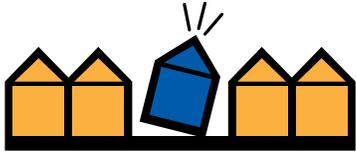


WHAT'S NEW?

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NEW CONCEPTS

ASSOCIATION MANAGEMENT

COMMERCIAL/RESIDENTIAL
REAL ESTATE SERVICES

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FEATURED ARTICLE – "A Tale of Woe – The Association & the Unlicensed Contractor"

By Tony Poetz, Production Supervisor. New Exteriors by SMA, Inc. 763-315-8900

Recently, someone asked me an interesting question that I initially didn't know the answer to. I was asked, "If I use a contractor who is not licensed, what recourse would I have if I had any problems with their work?" This led me to search further.

I must admit my initial reaction when I was asked this question was to think why would someone in this industry who values their reputation; dare to do work without being properly licensed, and insured? It is not like the cost and time involved to follow through with these items are prohibitive. So why would someone perform construction without a license?

Unfortunately, I believe the answer more often than not is not that an individual chooses to work without a license, but rather their license was revoked because of unresolved workmanship errors. In these cases, what is typical for you to find is a vendor who has not performed as contracted and a complaint was filed against them with the Department of Labor. When a complaint is filed, and a vendor does not care about their reputation enough to respond, or the allegations are true, and they do not wish to rectify unresolved errors; the Department of Labor has the authority to revoke that individual's license.

When something like this does arise, there can be a source for you the consumer to go to for compensation; it is with the State's Contractor's Recovery Fund.

The Contractor Recovery Fund compensates owners or lessees of residential property in Minnesota who have suffered an actual and direct out-of-pocket loss due to a licensed contractor's fraudulent, deceptive or dishonest practices, conversion of funds or failure of performance.

It is important for the consumer to use only licensed contractors, because each year, every licensed contractor will pay somewhere in the range of \$160-\$260 towards funding this program. This program allows for the consumer to recover up to \$75,000.00 in damages.

However, please be aware that unlicensed contractors are not paying into this fund, and the state will not make this program available to

you if you choose to use the unlicensed contractor. This of course is purposeful, in hopes of encouraging you the consumer to take the time to use only licensed contractors.

So what is your recourse with the unlicensed contractor that you thought was 'saving you money'? Not much. If you file a complaint, that contractor will most likely simply change their company's name and continue to work. Even when you do prove wrongdoing in civil court, an unlicensed contractor in most cases does not have any assets to go after, and at the end of the day all you have is a piece of paper from the courts.

As our President Steve Arrell from New Exteriors by SMA states "Verification of credentials are a must in safeguarding the consumer with one of their biggest assets, their home, it just makes sense!"

In closing, what should you the consumer do before using any contractor?



Tony Poetz, Production Supervisor

- Check with the state's Department of Labor. They have a comprehensive contractor search on their website, as well as, tips for hiring.
- Ask for references. You may be able to visit previous projects to get a look at a finished job.
- Ask for a copy of their license and proof of insurance.
- Check the contractor's litigation history, on your state's court system website.

Remember contractor licensing is there for a purpose. It helps to provide safeguards to you the consumer, by having a mechanism that keeps your vendors accountable to you. ■

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“Good People are Always Needed – Consider Running for the Board!”

By Toni Crockett, Vice President of Rental Management.

When you made the decision to purchase your home in a common interest community (CIC) you may have had a good idea of how the community was organized and operated. You may have read the governing documents provided to you by the seller of the home. Maybe you owned a townhome or condominium before. You might even have served on the board of directors of a homeowners association in the past.

For many homeowners the excitement and pressure of purchasing their home far overshadows any information they receive about the CIC. They barely glance at the governing documents provided when they sign the purchase agreement. They are so happy and thrilled to become a homeowner that it doesn't occur to them that owning a home in a CIC may be different from owning a single family home in other neighborhoods.

