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HALLMARKS OF SUCCESSFUL BOARDS AND BOARD MEMBERS

by Robert M. Nordlund, PE, RS
& Kelly Richardson, Esq, CCAL

www.ReserveStudy.com

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Miss the webinar? Watch it here: <https://youtu.be/1pn6LqmnOKM>

In this webinar, noted attorney Kelly Richardson builds on his [article](#) that appeared in the Jan/Feb issue of the national “Common Ground” magazine to help Boards and Board Members reach success at their associations.

Recommended Resources:

- [Transparency in Volunteer Boards](#)
- [Your Day Job is Different than your Night Job](#)
- [Understanding the Role of the Association President](#)
- [Business Judgment Rule is not a Free Pass](#)
- [Protection for Volunteers: the Business Judgment Rule](#)

For additional information, visit:

www.ReserveStudy.com and www.RichardsonOber.com

Webinar Questions Asked By Attendees

Q: When a board member sees a rule violation. What shall they do?

A: Report the violation to management. Then they can process it as any other violation, following the association's normal procedures. Directors should NOT try to personally handle the violation issue.

Q: What information should be in the "Agenda packet"? Obviously, the Board needs an agenda, but what else? Advance copies of Committee Reports?

A: Agenda, Backup on agenda items, unapproved prior minutes, financial reports, committee reports.

Q: Who is responsible for keeping meetings on topic: president, secretary, manager or anyone on board? What are some good words to use to say "please stay on topic" without being too abrupt but firmly so people "get it" and stop talking?

A: The Chair is officially vested with the responsibility of keeping the discussion on topic, but every director also should help out, not only by noting when conversation gets off track, but also resisting the personal temptation to throw out a thought which, while interesting, is not precisely on the topic being discussed.

Q: What are some tips or suggestions for keeping peace at a town hall meeting? (We have one coming up soon!)

A: Make sure that there is a reasonable time limit for people to speak. Insist that people not interrupt each other. Don't call on anyone to speak for a second time until all who wish to speak have spoken once. If the room begins buzzing with conversation, drowning out the speaker, wait until the room quiets to proceed. Insist that everyone be respectful and allow other points of view to be expressed.

Q: How do you get anything done between board meetings? How can email be leveraged for small items?

A: Unless it is an emergency, the board doesn't act between board meetings. Allow the manager and vendors to handle things. In some states such as California, email may not be used for deliberations except in case of emergency.

Q: Percent Funded... good or bad level? And how is it calculated?

A: (Robert) Percent Funded is a measure of current Reserve Fund Strength (your Reserve cash compared to the value of deterioration at the property). 0-30% Funded is weak, the range where special assessments are most common because deterioration has significantly outpaced Reserve contributions. Then comes the "fair" 30-70% range. Most associations are

in this range. Then comes the “good” range, over 70% Funded. In this range there is a low risk your association will be unable to do Reserve projects on schedule. About 30% of all associations are in the “good” range. See more [here](#) and [here](#).

Q: How do we get our board to communicate better with the owners and use the web-site to post information?

A: Insist on it. During open forum ask for better communication. Members can help by having their email on file with the association. There are so many ways an association can keep members informed: Web sites, email bulletins, newsletters, posted updates/announcements, social media pages, to name a few.

Q: I just learned about (Code of Fed. Reg. §100.7(a)(1)(iii).), which took effect 2016. Can former board members be subject to claims of harassment if they are no longer serving on the board? Also is there a statute of limitation on filing a harassment investigation with Housing and Urban Development (HUD)?

A: If someone committed wrongful acts during their term of board service, they could be held liable after they left the board, assuming the applicable statutes of limitation had not expired. Each state has different time limits for filing of lawsuits.

Q: Congratulations, Kelly, on receiving the BYRON HANKE AWARD from CAI National for your untiring work in developing educational programs for homeowner leader members. Question: what is your suggestion for eliminating BURNOUT for board members?

A: Thank you, the award was a career highlight for me. Board burnout is totally preventable. Boards that do not allow the manager and vendors do their jobs, and instead work 20-30 hours a week on association business, are almost certainly going to burn out at some point. Protect yourself, stay within your boundaries of service. Insist that the manager and vendors do their jobs.

Q: Some board members think that projects due on the reserve list can be delayed, if no catastrophe happens yet.

A: (Robert) Very insightful question. There are different types of failures (a water heater failing or a roof leaking is a very different “failure” than a perimeter fence beginning to lean, or the rec room furnishings appearing a bit dated). Those different types of “failures” deserve different responses. Some projects are best done literally on schedule, some are best done before they fail, and some projects you can safely wait for failure. Read more about failure modes [here](#). See more [here](#) and [here](#) about deferring projects.

Hallmarks of Successful Boards and Board Members

with Kelly Richardson, Esq, CCAL

... a webinar brought to you by



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By failing to prepare, you are preparing to fail.

- Benjamin Franklin

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The Blue Ribbon Board Member

Foundations

Attitude makes the difference



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Servant, Not "Boss"

HOA leadership is a service position, not an honor or distinction to be protected and defended

Don't confuse board actions, opinions or disagreements with your value as a person.

Attitude makes the difference



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Inspector Harry Callahan

"A man's director's got to know his limitations"
[Magnum Force, 1973]

It's OK, you don't know it all
That's why you have:

- Managers
- Consultants
- Committees
- Other directors and
- Neighbors... all who may know something



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Be Neighborly

- Avoid hostility
- Reject the initial assumption of disrespect – they might just not know
- Escalate response to violations gently and not abruptly
- Peacemaking



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Learn How Your “Night Job” Is Different

Chain of command – horizontal

- The decider is the BOARD (not any officer)
- Each director’s vote same value
- President’s power much less



Lack of individual director authority

- Restraint with vendors, manager and neighbors

Directing or co-managing? Make decisions – association pays vendors, employees, manager to execute

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Be Prepared for Board Service

- Read the governing documents
- Join the Community Associations Institute (CAI)
- Take CAI courses
- Learn the Business Judgment Rule



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Be Prepared for Board Service

- Attend a few board meetings
- Talk to the manager
- Review the latest budget and reserve study
- Avoid predetermined agendas



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Be GREAT at Board Meetings

- Read the agenda packet before board meetings
- Stay on topic
- Talk to the board, not the audience
- Ask the manager for input



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Be GREAT at Board Meetings

- Treat open forum as important
- Don't comment on every motion
- Don't take offense at disagreement
- Respect your board colleagues



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Four Reserve Rules...

1. Expenses are inevitable (100%)
2. The board is responsible
3. Delays usually get expensive
4. Homeowners *always* get stuck paying the bills

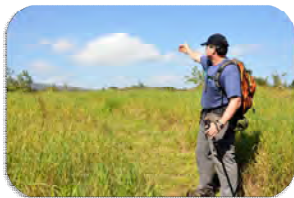
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Closing Thoughts



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A great future is within your grasp.
Discipline and wise decisions can get you there!

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