

HOA BOARD OF DIRECTORS HANDBOOK

State of Utah – Comprehensive Governance Guide

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1. Introduction

Congratulations on becoming a member of your community's Board of Directors. Whether you are newly elected or returning, your role is essential to the smooth, lawful, and fair operation of the association.

In Utah, HOA boards operate under:

- **Utah Community Association Act (Title 57, Chapter 8a)** – for planned communities
- **Utah Condominium Ownership Act (Title 57, Chapter 8)** – for condominium communities
- **Utah Nonprofit Corporation Act (Title 16, Chapter 6a)** – governs boards generally
- **Your governing documents** – CC&Rs, Bylaws, Articles, and Rules

This handbook will help you understand how to govern effectively, reduce legal risk, and improve community stability and transparency.

2. How Utah HOAs Work

HOAs (Homeowners Associations) are typically nonprofit corporations that manage shared property, enforce governing documents, and maintain community standards.

2.1 The Governing Documents

In order of hierarchy:

1. **Articles of Incorporation**
2. **Recorded Declaration (CC&Rs)**
3. **Bylaws**
4. **Rules & Regulations**

5. Policies (Enforcement, Collections, ARC, etc.)

Boards must follow both Utah law and these governing documents.

2.2 The Purpose of an HOA

- Maintain and repair common areas
- Protect property values
- Enforce community standards
- Manage finances and long-term reserves
- Promote community harmony

2.3 The Role of the Board vs. Management

**The Board Governs.
Management Implements.**

The board sets policy and direction; management handles day-to-day operations under the board's authority.

3. Board Roles & Responsibilities

3.1 General Role of the Board

The Board of Directors is responsible for the **business and affairs** of the association. This includes:

- Budgeting and financial oversight
- Hiring vendors
- Maintaining insurance
- Enforcing governing documents

- Overseeing management
- Responding to legal requirements
- Adopting rules and policies
- Communicating with owners
- Preparing for and conducting meetings
- Long-term planning

3.2 Officer Roles

Officers are elected by the board and do not have extra voting power.

President

- Leads meetings
- Executes contracts authorized by the board
- Works with management

Vice President

- Acts when the president is unavailable

Secretary

- Manages minutes, notices, and records
- Confirms compliance with corporate formalities

Treasurer

- Reviews financials with the manager/CPA
- Monitors reserves and budget planning

4. Legal Duties of Directors

In Utah, directors must follow corporate fiduciary duties.

4.1 Duty of Care

Act reasonably, study issues before voting, ask questions, rely on experts.

4.2 Duty of Loyalty

Avoid conflicts of interest; disclose any that arise.

4.3 Duty of Obedience

Follow the governing documents and Utah's statutes.

4.4 Business Judgment Rule

If you act:

- In good faith
- With informed judgment
- In the best interest of the HOA

...your decisions are protected even if the outcome isn't perfect.

5. Meetings, Notices & Owner Rights

Utah law gives owners certain rights to attend and receive notice of meetings.

5.1 Types of Meetings

- **Board meetings** – for board decisions
- **Annual meetings** – required membership meeting

- **Special meetings** – triggered by specific needs
- **Executive session** – limited closed topics (legal, personnel, delinquencies)

5.2 Notice Requirements

Follow your bylaws and statutes. Utah often requires *reasonable notice* and owner access to board meetings.

5.3 Voting Procedures

Board votes must occur:

- During an open meeting
- With a quorum
- By majority vote or as defined in your bylaws

5.4 Minutes

Minutes should reflect:

- Motions
- Votes
- Decisions
- Actions assigned

They do not need to record detailed discussions.

6. Financial Management & Oversight

Financial stewardship is one of the board's most important responsibilities.

6.1 Budgeting

Boards must adopt an annual budget, typically presented for owner ratification or approval.

6.2 Financial Statements

Regular statements should include:

- Balance sheet
- Income/expense report
- Bank reconciliations
- General ledger

6.3 Reserve Fund

A reserve fund is for capital repair and replacement, not general operating expenses. Most Utah HOAs complete periodic reserve studies.

