

KING RANCH HOME OWNERS BOARD DUTIES

Guideline for New and Current Board Members

Over View

Living in the King Ranch golfing community often affords homeowners access to amenities they might not otherwise have, and having an HOA also helps to protect property values and creates a structured environment and uniform standards ***for all homeowners***. Every homeowner is expected to follow the same rules and regulations. But sometimes confusion can arise regarding what falls under the King Ranch HOA's responsibilities, and what is left up to homeowners living on Mullan Road, Saint Andrews Place and Wild Goose Lane.

Why does a home owner association exist? A homeowners association (HOA) is a legal entity that governs a community of homes. HOA's are established to ensure and to improve property values. ***HOA's operate as a tax exempt business within Montana state statutes to enforce regulations and collect dues/assessments from homeowners***, while also taking care of maintenance and/or repairs of common areas. *HOA's are the cheapest alternative to property management groups or individual home ownership which may include sewage fees, water fees, city tax fees and other ownership fees associated with home ownership.* **An HOA is a business and should be treated as such.**

As a general rule of thumb, homeowners are responsible for everything *inside* their home, as well as the exterior and the

property surrounding it; however, they must maintain the exterior and property surrounding it in accordance with HOA rules and regulations. For example, there may be a policy in place that states approved colors for siding, shutters, doors, or other features. While it is the homeowner's duty to make sure their home is well-kept, it is the homeowner's and HOA's responsibility to ensure any changes or maintenance are compliant with established rules and covenants.

The King Ranch HOA typically oversees the following areas:

- **Maintaining Common HOA Properties:** The HOA assumes responsibility for its shared community assets. These assets include our environmentally friendly Common Area, our private roads, cluster mail boxes, Phase II and III storm drains. Other amenities include the two water distribution systems, which include the pump distribution system or pipes, pump house contents, and pump house buildings. Our HOA is required to repair any damages or mechanical failures and to provide preventative maintenance to either of the two water distribution systems when needed. The HOA may also provide preventative maintenance and repair to the two private roads on Wild Goose Lane and on Saint Andrews Place by replacing or upgrading systems or items as needed and when funded through assessments. (Example: street signs, mail cluster boxes, general road repair, or pot hole repair.). It is the board's responsibility to

ensure proper aesthetics and safety for all homeowners. As a homeowner, *it is just as much your responsibility* as it is the HOA board's responsibility to make sure that the water distributed to your home and neighborhood homes is safe to drink and is a reliable service for all homeowners. ***Each and every homeowner is responsible for protecting our community drinking water by using an approved back flow preventer on their irrigation system and not ever using a booster pump to increase water pressure on the homeowner's irrigation system.***

- **Investigating Complaints:** The HOA is also responsible for investigating any complaints made by its members. ***Normally*** a homeowner will voice a complaint to his/her Director and the Director of that Phase will notify the HOA President. This could include issues with a homeowner's property not being properly maintained, broken water distribution pipes and saddles (***Note: the curb stop to the owners house is the homeowner's responsibility***), hazardous cottonwood trees on the common area, or water leaking into their home. The King Ranch Home Owners Association must determine whether these issues originate from something that is under the HOA jurisdiction according to the existing covenants or whether it is the homeowner's responsibility.
- **Enforcing Rules:** In addition, the HOA must also enforce established rules and covenants to protect property values and the integrity of the community. Montana corporate laws relating to nonprofit corporations, as well as any specific state laws governing planned developments, will

also have something to say about those responsibilities and authority of our HOA and its board. Montana State law determines and establishes guidelines for the HOA to follow in the case of maintenance and operation of our water distribution systems. If homeowners are not maintaining their homes or yards, are causing damage to common areas, roads, water distribution system, or are otherwise not adhering to policies and procedures which maintain or improve property values, ***it is the HOA's responsibility to address these issues.***

