



# Homeowner Association Board Member Training

March 6, 2024



# Introductions

- ▶ Name
- ▶ Neighborhood
- ▶ Have you had experience with an HOA?
- ▶ Why did you decide to serve on your HOA Board of Directors?

# What we'll cover here

- ▶ HOA Overview
- ▶ Board of Directors
- ▶ Homeowner's Association
- ▶ An HOA's role in a healthy neighborhood
- ▶ Resources/time for questions



# HOA Overview

- ▶ HOA is required by Washington State law
- ▶ Governing Documents
  - ▶ Articles of Incorporation
  - ▶ Bylaws
  - ▶ Conditions, Covenants, & Restrictions (CC&Rs)
  - ▶ Neighborhood Rules
- ▶ An HOA is run by a Board of Directors (aka the Board)

## HOA Bylaws

HOA Bylaws refers to the set of rules that have been established by the HOA that spell out how the organization is governed, including:

- ▶ What constitutes a quorum
- ▶ How votes are held
- ▶ Board member elections
- ▶ Board term limits
- ▶ Powers and duties of the Board

Always reference your Bylaws!

# HOA Board of Directors

- ▶ The HOA elects a Board of Directors of 3-5 people
- ▶ Board terms typically 2 years with staggered terms
- ▶ Board members fill the Officer roles
- ▶ President
  - ▶ Maintains the overall leadership of the Board, facilitates meetings, and ensures the HOA is in compliance with CC&Rs, HOA bylaws, and state laws.
- ▶ Vice President
  - ▶ Acts as a substitute for the President when needed and assists in many of the President's duties. Possible candidate to be the next Board President.
  - ▶ Not needed if there are only 3 board members
- ▶ Secretary
  - ▶ Responsible for managing records, organizing meetings, and other clerical tasks.
- ▶ Treasurer
  - ▶ Responsible for the finances of the HOA. This includes creating and managing the annual budget, ensuring bills are paid, and reporting to the Board and general membership on the HOA finances.

*Can be filled by same person, but no other roles can be combined*

# General Responsibilities of the Board

Common area  
maintenance &  
improvements

Business  
Administration

Enforcement of  
CC&Rs and  
Neighborhood  
Rules

Maintaining  
Insurance of  
Common Area  
Property

Budgeting and  
Finances

Helping to Settle  
Neighborhood  
Conflicts

Collecting  
Homeowner  
Assessments

# Minimum Business Requirements

- ▶ Hold an Annual meeting and record minutes
- ▶ File an Annual report with the Secretary of State
- ▶ File an Annual tax return (form 1120H)
- ▶ Approve a budget and keep clean financial records
- ▶ Maintain adequate insurance

# Board Email and Google Drive

MHT suggests that each HOA Board have a shared Google account

- ▶ Official email
- ▶ Storage of shared documents (Drive)
  - ▶ Budget
  - ▶ Financial reports
  - ▶ Meeting agendas and minutes
  - ▶ Homeowner contact info
  - ▶ Contact info for neighbors, vendors, and other partners
  - ▶ Checklists for important tasks
- ▶ Only current Board members should have access to the full Google account
  - ▶ Change password when Board members change
- ▶ All homeowners should have “view only” access



# Board Meetings and Voting

- ▶ Meetings
  - ▶ Quarterly or as necessary
  - ▶ Purpose
    - ▶ Review finances/spending
    - ▶ Discuss annual member meeting agenda
    - ▶ Neighborhood rules compliance
  - ▶ A majority of board members must be present for any decision-making votes
  - ▶ Must keep minutes that are accessible to all homeowners
  - ▶ Must be open to any homeowners who wish to join

# Association Meetings

- ▶ At least 1 per year
- ▶ Typical meeting topics
  - ▶ Financial report from the Treasurer
  - ▶ Approval of the budget for the next year
  - ▶ Election/removal Board Members
  - ▶ Votes on any changes in HOA dues
  - ▶ Votes on any changes to the HOA Rules
  - ▶ Votes on changes to association documents
  - ▶ Common area improvement proposals



