

A HOMEOWNER ASSOCIATION PRIMER

HOMEOWNER ASSOCIATION

A homeowner association is a **DEMOCRACY** where majority rules, a **CORPORATION** bound by legal documents and state statutes (47C-47F-55A), a **BUSINESS** with an expected return on investment, and a **COMMUNITY** where neighbors are friendly and take pride in their property.

The association's Declaration of Covenants is a legal document which defines the rights and responsibilities of all members and the association. By purchasing a property in the association, a homeowner automatically becomes a member and agrees to abide by the Declaration. This in effect is a contract between the association and the members. The Bylaws define the association's operations and governance.

VISION

Each association is a distinctive community. It should remain so and thus enjoy property value appreciation, financial health, and community harmony.

HOMEOWNERS

The Homeowners **VOLUNTEER** their ideas and time to serve the community. Everyone should take their turn serving on the Board or a Committee. They are open minded to new ideas, reach thoughtful conclusions based on facts, and help drive a consensus on key decisions for the overall good. Homeowners accept there is more than one "right" way to accomplish something.

It is essential that Homeowners be treated fairly and consistently, and be kept informed by the Association. There is a clear understanding of the maintenance responsibilities of the Homeowner (Unit or Lot) and the Association (Common Areas). Homeowners act as good customers with reasonable expectations based on an informed perspective, help set and fund association **PRIORITIES**, and seek a fair exchange of value.

Homeowners are tolerant of their neighbors and disagree in an agreeable manner. They fulfill their obligations to the Association and promote community harmony.

BOARD OF DIRECTORS

The Board of Directors provides the executive **LEADERSHIP**, as distinct from the manager's administration, of the Association. They make executive **DECISIONS**, set strategy and goals (in response to Homeowners' requirements and priorities), set new policies and rules, and focus on the longer term health of the Association. The Board delegates, where appropriate, both responsibility and authority to the Manager and Committees. The Board (and the Manager) is legally bound to implement and enforce the Declaration of Covenants, Bylaws, policies, rules, and state statutes. The Board fulfills its fiduciary role to provide their best effort for the common good without personal benefit.

The Board, with the Homeowners and Association Manager, makes the community an appealing place to live - by enhancing its **VALUE**, **APPEARANCE**, and **HARMONY**. They operate as a trusting team of peers, who pull their own weight yet willingly help each other, openly

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share ideas and feelings, and listen to learn before leading. They respect each other, encourage conflicting ideas, and use diversity of opinion to explore a wider range of options.

The Board bases their decisions on facts/expertise rather than opinions and Board meetings yield more results than activity. They realize that unanimous decisions are not essential and progress is better than perfection. Once a decision is made, all Directors publicly support the decision regardless of how they voted. The Board prefers actions which motivate/incent, rather than control/force, Homeowners. They treat Homeowners as customers and strive to have them make informed decisions, rather than the “right” decision in the Board’s view.

ASSOCIATION MANAGER

The Manager provides day to day, efficient operational **MANAGEMENT** of the Association. The Manager treats the Board and Homeowners as customers, listening to their needs and suggestions, taking appropriate and prompt action, and being concerned with their satisfaction.

The Manager makes **RECOMMENDATIONS** to the Board and **IMPLEMENTS** Board decisions, defines plans and professionally executes to achieve set goals, enforces existing policies and rules, ensures the covenants and bylaws are adhered, and focuses on the shorter term. The Manager offers options for the Board’s selection ensuring pros and cons are considered. The Manager operates with ownership and autonomy within its role and is responsible for the result with the flexibility to choose its own method. The Manager’s objective is to achieve the Board’s goals within the constraints of cost-content-schedule.

The Manager assists the Board by providing financial management, property management, communications, governance, Board operations, and Homeowner service. In delivering these services, the Manager uses the latest technology, tools, and best practices. The Manager is more concerned with preventing, rather than reacting to, problems.

VALUES

Values, such as the Golden Rule, help bond a Board together.

Philosophically, the Board should:

- 1) place community interests above self interests**
- 2) operate as a team rather than as individuals**
- 3) treat Homeowners as customers, and**
- 4) be proactive in everything.**

Operationally, the Board should:

- 1) plan well ... and well in advance**
- 2) develop a community consensus based on Homeowners’ priorities and satisfaction**
- 3) involve Homeowners in key decisions by providing options for their selection**
- 4) abide by the community’s covenants, bylaws, policies and rules**
- 5) be financially prudent in meeting their fiduciary responsibility**
- 6) execute plans predictably within cost-content-time constraints, and**
- 7) communicate fully in a timely manner to prevent Homeowner surprises.**

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GOALS

All communities have at least three goals: Value – Appearance – Harmony.

VALUE – making the community distinctive, competitive, and financially healthy to enjoy market appreciation in return for the investment of assessments. This is the Board’s responsibility.

APPEARANCE – having an attractive and functional community with services delivered in an excellent manner. This is the Association Manager’s responsibility.

HARMONY – having friends rather than strangers as neighbors, serving the community via the Board or a Committee, meeting their obligations to the Association, and helping develop a community consensus (not just a majority vote) on key decisions. This is the Homeowners’ responsibility.

ROLES

	HOMEOWNERS (Customer)	BOARD OF DIRECTORS (Executive)	ASSOCIATION MANAGER (Administrator)
GOALS	Harmony Community Service Consensus	Market Value Return on Investment Financial Health	Property Appearance Property Functionality Operational Excellence
ROLES	VOLUNTEER - Priorities - Ideas and Funds - Time and Energy - Informed	LEADERSHIP - Decisions - Strategy / Direction - Goals / Choices - Communications	MANAGEMENT - Recommendations - Plans - Options, Pros and Cons - Implement / Enforce - Achieve Results
DECISIONS	Participative Mgmt Board Election Funding	Long Term Strategic Without Precedent New Policies / Rules	Short Term Tactical Within Precedent Current Policies / Rules
FINANCIAL	Approve Major Items	Approves	- Proposes - Approves within limits
MAINTENANCE	Funding	Direction Strategy	Plans Implementation
GOVERNANCE	Current Policies/Rules	New Policies/Rules	Enforcement/Adherence
ACCOUNTABILITY	Declaration / Bylaws Policies / Rules Architectural Control	Board Election Goals versus Actual Fiduciary	Mgmt Contract Plan versus Actual Fiduciary

CONCLUSION

Working together proactively to build a consensus for the association’s future, Homeowners, the Board, and the Manager can improve the community’s Value, Appearance, and Harmony for the mutual benefit of all.