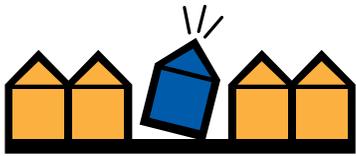


WHAT'S NEW?

a PUBLICATION to INFORM & ENTERTAIN | June 2009



NEW CONCEPTS

ASSOCIATION MANAGEMENT

**COMMERCIAL/RESIDENTIAL
REAL ESTATE SERVICES**

BUSINESS OPPORTUNITIES

GENERAL CONTRACTING

RENTAL MANAGEMENT

MORTGAGE SERVICES

CONSULTING

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FEATURED ARTICLE – "HOA 101"

By Paul Roth, Vice President of New Concepts Management.

What is this thing called a homeowners association? In Minnesota a few associations began to be built in the 1960s and 1970s but the real growth didn't seem to take place until the 1980s. Since then of course the number of homes in associations has exploded. Some of you may be new to living in a homeowners association. Here's an overview of why Associations exist and how they function.

Homeowner associations are organizations in which the owners of real estate are bound together for common benefits. The benefits that most commonly come from homeowner associations are cost savings and a measure of control over the behavior of people living near you. In addition many associations have amenities like pools and walking trails available only to their members. Some associations have very limited aims, perhaps they exist only to provide a means to maintain a few landscaped entrance monuments. Other associations are similar to small towns in the wide scope of services, property, and programs they offer and administer. At New Concepts we work with a wide variety of associations including single family homes associations, suburban townhome associations, midrise condominium associations, and very large master associations that include multiple member associations. Associations do not have to be just for residential property either. We work with many associations that are made up of office, retail, and warehouse space, and some that include both commercial and residential space combined.

Cost Benefits

One of the big benefits to owning real estate in an association is saving money. Its usually cheaper to buy just about anything in bulk and that is what associations do when they buy one insurance policy to cover multiple homes or units, or sign one trash removal contract, or hire one company to maintain all of the lawns, and the list goes on. It is for this reason most people find association living very attractive. The buying power an association represents can also be seen in lower utility costs for homes that share walls.

If an association member were to take their association's budget and price what it would cost to provide the same services to a home not located in an association, the very considerable cost advantage to living in an association would be readily apparent.

They said What?...

(Rules and regulations that have actually been passed at other homeowner associations).

In Pennsylvania, a homeowner's association passed (in their declaration no less) a restriction on the wattage of bulbs that could be used in all exterior lighting.

In California, it was stated that homeowners were not allowed to park vehicles in their driveway, but were only allowed to park on the street.

In New Jersey, homeowners at one association are forbidden from using the irrigation system to water the lawn, but instead are asked to use hoses connected to their individual outside spigots.

Control Over the Living Environment

In addition, most associations provide for a level of control over behavior within the association, whether it is parking, noise, or building alterations. Some of this control is a natural requirement of sharing walls and otherwise having people living in close proximity to each other. Beyond the minimum, most associations include a mixture of additional rules governing behavior. The mixture is between rules laid down at the outset by the original developer of the association and included in the declaration recorded on each home or unit,



Paul Roth, Vice President of New Concepts Management

and the rules adopted by the association board from time to time. The ideal is to create a set of community rules and expectations that are clear and known so that each person can decide before they buy or rent whether or not they want to live by those rules.

The Association is Responsible to You, and You To It

We often hear the question, stated or unstated, who, or what, is "the association?" The answer is; you and your neighbors are the association. The Association is responsible for providing the services listed in the declaration, and for operating the association responsibly and in accordance with the declaration, bylaws, and state law. The association is run by your board of directors, and in the vast majority of cases those directors are people who own a unit just like you. (An exception is an association that is in the process of being built. These association boards transition from the builder's control to homeowner control after 75% of the homes have been closed, or sometimes after a five or ten year time period.) The board will hire various contractors to help it operate the association, but ultimate responsibility rests with the directors. Think of those directors as what they are: your neighbors who volunteered to take an unpaid position. Your responsibility and help is appreciated in understanding what your association does and doesn't do, and to work with your board as neighbors working to help achieve common goals. ■

In California, one homeowner association makes it very clear that the members of the board are not required to abide by the same rules as everyone else.

In Virginia, a homeowner association requires of all members to have their pets registered including name of pet, description, proof of inoculations, photo, and paw prints.

