

WHAT'S NEW?

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ASSOCIATION MANAGEMENT
**COMMERCIAL/RESIDENTIAL
REAL ESTATE SERVICES**
BUSINESS OPPORTUNITIES
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Featured Article: "How Do You Choose A Contractor?" – part 2 of a 2 part series

By Mark Schoenfelder, CAI Past President - Member of MMHA, IREM, BBB, BATC, Builders Club

In the last newsletter I wrote about the important components of the contract to consider; this month I will focus on the qualities to look for in the contractor you consider.....

First, do not rely on advertising to select your potential contractor. I do not care what their advertising says. I have learned the hard way that "If it sounds too good to be true, it is." Therefore there is nothing a contractor can put in a flyer or a yellow pages ad that will convince me to trust them. Let me repeat, there is nothing you can put in a brochure that will outweigh one unscreened referral from a person who has used that contractor before.

Second, I only use contractors who are referred to me by someone else who has actually used their services. I will call references, but I won't interview a contractor unless I have been referred to him first. Only my friends and business associates can cause me to believe what a contractor says about himself. If you don't know anyone who has hired that type of contractor, you need to go to find someone who has. I especially look for what my unscreened resources will say about a contractor compared to what he says about himself. If they match, I will gladly pay more for his services. Your property manager, other homeowner associations, MMHA and CAI-MN are all good sources for finding a trustworthy contractor who has experience in dealing with associations. The best referrals are from professionals who hire that trade on a frequent basis. They won't use a contractor repeatedly who doesn't perform well. The professional purchaser also doesn't expect perfection, but does demand value.

The third factor I look for is specialization. I want someone who is an expert in exactly what I need done. I do not want to hire a remodeler for a painting job, or a roofer for a kitchen remodel. Homeowner associations have particular challenges and issues that are different from working directly with one homeowner. If there are people who specialize in your particular need, that is where I would start looking. It is very unlikely that a non-specialist could achieve the similar results that a specialist could. In most trades there are enough specialists so that their pricing is also the most competitive. Frequently, if you hire a general, he will then subcontract a specialist to do the work. It is better to just hire the specialist directly.

The fourth factor I look for is stability. We recently competed against another painting company that offered a 20 year warranty in order to get a project. The company had not paid their past couple months paint bill and operated out of the owner's home. He had also changed his company name three times in the past 7 years. No wonder it was easy to offer a 20 year warranty. Ask for supplier references or call the suppliers directly. Make sure to ask how long he has been purchasing materials under that company name and how timely are his payments.

When hiring a contractor, we are not typically considering spending a couple hundred dollars. The dollar signs are much larger. I want a contractor who has been around for years and will



Mark Schoenfelder,
Schoenfelder Painting & CAI Past President.

be around for years. Longevity weeds out the fly by night, started up yesterday contractors. Longevity also means that they must be doing something right. Pricing is one of the things they need to do right. The only thing worse than paying too much for a project is paying too little for a project. Despite popular myths, nobody has ever received great workmanship on a project without paying for it.

One of the significant factors in determining price is overhead. Some companies have lots of overhead, others have almost none. Ask yourself before looking for contractors, how much overhead do you expect and desire? Would you hire a contractor who operates out of his truck? What if his price was lowest? Or do you expect to hire a larger size contractor who is more established with an office and employees? Size, usually means longevity and stability. Do not confuse advertising and marketing with size and stability. Many companies sell hard in order to compensate for a lack of repeat business or desperation. If you want to make sure, ask for a bank reference which will reveal if this company is going to be around in 12 months. If they have no cash, they are often willing to say and do anything in order to stay afloat for the next week. This does not work in your favor.

A bank reference will also reveal if the contractor is actually a shell corporation for another corporation. I once was trying to get paid from a roofing contractor and found out that the local roofing company that hired me had recently been purchased by a new corporation that had been set up only months before, which was owned by a company from Indiana. My client, the debtor, had zero assets in Minnesota. That subsidiary was closed once it had built up enough debt. The parent company has since opened a new company in MN. I heard they have great pricing and you should see their advertising it says they have great integrity and only happy customers!

What's in the News?

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Featured Article:

“Spring Showers may bring flowers – but also active sump pumps!”

By Jason Batts, Construct-All Corporation.

Uninvited water in your living space is never a pleasant experience. With spring on its way, that means it's time to pre-pair for snow melt and spring showers.

It is surprising how many homeowners are willing to accept some water in their basement as a “normal” occurrence. However, by giving a little forethought and attention to a few key areas, most if not all water infiltration from melting snow and rainfall can be prevented.



Jason Batts, Construct-All Corporation.

The first area you should give some attention to is your homes gutter system. You may or may not be aware that a typical roof with merely a 1” rainfall will shed up to approximately 1000 gallons of water!

