



New or Re-Organizing HOA Boards

Issues for Consideration and Development

These HOA board issues are many of those that should be addressed and implemented by both initial HOA boards and more mature HOA boards desiring to improve their services to the HOA. The issues have been divided into three categories: Most Urgent Issues, Initial or Early Implementation Issues and Operating Issues. There is no intended priority within each of the three categories. These issues are not intended to address every subject important to an HOA board, nor do they address issues that may be particular or unique to your HOA. Hopefully, it's advice for a good start.

Most Urgent Issues: (Those issues an HOA board should address before assuming control of the HOA or the issues status that should be confirmed upon being appointed by a developer to the initial homeowner HOA board or elected to an existing homeowner controlled HOA board)

1. Director and Officer (D&O) Insurance -verify the **existence** of an in-force insurance policy that protects HOA board members with general liability coverage for HOA board actions taken in good faith, sans documented negligence or illegal actions.
2. Articles, Bylaws, CC&Rs and Rules/Policies - should be **comp lied** (preferably the original documents) to **confirm** the legal status of the HOA and fulfilment of appropriate state and county filing requirements. Your HOA is most likely a non-profit organization and incorporated as such.
3. Review and Amend Governing Documents - **Review and amend**, (if necessary), any language in the Bylaws and CC&Rs that will better serve a homeowner controlled HOA. (Rules and Policies can be changed by the board at any time.) **URGENTLY**, request the developer adopt these amended documents at their last official HOA Board Meeting.

4. Initial Homeowner Board Members - **request** that the developer **appoints** your initial board members for ease of implementation. This can also be done as a "last action" item of the developer's "board" or appointed initially as a non-voting advisory board that convert to the actual initial board members, upon official transition. The new board can establish elections at their initial Annual Meeting of the Members as a homeowner controlled HOA. This helps insure you commence with a better-informed board for the initial, more critical actions that make the "regular" duties of subsequent boards less daunting.
5. Set Regular Board Meeting Day/Time/Frequency - Check with your Bylaws (possibly CC&Rs) to determine if the day/time/frequency & place may already be prescribed. If not, discuss and **select it by formal action** of the board.

Initial or Early Implementation Issues: (Those issues an HOA board should address at the initial implementation of the homeowner controlled HOA or addressed by new board members on an existing HOA board to confirm active status.)

1. Other Insurance Coverage - Verify that appropriate insurance coverage is in place (liability, fire, theft, content, accidental, etc. coverages) and that they address the unique needs of your HOA.
2. Owners Records - Acquire access to and possession of all current and prior homeowner records (contact info, member financial info, compliance issues, correspondence, etc.
3. Financial Records-Acquire access to and possession of all current and prior HOA financial records, reports, documentation and work papers.
4. Federal & State Tax Returns - Acquire access to and possession of all current and prior Federal & State Tax Returns and work papers.
5. Federal Employer Identification Number (IRS FEIN/ Tax ID Number) - Acquire access to and possession of the FEIN Certificate or seek same via the IRS web site or other online sources.
6. Banking Documents and Control - Acquire access to and possession of all current and prior banking documentation, credit cards, investment accounts, bank statements, bank reconciliations, usernames/passwords, signature cards, safe deposit box info and keys, etc. All of these will have to be addressed with new signature card signees, addresses, usernames, passwords, etc. Banking should be coordinated with the requirements of your financial system (manual or software).

7. Digital Records (files, emails, etc.) - Acquire access to and possession of all current and prior digital financial records. These data files should be transferred in a "common" readable or up-loadable format to accommodate your financial systems.
8. HOA Management (Self-managed or contracted) -The board should give early attention to the need for securing an HOA management provider. This is a detailed process that can prove critical to the success of the HOA. Self-managing may be financially mandated by small HOAs, but should be seriously considered by HOAs whose financial resources so provide, as it may both ensure management continuity and professional services.
9. Owners (and Tenants) Database -Acquire access to and possession of all current and prior owner database records (digital and printed). Create a database of owner (and tenant) information to include: HOA home addresses, secondary addresses (for landlords), names (spouses, where applicable), tenants names, phone numbers (landline, cell & work, for all parties), email addresses (for all parties), property manager contact info (for rental homes) and any access card or key number information for HOA facilities. Other database elements necessary to best manage your HOA should be included.

Operating Issues:

1. Contract and Agreements (Review, Re-Bid and Improve) - Review ALL existing contracts and agreements between the HOA and all other parties to confirm appropriateness and strongly consider re-bidding ALL of them. This will either confirm that existing contracted providers are acceptable or lead to the selection of new providers. Many HOAs reduce their budget by multiple thousands of dollars as costs, efficiency, effectiveness of using HOA funds may not be that same high priority to the developer (or their HOA manager) as it will be to the homeowner board and members. Formal bidding and Requests for Proposals helps "level the playing field" and Budget Creation - Create an annual operating budget that reflects the actual expected revenues of the HOA by source and expenditures by use. This budget will be formally adopted by the board (and in some cases by the members, as required.) Historical and current financial data will best assist in determining accurate budget projections. Budget help protect HOA boards from making excess expenditures, overstated v. actual income and reducing financial "surprises". All board members have a fiduciary responsibility to the members of the HOA.
2. Create or amend Board Rules and Policies - Review existing board rules and policies (if they exist), amending them where appropriate (board action) and creating rules and policies as the need dictates. While some rules and policies may be unique to your HOA,

many are addressed by other HOAs and seeking copies of other HOAs rules and policies saves "re-inventing the wheel".

