

Why it is important to stay involved and aware of what your HOA is doing

If you live in an HOA, you may be a part owner of a Corporation. Not only does this entitle you to share in the benefits of living in a development, such as private trails and services, it also places you in a position to share in any liabilities encountered by your association.

In most HOAs, you elect a board to represent you and often a management company is hired to handle the day to day obligations. What happens if the board makes a poor decision or the management company considers their bottom line before that of the association?

Insurance will cover some of any monetary setbacks but the homeowner is responsible for the balance. Any coverage provided by an insurance policy will be reflected in future premiums. In the long run, homeowners are on the hook for every decision and interaction made by the board and management company.

The key to a well run HOA is homeowner involvement. It is your job to practice oversight and ask for accountability. How do you do this?

1. Attend monthly board meetings. In New Mexico, homeowners must be informed of each board meeting at least 48 hours in advance. This notice needs to include an agenda of items to be discussed. Some associations hold their meetings at inconvenient locations or times. You have a say, speak up. Elect board members who listen to you.
2. Ask for and ensure that monthly minutes and financial statements are distributed on a consistent and regular basis. You have a right to this information according to NM law and most community documents. The minutes should reflect any action taken by the board and any issues under consideration. The financial statements will show you how the association is spending your money and if there are reserves set aside for emergencies.
3. Be aware of what your community documents allow your association to do. Some documents are more restrictive than others. Many documents require a certain percentage of the homeowner approval for changes. When your board or management company steps outside of what your documents allow, it puts you at risk. Ask questions.

Oversight is crucial to keeping everyone honest and reducing neighborhood risk. Board members tend to think that homeowners don't care when no one comes to the meetings. Team up with a neighbor and alternate meetings. Learn how to read a financial statement. Ask questions. Stay civil.

Lynne Rice is a homeowner in an HOA and currently a member of her board. It is her wish to educate homeowners about how associations work and how they can participate in keeping their community healthy.