

THRIVE COMMUNITY MANAGEMENT

What Every Arizona HOA Board Should Know Before, During, and After Turnover

A Guide to Financial Readiness, Governance, Community Infrastructure, and Long-Term Stability
Presented by Thrive Community Management
Serving Arizona Communities Since 2016

Arizona HOA Transition Specialists

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COMMUNITY MANAGEMENT



The First 90 Days

THE TRANSITION THAT DEFINES WHAT COMES NEXT

A Community's Future Doesn't Begin at Turnover. Its Next Chapter Does.

Developer turnover is often described as the moment homeowners assume control of their association. But the transfer of authority is only one part of a much larger transition.

Behind that change are financial commitments, vendor relationships, maintenance obligations, governing documents, and infrastructure decisions that may have been established years before homeowners gained a voice in association leadership.

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For newly elected Boards, the challenge is not simply understanding how the association operates today. It is determining whether the systems inherited from the developer are equipped to support the community tomorrow.

The first 90 days after turnover can influence the next decade. Early decisions about reserve funding, contractual obligations, financial oversight, and governance establish a direction that becomes increasingly difficult—and expensive—to change over time.

Successful homeowner leadership begins with understanding what has been transferred, what remains unresolved, and where the Board must act first.

THRIVE BOARD INSIGHT

The strongest transitions begin with informed questions, not immediate changes. Financial clarity and operational visibility give Boards the foundation to make decisions with confidence.

Understanding Developer Control

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Who Makes the Decisions Before Homeowners Take the Lead?

During the development phase, the declarant—typically the developer—often retains significant authority over the homeowners association.

Depending on the governing documents and applicable law, that control may include appointing Board members, selecting management, approving budgets, establishing initial assessments, and determining how community operations are organized.

These decisions serve an important function while a neighborhood is being built and occupied. However, the priorities of an active development are not necessarily identical to those of a mature, homeowner-governed community.

As construction progresses and homes are sold, the association's needs begin to evolve. Infrastructure requires ongoing maintenance, long-term expenses become more predictable, and homeowners increasingly depend on the association for financial stewardship and consistent community standards.

Developer control is a phase of community development—not a permanent model of governance. Understanding the decisions made during that phase allows the incoming Board to distinguish between arrangements that continue serving the community and those that warrant closer examination.



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When Does Homeowner Control Begin?

Turnover Is a Legal and Operational Milestone

The timing of homeowner control depends on the type of association, its governing documents, and applicable Arizona law. Turnover may be connected to a percentage of homes or units sold, a milestone established in the declaration, or an earlier voluntary transfer of authority by the developer. The applicable statutory framework also matters, particularly when distinguishing planned communities from condominium associations.

For Boards preparing for transition, reviewing the declaration, bylaws, and other governing documents is essential to understanding the association's specific process. However, identifying the anticipated turnover date is only the beginning. The incoming Board should also understand how directors are elected, what records must be transferred, which contracts remain in effect, and whether any developer-related responsibilities continue after homeowner control begins. The date authority changes hands should never be the first date the Board begins preparing to exercise it.

ARIZONA GOVERNANCE NOTE

Arizona planned communities and condominium associations operate under different statutory provisions. Boards should review the applicable requirements alongside their governing documents and obtain legal guidance where turnover obligations or timelines are unclear.

Finanical Risks Often Discovered After Transions

Artificially low dues during sales phase
Underfunded reserves
Incomplete reserve studies
Deferred maintenance
Contracts structured for developer convenience

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The Financial Reality Behind The Transition

What Today's Budget May Not Reveal About Tomorrow's Costs

An association can appear financially stable while carrying significant obligations that have yet to surface in its operating budget.

During the development and sales phase, initial assessments may have been established before the community's full maintenance costs became apparent. Reserve contributions may not reflect future replacement expenses, and certain infrastructure needs may remain difficult to evaluate until the community is substantially complete.

