

# The Role of an HOA and Condo President

Similar to the CEO of a company, the president of a homeowners association (HOA) plays the primary role in decision-making and overseeing the day-to-day administration of the association. Some HOA presidents receive compensation, but most are unpaid volunteers, filling a role that can be rewarding, but often unappreciated.

Whether you're compensated or not, your role as president should not be taken lightly. Accepting an HOA board position is serious, as you are charged with safeguarding the personal investments of all HOA members. Care must be taken to ensure homeowners' concerns and matters are resolved to the satisfaction of all parties involved. Understanding the responsibilities of an HOA president—and the risks related to the role—is important for anyone serving in the position.

## The President's Responsibilities

Being an HOA president requires a great deal of interacting with people—homeowners, the property manager, other board members and the outside community. Patience and flexibility are key qualities for the position. You must make every decision in a fair and just manner, avoiding favoritism and making decisions in self-interest.

The HOA's bylaws usually dictate how often a new president should be elected. If not, it's a best practice to re-elect a new president every few years to get a fresh perspective and also to avoid the potential for embezzlement of the association's funds.

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The bylaws also outline the president's responsibilities, which can vary from one association to the next. As HOA president, some major responsibilities include the following:

- Presiding over board meetings. Develop the agenda before the meeting and keep the meetings on track.
- Maintaining accurate records. This is mainly the responsibility of the board secretary, but the president is ultimately responsible.
- Reviewing local laws before passing rules. HOAs are dictated by state laws; the president is responsible for understanding the laws that apply to the association.
- Communicating frequently and consistently with the association. This includes distributing copies of board meeting minutes and keeping all homeowners informed of changes.
- Monitoring the association's activities on a daily basis. Carry out day-to-day administration of association policies set by the board, and ensure that projects are completed.
- Working with the board to develop a budget and a plan for reserve funds. This is mainly the responsibility of the board treasurer, but the president is ultimately responsible.
- Executing contracts, bank documents and other legal documents on behalf of the association as its agent. As a best practice, obtain three bids for every contract to ensure that you receive a fair price.

## Outside the Scope of a President's Role

While HOA presidents have many responsibilities, there are some matters that fall outside of their scope. Presidents are not property managers. An HOA usually hires a property management company or a property manager to monitor the day-to-day activities of the association. In fact, it's unwise to have the president also serve as the property manager, as it increases the chance of fraud or inaccurate bookkeeping. An HOA president interacts with property managers, acting as a liaison between the property management company and the HOA's board.

**Presidents are also not “property police,” and should not be responsible for enforcing swimming pool hours, removing children from the fitness center, etc.**



## Risks of the HOA President's Role

As president of your HOA, you must identify and address the risks of your position. You will be the person that homeowners go to when they have a problem; and with owning property, problems are inevitable. Since homeowners have a high personal stake in their investments, it's natural to assume they will be frustrated if their concerns and issues are not resolved in a timely manner or in their favor. Your role may come with more liability than you expected. Lawsuits can result from homeowners who aren't satisfied or think their concerns haven't been properly addressed by the board.

Similar to the director or officer of a corporation, an HOA president also has fiduciary responsibilities. This means that a good faith effort must be made to make decisions in the best interest of the association. Presidents breach their fiduciary duties when they act negligently, commit a crime or benefit personally at the expense of the HOA.

Poor and infrequent communication can lead to additional problems when homeowners are uninformed of decisions or changes. You must ensure that communication between the homeowners, the property manager and the other board members keeps all parties up to date of the happenings in the association.

## How to Mitigate the Risks

One of the primary ways to mitigate the risks of your position is to build a solid, knowledge base of the HOA's governing documents and applicable local laws. Even if you are fairly new to the position, you will still be expected to make informed decisions in the best interest of the association.

Also, familiarize yourself with the history of the HOA, including past plans by the board and how issues were previously handled. Make sure you are consistent with handling issues as they've been handled in the past and don't spring drastic, despotic changes on members. Know your fiduciary duties and make sure every decision the board makes is made in good faith and in the members' best interest.

When working with the board focus on creating and setting policies, but leave the implementation and enforcement of those policies to the property management company. As president, you oversee the administration of the association, but you should not be monitoring day-to-day activities.

You can also mitigate risks in the following ways:

- Foster team spirit in the association and encourage team building.
- Communicate consistently between the property manager and the board.
- Consult an attorney before getting involved in legal disputes.
- Avoid letting personality differences with other board members prevent the board from getting work done.
- Spend money prudently and build a sound financial future for the community. Obtain advice from a financial advisor, if necessary.
- Preserve and enhance all common areas, which is one of the reasons people want to join HOAs.

For more information about Valent Group's condominium association (COA) specialization, please visit [www.valentgroup.com/condo-associations](http://www.valentgroup.com/condo-associations) or contact Kris Kahalley at (251) 404-9093.

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