

JUST ELECTED TO THE BOARD? NOW WHAT?

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Last night was the election for directors in your association and you were one of the elected directors. What do you need to do now?

I. Officers:

Hopefully, a separate board meeting was noticed to allow the new directors to elect new officers. Most documents have job descriptions in the Bylaws for those positions. Take a minute to read those requirements before you volunteer for an officer position. You will be one of the members on the board who will be running a Nevada Corporation, which has the same legal responsibilities of any other corporation in Nevada. You just have other legal requirement to follow that other Nevada corporations may not necessarily have. NRS 82 has requirement for the officers as well. Take a minute to review those requirements as well. <http://www.leg.state.nv.us/NRS/NRS-082.html>

II. Legal Requirement:

One of the first things you are required by Nevada law to do is to read all of your governing documents and applicable Nevada Law. NRS 116 and NAC 116 are the first two, which you should read ASAP since Nevada has more laws surrounding HOA's than any other state in the nation. This status of many laws is not something of which we should be proud. You are required within 90 days of election to complete the following form and send it into the Nevada Real Estate Division stating that you have done the above. DO NOT complete the form and send it in until you have done so. When you have not done so you are perjuring yourself. <http://red.nv.gov/uploadedFiles/rednvgov/Content/Forms/602.pdf>

III. Financial Requirements:

There have been too many cases across the country and Nevada where funds have been stolen from the association. The first thing that comes to most people's minds when hearing this is "where were the directors and why were they not paying attention?" The common response is that "the Treasurer is looking at them so we don't need to do so." WRONG!!!! Each director is required by law to look at the financials at least every 90 days and compare them to the budget. Please make sure you are protected by putting this in the minutes and if you do it monthly, YAY!

There have been directors who have gotten on the board and immediately embezzled hundreds of thousands of dollars. You are fiduciaries, which is the highest standard there is in law when handling other people's money and property. If you don't know how to read them, have the management company bookkeeper teach you how or have your CPA come in to do the same. There are classes out there as well where you can get education on any issue discussed in this article. I would be happy to help you find them if you contact me at seblv@aol.com

IV. Don't bite off more than you can chew:

There is a natural tendency to want to jump in and do everything at once. Take your time and prioritize all of the things of which you are aware. You don't want to get burned out and at times there is just more than one board can do in one year. Consider coming up with the Board's top 10 priorities. Each director gives the manager their top 10 priorities for the year. A compilation is made and voted on at the next meeting. Don't be upset your priorities are not all on the list. There will be plenty of time to get to all should the group agree. This is team work by the way and no director acts alone without authority from a majority of the board of directors.

V. Learn the industry before you want to jump in and change everything:

Before you jump in and make a bunch of changes, take the time to understand why things are currently done the way they are. You may be surprised when you see the policies and procedures already set up from an insiders prospective.

VI. Meet, as a board, with vendors before you change them:

Sometimes vendor performance (good or bad) can be linked to a variety of external factors. Board or your community Manager interaction may impact performance, such as someone failing to give the vendor feedback about a specific issue. Draw your own conclusions before taking on the hassle of a vendor change. Remember that no director can receive compensation, which includes a spouse. IF you got on the board to make a profit, you may want to reconsider whether you want to serve as you can't made a profit or be a vendor for your community.

VII. Think long term:

While decisions are being made as to whether to re-carpet the club house or levy a special reserve assessment because you just went to a class and realized that you are a fiduciary and responsible to the corporation, not the individuals, think what will be best for the associations long term financial health. Many directors get on the board to keep assessments down. Yes, you want to try to keep them within reason, but you can't ignore the property since putting off taking care of a component will ultimately cost you more in the long run.

VIII. Communicate:

Transparency is critical to maintain a positive relationship between the board and the owners/residents (yes, you want to communicate with tenants too). Unless required by law (such as communicating about employee performance), keep your community informed about issues, opportunities, ideas, financial results, etc. A little hassle today is far better than a big fight (or lawsuit) later.

IX. Be Patient:

As a member of the board, you will most likely encounter challenges with neighbors, vendors, and even other board members due to reasonable (sometimes unreasonable) differences of opinion. Take your time to work through the issues, and remember that no party is ever 100% satisfied in a compromise. Just make sure it is within Nevada law.

X. Place your family first:

Although your association is a business, don't forget that you are a volunteer. Learn when to say "no" to keep your role from cutting into family time. Even though you are a volunteer, remember that agreeing to serve on your community board means that you take on some level of accountability for the management of your community and it assets. This might be a good time to review your board's directors and officers (D & O) insurance policy to ensure you are covered adequately if the board's decisions are ever questioned or challenged.

XI. Remember how important a "thank you" is:

Although many neighbors don't always remember to thank you for giving up your personal time, you are doing your community a great service by volunteering for the board. In order to maintain your enthusiasm, take some time to educate yourself on how the association works, and then temper your level of involvement so that you still have time for family, work, friends, and everything else in your busy schedule. Don't forget to have fun. This is a great way to meeting neighbors while you are helping to shape the future of your community. Enjoy it, but remember that everyone needs a thank you. At Board Meetings, thank the committee members and at annual owner's meetings, ensure that there is a way to thank each director and each volunteer for the time. It makes a big difference as some volunteers NEVER get thanked for anything. I have seen individual in tears when they received a certificate of appreciate for the time they served since they have never before received this type of recognition in their lives.