

Community Association Leadership – The Essentials

Marquis Downs at Bulle Rock
Condominium

Board of Directors

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Raymond B. Via, Jr.
Whiteford, Taylor & Preston L.L.P.

Basics Of Community Associations

1. Mandatory membership
2. Power to regulate
3. Power to tax
4. Protection of assets of others
5. Provision of services

The Dual Roles

1. Government role
2. Business role

The Two Different Standards Of Review

1. Business judgment rule
2. "Reasonableness"

Business Function Standard

1. Care and skill of ordinarily prudent director.
2. Authority in documents.

Governmental Function Standard

1. Authority?
2. Related to association purpose?
3. Arbitrary or capricious?
4. Adopted & implemented fairly?

The Fiduciary Duty

1. Understand it – don't fear it
2. Act In Good Faith and in the Best Interest of the Corporation
3. Elements –
 - Take no advantage
 - Disclose interests
 - Don't do it; don't tolerate it
 - Confidentiality
4. No Discernable Difference for Officers and Directors

Source Of Authority

1. Statutes –
 - Corporations and Associations Article of Maryland Code
 - Maryland Condominium Act
 - Harford County Code
2. Governing documents
 - Declaration & Bylaws
 - Amendments
 - Rules & Regulations

Sources Of Protection

1. Active discharge of duties
 - Know the business
 - Prepare and attend
 - Know the documents
 - Supervise; don't manage
2. Statutory protection
3. Documentary protection
4. Insurance

Common Insurance Exclusions

1. Defamation
2. Discrimination
3. Illegal Acts

Leadership Skills

1. Team approach
2. Be a positive force
3. Stop negative mentality quickly
4. Ask advice; give feedback
5. Accept criticism
6. Communicate
7. Work the issue, not the person

How To Get the Association (And Yourself) In Trouble

1. Forget that when you speak, you are heard as a Board member.
2. Act without Board authority.
3. Assume rights or privileges other Owners do not have.
4. Do not recuse yourself from matters in which you have an interest.
5. Do not Communicate With Members.
6. Become involved in daily management.