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Roles and Responsibilities of Homeowners' Association Board Members

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Roles and Responsibilities of Homeowners' Association Board Members

A homeowners' association usually is a non-profit corporation under Minnesota law. Its board of directors is obligated to carry out its duties in good faith, in a manner that the board members reasonably believe to be in the best interest of the association, and with the care an ordinary prudent person in a similar position would exercise under like circumstances. The board members have an obligation to abide by the association's governing documents when carrying out their duties, but their purpose should be to maintain, protect and enhance the value of the units in the association. Usually these people are volunteers, which means courts are more likely to defer to their decisions. If directors are paid they will be held to a higher standard of care.

Board members have many functions that they jointly share, including establishing the association's budget and maintaining adequate reserves; levying, collecting and spending association assessments according to the association's approved budget; regulating the use, maintenance, repair, replacement and modification of the association's common elements and units; retaining and supervising property managers; passing and enforcing any appropriate rules and regulations to protect the health, safety and welfare of the association's homeowners; enforcing the association's declaration and bylaws; seeing to the fulfillment of the association's disclosure obligations at annual meetings and upon unit re-sale; and ensuring the association is properly insured, all in addition to the day-to-day management of the association's activities.

Positions on a board of directors for a homeowners' association include the president, vice president, secretary and treasurer, and sometimes one or more "at large" members. The president, vice president, secretary and treasurer are also known as the officers of the corporation. These individuals typically have the following roles and responsibilities:

President: Also known as the chief executive officer (CEO) of the association, the president's job is to prepare the agenda for meetings and to preside over all association and board meetings. In addition, the president usually is granted the power to manage the daily affairs of the association and to approve and enter into agreements on the association's behalf. In this role, the president is usually the liaison between the board of directors and any property managers retained by the association. Typically, a homeowners' association also has various committees

(e.g. architectural review, landscaping, communications) that assist in the operation of the association, and the president appoints and oversees the committee chairs. The president also trains and prepares other directors for future leadership roles.

Vice President: The vice president's role is to assist the president with all duties, and to assume those duties in the president's absence or if the president is unable to act. The vice president may also be the chair for one or more of the association's committees or coordinate the committees if the president turns this task over to the vice president. If the vice president coordinates the committees, that officer should lead efforts to maintain relevant information and records on committee work, assist with a committee's achievement of its goals, relay committee accomplishments to the board, and recruit new committee members as necessary.

Secretary: The secretary is responsible for delivering or posting notices of regular and special meetings, taking meeting minutes, and keeping track of time during meetings. The secretary also certifies all meeting notices and voting results and maintains proxies and association members' voting authorizations. In addition, the secretary is responsible for maintaining the association's corporate record book, which should include all meeting minutes and resolutions. Lastly, the secretary acts as the official line of communication with association members and, when necessary, is called upon to attest to the authenticity of the association's corporate documents.

Treasurer: The treasurer is akin to the chief financial officer (CFO) for the association. The treasurer reviews and monitors financial statements and approves and monitors investments in accordance with the board's policies. In addition, the treasurer reports on budgetary and financial matters at each board meeting. The treasurer also oversees the collection and expenditure of assessments.

Members-At-Large: The "at large" board members assist the board's officers with the operation of the association and may serve on one or more of an association's various committees. The purpose of these committees is to research a specific issue and to provide recommendations to the board of directors on that issue. The "at large" board members may also replace one of the board's officers should an officer step down.

The association is a corporate entity with rights, responsibilities, and duties to its members. The association's board of directors must carry out these duties, and bears the responsibility to maintain an association's property, and property values. In order to properly carry out its duties and protect the association's property values, the board of directors should have appropriate procedures in place. The board of directors may need to seek advice and opinions from other professionals, including legal counsel, management companies, and/or accountants, as a part of managing and carrying out the operations of its association in accordance with the law and the association's governing documents. In many cases, failing to do so may represent

a failure to use the care an “ordinary and prudent person” would exercise, causing unintended harm to the association and its members and creating unanticipated exposure for the board of directors themselves.

An association’s board members must also avoid conflicts of interests when carrying out their duties. If a conflict of interest arises, the board can still proceed and its decision will be proper as long as: the contract or transaction is fair when it was authorized, approved or ratified; it has been approved by the requisite percentage of association members’ votes after full disclosure of the material facts about the contract or transaction and the board member’s interest to the association’s members; and the board approves, authorizes or ratifies the contract or transaction after being fully advised of the conflict. The interested board member is not allowed to vote when the board is deciding whether to approve, authorize or ratify the contract or transaction.

Homeowners’ association board members general duties and requirements are more fully set out in an association’s governing documents and in the Minnesota Common Interest Ownership Act. If you have any questions or needs in relation to an association, contact any member of Thomsen Nybeck’s Community Association Team.