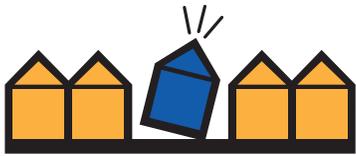


WHAT'S NEW?

a PUBLICATION to INFORM & ENTERTAIN | October 2009



NEW CONCEPTS

ASSOCIATION MANAGEMENT

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FEATURED ARTICLE – “Guiding Principles”

By Gene Sullivan, President of New Concepts Management

I'm a bit of a movie buff. I love a good story. One of my all time favorites is the 1995 “Apollo 13” directed by Ron Howard. Who can forget the tense build up of that historic flight in 1970 when things continued to go from bad to worse and it looked like the crew of Apollo 13 was not going to make it back home. At one point during the movie the Director of NASA said to flight director Gene Kranz “This could be the worst disaster NASA's ever faced.” And with complete resolve Gene Kranz said in response “...With all due respect sir, I believe this will be our finest hour!”

I was heartened to find out that those most memorable quotes and situations were not embellishments for a great movie, but the actual history of what took place. And even to this day, in interviews with all the engineers and astronauts who were involved with the Apollo Missions, they honestly consider their greatest success the failed mission of Apollo 13. What was it that made that particular mission such a defining moment for NASA? It certainly wasn't the cutting edge technology, but in a moment of crisis, working as a team, NASA went back and relied on some of the most fundamental principles in science to bring the crew back home.

Case in point; was getting the module back into our atmosphere. They realized that coming in with a deep and quick decent would cause both ship and crew to burn up, if the approach was too shallow, they would bounce off of the earth's atmosphere and continue out in space. It was the quick thinking captain, Jim Lovell who relied on the basic navigation principle of maintaining a “fixed point” in other words; it was continually maintaining the earth in the sights of the module window and igniting the after burners for a number of seconds in order to stay the course and get home.

And in like manner, what is it that causes a homeowner's association to be able to navigate through the tough times of being able to maintain repairs while staying on budget with a membership that has become more volatile and restless, worried about high unemployment, and looming foreclosures? The answer, that board being able to establish polices and principles that help in guiding them day in and day out in all of their decisions.

The success of an association is established when its board of directors understand that it is the development of these guiding set of policies and procedures, and a commitment and adherence to those principles that see you through the day.

What are some of those basic principles?

The first; is a steadfast commitment and understanding that it is a board's primary duty to weigh all decisions against the notion of what is in the greatest good for the majority of all homeowners. Over the years, I have seen all too many who view a lack of participation by its members as a sign that most people don't care what goes on at their association. It can be easy for that newly elected board member to view what they “perceive” as apathy as their cue to establish rules and regulations that suit them, and to ensure that the maintenance projects

that are initiated, take care of their interests at their home first and foremost. While it is indeed true that those on a board of a homeowner's association do enjoy the authority of being able to establish rules and to determine and direct work at the property, that authority also carries with it a fiduciary responsibility to always act in the best interests of the whole.



Gene Sullivan, President of New Concepts

Secondly, a board must work diligently to establish the habit of allowing and encouraging all its members to express their concerns and wishes in a non-judgmental forum that fosters goodwill while building a consensus of that majority. Unfortunately, it seems that our sense of what we call “Minnesota Nice” translates into the quiet not speaking up, while allowing others to continue to bully until their point is established. Board members instead must understand that it is their duty to try and determine the wishes of the silent majority, by establishing and encouraging a regular homeowner's forum, and by instituting the habit of insisting that all directors equally share their opinions at all board meetings and not allow them to be run by the few. And at the end of the day, when all discussion has been made, and the majority opinion has been established, those in the minority must be adult enough to recognize that their job now is not to make life miserable for others but to concede to the direction established by the majority.

Lastly, a board must have a realistic approach as to their limits and expectations. It is the tyranny of the urgent that insists that everything must but done at once. If I may use an analogy here; let's say that you are in a boat that is taking in 10 gallons of water a minute, however, all of you who are in the boat can only at best scoop out 8 gallons a minute. Certainly in this situation you can see that all your earnestness and frantic scooping will not get you out of your predicament. Staying at this pace only guarantee that you will tire out and eventually fail. Instead, a more reasonable approach would be to concentrate on one item, being able to plug the hole, because it is when this has been established, that your efforts in draining the boat will be successful. Trying to do everything at once only discourages others from wanting to step up into this “volunteer” position, whereas, the more methodical and reasonable approach allows for cooler heads to prevail.

These ideas certainly are not new, nor are they “rocket science” however; you will find establishing fundamental habits of how you treat folks and work at solving problems will be guiding principles that will always lead to your success. ■

What's in the News?

