

The HOA Board Leader Certificate Course: Foundational Education for HOA Board Leaders

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A White Paper



**HOA LEADERSHIP
NETWORK**

By Board Leaders. For Board Leaders.



Table of Contents

Executive Summary.....	3
Introduction.....	3
Need for HOA Board Leader Education.....	7
The HOA Board Leader Certificate Course..	8
Recommendations.....	9
Conclusion.....	10
References.....	10



Executive Summary

Homeowner associations (HOAs) are a significant and growing part of Minneapolis – St. Paul metro-area housing and are present throughout Greater Minnesota. HOAs are most often comprised of townhomes, condominiums, and single-family homes. They are housing management organizations created by housing developers as nonprofit corporations and led by volunteer board leaders elected from among the HOA's homeowners. It is estimated that more than 1.5 million Minnesotans lived in HOAs in 2023.¹ HOA board leaders are given significant authority and fiduciary duties by state law and their HOA's governing documents to protect and maintain the HOA's property values.

HOA board leaders have diverse life and work experiences. Few HOA board leaders start their board positions with the knowledge and skills needed to govern and administer their HOAs as nonprofit corporations. While HOAs vary in external characteristics, they are far more alike in the challenges they face and in their need for informed and effective board leadership. HOA residents, their cities, and the state of Minnesota receive many benefits from successful HOA board leadership. Currently, HOA board leader education is fragmented and largely inaccessible. HOA board leaders can learn the necessary foundational knowledge and skills through content-rich, well-designed, and accessible education. To fill this identified and unmet need, the HOA Leadership Network HOA Board Leader Certificate Course will provide the foundational knowledge and skills HOA board leaders need to be successful.



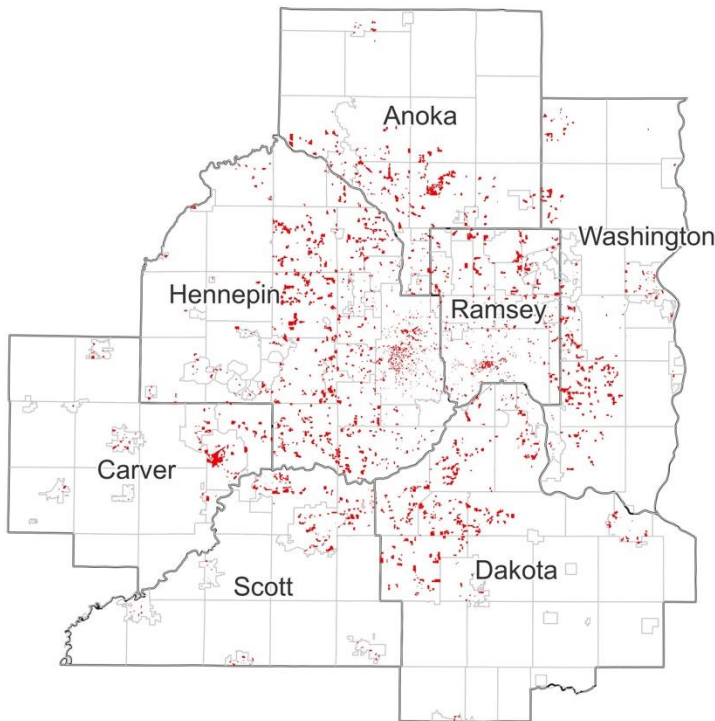
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The mission of the HOA Leadership Network is to connect and support HOA board leaders through education, collaboration and research.

Introduction

HOAs are a significant and growing part of the seven-county Minneapolis – St. Paul, Minnesota area housing and are widely distributed in cities across Greater Minnesota. We estimate that there are more than 3,800 HOAs in the metro area with 197,000 housing units² and more than 15,000 HOA board leaders.



There are more than 3,800 townhome, condominium, and similar homeowner associations (HOAs) in the seven-county Minneapolis – St. Paul, Minnesota metropolitan area.

