

# Board Member Orientation

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Kellison Corp.



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KELLISON

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HOA & METRO DISTRICT MANAGEMENT

# What is an HOA?

- A Corporation not-for-profit
- Established by the Articles of Incorporation
- Registered with the State of Colorado and regulated by DORA



# HOA Governing Documents

Every neighborhood has these four Governing Documents:

1. Articles of Incorporation
2. Covenants, Conditions and Restrictions (CC&R's)
3. Bylaws
4. Rules and Regulations



# Articles of Incorporation

- Document is created by the developer and recorded with the Secretary of State.
- Creates the legal entity used to generate a federal Tax ID number.



# Covenants, Conditions, and Restrictions CC&R's

- Document is created by the developer, recorded with the County, can only be amended by a 67% vote of the entire membership.
- Defines the community--number of units and Common Elements, boundaries.
- Defines maintenance responsibilities—what is maintained by the HOA vs the homeowner.
- Defines initial use restrictions and includes the establishment of an Architectural Review Committee (ARC).
- Other—Insurance minimums, easements.



# Bylaws

- Document is created by the developer and is not recorded. Can generally be amended by a Board vote.
- Outlines the operation of the Association.
- Roles and responsibilities of the board and its officers.
- Classes of members, voting rights, registration with the HOA.
- Meeting procedures—quorums, meeting notice, proxies and ballots.



# Rules and Regulations Document

- Document is not recorded. Can generally be amended by a Board vote with certain transparency requirements.
- The Rules and Regs are meant to clarify the Covenants. Can NOT conflict with the CC&Rs.
- Colorado law requires that the Rules and Regs include, at a minimum, 9 Responsible Governance Policies.



# 9 Responsible Governance Policies

- Collections Policy
- Covenant Enforcement Policy
- Conduct of Meetings Policy
- Inspection of Records Policy
- Conflict of Interest Policy
- Investment Policy
- Adoption of Rules and Regs Policy
- Alternative Dispute Resolution Policy
- Reserve Study Policy





# Other HOA Legal Guidance

- **Colorado Common Interest Ownership Act (CCIOA)**
  - Provides the legal framework for operating an HOA in Colorado.
  - The 9 Responsible Governance Policies are a CCIOA requirement.
  - Among other things, provides for transparency of the board and its activities.
- **Nonprofit Act**
  - Provides the legal framework for operating any non-profit corporation in CO.



# Getting to Know Each Other

- Roles and Responsibilities of the Board
- Roles and Responsibilities of Kellison Corp.



# Board Responsibilities

- Focus on the big picture
  - Always act in the best interest of the community as a whole. Be prepared to listen closely and carefully evaluate all sides of an issue. Approach all decisions with an open mind.
- Fiduciary responsibility
  - You are required by law to make financial decisions that are in the best interest of the entire association.
  - Familiarize yourself with the financial health of your community.
- Monthly Financial reports
  - Kellison will email you a monthly Expense Statement, Budget Comparison Report, and Balance Sheet.
- The Reserve Study
  - Long term planning for future expenses.



# Management Responsibilities

- Carry out the vision of the Board.
- Ensure the HOA is working in accordance with State and Federal laws.
- The Board's authority to hire management is included in the Covenants.



# What you can Expect from Kellison Corp.

- General Administration—day to day activities
- Maintain Association Records
- Assist with Communications—newsletters, special notices, etc.
- Resolve Owner Problems
- Covenant Enforcement
- Meeting Planning
- Monthly Financial Reporting
- Year-end Statements—audits, tax documents, federal reports
- Collections
- Cash Disbursements (disbursements over \$1,000 must be approved by the board)
- Manage contracts—oversee landscape management and other projects performed by outside vendors.



# What Kellison Corp. Expects from the Board

- Communicate with us. Promptly tell us about problems that need to be resolved. Then let us use our experience to deliver results. We are 100% results driven. If your board wants to solve all the day-to-day problems of the HOA, you do not need us.
- Select a board president that knows (or is willing to learn) how to run a meeting. Someone who can prepare an agenda and stay on task for the entire meeting.
- Understand the relationship between your community association manager and the vendors that work for your HOA. We oversee the vendors, and they are accountable to the manager at Kellison. The manager is accountable to the board of directors.
- Challenge us, support us, appreciate us, but please never micromanage us.

