

A GUIDE TO AN HOA BOARD TRANSFER

Your resource for bringing in and training new HOA board members in your community.



The volunteers who occupy seats on an HOA board are in a unique position. Although they're skilled in their professional fields and possess a deep love for their community, few have experience serving on the board of a multi-million-dollar corporation like a homeowners association.

Since each board seat is an elected position, it can feel like once the board gets into the collective swing of things, a new election rolls around and a handful of new board members cycle in. This "changing of the guard" doesn't have to set your board back.

In this guide, our HOA management experts share tips on:

- Managing a smooth board transfer
- Essential training for new board members
- Key terms for board members

TABLE OF CONTENTS:

| | |
|--|---|
| HOA BOARD TRANSFER TIPS | 3 |
| TRAINING TIPS FOR NEW HOA BOARD MEMBERS | 7 |
| IMPORTANT HOA TERMS | 9 |



HOA BOARD TRANSFER TIPS

Here are a few tips to ensure a smooth transition when one board member leaves and another steps in

1. BECOME FAMILIAR WITH THE REALITIES OF BOARD MEMBERSHIP

If you're a newly-elected board member, it's a good idea to get a sense of the duties and responsibilities that you'll be tasked with once in the position.

Speak with current or past board members to gain a deeper understanding of the job. Pull aside your property manager to ask questions, raise concerns, determine how much time you'll be expected to contribute, and learn more about the board's scope of authority.

When you know what to expect, you'll have an easier time stepping into the role.

2. THOROUGHLY REVIEW THE PREVIOUS BOARD MEMBER'S FILES

The day-to-day management of your HOA won't slow down simply because there's a new face on the board. You'll need to get up to speed fast.

Your property management company will provide you with a new board member welcome package that contains all the relevant files for the governing of the association. This package will include your association's governing documents, current contracts, action items and the previous month's board package. These baseline documents will provide context for association issues and ensure you are prepared to make informed decisions at your next board meeting.



3. ATTEND TRAINING SESSIONS

After a general election, ask your management company to provide a soup-to-nuts board member orientation that covers key topics like fiduciary responsibility, what constitutes good business judgement, the role of the board/membership management company and how these positions work together.

Get a more detailed understanding of the laws and regulations that apply to property management, including California's Davis-Stirling Act and the difference between CC&Rs, Bylaws and Rules & Regulations. These courses are great for returning board members. Refresher courses from your property management company will make sure you're aware of new changes, as new laws take effect.

Another great resource for education are the classes and webinars offered online or in-person at the Community Associations Institute (CAI), an advocacy and education organization specifically for HOAs. Learning more about HOA management in general will provide you with valuable strategies that you can apply to your own association.

4. ASK FOR TREASURER-SPECIFIC TRAINING

This one's a must if you're set to occupy a new seat as the association's treasurer. Your property management company will walk you through the association's current financials, drawing your attention to the current budget and reserve requirements. They'll show you how to read the association's balance sheet, check register and journal entries. Remember, your management company is there to provide support, but the board makes all of the association's financial decisions. It's up to you and your fellow board members to act in the best financial interest of your HOA.

5. AVOID ALL-OR-NOTHING THINKING

Sometimes there's a tendency to dismiss everything the previous board did as unbeneficial to the community. Remember that the previous board was managing the community to the best of their ability and faced the same challenges you'll soon face. Refrain from criticizing previous board members and showcase an optimistic attitude moving forward.



6. DON'T TAKE ANYTHING PERSONALLY

When it comes to deciding how an HOA should operate, passions can rise. Put aside personal feelings and continue to ask yourself, “Which actions can I take and which decisions should I make to protect or increase property values and make this community a more enjoyable place to live?” When you filter everything through that lens, you can be confident that your decisions will reflect what’s best for the community.

7. PUT ASIDE PET PROJECTS

Some members run for a seat on the board on a single-issue platform. While that matter might be a pressing need for the community, when you start to evaluate it in context with the rest of the challenges facing the community, the issue might not jump straight to the top of the association’s to-do list. Your concern WILL be addressed—but evaluate its importance in the overall slate of issues facing your community and assign it the appropriate priority. Getting hung up on a single subject will only stall other official business.

8. ADOPT A BOARD MEMBER MENTALITY

When you occupy a seat on the board, it’s your responsibility to represent the entirety of the membership. However, keep in mind that just because you’re a board member doesn’t mean you’re the community sheriff. Set aside your own interest in your property and look at the overall wellbeing of the corporation.



9. MAINTAIN PERSONAL BOUNDARIES

Remember that your authority to enact change in your community comes from collective decision-making as a board of directors, not as an individual. As a board member, you have no special authority, nor can you grant any special privileges to other association members.

Don't get caught up in petty neighbor-to-neighbor squabbles. Direct specific complaints or disputes to your property management company to put on the agenda for the next board meeting or general membership meeting.

10. ASK FOR HELP

Remember, no one expects you to know the ins and outs of HOA governance when you are elected. There will be a learning curve as you become more comfortable with your role and responsibilities. Ask for an explanation from other board members or your property management company if there is anything you are unclear about, no matter how small. They'll be happy to clear things up and you might help others who are too shy to speak up.

Serving on the HOA board of your association can be a deeply rewarding experience. However, it's easy to feel overwhelmed if you take the plunge with no foresight or preparation. Familiarize yourself with what to expect before you are elected and make the effort to get up to speed as quickly as possible once your term begins. By being proactive about your role and asking your fellow board members and your property management company for help, you'll get into the swing of things in no time.



TRAINING TIPS FOR NEW HOA BOARD MEMBERS

Each board member brings their own proficiency and experience to their role which can be a huge asset to the HOA. However, because they are volunteers, nearly all new board members lack experience with the policies and procedures that specifically govern homeowners associations.

