

HOA Transition Checklist

Preparing Your Community for Financial Independence

Transitioning away from a traditional property management model requires thoughtful planning and coordination. This checklist helps HOA boards ensure a smooth transition while maintaining financial stability and operational continuity.

1 Review the Current Management Agreement

Before taking any action, the board should understand the terms of the existing management contract.

KEY ITEMS TO REVIEW

- ✓ Contract termination provisions
- ✓ Required notice period
- ✓ Early termination penalties
- ✓ Transition assistance requirements
- ✓ Ownership of association records and data

BOARD TIP

Request a complete copy of the agreement and all amendments before initiating the transition process.

2 Establish Board Control Over Financial Accounts

The HOA should maintain direct ownership and oversight of all financial accounts.

CHECKLIST

- ✓ Confirm all bank accounts are titled in the HOA's legal name
- ✓ Establish authorized board signatories
- ✓ Remove management company authorization (when appropriate)
- ✓ Separate operating and reserve accounts
- ✓ Implement dual-authorization procedures for disbursements

BEST PRACTICE

HOA funds should never be held in accounts owned or controlled by third parties.

3 Secure Financial Records and Documentation

Ensuring continuity requires complete financial documentation.

DOCUMENTS TO OBTAIN

- ✓ General ledger and financial reports
- ✓ Bank statements and reconciliations
- ✓ Vendor contracts and payment history
- ✓ Reserve study documentation
- ✓ Budget and historical financial statements

BOARD TIP

Maintain all records in a secure board-controlled repository.

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Evaluate Independent Property Management Options

HOAs may pursue an independent HOA management model that separates financial oversight from operations.

CONSIDER

- ✓ Experience with HOA-led communities
- ✓ Vendor coordination capabilities
- ✓ Maintenance oversight services
- ✓ Communication tools for residents

IMPORTANT

Financial accounting and property management do not need to be handled by the same company.

5 Establish Independent Financial Accounting & Reporting

Strong financial oversight is essential for HOA stability.

CHECKLIST

- ✓ Implement CPA-led accounting support
- ✓ Ensure monthly financial statements are produced
- ✓ Conduct independent bank reconciliations
- ✓ Maintain transparent assessment tracking
- ✓ Develop financial dashboards for the board

6 Assess and Strengthen Collections Procedures

Delinquent assessments are one of the largest risks to HOA financial health.

BOARD ACTIONS

- ✓ Review delinquency reports
- ✓ Establish a clear collections policy
- ✓ Coordinate with HOA legal counsel if needed
- ✓ Track aging of assessments
- ✓ Communicate expectations to homeowners

GOAL

Ensure consistent enforcement while maintaining fairness and transparency.

7 Review Vendor Relationships and Contracts

Operational continuity depends on strong vendor coordination.

CHECKLIST

- ✓ Landscaping and maintenance providers
- ✓ Security or access control vendors
- ✓ Insurance providers
- ✓ Utility providers
- ✓ Amenity service vendors

NOTE

Confirm contracts remain valid and transferable.

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Update Internal Controls and Financial Policies

Transition periods are ideal for strengthening governance.

RECOMMENDED POLICIES

- ✓ Disbursement approval procedures
- ✓ Financial reporting schedule
- ✓ Budget development process
- ✓ Reserve funding policies
- ✓ Treasurer oversight responsibilities

9 Communicate With Residents

Transparency builds trust within the community.

COMMUNICATIONS MAY INCLUDE

- ✓ Announcement of management changes
- ✓ Updated payment instructions
- ✓ Resident contact information for operations
- ✓ Timeline for transition activities

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Conduct a Financial Readiness Review

Before finalizing the transition, the board should ensure:

- ✓ Financial records are complete
- ✓ Accounts are properly controlled
- ✓ Reporting systems are operational
- ✓ Collections procedures are clear
- ✓ Vendors are confirmed

NOTE

A structured financial review can identify and resolve issues before they affect the community.

FINAL THOUGHT FOR BOARDS

Transitioning management structures does not need to create disruption. With proper planning and independent financial oversight, HOA boards can strengthen transparency, maintain control of community assets, and improve long-term financial stability.