It is because of this, that cleaning gutters a minimum of twice a year is highly recommended. It is important to remember that you should not only clean the gutter trough at the roof line but also make sure there is no obstruction in the downspouts. Replace downspout extensions that have been squashed or dented, as this will insure the proper flow of water and divert the water away from your foundation as they were intended.

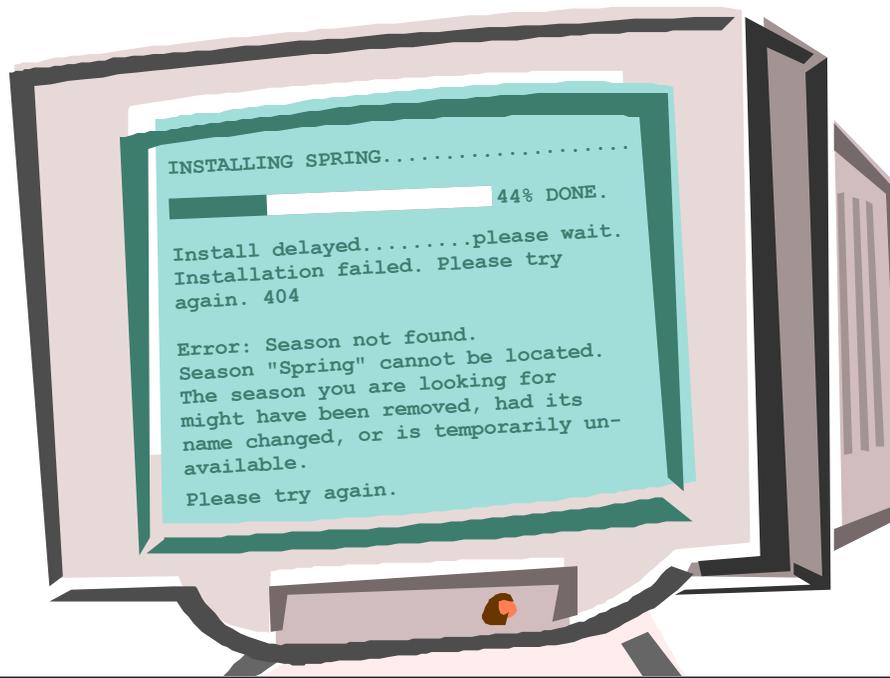
Next, take a look at your sump pump. This item is often easy to over look because the old adage “Out of sight, out of mind” certainly rings true until something goes wrong. If you have a sump basket, the location of the sump basket is often under a stairway storage area or in a utility room. The pump has a switch that is activated when water rises in the basket to a certain level. Often times these switches malfunction do to age, neglect or not properly adjusted. Make sure the switch works freely and the pump is activated when it is suppose to. Test it before you need it.

If for any reason you don't feel comfortable about the functioning of the pump, call and ask for help from the installation company or the manufacturer of the pump. If you can't remember who that is; your local hardware store can be another valuable resource.

Also keep in mind that it takes power to run your sump pump motor. The time you

might need that pump to work the most, may be the time it's not available due to a power outage. It is for that reason you may wish to consider is a battery backup for your sump pump this will safeguard when you need it most. Lastly, concerning sump pumps, make sure that the water is being pumped adequately away from your home's foundation. You don't want to compound the problem by dumping the water back only to be pumped out again.

In conclusion, a seemingly unrelated matter, but an important one is taking time to look at the insurance coverage on your home. HOA master policies do not necessarily cover ground water intrusion in the home. For your peace of mind, ask your agent if your policy will protect you for this type of loss. Even if ground water intrusion isn't written into your basic policy, it can be added on as a rider, and at a very reasonable cost. By taking the time to review these few areas, you can be prepared for all of this season's spring showers. ■



Free On Line Seminars – Look what's coming up in June!

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:

“How to Handle an Insurance Claim” – Wed. June 8, 2011 from 7-8 p.m. I.D. #487225998. How long should it take to complete a claim after a disaster? If I don't agree with what the insurance company is going to pay out, do I have any recourse? What are the potential issues I have to watch out for? – Instructor Paul Roth, Executive Vice President of New Concepts Management.

“Ethical Challenges Facing the Board Today” – Mon. June 13, 2011 from 7-8 p.m. I.D. #869051110. Serving on any homeowner board carries with it a large responsibility. Learn how to avoid the “little” compromises that can end up being the big issues later. What are the best policies that every HOA board should be practicing? – Instructor Gene Sullivan, 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 Sletten** at **952-224-2663** and ask her for full details.

Home Appliances & Cabinets

We are happy to add to our list of preferred vendor relationships – All Inc. Everything you need in appliances, cabinet and counter top refinishing and/ or replacement and all at prices that can't be beat. Call Coordinator **Courtney Sletten** at **952-224-2663** in order to receive the New Concepts special pricing.

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.

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. ■