

Question: We have a unit owner, who is not a board member, who has prepared the association's budget for the past several years. In performing this job, this individual has been given access to the association's financials. Can the board, through majority vote, appoint this individual, who is not a board member, as an officer (e.g., Financial Officer), granting him official status and providing D& O insurance coverage? The statute suggests that this is possible, and our bylaws appear to confirm this, where it says "the Board of Directors from time to time shall elect such other officers and designate their powers and duties as the Board shall deem necessary or appropriate to manage the affairs of the Association. Officers need not be Unit Owners." I realize that an officer who is not a board director has no voting privileges, and that only directors, voted into office by the unit owners, can vote on matters brought before the board. Signed, P.S.

Dear P.S., A two-for-one this week, because you sent another great question! You are exactly right — there is nothing in the state law that would require either directors or officers to be unit owners.

Generally speaking, the governing documents will specify whether the directors and/or officers must be unit owners. Most (but not all) governing documents provide that the directors must be members of the association (or sometimes also the spouse of a member); but the vast majority allow some or all officers to be non-owners (most frequently the president must be a director, but there are generally no restrictions on the other officers).

You suggest perhaps making this person a "financial officer," but note that unless there is a prohibition otherwise, you could also simply make this person the treasurer. Note that big public corporations usually do have separate directors and officers, and it is only as a matter of common practice and convenience that most condominium boards use only directors as the officers. In fact, depending on the bylaws an association could even hire a person to serve as treasurer, for example, an accountant or other person skilled in finance. This is a seldom utilized right, but a potential boon for small associations that need a well-trained person to oversee certain officer tasks. This is something I more frequently see in country clubs, where the club manager is sometimes a director or officer.

You should be aware that most D& O insurance policies cover volunteers, as well as officers and directors — so it's quite possible that this person is covered by your insurance as-is.

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