In California (once again) yet another homeowner association has passed a rule which forbids all children from playing outside, all activity must be in the home! ■

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“What to Remember Before Selling Your Home”

By Brian Sneltsjes, Senior Property Manager at New Concepts Management

Resale Disclosures.

If you are selling your town home or condominium, please remember that you have a legal obligation to provide your buyer with information about the community association where the property is located. In many cases, the purchase agreement requires the seller to provide a resale disclosure certificate. As mentioned above, state law makes this a requirement for any sale within your Association.

What is a resale disclosure certificate? A resale disclosure certificate is a document prepared for the benefit of a buyer of a town home, condominium, or cooperative unit. The information contained within the resale disclosure certificate is stipulated by state law. The specific statute is Minnesota Chapter 515B.4-107. The disclosure provides specific consumer information about the association that governs and has responsibilities for the maintenance of the common grounds and buildings. Under state law, the association or Management Company may have up to 5 days to furnish the disclosure certificate. In addition, state law allows the association or its management company to charge a reasonable fee.

What information is provided in the resale disclosure certificate? The state statutes list in detail the information to be included within the disclosure. Here is only some of the information required:

- A statement regarding any right of first refusal or restraint on the free alienability of the town home.
- The amount of the monthly assessment, including any special assessment.

- A statement of any fees or charges other than assessments payable by the unit owner.
- A statement of any reserves for maintenance, repair, or replacement.
- Copies of the latest budget, balance sheet and income statement.
- A statement of any unsatisfied judgment or lawsuits against the association.
- A detailed description of insurance coverage.

Why do I need to provide the buyer with one?

As mentioned above, you may be obligated to provide a resale disclosure certificate under the terms of your purchase agreement. It is in both your best interest and the association's to provide the required disclosure to the buyer. Note, timing for providing a resale disclosure certificate is extremely important. Failing to provide the required disclosure or failing to provide it in a timely manner may lead to the cancellation of the purchase agreement. The law states in part:

515B. 4-108. Purchaser's right to cancel resale.

(a)Unless, a purchaser is given the information required to be delivered by section 515B.4-107 more than 5 days prior to the execution of the purchase agreement for the unit the purchaser, may prior to conveyance, cancel the purchase agreement within 5 days after receiving the information.

How long is the resale disclosure certificate good for? The resale disclosure certificate is prepared with the latest information available for the association. However, it should be understood that information provided in the disclosure may change as the result of actions taken by the Board of Directors between the date of issuance of the certificate and the con-



Brian Sneltsjes, Senior Property Manager at New Concepts Management

veyance of the property. It is not uncommon for the board of directors to be actively contemplating special assessments, assessment increases, or other important matters without a final decision by the time a particular disclosure was prepared.

We hope that this information helps in providing you with a glimpse of the detailed requirements needed in order to insure that you will have a successful closing when you are ready to sell. ■

New Concepts is happy to announce that you can now make online payments!

Visit our website at www.newconcepts-group.com and click on 'online payment.' payments can easily be made with check or credit card. Please note that a fee is applied if you choose to use this method. ■

FREE - On Line Seminars Being Offered in June and July!

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 Kind of Community Do We Want?” – Tues. June 23, 2008 from 7-8 p.m. I.D. # 927608619. Are rules and regulations really just written by a few people who want to make your life miserable? Or is it possible to develop policies that set the tone for your community that says this

a great place to live? – Instructor Gene Sullivan, President of New Concepts Management.

“Who’s in Charge?” – Wed. July 1, 2009 from 7-8 p.m. I.D. # 462355762.

Understanding the roles and duties of the President, Vice President, Treasurer, Secretary, and Member at Large in any homeowner’s association. – Instructor Toni Crockett, Vice President of Rental Services at New Concepts Management.

“Conflicts of Interest” – Mon. July 20, 2009 from 7-8 p.m. I.D. # 567611562. The Board, as well as, the Management Company has a fiduciary responsibility to always be thinking in the best interest of the Association. How is this achieved?

What policies should be in place to identify and prevent conflicts of interest? – Instructor Gene Sullivan, President of New Concepts Management.

“New Homeowner Orientation Class” – Thurs. July 30, 2009 from 7-8 p.m. I.D. # 512120818. 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 to 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. ■