3. Service Providers - Compile a list of all existing service providers to the HOA, {contact information), and amend it as new providers are selected or added. Likewise, begin compiling similar list of residential service providers from recommendations of your "satisfied" members. This is a great source of info to maintain happy homeowners. Bidding, quotations and reference checking to secure the best and most economic service provider is essential. This also helps insure independent and non-familial relationships with providers and the HOA board.
4. Board Committee Structure, Duties and Volunteers - Consider and appoint various member committees. It is wise to have at least one board member (or advisory board member, if established), to serve on each committee as the committee's liaison to the back to the board. Standard committees to consider, (Bylaws and/or CC&Rs may require various committees): Board Advisory Committee (non-voting, though fully participating, board "farm team"), Architectural Control Committee, Social Committee, Internal Audit Committee, Communications Committee, Landscape Committee, Facilities Committee, etc. The board should clearly determine each committee's duties and responsibilities, ALWAYS retaining the final authority and funds control with the HOA board.
5. Communications Issues (website, social media sites, etc.) - Create or acquire an HOA website and social media site(s). These sites MUST be HOA board owned and controlled to insure appropriate content, transportability and security. HOA domain name (URL) should be owned by the board or an HOA member, if so required. Many website providers and designers are available that are fully controlled by the board and are either owned by or leased to the board (annual fee). The website should provide a vehicle for general public information concerning the HOA, individually password protected HOA information pertinent to homeowner members and tenants, and higher-level password secured information pertinent to the board. "Closed Group" social media sites should be considered to provide constantly updated information, picture and video, for and about the homeowner member and HOA events and activities. These sites should be access limited to "invitation only" and board or committee approved for members, tenants, family and close member friends (those truly interested in the HOA). No HOA communication site should be utilized for adverting business activities other than minor business references to members businesses.
6. Facilities and Assets Evaluation & Inventory - All HOA facilities, equipment and movable assets should be documented and compiled in some form of database or file. Some of these expensive assets will require specific insurance coverages and professional maintenance contracts.

7. Common Area & Facilities Usage Policy and Process - Create appropriate "rental rules" and forms to accommodate the member's special use of HOA facilities and amenities.
8. Capital Reserve Study and Funding-This study and process consists of a formal review of all HOA facilities and major equipment to determine replacement costs, useful life, current condition and projected replacement year (asset life) and inflation rates in order to establish a Capital Reserve Fund which can be funded via annual budgeted funding, Special Assessment, annual operating fund surpluses or some combination thereof. It is critical that planning and funding future capital needs be implemented. Homeowners almost always prefer "paying a little as you go" for future needs rather than "big unplanned surprises" to their pocketbooks. Reserve studies can be professionally engaged or completed by capable HOA members with advice professional issue related providers (i.e. Contractor, electrician, roofer, etc.)
9. Board Operations Manual - Compile, draft and adopt a Board Operations Manual that details the What, Where, Who, How, When and Why of each HOA activity, responsibility, operation and process that the board is engaged in, to manage and operate the HOA. This manual is provided to every HOA board member and those committee chairs and members who need access to this information. The manual is constantly updated.
10. Records Retention - Determine the records, format, location and accessibility of all current and past, active and inactive HOA documents. Publish this in the Operations Manual.
11. HOA Property & Facilities Security Issues-Determine necessary security and surveillance systems to both protect HOA facilities and reduce liability.
12. Legal Documents - research and acquire all property deeds, assessment records, easements, etc. and create a paper and/or electronic record of same. Confirm actual HOA property and tax-exempt statuses.
13. Signage - Review, amend and update all existing HOA signage (as needed) and determine additional signage needs to best inform members, guest, visitors of informational, safety concerns and event/activities.
14. Storage - Review records, seasonal equipment and supplies storage space needs, and seek proper storage, either on-site or in nearby leased storage facilities.
15. Systems Documentation and Manuals - Compile and organize manuals and documentation for all HOA systems and equipment.
16. Enforcement Policy and Procedure - (this issue may be of higher priority if serious member enforcement violations of CC&Rs, Board Rules & Policies exist) All Idaho HOAs are required to adopt a formal Enforcement Policies and Procedures document, and provide all homeowners this document. This policy must be in compliance with state and local laws.

17. Emergency Snow/Ice Removal - Consideration for developing emergency HOA roadway snow removal or vehicle assistance plans to address severe weather conditions. Having a contracted snow remover available to meet these needs, only as directed by the board, will only have cost implications if the weather so dictates. Volunteer towing assistance by homeowner members who own such equipped vehicles is a no cost solution and brings HOA members closer together. Neighbors helping neighbors. Special consideration for elderly or limited mobility homeowner members should be addressed.
18. Irrigation Systems - All irrigation systems serving the homeowner and HOA common areas should be well documented and maintained. Those HOAs with one or more backup systems can best serve the HOA. Rules for irrigation usage, both routine and extraordinary, should be developed and adopted. Developing systems and rules that are the least disruptive to the homeowner/tenant are very desirable. Irrigation can be either a topic of constant concern and headache or one of no concern at all.

These issues were compiled or developed by Heritage Commons HOA, Meridian, Idaho and by IDHOA, Inc., a non-profit HOA board assistance provider organization to address the primary and most frequent issues an HOA board may face. Most of these issues have multiple solutions, all dependent on the specific situations and uniqueness each HOA. This is a dynamic "list" and will be updated as new issues arise.