# Association Meetings (continued)

## Before Meeting

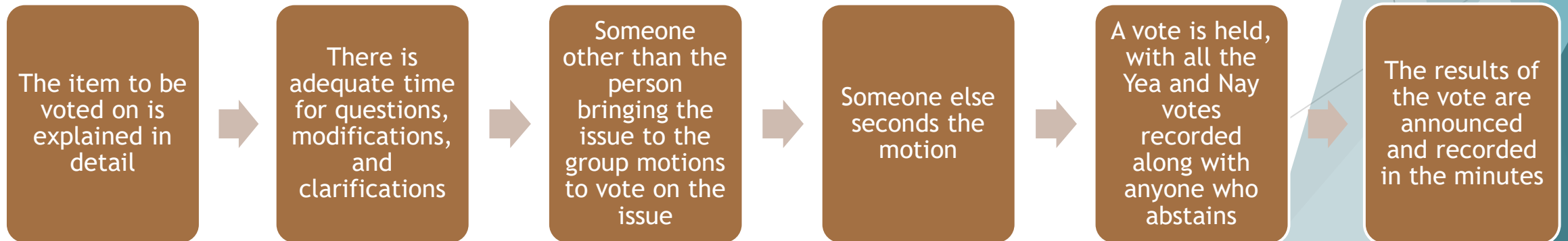
- Board discusses finances, agenda & other concerns
- 15-40 days before meeting: President must notify all homeowners of date, time & location, agenda, other relevant info by mail or email (if approved)
- Along with the agenda, information about anything to be voted on should be shared ahead of time

## During Meeting

- Typically facilitated by the HOA President
- There must be a quorum for a vote to occur
- The meeting should follow the agenda
- Try to keep the meeting brief and on task
- Must record minutes

# Association Meetings: How to hold an official meeting

- ▶ Call to order (start the meeting)
- ▶ Follow agenda!
- ▶ Keep the official meeting brief to respect everyone's time and energy
- ▶ Voting should occur in a clear and concise way that is easily documented



# Recording of Minutes

- ▶ Official record of what happens at meetings
- ▶ It is critical that details of the meetings are included
  - ▶ Date and time of meeting
  - ▶ Attendance
  - ▶ Topics discussed
  - ▶ Votes held – who voted for or against and if the item was approved or not
- ▶ Not all details of a meeting need to be captured in the minutes. You do not need to take notes of all comments made, just the overall summary of what happened
- ▶ Should be clear and concise

# Finances - Overview

- ▶ Operating Budget: covers regular expenses such as road maintenance, garbage service, insurance, etc.
- ▶ Reserve Budget: to be used for one-time expenses, either planned or unplanned such as major maintenance projects or common area upgrades

*\*Operating funds and reserve funds must be kept in separate banking accounts (checking & savings) and tracked separately.*

- ▶ Special Assessments: one-time extra assessment (fee to homeowners)
  - ▶ Large costs that can't be covered by the Reserve budget
  - ▶ When operating expenses exceed the operating budget
  - ▶ Voted on by the Board

# Budgeting and Financial Reporting

## Basic Process:

- ▶ Treasurer will create a budget for the following year
- ▶ Board will review the current financial report and proposed budget prior to the annual meeting
- ▶ Treasurer will give a financial report at the annual meeting and present the proposed budget
- ▶ Association votes on the budget at the annual meeting

Accounting will be done using the accrual method, which means all revenue and expenses are recorded when the transaction occurs, as opposed to when the money exchange happens.

# Committees

- ▶ Great way to get help tackling projects in the neighborhood. Possible committees could include
  - ▶ Common area maintenance/beautification
  - ▶ Road maintenance
  - ▶ Neighborhood rules
  - ▶ Social events
  - ▶ Garden management
- ▶ Ideally each committee will have at least one Board member



