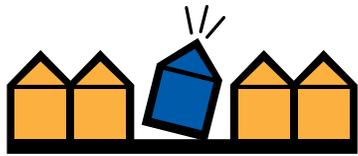


WHAT'S NEW?

a PUBLICATION to INFORM & ENTERTAIN | April 2009



NEW CONCEPTS

ASSOCIATION MANAGEMENT

**COMMERCIAL/RESIDENTIAL
REAL ESTATE SERVICES**

BUSINESS OPPORTUNITIES

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CONSULTING

FEATURED ARTICLE (part 2) – “Why do I need more insurance?”

By Gene Sullivan, President of New Concepts Management

In my first article on insurance coverage for owners of homes in attached-unit associations I focused on two of the main components to look for in your HO-6 policy: coverage of betterments and improvements made to your home, and coverage for the gap left by the Association's master policy deductible (typically between \$5,000 to \$10,000.) In this issue I'll look at another important item: sufficient coverage for replacement of your personal property. I spoke with over a half a dozen insurance agents in preparation for this month's article, and they all said the same thing: “Help the homeowner to understand that most folks do not have a realistic view of what the cost is to replace all of their personal property should it be lost in a disaster!”

Remember, your Association's policy is not going to provide any coverage for your personal property; that is one of the reasons you need an HO-6 policy. HO-6 policies generally include \$20,000 to \$25,000 for the replacement of personal property. This might seem like a lot of money, and at first glance appears sufficient to replace what would be lost in case of a disaster such as a fire. However, unlike the Association's master policy which generally states that they will guarantee “full replacement coverage” as long as the Association insures somewhere between 80-100% of the value of your home your HO-6 policy is not “full replacement coverage.” Instead, HO-6 policies are generally “agreed amount” policies. That means if after everything is said and done, should the cost to replace your personal property cost \$35,000 and you have a \$25,000 limit, you will find yourself \$10,000 short on what you need in order to replace the property you lost.

That is why we strongly encourage every homeowner to take the time to assess their situation and ask “what would the cost be to replace everything I own, if I had to buy it brand new?” For example, you may have had passed on to you (at no cost) your grandmother's dining room set (cost to you \$0.00) however, should you have to replace it brand new, a similar set could cost \$2,500 alone. Once you begin to look at all of your property in this manner, it can be easy to see how \$20,000 to \$25,000 may not be close to what you need to replace all of your personal property.



Gene Sullivan, President of New Concepts Management

Secondly, most policies also have a standard limit on what they will pay out on a specific category - such as jewelry or fine art - which typically has a \$1,500 to \$2,500 limit. So let's give the example of losing your \$5,000 engagement ring in a tornado that rips through your home. Let's say that your replacement limit on personal property is \$35,000 and the cost to replace everything (minus that ring) is \$27,000. Even though you may be thinking “I still have \$7,000 left for coverage on my ring” you may be surprised to learn that the insurance company will not pay you the full value of the ring (\$5,000) but instead will pay no more than the limit described for in your policy, \$2,500.

That is why you need to ask your insurance agent what are those categories that have a limit placed on them. In order to receive “full replacement coverage” on items such as jewelry, art, etc. you may need to have those specific items verified by proof of a sales receipt, or by having the items professionally appraised. Be prepared to pay a higher premium; however that extra premium will literally add only a few dollars more per year, but will allow you to have the peace of mind in knowing that you will receive the full value on those special items in case of a disaster.

Lastly, the agents I consulted all encouraged policy holders to take the time to make a video of your personal property for future reference to “prove” you once owned the items that may be destroyed or missing. This video, along with copies of appraisals, should be stored away from your home for safekeeping.

In conclusion, here are two strategies to keep in mind when shopping around to find a competitive price on HO-6 insurance; first, know that insurance companies are willing to give substantial discounts for having the opportunity to quote on several policies. For example, your HO-6 policy on your home, a policy for each vehicle you own, a boat, and a cabin. Secondly, don't forget to ask the insurance company that is insuring your Association to also give you a quote. Many times those companies will give the extra advantage of waiving any deductible whatsoever in the case of a claim because all policies are with the same carrier. ■

What's in the News?

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Article “Will The Ash suffer the same plight as the Elm?”

by Joel Butler, Suburban Services

Once upon a time, the American Elm was considered the ideal tree for urban America. The tree itself was known to be long-living, fast growing, and tolerant of compacted soils and air pollution. The introduction of the Elm Bark Beetle in North America in the 40's – 60's all but destroyed this graceful tree from our landscape. In similar fashion, we may be seeing the beginning of another epidemic with the Ash.



The Emerald Ash Borer (EAB)

The Emerald Ash Borer (EAB) *Agrilus Planipennis Fairmaire*, is an exotic beetle which was discovered in Michigan in the summer of 2002. The beetle targets Ash trees where the adult beetle consume the foliage causing little damage while the larvae (in its immature stage) feasts upon the inner bark of the tree disrupting the transport of water and nutrients within the tree. EAB kills Ash trees within three to five years of infestation. 25 million Ash trees have been destroyed thus far. The adult EAB is a dark metallic green beetle about ½ inch long and 1/8 inch wide. They fly from May to September. The larvae spread the rest of the year developing beneath the bark.