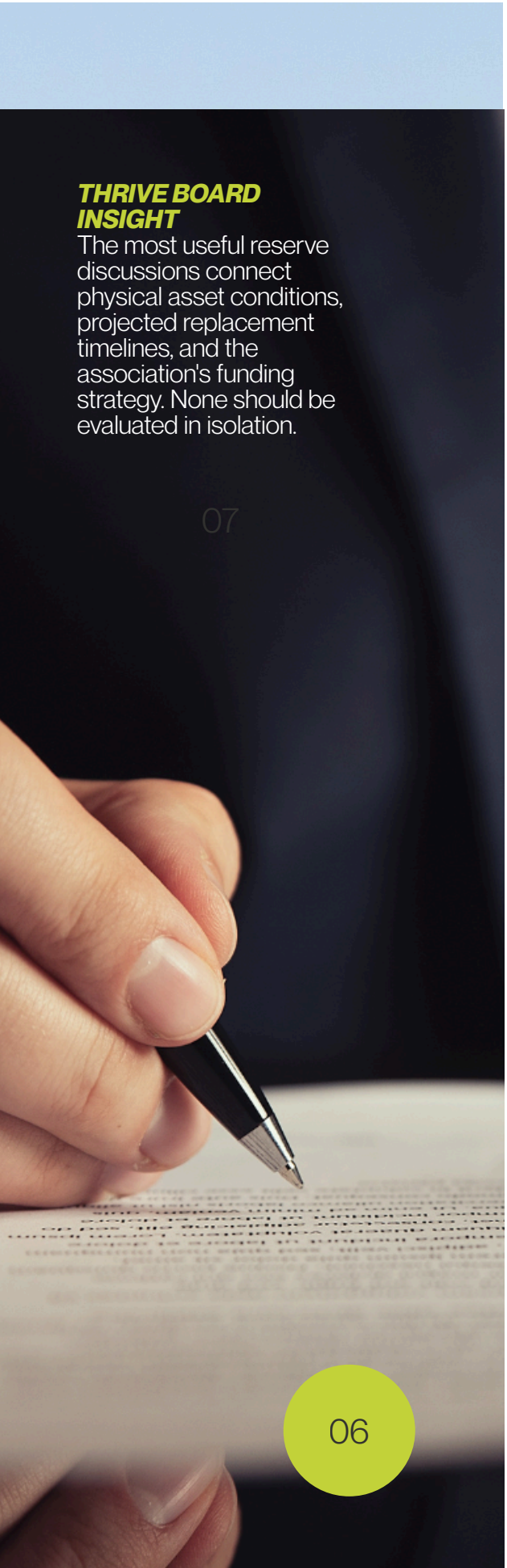
Incoming Boards should pay particular attention to unusually low assessments, underfunded reserves, incomplete reserve studies, deferred maintenance, and contractual arrangements established before homeowner control.

These conditions do not automatically indicate mismanagement. They do, however, warrant independent evaluation before the association commits to a long-term financial strategy.

The central question is whether the association's current financial structure reflects the actual cost of operating and preserving the community.

A balanced operating budget is not the same as long-term financial readiness.

Understanding that distinction can help Boards make informed decisions about assessments, reserves, maintenance priorities, and future capital expenditures.



THRIVE BOARD INSIGHT

The most useful reserve discussions connect physical asset conditions, projected replacement timelines, and the association's funding strategy. None should be evaluated in isolation.

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Reserve Funding: The Cost Of Looking Ahead

Are the Association's Reserves Built for the Community It Has Become?

Reserve funding is one of the most consequential financial responsibilities inherited at turnover.

Roadways, roofing systems, perimeter walls, pools, irrigation infrastructure, and other shared assets may require significant investment long after the developer has completed construction.

A reserve study provides a framework for anticipating those costs, but its value depends on the accuracy of the underlying information.

Boards should consider whether the study reflects a current component inventory, realistic replacement costs, appropriate useful-life assumptions, and the infrastructure actually conveyed to the association.

In Arizona, prolonged heat, intense sunlight, monsoon storms, and heavy seasonal use can influence maintenance and replacement planning. Cost assumptions should reflect local conditions rather than relying exclusively on generalized estimates. A study that has not been updated in several years—or one that excludes major assets—may give the Board an incomplete picture of future obligations. Reserve planning is not simply about accumulating funds. It is about understanding when the community will need them and whether sufficient resources will be available.



The Contracts That Follow The Community

Inherited Agreements Deserve a Fresh Perspective

Landscaping, security, pool maintenance, waste collection, and management services are often established well before homeowners assume control.
Those arrangements may provide valuable continuity during turnover, but they should not be accepted without review.

The incoming Board needs to understand each agreement's scope, pricing, performance standards, renewal provisions, termination requirements, and responsibilities.