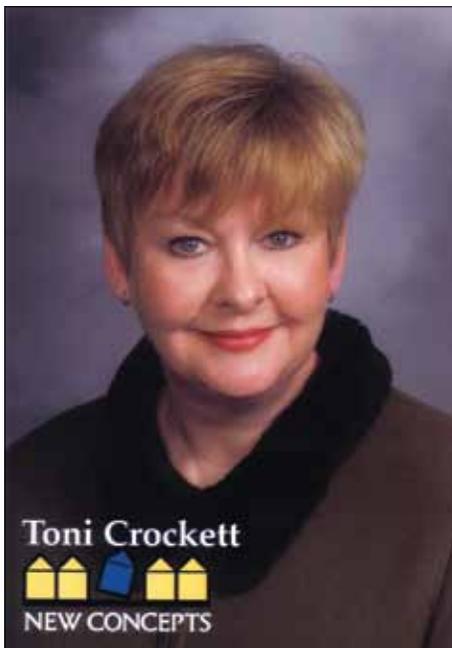
Now that you are a homeowner and a member of a CIC you no doubt have noticed that there are some differences. You may have been happy to discover that the shrub that didn't survive the winter was replaced by the homeowners association at no additional charge to you. All it took was a phone call to the manager. Or you may have been dismayed to find that the beautiful wooden wind mill that your uncle made could not be placed in the shrub bed outside your home. You may end up feeling like one unhappy homeowner who asked the property manager, “What is this association thing, and how do I get rid of it?”

A CIC is formed by the developer because multi unit communities cost less to build than a comparable number of single family homes. Land is used more economically, with less sprawl, and the land costs are less per home. For the buyer communal living allows for a lower purchase price while providing more services and amenities at less cost.

A CIC is organized like a democratic republic in order to operate and preserve the community components that are owned by all. The governing documents that were drawn up at the inception of the association are its Declaration of Independence, its Constitution, and its Bill of Rights.

Like any democratic government, if a citizen wants to have a say in how things are done, he or she must stand up and be counted. You must communicate your concerns and ideas to your association. You must read the information they send you and attend the annual homeowners meeting to vote for your Board of Directors.

A CIC is a representative government. The neighbors you elect to the Board are required by the governing documents to make the day-to-day decisions necessary to operate your CIC. As a



member of the community you do not make these decisions individually. You elect the Board members to make these decisions for you.

The only way to be directly involved in the operation of your community is to volunteer to run for election to your CIC's Board of Directors. A good CIC encourages you to be involved and encourages all members to take a turn and serve on the Board.

But what does it take to be a Board member?

- No specific background or expertise is necessary. However, you will find that your life and work experience will be beneficial to your community.
- The Board usually meets one evening per month. (check with your association for the meeting schedule).
- Read the By-laws of your CIC to learn:
 - o How Board meetings and annual meetings are organized and run.
 - o How decisions are made.
 - o What are the powers of the Board?
 - o How long is the term of service?
 - o How does one get elected?
 - o What are the duties of the Board officers?
 - o How must the community be operated?

How can you prepare yourself to serve?

- Read all of the governing documents of your CIC.
- Attend as many Board meetings as you can to observe the process.
- Volunteer to serve on committees that answer to the Board.
- Attend your annual homeowners meeting and offer to run for election.

Why should you serve?

- You will gain an understanding of the needs of your community, and you will learn how to fulfill them.
- You will have a direct voice in decisions affecting yourself and your neighbors.
- You will be instrumental in maintaining the value of your property.
- You will help decide how your association's money is spent.

There is an old management slogan that says, “If you are not part of the solution, then you are part of the problem.” Nowhere does this apply more, than in a homeowners association. If you serve your community you become one of the problem solvers. You gain great experience and knowledge, and you may even have some fun. Become part of the solution and volunteer to serve on your CIC board of directors. ■

Great Seminars – on line and they're free!

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?” – **Wed. October 28, 2009 from 7-8 p.m. I.D. # 189407603.** 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 Paul Roth, Vice President of New Concepts Management.

“Association Politics – Dealing with Difficult People” – **Tues. November 10, 2009 from 7-8 p.m. I.D. # 702251170.** Is there really an effective way to deal with obnoxious overbearing people? Helpful tips and strategies that allow those who are calm and reasonable still maintain control instead of having the association overrun by a few bullies. – 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 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. ■