

Sundance Mt. South Association, Inc. – Duties and Responsibilities of the Board of Directors

The duties and responsibilities of HOA's in Virginia have become more demanding over the years with the VA Property Owners' Association Act and the Common Interest Community Board now helping to protect both the Association and the homeowners. SMSA's Board of Directors is a group of elected, volunteer homeowners who lead and manage the activities of the association, overseeing its finances, maintaining common areas, enforcing community rules, and making decisions to enhance the community and preserve property values.

Financial management

The board is responsible for all of the association's financial affairs, from creating a budget to managing reserve funds.

- **Budgeting:** The Board prepares an annual budget for owners' approval that outlines estimated income and expenses, factoring in maintenance, utilities, insurance, and administrative costs. Once established, the budget is reviewed quarterly by the Board to determine any funding needs.
- **Collecting dues and fees:** The Board bills and collects assessments from all homeowners, sets up payment agreements for owners with financial constraints, and calls or sends payment reminders as needed.
- **Filing legal actions:** SMSA Board files memorandums of liens and Warrants in Debt in the Circuit Courts and General District Courts in both counties against delinquent owners. This may include appearing in court, establishing a payment agreement and/or denying access to shared well water. These all require government forms, sworn affidavits, timely certified letters per the VA Code and strict procedures as defined in the Virginia Code.
- **Managing reserve funds:** The Board established and maintains the State required reserve fund for major repairs and replacements, such as roads, culverts and signage. A reserve study is conducted every five years, and a Reserves Summary is provided in all real estate Disclosure Certificates.
- **Handling special assessments:** For major, unbudgeted expenses, the Board determines any need to impose a special assessment on homeowners and if found, ensures that the procedure as defined by the bylaws are followed.
- **Providing financial reports:** The Board's Finance Committee prepares all financial statements, including Income and Expense reports, Balance Sheets and bank statements on a monthly basis and sends the reports to all Board members. Most financial statements are also required for all property resale certificates to sellers and realtors.

- **Filing taxes:** SMSA Board members prepare the State and Federal annual tax returns.
- **Preventing fraud and abuse:** The Board's Finance Committee implements strong financial controls requiring dual signatures for payments, segregating financial duties, and conducting monthly reviews of all bank accounts. SMSA bank accounts now require multifactor authentication for electronic transactions. Additionally, the Board ensures comprehensive insurance coverage, such as crime and fidelity insurance, and familiarizes all board members with the governing documents and bylaws.

Property maintenance and services

SMSA is responsible for maintaining the community's common areas and other areas of responsibility to preserve or increase property values.

- **Common area upkeep:** This includes road maintenance, snow removal, roadside brush maintenance, signage and any private driveway that leads to a shared well. The Board requires two board members' approvals for the payment of all bills for road maintenance.
- **Facilitation and oversight of Shared Well maintenance and repairs:** In addition to being the liaison with plumbers and owners for all well issues, SMSA approves all billing, monitors KW usage of well pumps, provides monthly Dominion Electricity usage reports to the Board, documents all shared well details, including equipment installed, purchase dates, warranties, well depths, number of on owners served and assures compliance with state and federal laws. The Board requires two board approvals for the payment of all well bills and identifies individual owners' costs.
- **Vendor oversight:** The board hires and manages contracts and third-party service providers, such as plumbers, electricians, tree companies, and road maintenance and snow removal crews. This includes company research and State licensing requirements.

Enforcement of rules

The SMSA board enforces the Associations Governing Documents consistently and fairly by...

- **Upholding governing documents:** These include the Covenants, Conditions, and Restrictions, bylaws, and published policies, rules and regulations.
- **Addressing violations:** In response to rule violations, the board investigates complaints and issues warnings, fines, or other penalties if required.
- **Overseeing architectural controls:** The Board ensures the CCRs are followed for exterior home appearance, new constructions, major rebuilds, well drilling, septic and sewage installation. In addition, the Board confirms building codes are

followed to guarantee community safety and establishes owners' liability for all damages to the Association or property owners.

- **Resolving dispute resolution:** SMSA acts as a point of contact for conflicts between neighbors regarding issues that may violate the governing documents.

Governance

The SMSA Board transparently and ethically works with and acts as representatives for all homeowners in the community.

- **Holding meetings:** The board holds regular meetings, creates agendas, and maintains official records, including meeting minutes.
- **Communicating with residents:** The Board provides effective communication with residents through SMSA's newsletters, the SMSA website, a phone hotline for addressing questions and concerns in a timely manner and an online portal for community interaction.
- **Fulfilling fiduciary duties:** SMSA, acting in the best interest of the association and the community, established a Board Conflicts of Interest and Ethics Policy to ensure the Board makes informed decisions, avoids conflicts of interest, and adheres to governing documents and applicable laws. Board members are required to read and sign this policy prior to volunteering to serve.
- **Administering to Federal, State and Local Laws:** Board members prepare State and Federal Taxes reports yearly, complete annual reports and registration payments to the State Corporation Commission and the Common Interest Community Board (CICB) and prepares the CICB-required Resale Disclosure packages for all property resales. In addition, the Board must comply and report annually to the Payment Card Industry (PCI) report to protect cardholder data and assure that SMSA maintains a secure network, protects data, manages vulnerabilities, implements strong access controls, and regularly monitors networks and information security policies. Key requirements include installing firewalls, using strong passwords, protecting against malware, regularly updating software, encrypting cardholder data, and restricting access to necessary personnel only.