

EXAMPLE GOVERNANCE POLICY

HAPPY ACRES BOARD GOVERNANCE POLICY

Background

The Happy Acres Homeowners Association is a multi-million dollar corporation and requires competent, well-informed, effective, and efficient leadership and decision-making. The Board of Directors must establish its own rules and policies to accomplish an efficient flow of work and ensure that it meets its fiduciary responsibilities to the corporate members (homeowners).

The Association Board of Directors are obligated to:

- Maintain, promote, and enhance the value of the asset (common area)
- Define the vision and direction of the Community
- Conduct short and long range planning
- Contract for management and other services
- Ensure all mandated and necessary requirements are met
- Secure and train replacement leadership
- Build a positive sense of community

Intent of Policy

The Governing Documents (Declaration/CC&R's, Bylaws, Articles of Incorporation, Adopted Rules & Regulations / Policies and State and Federal statutes) provide the organization and authority to the Board of Directors as defined in this policy. This document provides a clear direction to help carry out the obligations of the Board. The Board of Directors through adoption of this document has created a body of policy that will guide its operations and ensure that its many duties and responsibilities to govern are met.

Effective Date: XXXXXX

GOVERNANCE POLICY

I. Functions of the Board and Officers

Board: The Directors for the Association are trustees who act on behalf of the members and staff of the Association. As the Board, the Directors have the responsibility for fulfillment of the Association's mission and the accountability for its operations. This means that as a group they are in charge of establishing a clear organizational mission, forming the strategic plan to accomplish the mission, communicating it to the

Community Manager, and overseeing and evaluating the plan's success. The duty includes hiring a competent Professional Management Firm and providing adequate supervision and support to that entity, ensuring financial solvency of the organization, interpreting and representing the community to the organization and instituting a fair system of policies for furtherance of the goals and objectives.

Board members have a duty of loyalty to the organization, its staff, and other Board members. While differences of opinion are sure to arise, Board members should seek to keep disagreements impersonal. Practicing discretion and accepting decisions made through a majority vote will promote Board unity and confidence by the members.

Board members accomplish their functions through regular meetings and the committee structure. Each Board member will arrive at meetings prepared and ready to engage in thoughtful dialogue, whether making decisions, conducting community forums or planning. This duty to be prepared requires time to review emails, correspondence, and respond and ask questions regarding the information presented to them prior to the meeting. Board members are expected to participate in at least one liaison role with a standing committee and serve on an Adhoc or Executive Committee as requested.

The Board will conduct self-evaluations and regularly review the composition of the Board and committees (constituent representation, expertise, and commitment) review its structure and internal procedures and review its relationship with the Management team.

The Board will set the Community Manager's scope of work and approve contract terms. The Board will work with the Community Manager as defined herein and as outlined in the Operating Policy of the Board and other policies, procedures and directives that may be adopted from time to time.

President: As Chairperson of the Board, he/she XXXXXXXX

Vice President: The vice chairperson supports the President by XXXXXX

CFO/Treasurer: Ensures that the Board exercises its fiduciary duty of care to its members XXXXXXXX

Secretary: Ensures that proper records XXXXXXXX

II. Duty Statement: Board of Directors

1. Attendance:

- A. Regularly attend XXX
- B. XXXX

2. Prepare for meetings:

- A. Presents action requests XXXXX
- B. XXXXX
- C. XXXX

3. Participate actively in the Strategic Planning process:

- A. Help define values and XXXXX

4. Provide feedback to the President regarding contracted services performance.

A. Board members will be asked to XXXXXX

5. **Work with other Directors** in a collegial relationship, professionally states differences or opposing views, works to form consensus XXXXXXXX

6. **Work with various groups in the community** XXXXX

7. **Develop new leadership:** Recruit volunteers XXXXX

8. **Comply with the Boards' Code of Ethics** as attached XXXXX

III. Duty Statement: President of the Board

1. **Leadership:** XXX.
2. **Presides:** XXX.
3. **Signatory:** XXX
4. **Provides leadership on the Board:** XXX
5. **Training:** XXX
6. **Relations with Community Manager:** XXX
7. **Public Official:** XXX

