

BOARD OF DIRECTORS

Job Description

- Fiduciary Duty is actually comprised of two duties: the duty of care and the duty of loyalty.
- The Duty of Care – requires the fiduciary to exercise the skill and care a reasonable person would exercise under similar circumstances.
- The Duty of Loyalty – requires the fiduciary to recognize and avoid or minimize potential and actual conflicts of interest.

Board Responsibilities

- To borrow funds to pay cost of operation secured by assignment for pledge of rights against delinquent owners
- To enter into contracts and maintain one or more bank accounts
- To retain services of an attorney, accountant and any other persons or service providers reasonably necessary for the operation and management of the Association
- **To delegate certain of it's duties and powers to one or more committees of the board who shall be appointed by and serve at the pleasure of the board**
- To annually prepare budgets and establish the amount of annual assessments and special assessments, if any, required to meet the operating and projected capital needs of the Association
- To establish reasonable rules and regulations for the operation of the Association
- To collect and use any insurance proceeds to repair damaged or replace lost property, to assess the owners in proportionate amounts to cover any deficiency
- To enforce the provisions of the CCR's
- To collect all assessments and enforce all penalties for non-payment including the filing of liens and institution of legal proceedings
- To retain the services of a professional management company to operate and manage the Association

Board Standards

- They view their roles as “servant leaders”
- Confidentiality – A fiduciary cannot disclose information obtained in the course of his role, to do so would result in the breach of his duties.
- Recognition of a problem is accompanied by respective solutions.
- Board and Staff protocol is established and followed through.
- They work to shape the community based on measuring community input.
- They understand the roles as change agents to better the neighborhood as a whole.
- The Board follows basic parliamentary procedures to enhance meeting effectiveness.
- The Board asides personal motives and agenda to honor their fumitory duties.
- Maintain the value of the property and a good quality of life for a residential community.

Conclusion

In order to avoid personal liability, Directors must understand their role as their fiduciaries, know what the duty of care and loyalty involves, know how to insure their actions meet the business judgment rule, and be on the alert for conflicts of interest and know what to do when they confront one.