

& TURNOVERS takeovers

Tips for
Success

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In the lifecycle of a condominium corporation two major events are encountered: The first is the Turnover from the declarant board to the owner-elected board of directors of the corporation. This is in accordance with Sections 42 and 43 of the *Condominium Act*. The second major event that many corporations may become involved with is the Takeover from an incumbent

management company to another management company. In order to enhance the overall success of either a Turnover or a Takeover, the following tips may become extremely useful during either process.

CM Magazine thanks Harold and Chuck for providing this summary from their presentation at the annual condominium conference.

The Turnover

10. Establish a Professional Work Environment

As it is often the main point of management/resident contact, the Management Office needs to be a secure, efficient, convenient and welcoming space. Working with the developer, ensure the space is located in an easily accessible area, has adequate space for work areas, documentation and visitors. It should be ready for use at least two months prior to the start of Interim Occupancy. Allow sufficient lead time for the installation of telephone and Internet services.

9. Interim Occupancy

This is a new resident's first experience with their new home and the people who will manage the property. Use the opportunity to 'get to know' your residents by accompanying them on the PDI (Pre Delivery Inspection) of their home. As units are occupied, develop a registry of owner/tenant information including names, contact numbers, email, vehicle information, etc. For tenants, ensure the owner has provided you with the required lease information (Section 83 of the Act).

8. Canada Post

Residents expect mail delivery from the first day they occupy their new home.

Canada Post has very specific delivery requirements. Start working on mail delivery at least two months prior to Interim Occupancy. Coordinate efforts with Canada Post and the developer to ensure postal boxes are ready. This will allow you to include the mail box key with the resident welcome package.

7. Waste Management

Once Interim Occupancy starts, waste management becomes an ongoing requirement. Most municipalities will not start waste pick up until the majority of the units have been occupied. In addition, some municipalities impose levies for waste pick up. Ensure the developer has arranged for private waste removal during Interim Occupancy. Compare costs with the municipality. It may be more cost effective to continue private pick-up until turnover.

6. 60-Day Audit

Within 60 days of the turnover meeting, the declarant must provide audited financial statements to the new corporation. While it is the declarant's responsibility, the property manager should follow up to ensure the audit is being completed.

5. Resident Handbook

Everyone is new to the building and a well-prepared resident handbook is a great

opportunity to create a lasting impression on the owners. An informative handbook will answer all common questions and be a time-saver during the busy occupancy period. The key is communication, communication and more communication.

4. Board Creation

Section 43 of The Act requires the declarant board to call a meeting of the owners within 21 days of the declarant ceasing to be the majority owner. The meeting must be held within 21 days of calling the meeting.

At this meeting, one of the key activities is to create the first board. The property manager should encourage owners to run for the board and gather resumes for distribution with the notice of the meeting.

3. Documentation

At the turnover meeting, the declarant must supply certain documents and records to the new corporation. Within 30 days of the turnover meeting, the balance of the documentation must be turned over. Complete lists can be found in Section 43 of The Act.

2. Communication

Develop a maintainable communication system for owners, board, staff and contractors. Often the concierge desk is the first point of contact. The desk needs up-to-date resident information. Resident communica-

tion can be via printed notices, emails, or strategically placed monitors. The communication must be accurate and timely.

1. Be Proactive, Not Reactive

Keep all records (owners, residents, insurance, banking, contracts, etc.) up to date to ensure the correct information is available when needed. Always look into the future and anticipate what needs to be done. This can save time and money.

The Takeover

10. Termination Letter

After the board has made the decision to engage a new property management company, it is important to get the paperwork in order. The new management company should receive a letter of engagement, as well as a copy of the termination letter issued to the previous management company.

9. Management Contract

Once the contract is signed it is important to make sure all internal departments such as accounting receive a copy. The property manager should review the contract to assess the needs of the corporation in terms of hours of service, etc. The contract should be signed by all parties and duly executed. The corporation's insurance policy should be amended to indemnify the new management company.

8. Turnover Checklist

Develop a checklist of all the material to be turned over by the previous management company. For example, financial statements, banking information, budgets, accounting information, minutes, unit files, etc.

7. Respective Bank Notification

Prepare notifications for board signatures, advising existing bank of the change in management companies. If the accounts are to be moved to a new bank, prepare signature cards and associated documentation. Do not close existing accounts until you have verified all outstanding cheques have cleared and new bank accounts are able to assume payments.

6. Supplier Notification

Advise all service providers, including utilities, of the change in management. Update address of service where applicable.

5. Head Office Support

Coordinate transfer with all relevant head office departments. Transfer payroll information if management company is paying superintendent. Review contracts with accounting to ensure proper accruals. Review reserve fund expenditures to ensure available cash.

4. Manage Expectations

Meet with all relevant parties (board, contractors, etc.) to obtain their perspective on the current environment and vision for the future. Determine their understanding of what was committed by the management company. Check records for outstanding resident issues. Conduct a reality check to ensure expectations are reasonable.

3. Introduction to Community

Invite residents to an open house. Meet with residents to find out their concerns and expectations. Set the benchmark for communication and cooperation going forward.

2. Learn the Curve

Recognize that when you start, you know less than everyone else in the building. And everything cannot be learned overnight. Pace yourself. Review documentation and research the history of the previous management team. Learn from their mistakes.

1. Due Diligence

Know what you are getting into. Talk to the corporation's auditor and solicitor. Get their perspective on the history of the corporation. Determine where the hidden agendas, if any, exist. Prepare yourself for inevitable surprises. ❖



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