

HOA 101: Understanding the HOA Board of Directors & Its Role



The board of directors is an essential—and required—aspect of any homeowners' association (HOA). Comprised of **elected** volunteers who live in the community, the HOA board is responsible for helping the association run smoothly, setting it up for long-term success. Keep reading to learn more about the board of directors and what its role entails.

What is the board of directors?

To function correctly, an HOA must have a board authorized to act on the community's behalf. Board members are volunteers who are elected to the position by other association members to handle a variety of tasks, including **creating and enforcing** guidelines, overseeing finances, and maintaining shared spaces.

How many members are on the board?

The number of members on the board is usually outlined in an association's articles of incorporation or bylaws, which can be found in the **governing documents**. Governing documents are, in essence, the constitution, law, and regulations that explain how a community is governed. In some states, there are laws that determine the number of board members allowed for a community. All communities differ, and larger HOAs may have bigger boards while smaller ones have fewer members. On average, an HOA's board is comprised of three to five members.

Who leads the board?

The board of directors is a unit that has an obligation to lead a community, but within the board, officers are assigned to lead the functions of the group. Generally, an HOA board has four officer positions: president, vice president, secretary, and treasurer. While it varies by community, each officer has specific responsibilities related to the operation of the association, including:

PRESIDENT

The **HOA board president** is vested with the same powers typically given to the chief executive officer of a corporation. This office should guide the board, handle procedural duties, and serve as the spokesperson for business matters.

PRIMARY DUTIES:

- Schedule, attend, and run **board meetings**
- Establish meeting agendas
- Serve as the main point of contact for management partners
- Call for votes and announce results
- Sign documents

VICE PRESIDENT

The vice president should support the president and must be able to act in their place if needed. They should familiarize themselves with the same documents as the president and be able to perform the same duties.

PRIMARY DUTIES:

- Act for president when they're absent
- Lead important **committees**
- Help run meetings

SECRETARY

The **secretary** guarantees board and association documents are well-maintained. But it's not just clerical work. Community records are extremely valuable, and if your association doesn't have the right secretary on board, it can lead to legal problems, financial risks, and confusion.

PRIMARY DUTIES:

- Guarantee records are maintained
- Provide proper meeting notice
- Ensure **minutes** are taken and approved
- Confirm documents are accessible to appropriate parties

TREASURER

The treasurer oversees all things financial. Often, financial functions are outsourced to an **accountant**, and it's the treasurer's job to work with them to complete tasks on time and in compliance with the community's governing documents.

PRIMARY DUTIES:

- Review financial records for accuracy
- Help manage accounts

- Assist with **budget preparation**
- Oversee billing and collections
- Ensure timely payment of invoices
- Confirm audits and reserve studies get performed

What does the board do?

An association's governing documents detail specific board tasks, powers, and duties. However, responsibilities can be distilled down to three key categories:

1. ENFORCING GOVERNING DOCUMENTS.

After purchasing a home that's part of a community association, all residents automatically become a member of the association and must follow its **rules and regulations**. These standards protect the resident's investments, and board members are responsible for enforcing them. However, as residents of the HOA themselves, committee and board members don't hold special powers that exclude them from abiding by the same rules and regulations as all the other residents. Everybody is expected to follow the same standards.

2. MANAGING THE FINANCIAL ASPECTS OF THE HOA.

Managing and overseeing the community's finances is one of the board's most significant tasks. Most associations are multi-million-dollar nonprofit corporations, which means the board runs a small to mid-size

business—with all the decisions, exposure, and liability that come with it. Board members must understand where, how, and why money gets spent. It's crucial to closely examine budgets, certify compliance, and review monthly financials, contracts, statements, utilities, and **reserve studies**.

3. MAINTAINING COMMON AREAS.

Part of a board member's fiduciary duty is to keep the community well maintained and operational for the years to come.

However, **community maintenance** isn't just about planting flowers and mowing lawns, it's also about monitoring the condition of critical assets the community relies on every day. It's important for the board to stay on top of the association's most valuable components, partner with qualified maintenance vendors, set aside a reserve fund, perform inspections, and more to create a safe, clean, and attractive community.

How does the board work?

All board members must act in the best interest of association members and use sound business judgment when making decisions. To do this, the board must:

- Understand governing documents
- Be familiar with local, state, and federal laws
- Establish committees for support
- **Welcome** and educate residents
- Hold fair elections
- Discuss issues and vote on decisions in meetings

- Encourage residents to provide input
- Make relevant documents easily accessible

Want to be part of your HOA board?

While rewarding, serving on an HOA board of directors is a substantial role that comes with a lot of responsibility. Think you may be the right person for the job? Read our article, “**10 Signs You’re Cut Out for the HOA Board**,” to discover if you’d be a good fit.