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“Preventing water damage claims by monitoring utility shut-offs”

By Dea Price, ACCAM, Assistant Property Manager for New Concepts Management

As summer comes to a close and we move toward another long and cold Minnesota winter, now is a great time to start keeping an eye on potentially vacant units and have a plan of action in place for dealing with utility shut-offs. For most managers, one of the most dreaded calls is about a water damage emergency that has been caused by burst water pipes in a unit where, in most cases, the heat has been turned off and the pipes froze. In a multi-unit building this can, of course, have devastating effects on both the unit of origin and the rest of the building. The cost of water remediation and rebuilding the unit(s) can be enormous and may not be covered by the Association's insurance policies. Even when claims are covered, many Associations are left with large deductibles and no one around to pay the bill. In many cases the home may have been abandoned due to a pending foreclosure. Frequently, in these situations the homeowner is woefully uninsured or underinsured and becomes solely responsible for the Association's deductible. If a homeowner is left with a large deductible and other costs, it is not unheard of for them to file a bankruptcy, leaving the Association to foot the bill.

So what can be done to prevent these disastrous claims? One suggestion is to keep a log of all units that are, or may soon be, vacant. If you know the unit is vacant, it may be prudent to enter the home, if possible, and put the gas and electric utility accounts in the Association's name as a preventative measure. Even if you are unable to recoup the costs of a few months worth of electric and gas bills, the cost to keep a home heated to 55 degrees over the winter will surely be less than the cost of a water damage claim. Of course, we don't always know which units are vacant in a Common Interest Community, but a good thing to watch out for is units that are becoming severely delinquent in their Association dues, who may also have fallen behind in their mortgage payments. It can't hurt to call the local utility company and see if they will add you for third-party notifications. Though this will likely prove problematic with the larger utility companies, I have had success getting information from smaller municipal utility companies who are willing to call the management company before a shut-off so that the account can be temporarily moved into the Association's name.



Dea Price, ACCAM

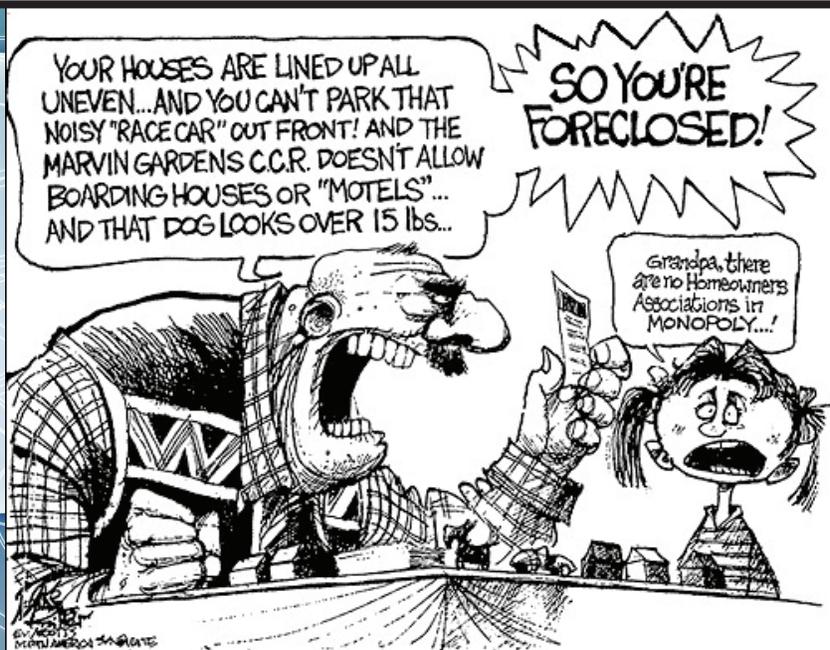
Another tactic to finding out information about pending or recent shut-offs is to go through the municipality the Association is located in. Current State Statute (section 216B.0976) states that a utility company must notify the municipality of disconnections. The City is then required to provide this information to the Police and Fire Departments. You may be able to find out by calling your local City Hall, Police or Fire Department whether a given unit has been, or will be, shut off. ■

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:

“How Much is Enough?” – Wed. Dec. 16, 2009 from 7-8 p.m. I.D. # 771296123. We all understand that we need to put away for a future retirement account. But how much does an Association need for a healthy account? Learn how to determine “how much is enough?” What are the important components to look for in a great capital replacement plan? – Instructor Paul Roth, Vice President of New Concepts Management.

“What Kind of Community Do We Want?” – Tues. Jan. 12, 2010 from 7-8 p.m. I.D. # 500791450. 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 and give it that reputation as a great place to live? – 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. ■