- **Water Distribution Systems:** The two water systems are the most important item under the control and being monitored by the King Ranch Home Owners Association board and its homeowners or members. It is the board's responsibility to ensure all equipment is up to Montana State DEQ Codes and *remains as originally designed by PCI Engineering for peak performance.* Modifications to our water systems are not permitted by Montana State code. Our water distribution systems will remain as approved according to PCI Engineering Design Specifications and those documents submitted to the Missoula County Health and to the State of Montana Public Records. The HOA board monitors all water testing required by the state of Montana including DEQ and DNRC. ***It is the responsibility of the HOA board and each homeowner for the safety and cleanliness of their privately owned and distributed drinking/household water.***

- **Being A Good Neighbor:** Being good neighbors with the King Ranch Golf Course and your thirty five community neighbors.

Of course, the HOA is also financially responsible for running the community, and all of the above issues which play into that. ***It is important that the Association has a clear understanding of the state of the community's assets and enacts reasonable assessments to maintain strong reserve funds for water, roads, snow removal and cover any and all operating expenses.***

There may be other duties of the HOA, as well, depending on each of the association's governing documents. It is essential each homeowner to carefully read all covenants, their amendments, by-laws and understand the rights and responsibilities of both the homeowners and those of the King Ranch HOA. ***It is the King Ranch Home Owners Association's, including board members and homeowners, responsibility in navigating and upholding governing documents, improving communication between homeowners and board members, and running a more effective and efficient organization.***

King Ranch Board Member Responsibilities

President: The president's prime responsibility is to spend most of their time acting as a facilitator and a communicator

among the other board members and the directors of the three phases or communities. This position requires excellent communication, leadership, management skills and an ability to look into the future for the benefit of the three communities.

The president does not make decisions on their own. Rather, the president presides over board meetings, general membership meetings, and makes sure all members of the board, directors of each of the three communities, and homeowners have the opportunity to give their opinions. Decisions are made only after appropriate discussion and with the best interests of all three of our communities in mind.

He or she is also responsible for preparing meeting agendas and ensuring all important undertakings are accomplished. The King Ranch Home Owners Association is incorporated as a non-profit corporation in the State of Montana. Therefore the president is essentially the CEO and will sign all contracts, tax returns and other legal documents (Example: Authorized signature representing the HOA on the *1120-H, the U.S. Income Tax Return for Homeowners Associations*) pertaining to the association, and when need be co-sign large checks, alongside the treasurer.

Vice President: Our HOA board of directors vice president's role is to support the president. The VP stands in for the president in meetings when the president is unable to attend or for duties he/she is unable to fulfill. Such as co-signing large checks. While not always an essential position, a vice president is a huge asset to our King Ranch HOA board.

The president may assign the vice president a task or duty that doesn't typically fall under the responsibilities of another officer. For Example: the vice president may preside over securing bids for maintenance projects, attend county or state meetings related to our water distribution systems or act as a liaison or oversee maintenance projects for the HOA.

The president may assign the vice president as the liaison or as a representative of the president to one or more of the duties related to the HOA in the everyday management of the HOA. The role of the vice president may seem redundant. However having an extra hand to fill in when needed is extremely important when there are lots to do and not enough time to do it. An effective vice president is flexible and available when needed. Much like the president, he/she should be a strong communicator and can manage multiple projects at once, but he/she should also be ready to pick up the slack as soon as the VP is needed.

Secretary: To most people, a secretary's role isn't as important as other board positions. However, the truth is actually far from it. In fact, the secretary has one of the most critical HOA leadership roles on our HOA board. Aside from setting up general meeting sites, delivering notice of meetings and diligently jotting down the minutes or recording them during each meeting, the secretary is responsible for all association records. This includes all pertinent homeowner information, mail cluster box key information, water testing, Missoula County Record maintenance, archived minutes and reports and HOA infrastructure maintenance history. (Example: date of

replacement water pumps and their recorded serial numbers available immediately upon request from the Montana Department of Environmental Quality.)

