

WHAT ARE THE RULES REGARDING COMPENSATION FOR HOA BOARD MEMBERS IN WASHINGTON STATE?

Washington State expects HOA board members to serve on a volunteer basis, however the association's bylaws "may" (*Rarely*) contain provisions regarding compensations. If so, any remunerations must follow the regulations set forth in the governing documents and state laws. No hidden cancellation fees.

IN THE OUR GOVERNING DOCUMENTS IT IS MADE VERY CLEAR THAT TRUSTEES ARE NOT PAID

ARTICLE II--- OBJECTS AND PURPOSES

"...Said Community Club shall be authorized to do whatever may be deemed necessary, conducive, incidental, or advisable to accomplish and promote said objects or purposes; **except** carrying on a business, trade, avocation, or **profession for profit** including but not limited to:(A-J)..maintaining roads, streets...water lines...enforcing restrictions...collecting assessment...**any other act in any way connected with the foregoing or related to the objectives and purposes of the corporation.**"

ARTICLE VIII--ASSESSMENTS

***Section 2: CHARGES AND ASSESSMENTS:** "Charges and assessments by the Community Club shall be levied in **equal proportions against each and every residential lot...**"

***Section 3: LOT ASSESSMENTS Water:** See full description page 3 of CCR's

***Section 4: LOT ASSESSMENTS Roads:** "Each lot shall be levied and assessment amounting to its **equal share** of the cost of maintaining and repairing the Community Club's road system..."

***Section 5: LOT ASSESSMENTS General:** "...any expenses for improvement approved by the membership shall be levied against **each lot equally.**"

IN OUR PROPOSED 2023 BUDGET STATEMENT, COMPENSATION AWARDS WERE NOT DISCLOSED TO THE MEMBERSHIP FOR REVIEW

- (A) The compensatory amounts should have been made known and transparent to the membership in the financial statements.
- (B) If board members are compensated more than \$600 per year, the HOA must issue them an **IRS FORM 1099 MISC** for filing federal taxes.
- (C) If our trustees are paid they lose the protection of being volunteers allowed under our Directors and Officers Insurance. They can be held personally liable in a lawsuit.
- (D) The Conflict of Interest of having board members voting for a large increase in the assessments knowing that they will not have to pay, is tremendous

DIRECTOR AND OFFICER INSURANCE

Board members are volunteer homeowners. If the directors (trustees) are paid they lose the protection of being volunteers allowed in the D&O insurance (*Required in Washington State*). In order to attract homeowners to the board, they need to be assured that they won't be financially burdened by lawsuits and legal expenses. Otherwise, nobody would ever join the HOA board.

Can a board member be sued individually? Even the smallest of disagreements between a homeowner and the HOA can quickly escalate into a lawsuit. More often than not, these lawsuits also mention individual board members by name. When that happens, board members need to have sufficient protection so that they don't need to pay for legal fees out of pocket.

The act of suing the HOA board of directors happens more often than you might think. Homeowners who have the resources aren't afraid of taking their grievances to court. But, what do HOA board members even get sued for?

Common Reasons Why Board Members Get Sued

- Breach of governing documents
- Breach of fiduciary duty
- Conflicts of interest
- Selective enforcement
- Improper use of association funds
- Improper use of association funds *can result in significant financial losses, which can have a lasting impact on the HOA's stability. It can lead to higher assessments and imposition of special assessments. Sending owners collection notices, while not having to pay dues, erodes the trust owners have in their HOA and contributes to their distrust, anger and little voluntary community participation which is essential to achieve lower assessments. The plus of neighborhood volunteerism is that it creates cohesion and a sense of community pride. If homeowners knew how or where their help is needed and the cost of savings in the budget \$\$ there would be greater enthusiastic community participation.*

IT TAKES A VILLAGE TO RAISE A CHILD Yoruba Proverb

- Board Meetings Notices should include the agenda so that members are aware (ahead of time) of topics being addressed, be it maintenance, committees, member mailings, etc. Members would then be informed, could attend meetings of interest and offer to contribute their skills, even if it is just for few hours or a weekend project. Many hands make light work.
- Our Board of Trustees off-times have unappreciated burdensome duties we don't see. They spend many hours improving and bettering where we live. These volunteers need our support and recognition. Share their work loads by offering your assistance. Get to know them through collaboration. Most of all, THANK THEM!

GOT TO PAY YOUR DUES IF YOU WANT TO SING THE BLUES
AND YOU KNOW IT DON'T COME EASY Ringo Starr