HOAs are far more alike than they are different despite varying housing styles, age, number of housing units, geographic location, and other characteristics. HOAs are nonprofit corporations created by housing developers or, infrequently, converted from existing apartment buildings. The Minnesota Common Interest Ownership Act (515B), the state law governing Minnesota's HOAs, and the HOA's own governing documents require a board of directors elected from among homeowners. HOA board leaders are granted significant authority to govern and administer their HOA. Board leaders are bound by fiduciary duties to act fairly and in good faith to benefit the HOA as a whole, to exercise due care to make informed and reasonable decisions, and to take necessary action within the board's authority. Board leaders must also avoid conflicts of interest in financial and other decisions. In addition, HOA board leaders must comply with provisions of the Minnesota Nonprofit Corporations Act (317A) and with federal fair housing, fair debt collection, and other laws and codes and with city and county ordinances. HOA homeowners are mandatory members of the HOA with certain rights and responsibilities, including the right to attend board meetings, to amend governing documents, and to receive due process in elections, rules enforcement, dispute resolution, collections, and other board actions.

HOA board leaders serve their homeowners in three broad and interrelated areas: governance, business administration, and promoting community. HOA boards often contract with an association management company to assist the board in fulfilling its duties. Other HOAs are self-managed, using professional services when needed. Regardless of the management type, the board leaders have final decision-making authority and responsibility to ensure compliance with applicable laws and the HOA's governing documents to maintain property values and to protect homeowner rights.



Board authority and duties to govern the HOA include:

1. Follow federal and state laws and city and county ordinances.
2. Understand and enforce the HOAs governing documents.
3. Hold properly noticed and accessible board meetings.
4. Provide for the election of board leaders.
5. Protect residents' rights to use and enjoy common areas.
6. Carefully consider residents' requests for reasonable accommodation and modification.
7. Follow due process in collections, dispute resolution, and other board actions.
8. Create and fairly enforce reasonable policies, rules, and standards.
9. Maintain HOA records and documents and allow homeowners appropriate access.

Board authority and duties to administer the HOA's business operations include:

1. Determine the annual HOA budget and the homeowners' annual assessments.
2. Prepare Requests for Proposals, review bids, and contract with vendors for services.
3. Follow accepted accounting practices, review financial reports and bank statements.
4. Conduct reserve studies, fund reserves, and manage reserve investments.
5. Obtain HOA master insurance and manage HOA risk.
6. Plan for and perform maintenance, repairs, and replacement of common elements.
7. Collect delinquent assessments and enforce fines, fees, liens, and foreclosures.
8. Determine the need for and the amount of special assessments and loans.
9. Provide for annual tax returns and for financial audits and reviews.



Boards promote homeowner cooperation, participation, and satisfaction when they:

1. Demonstrate effective and transparent board governance and financial decisions.
2. Maintain HOA buildings and common elements for safety, security, and appearance.
3. Demonstrate fairness and due process in board interactions with homeowners.
4. Use frequent, multi-channel, and proactive communications with homeowners.
5. Ensure homeowners have appropriate access to HOA records and documents.
6. Enable and promote committees, social clubs, and social events.
7. Recognize the value of homeowner volunteers.

There are many benefits of educated HOA board leaders:

1. **Competent board leadership.** Board leaders who understand their authority and duties are more confident, perform their roles well, and are more satisfied in serving their HOA communities.
2. **Protection of property values.** Educated board leaders protect and maintain the HOA property values by enforcing governing documents and by creating reasonable policies, standards, and rules.
3. **Improved resident relations and satisfaction.** Board leaders who value and promote resident participation and cooperation help create a beneficial community.
4. **Reduced risk and liabilities.** Informed board leaders reduce misunderstandings, bad decisions, and misguided actions that may lead to violation of laws and governing documents, legal action, and financial loss.
5. **Improved financial management.** Educated board leaders work to create and manage budgets, adequately fund reserves, and avoid special assessments.
6. **Improved vendor relations.** Educated HOA board leaders can better plan projects, evaluate bids, negotiate contracts, and manage vendor relationships.
7. **Improved association manager relations.** Educated HOA board leaders understand expectations and how to work effectively with association managers.
8. **Reduced homeowner disputes and complaints.** Homeowner complaints to external authorities and attorneys are reduced when informed board leaders follow due process and work to resolve disputes within the HOAs.
9. **Recruitment of future board leaders.** Successful HOA board leaders encourage interested homeowners to become future HOA board leaders.



