

THE PROPERTY LINE

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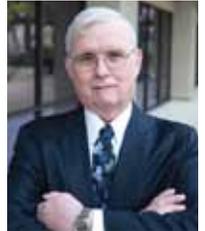
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Some of the stickiest situations that a community association Board member or manager can find themselves in is when the possibility arises for the association to do business with one of the Board members or their family.

What do you do when one of your Board members tells the Association that he is starting a landscape company, and he can do the association's landscaping far better and cheaper than the company that the association has been using for years? Can the association's business be given to the board member? What if the Board member's statement is true and his company is better and cheaper?

Let's change it a little bit: What if the Board member didn't disclose his ownership of the company, and the new landscape company bid the job and won it fair and square after a Board vote? What if the association only became aware of the Board member's ownership of the company years after the fact - after the company had been satisfactorily performing under the contract for all of that time?

As you might have guessed, there is no simple answer to these questions, and the answer depends on the specific facts of the case. You may be surprised to learn, however, that it may be acceptable for your association to enter into a contract benefiting a board member or their family, if the contract is just and reasonable, and in the best interests of the association. Be careful, though - no matter how beneficial the contract is to the association, the interested board member cannot vote in the decision for the association to accept the contract.

Thank You,

A handwritten signature in black ink that reads "Michael Hardy".

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