



HOA GOVERNANCE ASSESSMENT

Take this survey to see if your association meets basic governance requirements

ADMINISTRATIVE & COMPLIANCE

FINANCIAL

Secretary of State corporate status active and all information accurate	All bank accounts held in the legal name of the association
Annual and Board Meetings are held (frequency) according to the requirement of the governing documents (typically Bylaws)	All bank account signature cards (including CDs) are current and accurate
All board members are duly elected according to the governing documents	All tax returns have been filed and are current (Federal and State)
The association has Voting and Election rules and elections are being held according to the governing documents and state statute	Form 1023 federal tax exemption application has been filed and association is filing as tax exempt
The association has an Enforcement Policy, Penalty Assessment Policy or Schedule of Fines	The association has an Assessment Collection Policy, ADR and IDR Policies
The association has an Architectural Control Policy	The association has a reserve study and it is updated annually
Insurance policies are current, in force and meet ALL the requirements of the governing documents and state statutes	If annual revenues are \$75,000 or greater, the association has a CPA perform a financial review and it is distributed to the members as required
Required insurance disclosures are distributed to the members annually as required	The board or its designees are reviewing the required financial statements each month
Annual Budget and Policy disclosures include meets requirements and distributed to members by statutory deadlines	Association accounting method is on an accrual or modified accrual basis

COMMON AREA MAINTENANCE

All fire life safety systems are inspected, tested, certified and posted as required including fire extinguishers	Pools and children play structures are inspected, tested, posted and maintained as required
Elevator certifications are current and posted, and all inspection and testing are completed at least quarterly	All association service providers and regular vendors are insured and licensed as required per contract. Workers Compensation Insurance is required.
Permits to Operate (PTOs) are current and posted for all boilers and water heaters as required	Association has W9s on file for all vendors and is filing required form 1096 and 1099 annually per IRS requirements
Inspections of window washing and exterior building equipment are current as required	Association vendor and service provider contracts are current and up to date

[See back for key terms, definitions and resources](#)

Definitions and resources

1. California Secretary of State, <https://businesssearch.sos.ca.gov>, HOAs need to file **forms SI 100 and SI-CID** every two years. Your corporate status must be ACTIVE, if not, immediately contact the Secretary of State to request reinstatement.
2. Annual and Board Meeting requirements are typically found in the Bylaws of your association's governing documents. The Bylaws will state when the annual meeting shall take place and how often the board of directors shall meet. Be sure to review these sections carefully to avoid any non-compliance with the Open Meeting Act for Common Interest Developments.
3. All elections must be held according to California Civil Code, California Corporations Code and the provisions of your governing documents. All board members must be duly elected, and any quorum requirements and timelines strictly adhered to.
4. California requires associations to review, approve and distribute annually certain documents to their members. These include: the annual budget and reserve funding disclosures, collection assessment policy, IDR and ADR (Informal and Alternative Dispute) policies, enforcement, penalty and fine policies, architectural control policies and voting and election rules. These must be delivered to the members **no less than 30 and no more than 90 days before the end of the association's fiscal year.**
5. All association bank accounts **must be held** at a commercial bank in the legal name of the association. Be sure to update all bank account and CD signature cards after each election or change of officers.
6. Tax returns are REQUIRED to be filed! Check to be sure you have filed for tax exempt status (Fed Form 1023). Your CPA will file three returns for the association, two federal returns and one state return. **Failure to file taxes can lead to your association's franchise tax status being suspended.**
7. Association Board of Directors are required to have a reserve study with site inspection completed every three years and to update it annually. **A summary and reserve funding disclosure statement are required to be included in the annual budget disclosure to the members.**
8. If your association has \$75,000 or more in annual revenue, California law requires you to have a CPA provide reviewed financials. No matter what your governing documents might say. **This financial review must be delivered to the membership no more than 120 days after the end of the fiscal year end.**
9. As of January 1st, California now requires boards of directors or their designees to review the association's financial statements **monthly**. Be sure to review the law, **there are specific financial reports that must be included in the monthly review.**
10. California requires that association accounting method be done on an accrual or modified accrual basis and that fund balances be accounted for separately. This should be easily recognizable on your association's balance sheet.
11. Fire life safety systems are heavily regulated and must be regularly inspected, tested and maintained by a qualified and licensed technician.
12. Elevator systems must be inspected and certified annually by CAL/OSHA. If your certification is not current contact CAL/OSHA at ElevatorCert@dir.ca.gov, be sure to provide your address and elevator conveyance #.
13. In many counties and cities, PTOs are required annually for boilers and water heaters. Be sure to check with your service provider or municipality for the requirements for your area.
14. If you have window washing equipment and/or exterior building maintenance equipment it must be inspected and certified annually. **If your building is 36' or more in height you are required to have an Operating Procedures Outline Sheet (OPOS).**
15. Pools and children's play structures are a high liability for associations. **Be sure pool chemicals are tested daily** and that all pool inspections, testing and maintenance is done by a commercially licensed service provider. Play structures must be inspected annually and a log kept of all observations and repairs.
16. All vendors working on, in or around common area must carry general liability insurance and workers compensation insurance. If licenses are required be sure request them. Creation of a Vendor Compliance Policy may be a good idea for your association.
17. Association's must request vendor W9s and file 1096 and 109 forms with the federal government.
18. Vendor contracts should be reviewed annually well ahead of any renewal date. Be sure all contracts are in the name of the association and are revised and updated as required.