EAB infestation to date, has been identified in Ohio (2003), Indiana (2004), Illinois and Maryland (2006), Pennsylvania and West Virginia (2007), and in Missouri, Virginia, and Wisconsin just this last year. Those monitoring the insect state that they are capable of traveling on their own between one half mile to two miles a year. The EAB is thought to have been introduced through wood packaging materials carried in cargo ships from Asia.

Research is being conducted at Universities to understand the beetle's life cycle and to find ways to detect new infestations so both the adult and larvae can be contained in the future. Currently an injection has been developed, but the procedure is quite expensive and must be done yearly. With all of this being said, the treatment has not been developed enough to guarantee the tree will continue to live.

Even with infestation of the EAB looking inevitable there are a few things I wish to suggest in helping to slow down the spread of this insect and to prepare for its effect at your property. First, I would like to recommend that you eliminate the purchase of firewood from unknown suppliers. Secondly, do not transport firewood from state to state. And lastly, remember when planting trees on your property; use a variety of species in any landscape plan. Not only will you minimize damage, but you will also create a diversity of beauty that you will enjoy for years. If you suspect you may have EAB in your Ash trees call: 1-888-545-6684 (The Arrest-the Pest- Hotline). ■

On the other side of the pond..... (actual complaint letters written by homeowners living in homeowner associations in the UK.)

“My lavatory seat is cracked, where do I stand?”

“The toilet is blocked and we cannot bath the children until it is cleared.”

“50% of the walls are damp, 50% have crumbling plaster and the rest are plain filthy.”

“I request permission to remove my drawers in the kitchen.”

Upcoming Webinars Offered On Line with New Concepts!

Classes run between 30-60 minutes. You can register anytime right up to the start of any seminar by going to www.webinar.com and click on the “join webinar” button. You will be guided through the registration process. To register you will need to supply your e-mail address and identify the seminar you wish to join by typing in the 9 digit I.D. # assigned to each class below. Here are our upcoming offerings:

“What’s an HO-6 and why do I need it?” – Thurs. April 2, 2009 from 7-8 p.m. I.D. # 555322569. Have you wondered why you need additional insurance when you already pay for it monthly in your dues? Hear explained the purpose of an HO-6 policy and why it’s critical for everyone living in a homeowner’s association.

– Instructor David Schultz, Property Manager with New Concepts Management.

“Know Your Governing Documents” – Thurs. April 23, 2009 from 7-8 p.m. I.D. # 778086263. Most folks were simply handed a set of documents at closing and told ‘they would make great reading if you can’t get to sleep one evening!’ Learn how important these documents are, and how they affect your daily life at your association. – Instructor, Toni Crockett, Vice President of Rental Services, New Concepts Management.

“Conflicts of Interest” – Mon. May 18, 2009 from 7-8 p.m. I.D. # 320525340. The Board, as well as, the Management Company has a fi-

duciary responsibility to always think in the best interests of the Association. How is this achieved? What policies should be in place to indentify and prevent conflicts of interest? – Instructor Gene Sullivan, President of New Concepts Management.

“New Homeowner Orientation Class” – Tues. June 2, 2009 from 7-8 p.m. I.D. # 182992539. This whole “association thing” is brand new to you. You aren’t sure how things work. Who decides whether my dues go up or down? How do I get something repaired? These questions and more answered for you. – Instructor Paul Roth, Vice President of New Concepts Management. ■

Home Savings Store

– Resources, products and services available at special pricing for our homeowners and subscribers. To take part in any of these specific offerings, please contact our Home Savings Store Coordinator **Courtney Graf at 952-224-2663** and ask her for full details.

Home Maintenance

Don’t know where to turn when you need a new water heater? Who can handle all those handyman tasks that you have been meaning to get to around your home? You can be assured that when Start To Finish is on the job, it will be done right by experienced, licensed, and insured professionals who care about your home as much as you do.

Mortgage Network

Whether you’re refinancing to reduce a high rate adjustable mortgage, preparing to pay the cost of a special assessment, or getting back on your feet from near foreclosure, experience the Klein Bank difference. Mortgage Banker Greg Johnson doesn’t simply put you into something in order to make a sale. He spends the time to counsel you to see what makes the best sense.

Preferred Realtor Network

Because we are involved with the resale disclosures on every sale at your association, we know who does the best in getting the job done quickly and at top dollar. If you do not have a relationship with an experienced agent, we can help. Discounts are also available on the cost of a re-sale disclosure by going through this program.

Home Valu Interiors

Whether you are looking to merely freshen up your home with new wall and floor coverings, or are looking for a total remodel of your kitchen and bath; save hundreds and thousands of dollars (just like the large contractors) by allowing New Concepts to put you in contact with project coordinator Mike Demarais at Home Valu.

Rental Management Services

Your preference was to sell, but your home isn’t moving. That new job is calling, and you don’t want to walk away from your equity. What do you do? Call New Concepts. We can give you peace of mind knowing your property is being watched closely, and the renters aren’t getting you in hot water with the Board or your neighbors. ■