Effective training is imperative to help board members get their bearings quickly. Here are some tips to get started.

1. GET TO KNOW VOCABULARY & ROLES

The governing documents of any homeowners association are packed with legal jargon and industry terms. The sooner you familiarize yourself with this terminology, the easier time you'll have.

You'll also need a clear sense of who does what inside and outside of the association. Understanding the roles and responsibilities of the board, association members and management company will help you see the bigger picture of how each contributes to the success of the association.

2. LEARN CORRECT PROCEDURES

Most new board members are enthusiastic about their new role, which in itself is a positive thing. However, as a quasi-governmental body, a homeowners association must, by law, abide by certain specific procedural guidelines. Approvals, agendas, board meeting frequency, and budgetary decisions are just some of the board's functions that must follow the rules outlined in the association's governing documents.

While a new board member might be excited to enact sweeping change ASAP, doing so may be in violation of a community's bylaws. Before attending your first board meeting, familiarize yourself with the steps of common board actions.



3. ASK YOUR MANAGEMENT COMPANY FOR EDUCATION

Part of the role of your HOA property management company is to provide your board members with instruction on how to be more effective in the role. This instruction can range from a basic overview regarding roles and responsibilities, state codes, and understanding governing documents...to more specialized topics such as position-specific training (ex. HOA treasurer) or planning for your HOA's long-term future.

4. TAKE ADVANTAGE OF CAI

The Community Associations Institute (CAI) is the leading source of information and advice for HOA members and boards. CAI offers a huge breadth of educational services—including online training, in-person workshops, and informational seminars—all dedicated to helping you manage your community more effectively. Use these resources to your advantage. If you're unsure which would be the wisest investment for your board's time, ask your property manager to provide recommendations.

5. SEEK CONTINUAL IMPROVEMENT

As a new board member, the scope of your responsibilities broadens from just your property to encompass the entire community. You'll be tasked with making decisions that extend beyond your own personal interest to deliver the greatest benefit for the association membership and the success of the association itself. If you're unclear about any aspect of what is being asked of you, don't be afraid to stop and ask. Your property management company's job is to educate you, so don't let the opportunity go to waste.

Serving on the board of an HOA is an important function—don't underestimate your value or the seriousness of the role. As part of the team that manages the association's financials, reserves, and millions of dollars of assets, it's in your own best interest—and in the interest of the community you serve—to become knowledgeable and comfortable with your position. Training and education are ongoing. The more you know, the more effective you will be.



IMPORTANT HOA TERMS

HOA living is full of specialized jargon and as the industry progresses, more terms emerge and old terms evolve. Below are some of the most important association management terms.

Management Company

A management company is a third party that is hired by an HOA's board of directors to carry out all of the decisions made by board. The management company is not the HOA, nor is it the board. The management company cannot directly make any decisions on behalf of the association. They can only act as the association's agent and as explicitly directed by the board.

Though part of the management company's job is to enforce the rules and regulations set forth by the board, the bigger aspect of the position is to build a stronger sense of community and support the smooth operation of the HOA. The management company is represented by a property manager or team of managers who act as the interface between the board and association members.

Board of Directors

The board of directors (or sometimes, "board") is a group of volunteers that have been elected by the members of the association. They are the "face" of the association and their primary function is to act as fiduciaries of the corporation and within the authority of the governing documents.

Just the like board of any corporation, all decisions require a vote. Therefore, no single board member can act unilaterally unless explicitly given this authority by the entire board. All actions must be recorded and — with the exception of the executive session meeting — a record of all of the board's actions and decisions is available to the membership.



Member/Membership

This is simply another term for a homeowner within the community who is not on the board. All members have a stake in the association, since the direction of the association is an influencing factor on property values. Members implement their influence by exercising their right to vote for the board of directors, or by voting for allowed items under their governing documents. All members should take this responsibility seriously.

Board Meeting

There are two types of board meetings, one public and one that takes place in a closed session.

Regular Session – This is normally what is thought of as a “board meeting”. Open to all members of the association, the regular session is where all of the HOA’s operational decisions are made. The regular session usually includes an open forum, where members (homeowners) are given the opportunity to speak freely on any topic related to the association. It’s important to note that all board meetings are agendaized; therefore, if a topic isn’t part of the agenda before the commencement of the meeting, a decision will not be made during that meeting. However, during the open forum, a member may request that a particular topic be added to the next regular session agenda.

Executive Session – This is a private meeting of the board that is not open to the membership. Details of the executive session are not recorded in the general session minutes — only the subjects that were discussed. Topics that are covered during the executive session include sensitive subjects such as legal issues, contract reviews and HOA personnel problems.



Assessments

“Assessment” is the official term for “dues”. Many association members don’t have a clear understanding of what, exactly, their dues pay for. We have an in-depth article that covers the topic of dues more thoroughly, but for a simple understanding, think of it this way: if you draw a map around the perimeter of your own property, your dues pay for everything in your HOA that falls outside of that line, called “common area”. These are things like: trees, landscaping, irrigation, pools, recreational centers, sports complexes, street lights, entry gates, trails, main office supplies and utilities, and community events. These responsibilities are covered in your association’s governing documents.

Every HOA is different, so assessment amounts — and their applications — will vary. HOAs are non-profit mutual benefit corporations, which means that all monies collected must be disbursed back into the association. By law, the membership is entitled to review the association’s annual budget.

This is just the tip of the iceberg regarding HOA vocabulary. The most comprehensive set of HOA management resources can be found at [Davis-Stirling.com](https://www.davis-stirling.com), named for the Davis Stirling Common Interest Development Act. This is the section of California Civil Code that outlines the rights and responsibilities of homeowners associations within the state. As always, if you have questions about these phrases — or any other aspect of your HOA — your property manager can help.



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