Don't sign before you do the **above activities as it is perjury.** [] []
13. Ask to ensure that the Ombudsman's Office has been advised of the change in Directors with information. (Must be within 30 days of election.) [] []
14. Ask to ensure that the Secretary of State's Office has been updated with the change in officers. [] []
15. **Ask for copies of the last financial audit or review** (If any) [] []
16. **Ask for copies of the financial statements and in reading them ask yourself the following questions.**
- a. What is our delinquency rate? [] []
- b. What does our collection policy state about the delinquencies? [] []
- c. What method was used to prepare your reserve study? [] []
- d. What percent funded are we according to the study? [] []

- e. Is all of the money protected with government backed institutions? [] []
- f. Are there any due to or due from the reserves and the operating accounts shown on the Balance Sheet? [] []
- g. Are we charging interest and if so is it in accordance with NRS 116. [] []
- 17. Ask for copies of the general ledger for the last year or to at least see it. [] []
- 18. Ask for copies of the past resolutions. If you don't see any of the following consider whether you need them or not.
 - a. Investment Policy – Manager required to ensure you have one.
 - b. Collection Policy – *Required by law* to go out annually with the budget.
 - c. Fine and Enforcement Policy – If you are going to consider fining an owner, you are *required by law* to have one.
 - d. Pool Use Policy – If you have one
 - e. Club House Rental Policy – If you have one.
 - f. Written policies and procedures established to protect the safety of the associations money. Manager *required to have them*.
 - g. Architectural Guidelines
 - h. Appeal process for the Architectural Guidelines should an owner want to appeal the Committee's decision to the board.
 - i. Commercial Vehicle Policy – You may not need one if your CC&R's are extremely clear.
 - j. Satellite Dish Policy for preferred placement
 - k. Flag pole resolutions – You can restrict the pole.
 - l. See attached checklist of other documents you may have or may want to consider adopting to proactively ward off issues. [] []
- 19. After looking at the reserve study has there been any deferred maintenance? If so ask the following questions:
 - a. What does your reserve study say is reserve maintenance and what is operational maintenance? [] []
 - b. When was the last reserve study done and when is the next one as they must be done at least every 5 years *by law*? [] []
 - c. When was the last time that comparative bids on (pool, landscape, streets, etc., done) [] []
 - d. Have any of your maintenance providers given recommendations to the Board that may have been ignored? [] []
 - e. Where are your largest maintenance dollars spent? [] []
 - f. What maintenance items have been reoccurring over the last couple of years (roof leaks etc.) [] []

- g. Has water conservation been considered over the last couple of years? (Water district input) [] []
- h. What do your documents require to make above water saving changes (vote of the owners, etc)? [] []
- i. Did you read the notes/disclosure page in the study put in by the reserve study provider as they could contain some information that could or should concern the Board?
20. Was a certificate of insurance included in the Binder? If so, set an appointment with the insurance agent to review coverage. [] []
21. Find out if a meeting with the insurance agent will be held and if an annual meeting and review of the insurance policies is required in the documents [] []
- a. In looking at your insurance certificate, see the Insurance checklist with questions for the agent – (We can provide this checklist on request.) [] []
- b. Is your manager covered in the D & O policy? [] []
- c. Does your manager have his or her own Error & Omissions insurance policy?
- d. Do you have adequate liability insurance [] []
- e. Do we have crime insurance as required by law and if so does it contain a conviction clause? [] []
22. Were any copies of contracts included in the Binder? [] []
23. Find out what organizations we belong to. (CAI, etc.) [] []
24. Who are some of the resources we have available with whom the Board and the Committees can consult? [] []
- a. Manager
- b. Attorney
- c. Insurance Agent/Broker
- d. CPA
- e. Service Providers (landscaper, lighting, reserve specialist, etc.)
- f. Developer – Even if transitioned to owners as they are a serious resource.
- g. Ombudsman’s Office – NRED (702) 486-4480
- h. Other Industry Experts
- i. City or County Neighborhood Services
- j. County Mediation Service (Free in Washoe and Clark Counties)
25. Who are our current service providers and what contact information do we need and what is the contact chain of command?
- a. Manager (Normally in the contract as the President)
- b. Landscaper
- c. Bank – What documents state who can sign checks and pay bills. Does your association Treasurer receive a copy of the bank statement at their home/place of business? Is there a written resolution or policy on when and if your manager can incur costs in an emergency or can they sign operating account checks?
- d. Collection Company or Collection Attorney (What is your written policy... now check and see if it has been uniformly applied in all cases by the company and the Board.)
- e. Insurance Agent/Broker

- f. Attorney
 - g. Resident Agent to be served with all law suits and official notices. The Secretary of State site will show you who this is.
 - h. Gate Service Company. (Is your gate equipped with a back up battery? When was the last time it was checked?)
 - i. Pool Service Technician – Has anyone verified that the pool logs are being maintained properly in accordance with NRS 444?
 - j. Developer Contact. Yes, you may be built out and the developer gone, but they will be a very competent contact for resources and information to help you as your community matures. Did they leave you with a list of contractor and warranty information?
26. Review the social condition of your community. Is your community trying to build a Sense of Community since this is home to most of your owners, but all of your residents?
27. Does your association treat the tenants as second class citizens? If you treat them that way, they will act that way. They live there so include them in all activities and newsletters.
28. Do you have a Social Committee? If so, what type of activities have been successful in the past?
- a. What can you do cheap and with little initial participation? Community wide garage sale, Kid’s bike parade, Country craft fair, bring your own barbeque and game night, bunko, etc.
 - b. What activities can you promote to help your community? Neighborhood Watch, Neighbors Helping Neighbors, Holiday can drive to help the less fortunate, Earth Day – Spring clean up contest, Holiday Lighting Contest, Flag Day Picnic.
29. What are your Board Meetings like and what can you do to make them more effective?
- a. Do you have comment cards or sheets at every meeting for owners to complete with concerns? [] []
 - b. Do you follow up on these? [] []
 - c. Do you or someone else encourage volunteerism and do you recognize people who volunteer with thanks and thank you certificates? [] []
 - d. What are people asking for at your meetings – Information, service, etc? What have you done to help empower them? [] []
30. What are some of the worst things that you can do as a Director?
- a. Not ask questions.
 - b. Assume you know all the answers and know better than the experts.
 - c. Assume someone else on the board knows all of the answers.
 - d. Stick your head in the sand and say none of this applies to us.
 - e. Let someone bully you into ignoring your Fiduciary Duty as a member of the Board of Directors of a Nevada Non-Profit Corporation.
31. What are some of the best things that you can do as a Director?
- a. Take all of the classes available at least once. An overview is an excellent class to get you help initially.
 - b. Ask questions until you are satisfied with the answer.
 - c. Play let’s walk the “ethical edge” – Identify that edge and stay far away from it.

- d. When you make any serious decisions, picture yourself standing in front of a judge defending your decisions. If you don't feel stupid and it is in the best interest of the whole community, it could be the right decision.

GOOD LUCK WITH YOUR COMMUNITY AS THE DECISIONS THAT YOU MAKE WILL AFFECT THE PROPERTY VALUES OF EVERY HOME IN YOUR COMMUNITY. AS ALL COMMUNITIES ARE NOT THE SAME, YOU MAY HAVE SOME DOCUMENTS OR ISSUES THAT ARE NOT INCLUDED IN THIS DOCUMENT.