An agreement appropriate during active construction may not fully reflect the expectations of a completed residential community.
For example, landscape maintenance may need to evolve from installation-related services to long-term irrigation efficiency and asset preservation. Pool maintenance obligations may change as amenities reach normal operating capacity.
Contract review is not necessarily an exercise in replacing vendors. It is an opportunity to determine whether existing relationships deliver appropriate value and accountability.

Continuity matters during transition. So does knowing exactly what the association has agreed to maintain, fund, and manage.

When Warranty Periods Keep *Running*

Turnover Doesn't Stop the Clock

Among the most time-sensitive responsibilities facing a newly elected Board is the evaluation of community warranties. Structural elements, roofing systems, irrigation installations, mechanical equipment, pool components, and other shared infrastructure may carry warranty protections or potential claims that require attention within defined periods. Those periods do not necessarily begin when homeowners assume control. Some may already be underway—or approaching expiration—by the time the Board receives responsibility for the assets. An early review should identify available warranty documentation, applicable deadlines, known defects, unresolved construction concerns, and the process for submitting claims. Independent inspections may also help identify conditions that are not immediately visible through routine maintenance reports. A missed warranty deadline can turn a potentially recoverable repair into a direct association expense. Because warranty rights and construction-related claims depend on the applicable documents and law, Boards should seek qualified legal and technical guidance when significant issues arise.



The Documents Eveery Incoming Board Needs

Good Governance Begins With Complete Information

A newly elected Board cannot effectively oversee responsibilities it cannot fully document. One of the most important steps in turnover is assembling a reliable record of the association's governing, financial, contractual, and operational information. That includes the final governing documents, financial statements, budgets, reserve studies, vendor agreements, insurance policies, warranty materials, meeting minutes, and available as-built plans or other infrastructure records. The objective is not simply to collect documents. It is to understand whether the information is complete, current, and consistent with the community's actual condition. Missing records can delay financial reviews, complicate maintenance decisions, and make it harder to identify outstanding developer obligations. A structured document inventory also creates a foundation for future Board continuity. As directors change, the association should not have to reconstruct its history or rediscover essential agreements.

Records are more than administrative paperwork. They are the institutional knowledge a homeowner-led association needs to govern effectively.





The First 90 Days after Turnover

Establishing Stability Before Setting a New Direction

The first three months of homeowner leadership should focus on gaining visibility into the association's financial condition, operational responsibilities, and immediate exposure to risk. An independent financial review can help the Board understand available funds, outstanding obligations, and the reliability of existing reporting. Reserve study validation and infrastructure inspections can identify gaps between documented projections and actual asset conditions.

Insurance coverage deserves attention as well, particularly where responsibility for community infrastructure has changed. At the same time, evaluating vendor agreements and establishing a governance calendar can create greater consistency in Board oversight. These activities are connected. A newly discovered infrastructure issue may affect reserve priorities, insurance considerations, contractual obligations, and future assessments.

The objective is not to introduce sweeping changes before the Board understands the community. The first 90 days should replace uncertainty with a clear picture of what the association owns, owes, maintains, and must prioritize.

ARIZONA BOARD CONSIDERATION

Newly elected directors should coordinate with qualified professionals to evaluate applicable record-transfer requirements, potential warranty deadlines, and any unresolved obligations arising from the transition.

Building Stability Through The First Year

Moving From Transition Management to Long-Term Planning

Once the immediate responsibilities of turnover have been assessed, the Board can begin developing a more deliberate strategy for the association's future.

The first year offers an opportunity to evaluate whether assessments adequately support operations, whether reserve contributions align with anticipated capital expenses, and whether existing governing documents continue to serve the community's needs.

It is also the appropriate time to establish consistent compliance practices, clarify vendor performance expectations, and create a financial planning horizon that extends beyond the next annual budget.

A three-to-five-year financial outlook can help the Board anticipate significant expenditures, evaluate funding alternatives, and reduce the likelihood that foreseeable repairs become unexpected financial emergencies.

For Arizona communities, long-term planning should also account for the effects of heat, irrigation demands, landscape sustainability, and the maintenance of shared amenities and infrastructure.

The goal of the first year is to move from understanding inherited conditions to establishing a sustainable operating model.