IV. Duty Statement: Vice President

1. **Leadership:** XXX
2. **Presides:** XXX
3. **Training:** XXX
4. **Assistance:** XXX

V. Duty Statement: CFO/Treasurer

1. **Leadership:** XXX
2. **Fiscal Obligation:** XXX

VI. Duty Statement: Secretary

1. **Leadership:** XXX
2. **Administrative Obligation:** XXX

VII. Duty Statement: Committee liaison

1. **Leadership:** XXX
2. **Reporting:** XXX
3. **Assists:** XXX

Signed: _____ Date: _____
Secretary

**OPERATING POLICY
Of The
BOARD OF DIRECTORS
HAPPY ACRES HOMEOWNERS ASSOCIATION**

The following policies and guidelines were adopted by the Board to be effective as of **XXXXXX**.

1. Management Staffing

The organizational structure of the office is through contract with the Managing Agent in accordance with agreed upon hours. Any office closures will be pre-arranged with the President in a timely manner and in the event of an emergency, as soon as possible.

2. Authority of Management

Authority to act on behalf of the Board in the operation and administration of the corporation, and within the confines of Board approved contracts, directives, governing documents and Board approved policies and procedures is granted to the Managing agent. Action taken on behalf of the Board will be conducted in a professional manner, within best business practices and judgment of such actions will be deemed to be approved actions of the Board if the criterion as outlined above has been met and in the judgment of the Board the action is has been taken within reason and under reasonable care:

- a. Reasonable – fair, proper, just, moderate, suitable under the circumstances. Not immoderate or excessive. Rational, honest, equitable, fair, suitable.
- b. Reasonable care – the degree of care which a person of ordinary prudence would exercise in the same or similar circumstances.

The Board may limit Management operational allowances through agreed upon contract terms, amendment to a policy or procedure or a quorum vote of the Board as long as such decision does not conflict with contractual provisions, governing laws or mandates of the governing documents.

3. Financial Authority

The financial operations of the Association are through 3rd party contract. Management will ensure invoices are reviewed and coded in a timely manner and will coordinate with the Treasurer and if necessary other members of the Board for timely signatures on checks.

- a. Authorization of Transactions/Spending
XXX
- b. Expenditure Approval – Operating & Reserves

XXX
- c. Banking Accounts & Signatories

XXX

d. Use Fees

XXX.

4. Collections

Collection actions are authorized through pre-lien XXX

5. Settlement of Debt / Payment Plans

Management is granted the authority to negotiate the settlement of debt during the escrow process, but in no instance may negotiate such settlement if it compromises actual assessments owed, XXXX

6. Reserve Accounts

A majority vote of the Board, XXX

7. Procurement & Contracting

In order to ensure the most effective use of our resources the following procurement and contracting approval levels and mandatory required bids are established for special projects XXXX

<u>Amount of Procurement</u>	<u>Minimum No. of Bids Required</u>	<u>Authorizing Official(s)</u>
XXX	XXX	XXX

8. Purchases:

The Association will select XXX

9. Emergency Procurement:

Emergency Defined: Any situation for which "there are circumstances that could not have been reasonably foreseen which require immediate attention

If an emergency procurement XXX

10. Multiple Purchases:

The intent of this policy is that XXX

11. Invoice Processing:

All invoices requiring XXX

12. Petty Cash Fund / Debit Card Account:

The Association maintains a Debit Card account XXX

13. Change Orders:

Once a bid has been accepted by the Board and the project begun, additional expenses incurred due to unforeseen circumstances cannot exceed XXX

14. Investment of Funds

The Board of Directors is responsible for XXX.

15. Professionals & Major Vendors

a. Contract with XXX

