

COMMUNITY ASSOCIATION D&O

MISMANAGEMENT OF FUNDS

A Community Association Board of Directors makes assessments on its homeowners to cover unforeseen costs instead of collecting monthly dues. The Board does not believe in holding a large reserve of assets. The bylaws mandate that each owner comply with the decision of the Board. One homeowner ignored the numerous requests from the Board to pay the assessment. Finally, a lien was placed against the property. The homeowner placed a countersuit against the Board of Directors, alleging mismanagement of funds as well as libel and slander for printing his name in the association newsletter for being delinquent.

BREACH OF CONTRACT

The Community Association Board entertained bids by companies to waterproof the deck around their pool. The contract was worth approximately \$120,000. ABC Company submitted the lowest bid and was told the work would have to be started in three months and completed in two weeks. ABC Company bought a performance bond, blocked off the necessary time, and in so doing refused to take other jobs. The Board was having other work done around the pool and encountered problems. A week before ABC Company was to begin work the Board notified them they couldn't start and it might be another three months before they could come on the site. ABC Company sued the Board for breach of contract.

NON-MONETARY

A homeowner presented plans to build a home on a corner lot. The Community Association Board affirmed the plan based on the plan's presentation of the driveway coming out on the street in front of the house. During the process of building the home, the homeowner changed the plans, which caused the driveway to come out onto the street closest to the garage. The Board threatened them with a cease and desist letter. The homeowner sued the Board for declaratory judgment claiming the Board does not have the authority to tell the homeowner where their driveway can be placed.

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