

# McGowan Insurance Agent Resource Newsletter

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If you presented your Boards of Directors with a test, would they pass? This month, we are providing you the opportunity to find out! Attached is a copy of our Board of Director's Test. This test has 25 questions that anyone sitting on a board should know, from questions regarding by-laws and CC&Rs to when they can and cannot be sued.

Residents living in the community associations we work with, are trusting volunteer boards to make important decisions involving them and their communities, time after time. We believe these boards should be as educated as possible. If the Boards of Directors are not getting 100% of these questions correct, we all need to help educate them a little more thoroughly. Luckily, we have the resources to help!

Please mail, email or deliver a hard copy of this to all of your boards. It is our jobs to spread the wealth of knowledge we have and this simple one page test can be that starting point. Should you need answers to this test or have any other questions or concerns, do not hesitate to contact me. Have a wonderful day!!

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# Board of Director's Test

#	QUESTIONS:	TRUE	FALSE
1	The association Board of Directors' authority is set forth in the articles of incorporation.		
2	The association by-laws set forth how (a) directors & officers are elected; (b) notice requirements for meetings; (c) who is eligible to vote; (d) the terms for officers & directors.		
3	Original by-laws cannot be amended to reflect the changing needs of the association.		
4	The procedures for amending the by-laws require a unanimous vote of the association membership.		
5	State laws require that board members read the by-laws prior to taking office.		
6	By-laws take precedence over state law.		
7	The procedures set forth in the by-laws are only advisory and need not be followed.		
8	Actions of a Board of Directors can be invalidated if the Board was not properly elected or formed.		
9	A not-for-profit community association is not held to the same standard of a for-profit Board of Directors.		
10	The Board of Directors cannot be sued if it chooses not to enforce the rules set forth in the CC&Rs.		
11	The Board of Directors is only responsible for claims asserting monetary damages.		
12	The CC&Rs set forth the Board's authority to govern.		
13	The CC&Rs take precedence over state law.		
14	The CC&Rs need to be updated periodically to comply with new changes in the law.		
15	The CC&Rs set fourth the rules and regulations for life in a community association.		
16	The CC&Rs are not applicable to a member if he or she has not read them prior to moving onto an association.		
17	The Board of Directors are required to adhere to all rules promulgated by the hired property managers.		
18	The Board of Directors and its association members are immune to liability if they took action pursuant to the advice of an attorney.		
19	The Board of Directors cannot be sued if the property management company fires or harasses an association employee.		
20	The Board of Directors cannot be sued for making the wrong decision regarding what insurance to procure for the association, or the amount of limits as long as some type of insurance is purchased.		
21	The Board of Directors cannot be sued for breach of contract by a third party vendor.		
22	The Board of Directors, the association, or associations volunteers cannot be sued for libel for slander based on things put in an association newsletter or on an association web page.		
23	The Board of Directors can be sued for a claim by an association member for interference with right of quiet enjoyment of the members' property.		
24	A Board or its association cannot be sued for more than \$1MM for a Board's mistake.		
25	If the Board of Directors has insufficient limits of liability, the association members cannot be help responsible for a judgement in excess of the purchased insurance limits, and no assessment can be issued for the uncovered amount.		