

Developer Turnover Checklist

The turnover meeting, where control of the Home Owner's association is transferred from the developer to a homeowner-controlled board of directors, is a critical event. Here are some helpful tips. (Requirements may vary from state to state. Check with a knowledgeable attorney).

Before Turnover

A developer-controlled board of directors has the same duties and requirements as a homeowner-controlled board. While the developer is still in control, a transition homeowner committee is entitled to the financial records. These records show the association maintenance fees collected, the reserve plan and funds, and the costs of performing services like landscape maintenance, pool maintenance, property management and accounting. The developer should not commingle construction and association funds. A financial audit should be conducted to ensure that all association revenue and expenses are accounted for.

Turnover Meeting

State laws usually require that a turnover meeting must occur within a certain time period after developer conveyance of a certain number or percentage of the units, or the elapse of a certain time period after the declaration recording, whichever is earlier. Check your [state statutes](#) and your governing documents for the specific timetable.

Turnover Information & Record Checklist

At the turnover meeting the developer relinquishes administrative control to the owners, and the owners elect a board of directors in accordance with the bylaws.

The developer delivers to the association at the turnover meeting, if applicable:

- a. Copy of the recorded governing documents, supplements and amendments.
- b. Copy of the articles of incorporation.
- c. Minute books and other records of the association.
- d. Rules and regulations which have been generated.
- e. Resignations of any directors due to expiration of developer control.
- f. Financial report for the association:
 - Balance Sheet.
 - Income & Expense Statement for the preceding year.
 - Balance of association funds or control of them including bank signature cards.
 - All association personal property including an inventory.

The developer also delivers copies of the following, if available:

- a. As-built architectural, structural, engineering, mechanical, electrical and plumbing plans.
- b. The original specifications indicating all material changes.
- c. Plans for underground site service, site grading, drainage and landscaping.
- d. Any other information relating to repair or maintenance of the property.
- e. Insurance policies.
- f. Copies of any occupancy permits which have been issued.
- g. List of the contractors involved in the construction of common element components.
- h. Roster of owners, addresses and telephone numbers, if known
- i. Copies of any leases to which the association is a party.
- j. Employment, service or other contracts to which the association is a party.

Developer Follow Up: In order to facilitate an orderly transition, the developer or an informed representative should attend several meetings with the board of directors during the three months following the turnover meeting.

Identify Professional Advisors: The new board of directors is not expected to be knowledgeable in technical areas like management, accounting, investment and law. While some of these functions may be handled through a professional property management company, if the association chooses to self manage, it is very important to identify knowledgeable consultants to counsel the board.

Turnover is a pivotal moment in the future of each community association. Treat it with respect and take the time to do things right. What happens today sets the stage for tomorrow's success. Make sure this play has a long run.