

Reference Guide for Transitioning Between Management Companies

When associations change management companies, it is a challenging task for all parties involved (i.e. unit owners, the executive board, outgoing and incoming managers). This reference guide is intended to provide board directors with some aspects to consider before and after management transition.

Step 1: Meeting in Executive Session

- The executive board meets in [executive session](#) to discuss the character, alleged misconduct, professional competence, or physical or mental health of the community manager.
- The executive board may want to consider whether termination is the best option. Is the board able to ask the management company for reassignment to a new manager within the same company? Will this resolve the reason the board wants to terminate the agreement?

Step 2: Requests for Proposal (RFP) and New Contract

- The executive board creates an RFP to send out to management companies so that they may create their formal bids for service. RFPs include all work the board expects the new manager to perform. Remember, the [bylaws](#) specify the powers the executive board may delegate to a community manager.
- Once sealed bids are received by the association, they are opened and read aloud at a board meeting. The executive board then discusses the bids, and at the same meeting or a subsequent meeting, makes an informed decision concerning which company to hire.
- The new contract must be approved at a board meeting (start date will depend on end date of previous agreement). After signing a management agreement, the community manager shall provide a copy of the management agreement to each member of the executive board.

Step 3: Termination

- To terminate the manager, the board must abide by provisions in the management agreement relating to the grounds and procedures for termination.
- Notwithstanding any provision in a management agreement to the contrary, a management agreement may be terminated without penalty upon 30 days' notice *following a violation law*.
- If transitioning at the culmination of an agreement's term, to prevent any interruption in services or unnecessary complications concerning association property or records, the board can look to provisions of the agreement which may allow for month to month application.

Step 4: Transfer of Records

- Except as otherwise provided in the management agreement, the community manager shall, within 30 days after termination or reassignment, transfer possession of all books, records and other papers of the association to the succeeding community manager, or to the association if there is no succeeding manager, regardless of any unpaid fees or charges owed to the manager or management company.
- While all records and books of the client are the property of the client, any proprietary information and software belonging to the community manager belong to the management company.
- The board may work with the manager on creating a checklist (see next page), which can be supplied to the outgoing and incoming managers to sign off; the outgoing certifying that they provided the records listed, the incoming certifying that they received the records listed.
- *Notification* - It is important for unit owners to be made aware of any change in management company, as the system for submitting assessment payments will most likely change, as well as correspondence.
- Not later than 10 days after the effective date of a new management agreement, the community manager shall provide each member of the executive board evidence of the existence of the required insurance.
- Within 30 days after an election or appointment of a new member to the executive board, the community manager shall provide the new member with a copy of the management agreement.

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Sample Association Checklist (not all inclusive, your property & records may vary)

- The original or a certified copy of the recorded declaration as amended.
- The articles of incorporation, association, organization, certificate of registration, etc.
- The bylaws.
- Any resolutions, rules or regulations which may have been adopted.
- Minute books for all meetings.
- Any written correspondence by the board used to approve association business (i.e. via mail or email).
- An accounting for money of the association and audited financial statements over the last 10 fiscal years.
- All the association's reserve studies over the last 10 years.
- The association's money and all property/assets.
- All of the association's financial records, including receipts, bank statements, income tax reports, budgets, inventories, investments, expenses, disbursements, obligations, depreciation in property or equipment, contingent liabilities and any other records deemed necessary by the Division or by the accountants or auditors of an association.
- A copy of any plans and specifications used in the construction of any improvements.
- All insurance policies in force.
- Copies of any certificates of occupancy that may have been issued to the CIC.
- Any renewable permits and approvals issued by governmental bodies which are in force.
- Any permits/approvals which are required by law to be kept on the premises of the community.
- Any written warranties.
- A roster of owners and mortgagees of units and their addresses and telephone numbers, if known.
- Contracts of employment in which the association is a contracting party.
- Any contract for service in which the association is a contracting party or in which the association or the units' owners have any obligation to pay a fee to the persons performing the services.
- Election records for the last 10 years, including: tally sheets, envelopes, ballots, etc.
- Individual unit owner assessment accounts covering the last 10 years.
- Individual unit owner compliance accounts covering the last 10 years.
- Unit owner ARC applications and approvals.
- Violation notices covering the last 10 years.
- All additional books and records of the association covering the last 10 years (including completed NRED forms).