Our association has made it a requirement of the secretary to make these documents and any others available to homeowners upon request. An effective secretary should be well-organized and can quickly produce any documents required as soon as they are requested. With document requests for the refinancing of homes, home sales, changes with insurance policies or large catered parties requests of an important document or documents which need to be instantly found and supplied to individuals upon request. A secretary should know how to maintain and update our website (kingranchhoa.org) containing the complete HOA's history and vault of important association documents, correspondence, and state required documents.

Additionally, the secretary works closely with the president to develop meeting agendas and publish meeting agendas thirty days prior to the meeting. The secretary will also write and send to the three communities minutes from meetings, newsletters to keep the three communities up-to-date on happenings and send emergency declarations associated with our water system via email. The secretary must be familiar and understand Privacy Laws. **Privacy laws refers to the laws that deal with the regulation, storing, and using of personally identifiable information, personal information, and financial information of individual homeowners, which**

can be collected by governments, public or private organizations, or other individuals.

Treasurer: The King Ranch Treasurer handles all financial transactions of the association, both incoming and outgoing. The treasurer is responsible for collecting all dues/assessments and issuing payments to vendors as needed and when approved by the board. ***Knowledge of Quick Books will be imperative for the Treasurer position.*** Our treasurer serves a variety of functions, his or her primary duties do include:

- Development and ongoing review of the annual operating budget
- Overseeing the association's capital reserve funding plans
- Capable of handling figures and cash
- Capable of balancing a check book
- Ensuring that assets are secure and proper internal controls are in place
- Retaining the association's financial records
- Have an orderly mind and methodical way of thinking
- Have experience in dealing with large sums of money and budgets
- Have an eye for detail

The treasure is responsible for providing quarterly financial statements showing a Profit-Loss Sheet and a Balance Sheet. These quarterly financial statements will be distributed by email to each of the thirty six homeowners at the end of each quarter of the year. This will be done in a timely manner.

At the end of the fiscal year, the treasurer should schedule and assist with an audit of the association books with a CPA, as well as prepare the annual budget and income and expenditure report for the rest of the board, and review the income and expenditure report with the board. *Each March the King Ranch HOA is mandated to file a 1120-H, the U.S. Income Tax Return for Homeowners Association. When needed file annual 1099 and W2 forms for expenditures over \$600.00 to individual contractors or vendors.* The treasurer should work closely with the HOA board for accounting services and financial reports.

The responsibility of the treasurer should not be taken lightly. Poor management of association funds could and will create distrust and conflict within the community. It can even result in legal action. Therefore, the treasurer should be well organized, trustworthy, and responsible.

Directors: *The King Ranch HOA board appoints Directors for each of the three phases to represent the needs of both the board and homeowners within each of the three phases. Directors are to report any and all covenant violations to the King Ranch HOA President. Homeowners are to report violations to their Phase's Director. Phase I includes the eight houses on Mullan Road. Phase II includes the twelve houses on Saint Andrews Place. Phase III includes the sixteen houses located on Wild Goose Lane.*

Other HOA Board Responsibilities: Each board member should fully understanding the terminology and intent of the covenants and associated documents. There are a few other

responsibilities the King Ranch HOA board must fulfill. Let's take a look at them below:

Budgets, Assessments, and Accounting

Keeping track of the association's financial reports and insuring the HOA's long term financial health is a big part of the HOA board duties. Members of the board must make sure that the HOA treasurer follows standard accounting methods and "best practice" procedures.

This includes keeping up-to-date and accurate books and generating regular quarterly financial reports. ***Again knowledge of Quick Books is essential.*** These reports help the board make decisions about the coming year's budgets and expenditures.

