



Board Education Series

**Preparing the HOA to Transition
from Developer Control**

An exciting turning point of living in a newly created community is the switch from developer control to owner control. This is when homeowners start making decisions regarding what happens in the community and building plans for the future. Oftentimes the governing documents will state how many lots or what percentage must be sold before this transition in power occurs. It's a good idea to start planning early and putting basic leadership in place to help things run more smoothly; remember that the transition usually takes between 12 and 18 months.

Bring teams together. Even if there are only a few homeowners currently, get the process going and begin working with community members, a management company, a legal professional, a financial professional, and anyone else who may need to be involved in the transition. The HOA will want to have all of the pieces in place so things get off to a strong start.

Review governing documents. Take a closer look at what the developer has put in place already. While some rules and regulations may make sense, others may not be suitable for the long-term. The HOA can start planning what changes it wants to make to create a more effective community with policies that fit its needs and goals.

Evaluate contracts. Look at any agreements the developer has made and see what is currently being executed or is ongoing. Consider comparing options from other vendors or service providers to ensure the HOA is getting competitive rates and services that align with the community's needs.

Check the financials. Do a financial audit early on to get a better idea of where the HOA stands, what homeowners have already paid in, and how this money is being managed. Make sure to get copies of any financial documents, contracts, or records from the developer.

Inspect common areas. Before the HOA takes over control, have common areas inspected to ensure that buildings are up to code and there are no issues present. Find out what the developer is responsible for and what projects are still forthcoming.

Meet often. Board members should have regular discussions about the progress of the transition, what plans they want to put in place moving forward, and how the association will run. Also, don't be afraid to ask questions and work with the developer to gain a better understanding of how things have been done up to that point.

Partner with a property management company. A property manager can help the newly formed HOA to get organized and put processes and procedures in place. There is a lot of work that goes into running an HOA, and it can take time for new board members to get up to speed. Working with industry professionals like those at Your HOA can help the HOA to ramp up more quickly and have a trusted resource to turn to with questions or concerns.

Transitioning from developer to owner control is a big step and one that should be planned for in advance and managed along each step of the way. Get the support your HOA needs to be successful by contacting Your HOA today.

To learn more, or to access other documents, please visit: www.yourhoahelp.com/board-members