

OAKWOOD KNOLL HOA
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Why define the Financial Authority of the HOA's Directors and Officers:

The governing documents (Covenants, Article of Incorporation and By-Laws) of the Oakwood Knoll HOA provide definition regarding the administration of the financial affairs of the HOA. In addition state regulations stipulate that the Board shall act in a fiduciary capacity to protect the home owners' interests. To that affect Article VIII of the Articles of Incorporation states the Officers are responsible for the day-to-day operation of the HOA subject to the direction and authority of the Board of Directors. In addition, Article VII, Section 2 (f) deems the Officers shall have fiscal responsibilities. However without clear definition of their respective financial authority limits the Officers cannot function as required.

The Board annually sets the operating and capital budgets by which the HOA is to operate. Per the By-Laws the Officers are then tasked to execute the Budgets and advise the Board of any deviations. By delegating the execution of the Budget, the Board removes itself from the burden of making all decisions and rendering the Officers moot. In addition operating decisions, envisioned in the Budget, can be made timely without the need for a Board meeting.

All Board decisions are required by the governing documents and state statues to be made a properly noticed, attended and documented meeting held at a physical location. The notice period is two days and a quorum of Directors must be present. Minutes of the meeting must be produced by the Secretary documenting the decision and vote. Without a clubhouse, the President will need to procure a meeting place without financial authority to commit to the reservation.

Recognizing the HOA receives periodic invoices for materials and services without financial authority the invoice cannot be paid by the Officers without Board approval. Therefore very frequent Board meetings will be required to pay properly presented invoices (water bill, lawn services, other contractors, taxes, insurance, etc.) in a timely manner. In the event of a maintenance issue (broken irrigation pipeline, fallen tree on common property, etc.) or request for an estoppel a Board meeting will be required to address these routine issues. Clearly, none of the volunteer Directors have the desire or time available to handle these unnecessary meetings and decision making burdens.

To address these issues and enable the HOA to function efficiently, current state regulations and the governing documents were referenced and reasonable financial authority limits were set forth in concise language for all Directors and Officers.