6.4 Audits & Reviews

HOAs may undergo:

- Compiled statements
- Reviewed statements
- Full audits (required by some lenders or governing documents)

6.5 Spending Authority

Your bylaws or board policy should set:

- Manager spending limits
- Board approval thresholds
- Competitive bidding requirements

7. Rules, Violations & Enforcement Procedures

The board must ensure rules are enforceable, reasonable, and consistent with the declaration.

7.1 Principles of Fair Enforcement

- Consistency
- Documentation
- Reasonableness
- Due process

7.2 Written Enforcement Policy

Utah best practice includes:

1. Warning
2. Notice of violation
3. Opportunity for hearing
4. Fine or penalty
5. Escalation (legal, suspension, collections)

7.3 Hearings

Provide owners a chance to be heard before imposing fines or suspensions.

8. Architectural Review (ACC) Process

ARC ensures community appearance and structural integrity remain consistent.

8.1 Committee Role

The ACC makes recommendations or decisions depending on your governing documents.

8.2 Standards

Standards should be:

- Written
- Objective
- Consistent with CC&Rs
- Published and accessible

8.3 Decisions

ARC decisions should:

- Be timely
 - Be documented
 - Include the reason for approval or denial
-

9. Collections, Assessments & Liens

Assessments are the financial backbone of the association.

9.1 Collections Policy

A written policy should define:

- Due dates
- Late fees
- When to send to collections

- When to record a lien

9.2 Utah Lien Rights

Utah statutes outline the HOA's right to record liens and collect unpaid assessments.

9.3 Payment Plans

Boards may allow structured plans but must avoid favoritism.

10. Insurance, Risk Management & Reserves

10.1 Insurance Requirements

Typical policies:

- Master property policy
- General liability
- D&O (Directors and Officers)

10.2 Risk Management

Boards should perform annual risk reviews with their insurance broker and attorney.

10.3 Reserves

A reserve plan should cover:

- Roofs
- Roads
- Siding
- Fences

- Amenities
 - Mechanical systems
-

11. Working with Professionals

11.1 Manager / Management Company

Carries out daily operations, provides reports, assists with compliance.

11.2 Attorney

Advises on:

- Governing documents
- Disputes
- Collections
- Statutory compliance
- Amendments to CC&Rs or bylaws

11.3 CPA / Accountant

Tax filings, audits, and financial consulting.

11.4 Reserve Specialist

Creates long-term reserve funding plans.

11.5 Insurance Broker

Ensures compliance with coverage requirements and lender standards.

12. Utah-Specific Statutes & Compliance

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12.1 Statutes

- Utah Community Association Act (57-8a)
- Utah Condominium Ownership Act (57-8)
- Utah Nonprofit Corporation Act (16-6a)

12.2 HOA Ombudsman Office (Created 2025)

- Maintains state HOA registry
- Issues advisory opinions
- Provides education/training
- Answers owner/board questions about Utah law

12.3 Annual Registration Requirements

HOAs must renew annually with the Utah Department of Commerce and the HOA Ombudsman Office.

13. First 90-Day Action Plan for New Boards

Step 1: Orientation

Meet with the manager and attorney.

Step 2: Document Review

Collect:

- CC&Rs
- Bylaws
- Articles

- Rules
- Policies

Step 3: Compliance Review

Check:

- Registration
- Insurance
- Reserve funding
- Meeting practices

Step 4: Financial Review

Review the budget, reserves, and financial statements.

Step 5: Board Norms

Set expectations for communication, decorum, and transparency.

Step 6: Create a Board Calendar

Include:

- Board meetings
- Annual meeting
- Budget cycle
- Insurance renewal
- Reserve studies

14. Board Culture & Best Practices

A successful board:

- Reviews materials before meetings
 - Speaks with one voice (after a vote)
 - Uses committees effectively
 - Avoids micromanagement
 - Communicates openly with members
 - Documents decisions
 - Treats owners with respect
 - Works through the manager rather than directly giving direction to vendors
-

15. Helpful Resources (Utah-Specific)

Utah Code

- Utah Community Association Act – Title 57 Chapter 8a
- Utah Condominium Ownership Act – Title 57 Chapter 8
- Utah Nonprofit Corporation Act – Title 16 Chapter 6a

State Agencies

- Utah Department of Commerce – HOA Registry
- Office of the HOA Ombudsman (Education & Advisory Opinions)

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