The Need for HOA Board Leader Education

HOA board leaders need and want to be successful. HOA board leader education is widely recommended and is required by statute in at least one state. The Community Associations Institute (CAI), the leading national organization for HOAs and the HOA industry, states that “Training volunteer board members concerning their roles and responsibilities is essential to a well-functioning community.” And “Education of new and incumbent board members is essential to good association leadership and well-run communities.” Also, “...under certain circumstances, a state-mandated program will lead to more educated community volunteer leaders and may be warranted.” And finally, “Where a state legislature proposes mandatory board member education, CAI would support state laws that provide for a board member education course, of reasonable length, to be taken by newly elected and incumbent board members.”³ HOA board leader education is required by statute in Florida⁴ and administered by a state agency.⁵

In Minnesota, HOA board leaders are given a mandate of authority and fiduciary duties without the resources to be successful. While there may be singular bad actors among HOA board leaders, the vast majority of HOA board leaders need and want to be successful. Everyone benefits when HOA board leaders are prepared for success.

Currently, HOA board leader education is not required in MN statute or in typical HOA governing documents. HOA board leader education in Minnesota is fragmented, inconsistent, and inaccessible to most HOA board leaders. Education for HOA board leaders is typically offered by law firms specializing in HOA law and by association management companies. Education is usually in the form of periodic seminars, workshops, webinars, and lunch-and-learns presented by local content experts. The Community Associations Institute (CAI) offers an in-person and online HOA board leader certification course. A search of CAI’s HOA Board Leader Certificate Directory finds only one person from Minnesota to have received the certificate.⁶ The HOA Leadership Network offers free monthly educational meetings for HOA board leaders and interested homeowners at four metro locations.⁷



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The HOA Leadership Network offers free monthly meetings in four metro chapter locations. Our meetings allow HOA board leaders to learn from each other and from local content experts.



The HOA Leadership Network Board Leader Certificate Course (BLCC)

In response to the identified and unmet need HOA board leader education in Minnesota, the HOA Leadership Network HOA Board Leader Certificate Course (BLCC) will provide foundational knowledge and skills to enable HOA board leaders to understand and perform their fiduciary duties in HOA governance, business operations, and in promoting community.

The Board Leader Certificate Course key features:

1. Curriculum to include all of the foundational education content included in both the CAI and Florida state HOA board leader certification courses.
2. Developed following industry accepted instructional design and adult learning principles using an eLearning content authoring tool and provided through a Learning Management System (LMS).
3. Comprised of 15-minute modules organized in three tracts: HOA Governance, HOA Business Operations, and HOA Community. Total course length approximately 4 hours.
4. Available online and on-demand with adaptive formatting for mobile devices.
5. The LMS will register and track participants and award a certificate at successful course completion.
6. Participants can download related course materials including best practices, guides, and templates.
7. The course will be offered free or at modest cost to HOA board leaders.



The BLCC will provide foundational knowledge and skills to enable HOA board leaders to understand and perform their fiduciary duties in HOA governance, business operations, and in promoting community.



Recommendations

We recommend that the State of Minnesota:



Recognize the unmet need of volunteer HOA board leaders for foundational knowledge and skills to be effective and successful in their important roles.



Identify specific educational topics to be included in an HOA board leader education course approved by the State.



Develop standards for the provision of HOA board leader education including who may provide the course, the methods to be used, and the criteria for successful completion.



Encourage newly elected or appointed HOA board leaders to complete a state approved HOA board leader education course provided by an approved course provider within 90 days of joining the board.



Award a certificate valid for up to three years to board leaders who successfully complete the course.



Encourage HOA board leaders to complete one hour of continuing education each year offered by a state approved education provider.



Oversee HOA board leader education through an HOA ombudsman or a designated organization.



Conclusion

More than 1.5 million Minnesotans lived in homeowner associations (HOAs) in 2023. We estimate that there are more than 3,800 townhome, condominium, and similar HOAs with 197,000 housing units and over 15,000 volunteer HOA board leaders in the seven county Minneapolis – St. Paul metro area. HOA board leaders, elected from among fellow homeowners, accept significant authority and fiduciary duties without the foundational knowledge and skills needed for success. Yet they are ultimately responsible for protecting and maintaining their HOA's property values by governing their HOA and its residents, administering a nonprofit corporation, and promoting a beneficial community of homeowners. Board leader education is essential for effective, well-run HOAs and is recommended by the Community Associations Institute and required by state statute in Florida. The Minnesota Common Interest Ownership Act (515B) and typical HOA governing documents do not require board leader education. Currently, HOA board leader education is fragmented and largely inaccessible. To fill this identified and unmet need, the HOA Leadership Network Board Leader Certificate Course will provide the foundational knowledge and skills HOA board leaders need and want to be successful. HOA homeowners, their cities, and the state of Minnesota will benefit from educated and effective HOA board leaders. The State of Minnesota should develop educational standards and promote HOA board leader education.

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