



**CAI—COMMUNITY ASSOCIATION'S INSTITUTE
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POST DEVELOPER TURNOVER

Pre-Turnover: What Homeowners Can Do

—The Developer has not turned over your Association yet?

- a. Owners can implement with a 20% petition for a meeting
- b. Force the Turnover
- c. Vote in the new Board

Post Turnover: The Board's Obligations

—The Board's first duties—become informed!

- a. Understand the roles of a Board
- b. Understand the roles of Professional Management vs. the Board, if applicable
- c. Read the Declaration, By-Laws, Property Report
- d. Start gaining control
- e. Obtain accurate Owner's Roster
- f. Stop the flow of assessments to the Developer

—The Developer is responsible to pay the assessments on the unsold units from the date of the first closing.

- a. Research the specifics of your Developer's process and obligations
- b. Determine what is owed, document it and demand payment
- c. Obtain legal advice and action, if necessary

—The Developer is obligated to turn over specific documents, per 18.2 of the Illinois Condominium Property Act (ICPA), to the owners within 60 days of the Turnover meeting.

- a. Review what has been turned over
- b. Solicit missing items; Use legal counsel, if required
- c. Review all documents carefully
- d. Compare bills to existing utility meters and confirm accuracy ensuring that they are truly Association expenses; Ensure payments have been made.
- e. Review insurance policies, coverages and endorsements; Ensure all requirements per Declaration/By-Laws/ILCPA are met; Solicit professional brokerage help, if needed.
- f. Determine how the real estate taxes are being handled and ensure that the Developer has or will pay his shares; Communicate to owners how to handle.
- g. Review all contracts and renegotiate, if necessary; Cancel, if applicable, following specific guidelines from ILCPA; Obtain legal counsel, as needed.
- h. Establish banking requirements including, but not limited to, operating and reserve accounts, check signing objectives, assessment payment protocol, etc.
- i. Create efficient and safe filing systems for all association records, documentation, plans, important information, etc.

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—First Boards must review the budget inherited by the Developer, and determine if it's adequate

- a. Review developer expense history
- b. Track bill payments over several months
- c. Adjust line items on budget to include missed items and Association requirements
- d. Increase or “correct” the budget accordingly
- e. Follow the legal procedures to adopt a budget
- f. Notify owners of new assessment and payment timing and procedures

—Other objectives, decisions and requirements of the first Board

- a. Hire a condo law attorney
- b. Hire an accountant for auditing requirements, or outsourcing financials
- c. Hire a manager, if applicable. Smaller associations will be forced to self manage.
- d. Hire an engineer. Obtain a deficiency study to determine the structural condition of your property. This is not a home inspector. Consider a licensing and certifications.
- e. Create efficient communication with owners
- f. Create accurate owners roster
- g. Establish efficient management protocols for the property, including emergency instructions, operations manual, etc.
- h. Hold efficient board meetings using parliamentary procedures and according to ILCPA
- i. Distribute accurate and well-written minutes per industry standards and the ILCPA
- j. Create Rules and Regulations, following legal requirements for adoption
- k. Include mandatory insurance rule for owner’s requirements
- l. The law changes annually so it is important to stay informed. Board training, attending seminars, joining organizations like ACTHA for on-going education is an excellent way to stay up-to-date.

Understanding the first Board's role will set the tone of how this Association will be run for many years to come. If not done correctly upfront, the same issues will keep coming up until efficient procedures are put in place and implemented. And, if professionally managed, it is the Board's responsibility to ensure that Management is performing these tasks or outside professional assistance may be required.

You don't just wake up one day to become a Board member and nobody gets to make this stuff up... not the Developer, not the Management Company, not the Board and not the Owners! Your Association is a corporation and should be run like one and according to all applicable laws.

It may appear to be a daunting task, but one that can be most rewarding, if done correctly. Learn the methods, follow through on the requirements, set the processes in place, and you will have lessened your liability as a board, created a well-run association, obtained your just due from the Developer, and fulfilled the number one job of a Board of Directors of a condo association ... improved value of the property!



Angela Falzone has 30-years of property management expertise and is a property consultant with Association Advocates, Inc. (AAI)—a company dedicated to helping homeowners protect their investment and increase their property values through Consultation, Board Training and Project Management services for Illinois condominium and town home associations. AAI offers proactive property management solutions—to enable the board to either cost-effectively self-manage their property, or to work more efficiently with their management company: Specializing in Developer Turnovers, Association Start-Up, Self-Management Training and Management Searches & Transitions. AAI assists the board to a well-trained level, thereby decreasing liability and saving time, frustration and unnecessary expenses for the board, association, and management company—while improving property values for the owners. Many articles on developer turnover and other free resources are available on their website.