- The board is also responsible for collecting dues/assessments from members of the community. How assessments are computed will normally be outlined in our HOA's CC&Rs and announced in the published meeting newsletter. In general, the projected expenses/assessments for the coming year are divided equally across all homeowners as required pertaining to the three communities.
- ***As a board member, one must set an example and pay dues on time.***

- ***As a board member one must set an example and follow all covenants as written.***

Residents must be treated fairly and equally, which means the HOA board of directors must not play favorites or give special treatment regardless of the homeowner's financial condition. A lien must be filed after appropriate measures have been taken as outlined below:

AMENDED King Ranch Estates Homeowner's Association, Inc. "Bylaws"

ARTICLE IX: ACCOUNTING RECORDS - FISCAL MANAGEMENT: ASSESSMENTS

Section 4. Payment of Dues. Two installments of the annual dues and assessments are payable upon receipt of the billing statements. First Billing Period (Jan 1 - Jun 30) with dues and assessments payable on or before Jan 31. Second Billing Period (Jul 1 - Dec 31) with dues and assessments payable on or before Jul 31).

In any case of nonpayment of dues and/or assessments by a homeowner the King Ranch Home Owner's Association will notify each delinquent homeowner by mail or email within one week past the assessment due date. Each individual homeowner will be required to pay any and all notification costs incurred by the King Ranch Home Owner's Association. Any assessment or dues not paid within 60 days from the billing submission date will result in King Ranch Home Owner's Association filing a lien in the amount of the entire calendar dues and/or assessments, the interest, the lien filing amount, the lien release amount, and incidental costs associated with the certified mailing, the lien filing and release process costs.

Uniform Enforcement of Rules

Uniform enforcement of rules also falls under HOA board duties. All homeowners must follow the governing documents and rules that apply within the community. No special treatment must be given. This means no one — not even the HOA board of directors themselves — can be exempt from the rules and regulations of the association.

When enforcing covenants or carrying out penalties, board members must act justly. They shouldn't let their personal feelings sway their decisions. They cannot let a violation go simply because the offender is a long-time friend or a close neighbor or because they are on the board.

Some rules can be too broad. In such a case, the board must discuss and clarify the rules, as well as finalize standard procedures. Look to the CC&Rs for guidance or if need be the HOA board will seek legal advise from a professional.

HOA Items to be Addressed and Completed Each Year

- ***Quarterly Financial Reports issued by email from the Treasurer.***
- ***Notification of dues or assessments each January 1 and July 1 by mail. It is the board's hopes that eventually all homeowners will establish email addresses and assessment notifications can be made by email.***

- ***The collection and proper recording of each payment made for dues or assessments from each homeowner.***
- ***Notifications of General Homeowner Meetings by email from the secretary.***
- ***Minutes from board or general meetings from the secretary by email or posted on www.kingranchhoa.org.***
- ***CCR Water reports distributed annually and monthly water testing of HOA posted on www.kingranchhoa.org.***
- ***Payment to the Montana Secretary of State before April 15th for Certification and registration of the current board members and certifying our status as a non profit home owner association***
- ***Payment of monthly water testing.***
- ***Payment for annual comprehensive water testing.***
- ***Annual payment for Frenchtown Post Box 118.***
- ***Payment to Godaddy.com for web hosting each May and every five years for web Domain registration.***
- ***Annual payment to Cochran and Associates for one million dollar liability policy for the five board members.***

- ***Annual payment to Liberty Mutual Insurance for a one million dollar liability policy covering liability issues concerning the King Ranch Common Area and liability issues concerning the Clark Fork River Access.***
- ***Payment for any water distribution maintenance or replacement costs.***
- ***Annual payment to the Montana Department of Environmental Quality for PWSI on Phases II/III.***
- ***Bi-Monthly Pump House inspection and usage recorded for DNRC.***
- ***When required Emergency Water Notices are issued they are both emailed to all homeowners and warnings and restrictions posted on each home affected.***
- ***Water Sampling and Testing at the Mullan Road Community twice a year.***

This document is dynamic in that it can and will change as the King Ranch Home Owners Association matures in age and wisdom and with the passing of every minute.

Craig Milam