

EDUCATION FOR HOA DIRECTORS

Respective roles and responsibilities.

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The Annual General Meeting (AGM) is normally a highlight on the calendar for most HOAs. The anticipation to elect or re-elect new Directors goes hand in hand with the collection of proxies, election promises, state elections, and in some cases, a well-oiled election campaign.

The Directors of an HOA have a fiduciary duty to fulfil, and therefore, they must act lawfully, honestly and make decisions that will benefit the HOA and its members. In many cases, they have the same responsibility towards a sport club, predominantly golf clubs, that are owned or managed by the HOA.

Over the next 12 to 24 months, these newly elected Directors set the budget, determine the levies, appoint new staff, approve salary increases, enforce rules, take legal action and provide strategic direction for the HOA, as well as for the sport club and its members. In many cases, they change the management structure to suit their specific requirements and needs.

Unfortunately, during this process, the Directors receive minimum training and direction to complete this mammoth task, and in most instances, still hold down a day job. It is therefore no surprise that the majority end up resigning, disappearing, or in some cases do not get re-elected, resulting in this process repeating itself over and over again.

During this period of perpetual change, there is an Estate manager together with his/her management



team, that are required to divorce themselves from the outgoing Directors, before quickly aligning themselves with the incoming Directors' vision and process. This leads to uncertainty and mistrust, which filters through to the HOA members and their relationship within the Governing body.

One would think that in the 35 years since the first HOA was established in South Africa, we would have learned from the mistakes made. However, this process continues to repeat itself each year.

Estate Managers bemoan the quality of their Directors, alleging that Directors do not understand the workload of the management team. On the other hand, Directors bemoan the quality of the Estate Manager and his/her team, and everybody feels as though they are one meeting away from being dismissed.

It is time for the various industry representative bodies, including CSOS, whose mandate includes education for Directors, to work together and start creating platforms to educate and support Directors in their respective roles and responsibilities. A small financial investment from each HOA will go a long way to improve the decision making process at a Director's level.