# Creating a Healthy Community

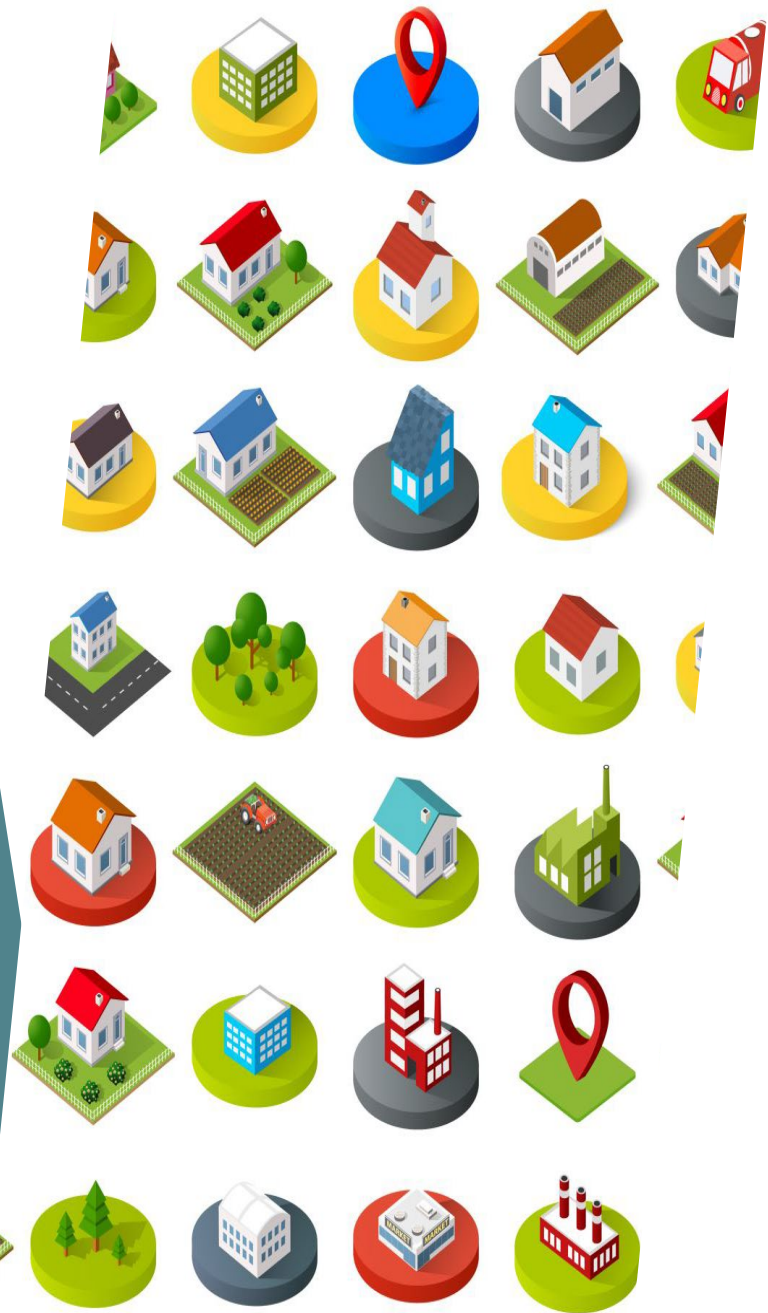
- ▶ What are some ideas for creating a healthy community?
  - ▶ Social get-togethers
  - ▶ Work parties
  - ▶ Encouraging communication
  - ▶ Food and drinks at meetings



# Neighborhood Conflict

- ▶ Listen and document
- ▶ Don't take sides!
- ▶ Meet with Board to form a plan
- ▶ Talk to the homeowner who is breaking a rule, in person if possible (avoid text message)
  - ▶ Ensure that they understand the rule(s) in question
  - ▶ Talk through potential solutions
  - ▶ Try to agree on a plan moving forward, including a timeline
  - ▶ Take notes on the meeting and share them with the homeowner afterward
- ▶ If there is no change, the Board may decide that further action is warranted. Next steps should be detailed in the neighborhood rules and/or CC&Rs.





# Neighborhood Rules

- ▶ HOAs can create rules that govern the neighborhood
- ▶ Best to keep separate from the CC&Rs to simplify changes and updates
- ▶ Voted on by the Association
- ▶ Enforced by the HOA Board, as outlined in the CC&Rs and Bylaws

# What Could Go Wrong?

- ▶ Running an HOA isn't too difficult, but it does take a little work and some care
- ▶ Worst case scenarios
  - ▶ HOA goes bankrupt and can no longer pay bills and keep up common areas
  - ▶ A homeowner or community member sues the HOA for negligence
  - ▶ Minor conflicts go unchecked, and trust and community breaks down in the neighborhood

# MHT's Role

- ▶ MHT has a permanent interest in the homes and neighborhoods
- ▶ We are here to help!
- ▶ MHT will always have a Stewardship role, which can provide support to HOAs
  - ▶ Board member training
  - ▶ Budgeting help
  - ▶ Attendance at meetings whenever possible
  - ▶ Conflict resolution coaching for Board members

Our goal is for the HOAs to be autonomous and to eventually function with minimal support from MHT. We will assume things are going well if we don't hear from you. Please ask for help when you need it.

# Resources

- ▶ Your HOA's bylaws
- ▶ HOA Board Manual
  - ▶ On our website ([www.methowhousingtrust.org](http://www.methowhousingtrust.org)) under Resources → Homeowner Resources
- ▶ Other members of your Board of Directors

Questions?