

# What Records Should We Keep?

By: Rebecca Drube

Given a community association's multiple interactions with its members, managers and vendors, it is perhaps inevitable that even the most organized community association Board of Directors may begin to feel buried in documents, whether in paper or electronic form. At this point, the typical association Board may ask itself, "What records should we be keeping?" This article and included Records Retention Table (on last page) will explore basic tenants of records retention, including records that you are statutorily required to keep, recommended time periods for records retention, and other best practices regarding association record-keeping.

First and foremost, pursuant to the Georgia Non-Profit Corporation Code (the "Code"), all non-profit corporations, including condominium and homeowners' associations, must maintain certain corporate records. In addition, your association's by-laws may impose additional requirements as to the records the Board is required to maintain. The minimum required corporate records that an association must maintain pursuant to Georgia law are listed in the text block on the next page.

By statute, an association must maintain the records listed in the "Records an Association Must Maintain" text block, either in written form or in another form that is capable of conversion into written form within a reasonable time period. However, in addition to these statutorily required records, there are certain records that, while not required by statute, should be kept by a community association to ensure proper operation and maintenance of association finances and property. A table of categories of typical association records and their general recommended retention period is included immediately following this article of the Community Advisor. Importantly, in the event a government investigation or lawsuit involving the association appears likely, the association should stop all document destruction, regardless of the type of records to be destroyed, unless or until it receives specific instruction from its lawyer that it is okay to destroy certain records.

With so many types of different association records, the question inevitably arises as to where records should be kept. We recommend that the Board establish a centralized location for storing association records. The reason for this is that certain of the



Every Board should keep in mind that while an association may maintain a variety of different types of records, not all of these records are available for owner inspection under the Georgia Non-Profit Corporation Code.

association's records are required by statute to be made available to an owner for inspection within five (5) business days from the date of the request; thus, if all records are in one centralized location this saves the Board from scrambling to figure out which Board member has the requested records and how to provide them to the requesting owner. Additionally, because the composition of Board members can change from year to year, keeping records in one central location eases the transition between Boards in that the new Board

## RECORDS AN ASSOCIATION MUST MAINTAIN

- Minutes of: (1) all meetings of the membership and (2) all meetings of the Board of Directors;
- Executed consents which evidence the actions taken by the members or the Board of Directors without a meeting;
- Records of all actions taken by a committee of the Board of Directors on behalf of the association;
- Appropriate accounting records;
- A record of members in a form that permits preparation of a membership list containing the names and addresses of all members, in alphabetical order and by class, and showing the number of votes each member is entitled to cast;
- Waivers of notice of all meetings of the Board of Directors and its committees;
- Articles of incorporation and all amendments to them currently in effect;
- The by-laws and all amendments to the by-laws currently in effect;
- Resolutions, either adopted by members or the Board of Directors, which increase or decrease the number of directors or the classification of directors or relating to the characteristics, qualifications, rights, limitations, and obligations of members or any class of members;
- Resolutions adopted by either the members or Board of Directors relating to the characteristics, qualifications, rights, limitations, and obligations of members or any class of members;
- Records of all actions approved by members for the past three years;
- All written communications to members, generally, within the past three years, including financial statements;
- A list of the names and business or home addresses of the association's current directors and officers; and,
- The association's most recent annual report delivered to the Secretary of State.

members aren't forced to hunt the records down from the various former Board members. This process can be made especially difficult if a former Board member is disgruntled with the way his or her term ended and is not in the mood to cooperate with the new Board. To lower the chances of this occurring, if at all possible, the association's centralized records storage location should not be at a particular Board member's house.

If a centralized records storage location is not possible, the Board should keep a list of the different locations where the associations' records are located, and develop a policy on how and where such records will be provided to owners who have made requests for them, in addition to how such records will be turned over in the event that a Board member who has charge of some of the records leaves the Board.

If the association has a property management company, the property management company may maintain many, if not all, of the association's records, thereby offering a centralized, neutral record storage location. As is typical, the management contract should include appropriate provisions regarding the property manager's maintenance of the association's records and include language addressing that the records maintained by the property manager are the association's property and will be returned to the association upon termination of the contract. The contract should also address the format in which the records may be kept and should be returned to the association.

As a final note, every Board should keep in mind that while an association may maintain a variety of different types of records, not all of these records are available for owner inspection under the Georgia Non-Profit Corporation Code. In addition, the Code requires that an owner make a proper request in compliance with the provisions of the Code before being entitled to see certain of the statutorily available records. Thus, Boards are encouraged to consult with their attorney upon receipt of a records request to determine the association's obligations in responding to the request.

## Recommended Association Records Retention

### I. Banking & Accounting Records

Document	Retention Period
Accounts payable	7 years
Accounts receivable	7 years
Audit reports	Permanent
Chart of accounts	Permanent
Depreciation schedules	Permanent
Expense records	6 years
Financial statements (monthly)	1 year
Financial statements (annual)	Permanent
Fixed asset purchases	Permanent
General ledger	Permanent
Loan payment schedules	7 years
Tax returns	Permanent
Bank reconciliations	2 years
Bank statements	6 years
Routine cancelled checks	6 years
Cancelled checks for important payments (taxes)	Permanent
Electronic payment records	6 years

### II. Corporate Records

Document	Retention Period
Board and Association meeting minutes	Permanent
Declaration, Bylaws, Articles of Incorporation, and all amendments thereto	Permanent
Annual Report to Secretary of State	Permanent
Board resolutions	Permanent
Consents to action taken without a meeting by membership or Board	Permanent
Records of action taken by a committee of the Board on behalf of the Board	Permanent
Records of action approved by members	3 Years
General written communication to members	3 Years
Business licenses	Permanent
Contracts – Major	Permanent
Contracts – Minor	Life of contract + 6 years (for statute of limitations)
Insurance policies	Permanent
Leases/mortgages	Permanent
Patents/trademarks	Permanent
Bids, proposals – Major	Permanent
Bids, proposals – Minor	7 years
Unit owner records (in a form that permits preparation of a membership list containing the names and addresses of all members, in alphabetical order and by class, and showing the number of votes each member is entitled to cast)	Permanent

### III. Real Property Records

Document	Retention Period
Construction records	Permanent
Lease payment records	Life of lease + 6 years
Real estate purchases (deeds/title insurance policies)	Permanent

### IV. Legal Records

Document	Retention Period
Reserve Studies	Permanent
Client/Attorney privileged information (incl. legal opinions)	Permanent
Requests for approval of architectural changes	Permanent
Architectural change approvals and denials	Permanent
Notice of violations of architectural changes	Permanent
Assessment collection letters	7 years
Judgments	Life of Judgment
Miscellaneous Individual owner/lot records (assessment payment records, non-architectural violations, correspondence, etc.)	As long as owner owns property, plus 7 years

The association should stop all document destruction when a government investigation or lawsuit appears likely, regardless of the type of records slated to be destroyed.