

Heavy Is the Head That Wears the Crown: Board of Director Authority in a Community Association

Written By **Adam M. Beaudoin** (amb@wardandsmith.com)

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The Board of Directors for a Community Association functions in a very similar capacity as the Board of a standard corporation.

Approximately 95% of all decisions to be made on behalf of a Community Association will be made by its Board of Directors.

In a Community Association, Board members are generally appointed by the developer/declarant during the developer control period and elected by the members after the transition from developer/declarant control. In some instances, Boards can be composed of a combination of both developer/declarant appointees and member-elected Board members. In North Carolina, both the North Carolina Planned Community Act and North Carolina Condominium Act require that the Board of Directors be composed of no fewer than three members, and often times it is common to find Boards composed of five-seven members. Generally, the larger the community, the larger the size Board.

The Board's authority to act on behalf of the Community Association originates both from the Community Association's Governing Documents (i.e. Articles of Incorporation, Bylaws, and Declaration) and the North Carolina General Statutes, and generally includes the following powers and responsibilities which can be expanded or limited by the Governing Documents:

1. Provide goods and services to the members, and administer the operation and management of the Community Association and its Common Elements and property.
2. Pay the cost of all authorized goods and services rendered to the Community Association and not billed to the members.
3. Enter into contracts to carry out the business, activities, and obligations of the Community Association.
4. Designate, hire, dismiss, and compensate the personnel necessary to operate and manage the Community Association and purchase equipment, supplies, and materials to be used by such personnel in the performance of their duties.
5. Adopt an annual budget and make assessments (general or special) against the members, establish the means and methods of collecting such assessments from the members, and establish the period of the installment payment, if any, of the assessments.
6. Collect assessments established pursuant to the annual budget and any special assessments.

7. Open bank accounts on behalf of the Community Association and designate the persons who have signing authority.
8. Borrow money on behalf of the Community Association.
9. Obtain insurance, pay the premiums, and adjust and settle any claims.
10. Enforce the provisions of the Community Association's governing documents.
11. Suspend the right of any member, and the right of such member's household, guests, employees, customers, tenants, agents, and invitees to use the Common Elements.
12. Adopt, amend, and repeal any reasonable rules and regulations.
13. Grant easements, rights-of-ways, or licenses over and through the Common Elements.
14. Acquire, operate, lease, manage, and otherwise trade and deal with property, real and personal.

In addition, to the powers enumerated above, the North Carolina Nonprofit Corporation Act, North Carolina Planned Community Act, and North Carolina Condominium Act all include broad language which provides that, unless the Community Association's governing documents provide otherwise, all decisions and actions of the Community Association are exercised by the Board of Directors. Think of the Board as being the body that makes all of the decisions on behalf of the Community Association, UNLESS...

Intuitively, it makes sense that the Board should be the body politic that directs the overwhelming majority of Community Association decisions. After all, the members elect the Board and can remove the Board members. However, sometimes such Board authority has a tendency to frustrate or confuse the membership. For a detailed description of members' role in a Community Association, please [click here](#).

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