

# La Vita Homeowners Association

## FINANCE COMMITTEE CHARTER

### Purpose

The Board may establish a finance committee to assist the Board in financial documentation; preparation, reporting, and review, as set forth in Section 5.22 of the Bylaws of the Association. The Committee shall conduct its business in the best interest of the Association and in accordance with the Charter, the Association's Articles of Incorporation, Declaration of Restrictions, and Bylaws.

### Membership

The finance committee shall consist of no more than 5 members, formed as follows:

- The Board shall appoint the Chair of the committee and its committee members after soliciting interest from homeowners. The committee can also recommend homeowners to the Board for appointment.
- Members appointed to the committee by the Board shall be members of the Association.
- Committee members appointed may be members of the Board of Directors and/or any other Association Committee.
- Members shall serve for a one-year term, effective on the date of the appointment of the Chair.
- Committee members can be re-appointed following the one-year term.

### Responsibilities

- Review the yearly annual budget, prepared by management. The budget is ultimately approved by the Board of Directors.
- Monitor the financial performance of the Association throughout the year by reviewing monthly financial statements and recommending action to the Board on any variances.
- Monitor compliance by the Association with all legal reporting requirements.
- Ensure that appropriate accountability and process controls are in place for financial management.
- Review banking transactions and reports and to advise the Board on banking relationships and investments.
- Review the annual audit before it is mailed to all the homeowners.
- Review the reserve study.
- The committee shall meet as often as it deems necessary to carry out the obligations imposed upon it, unless directed by the Board.
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### Vacancies

- The Board may remove a member of the Committee, in writing, with or without cause. The Committee may vote to recommend removal of its Chairman or any Committee Member to the Board with cause. Vacancies created by either of the above or for any other reason shall be filled by appointment by the Board.

## **What is the Davis-Stirling Act?**

The **Davis–Stirling Common Interest Development Act** is the popular name of the portion of the **California Civil Code**, which governs condominium, cooperative, and planned unit development communities in California.

### **Davis-Stirling Act Guidelines for Committees**

**Formation of Committees.** Committees are appointed by or at the direction of the board of directors. (Corp. Code §7210; Corp. Code §7212(b).) Homeowners do not have the right to appoint themselves to committees

**Size of Committees.** Committees can be as small as one person or as large as the board deems necessary. However, a committee size typically falls in the one to five member range with the average being two or three members.

**Committee Chair.** Committee chairs are appointed by the board. Once appointed, the committee cannot elect a different chairperson. However, the committee can apply to the board for the appointment of a new chairperson.

**Open Meeting Act.** There is no law requiring that committees hold open meetings or post agendas. The Open Meeting Act applies only to meetings of the board. Most committees are advisory in nature and deliver their recommendations to the board of directors in open meetings where members can hear the committee's recommendations.