

Rancho San Joaquin

Fiduciary Duty: A duty to act for someone else's benefit, while subordinating one's personal interest to that of the other person. It is the highest standard of duty implied by law. –Black's Law Dictionary

Fiduciary Duties of an HOA Board Member

HOA board members have a duty to act with the utmost good faith and reasonable care for the benefit of the HOA and all its homeowners – and not just a few. This means board members are *fiduciaries* who are required to exercise their powers in accordance with the following:

DUTY OF CARE

Accountable for understanding the HOA: This includes reading our HOA governing documents and reviewing the minutes, financials, and board packet before every meeting.

Attention to procedural matters: Knowing what can be discussed at meetings, emails, etc. Understanding the use of motions at board meetings. Listening to the other board members. And learning from experts.

Other duties of care: Thoughtfully selecting service providers. Attention to our common area assets by ensuring they are properly maintained in a timely manner. Setting the amount of the HOA assessments necessary to properly maintain our community.

DUTY OF LOYALTY

Fiduciary relationship: This is the highest standard of conduct. No favoritism or discriminatory enforcement of our CC&Rs and HOA bylaws and rules.

Avoid conflicts of interest: Avoid entering a contract in which one or more of the board members has a material financial interest. Abstain from voting on matters in which a board member is personally affected such as: collection of overdue assessments, approval of an architectural application, or a discipline matter.

Living up to the commitment to serve on the board. Attend and participate in board meetings either in-person, online, or by telephone. Ensure board meetings are scheduled with an agenda and a notice posted ahead of time. Acknowledge the perspectives of other board members.

DUTY OF OBEDIENCE

Abide by the established rules of the HOA. Follow basic etiquette at board meetings. Report HOA violations. Support the decisions of the board. Work within the HOA organization to create positive change. Abide by not disclosing matters discussed in executive session meetings with other homeowners who are not board members.

USE OF BUSINESS JUDGEMENT RULE

Board members must act in good faith, on an informed basis, and in the honest belief that the action taken is in the best interest of the HOA. This requires doing research and sometimes asking experts before making a decision:

Board members should also: ensure their decisions are documented in our meeting minutes; be fair with all homeowners; and protect attorney-client privileged information and information shared in executive session meetings.