A thoughtful approach gives future Boards a clearer financial direction and homeowners greater confidence in the association's stewardship.





Why Management Alignment Matters

The Association's Needs Change. Its Management Approach Should Reflect That.

A management relationship established during development may have been designed around the priorities of construction, sales, and initial community operations.

After turnover, the association enters a different stage of its lifecycle.

Homeowner-elected Boards need financial reporting that supports meaningful oversight, guidance on reserve planning, clear vendor accountability, and assistance navigating governance responsibilities.

This shift does not automatically require replacing an existing management company. It does require evaluating whether the management relationship is structured to support the association's new priorities.

A transition-focused management approach places particular emphasis on inherited financial obligations, document continuity, infrastructure concerns, Board education, and operational stabilization.

Traditional day-to-day services remain essential, but the immediate needs of a newly transitioned community often extend beyond routine administration.

The right management relationship should help the Board understand its options, identify emerging risks, and make informed decisions—not simply process the business of the association.

What Transition- Focused Management Should Provide

Experience Matters Most When the Association Is Changing

Developer-to-homeowner transitions require a combination of operational knowledge, financial oversight, and structured planning. A management partner experienced in turnover should understand how to organize document transfers, evaluate existing vendor relationships, support financial and reserve reviews, and help newly elected directors become familiar with their responsibilities. Equally important is a defined onboarding process. Without a clear transition plan, critical information can become fragmented, unresolved obligations may receive insufficient attention, and Boards may spend their earliest months responding to problems rather than establishing priorities. A structured 90-day stabilization plan provides a framework for addressing immediate responsibilities while identifying issues that require longer-term attention. Board education should remain part of that process. Directors need the context to interpret financial information, understand management recommendations, and participate meaningfully in association decisions.

Effective transition management combines operational continuity with the ability to identify what needs to change—and why. The result is a more informed Board, clearer accountability, and a stronger foundation for homeowner-led governance.



Preparing ***Before*** The Transfer

The Best Time to Plan for Turnover Is Before It Happens

Associations approaching developer turnover benefit from beginning their preparations well before the anticipated transfer date.

Where the projected timeline is known, beginning discussions six to twelve months in advance can provide additional time to review governing documents, understand the expected turnover process, and organize homeowner communication.

Early preparation also allows prospective Board members to identify the information they will need, including financial statements, reserve funding details, contracts, warranties, and community infrastructure records.

This period is especially valuable for recognizing questions that require legal, financial, or technical expertise before responsibility changes hands.

Homeowners should also understand how Board representation will change and what the transition means for association decision-making.

Preparation transforms turnover from a single administrative event into a coordinated transfer of knowledge, responsibility, and leadership.

Five Questions Worth Answering Before Turnover

1. What is the projected date or governing-document trigger for homeowner control?
2. Which association records and infrastructure documents are available for review?
3. Does the current reserve funding strategy reflect the community's long-term obligations?
4. Are management and vendor arrangements appropriate for homeowner-led operations?
5. Which financial, warranty, or infrastructure concerns require attention before the transfer?

These questions can help incoming directors establish priorities without assuming that every inherited arrangement must change.

Your Communitys *Next* Chapter

Stronger Leadership Begins With a Stronger Foundation

Developer turnover is one of the most significant milestones in the life of a homeowners association. It is the moment when responsibility for the community's financial direction, shared infrastructure, vendor relationships, and governance increasingly rests with the people who call it home. The decisions that follow deserve more than a routine administrative handoff. They require reliable information, independent evaluation, thoughtful planning, and management support aligned with the community's long-term interests.

At Thrive Community Management, we help Arizona associations navigate this transition through structured onboarding, financial and reserve analysis, contract and documentation review, Board orientation, and ongoing operational guidance. Because successful homeowner leadership isn't simply about taking control. It's about knowing how to move forward.

Prepare Your Community for What Comes Next

Whether your association is approaching developer turnover or has recently transitioned to homeowner leadership, Thrive can help your Board evaluate its priorities and plan its next steps. Schedule a Complimentary Transition Readiness Consultation

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Serving Arizona Communities Since 2016

Publication Note: This guide is intended for general educational purposes and does not constitute legal, financial, engineering, or other professional advice. Association obligations and turnover requirements depend on applicable Arizona law, governing documents, contracts, and community circumstances. Boards should consult qualified professionals regarding their specific responsibilities.