



General Advice to HOA Boards

Being on a board may seem scary, but don't worry – no one is an expert in every part of running an HOA!

That's why boards need to have a good relationship with their manager and management company. If you have a question, ask your manager. Depending on their experience, they may already know the answer. If they don't know, they should help you find the answer.

The legal documents of an association may seem daunting, but if you have any questions there are many good HOA attorneys that can assist you.

Board members should remember that while the HOA may be their home, they are essentially running a business and must always make decisions in the best interests of that business.

If someone challenges the board, board members must remain calm and professional. Remember to take whatever steps are in the best interest of the HOA and exercise good business judgement. The board should always have D&O (Directors & Officers) Insurance. If the board is taken to court, D&O Insurance will ensure the board has the funds to hire legal counsel to defend themselves.

Don't hire any service provider based on just one factor. Too often price becomes the main decision-making factor. Hiring the cheapest contractor, insurance agent or lawyer may save money up front, but it will cost the HOA even more when something goes wrong. Proven experience, especially experience working with HOAs, as well as having the correct licenses are other important factors to consider.

Evaluate all situations carefully. For example, a homeowner may not be aware they have committed an architectural violation – in this case, the board could consider the acceptability of the alteration and practical solutions.

The same is also true about assessment collections. It is best to have reasonable collections and violations policies and procedures. Follow them fairly and calmly but be willing to consider extenuating circumstances. A board can always go down the legal path set out by the North Carolina Legislature and force payment or compliance if reasoning with the homeowner fails.

Above all, it is important to remember to stay cool and professional. The board represents the community and if you practice good business judgement and follow what is best for your community you will prevail and have a well-run HOA.