

WHAT'S NEW?

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NEW CONCEPTS

ASSOCIATION MANAGEMENT

**COMMERCIAL/RESIDENTIAL
REAL ESTATE SERVICES**

BUSINESS OPPORTUNITIES

GENERAL CONTRACTING

RENTAL MANAGEMENT

MORTGAGE SERVICES

CONSULTING

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

By Gene Sullivan, President of New Concepts Management

This question is invariably raised by most folks at one time or another after purchasing in a homeowner's association. It's asked in a moment of confusion when one realizes that their monthly assessment already includes a portion going towards an insurance policy maintained by the association. If that is the case, then why is additional insurance necessary?

Let's take a look as to why this is so. The insurance policy taken out by the homeowner's association is called a “Master Policy”. The purpose of this insurance is to pay for the re-construction of a home after a loss, such as, from fire, wind and hail, etc.

The master policy includes restoration of everything except for – personal property (such as appliances, clothes, furniture, jewelry, etc), betterments and improvements (items in your home that you have upgraded and were not standard with the original home – such as wood flooring, upgraded kitchen cabinets, etc.).

Because the value of each homeowner's personal belongings can vary greatly, and because the insurance company cannot take the time to schedule with each homeowner to review all betterments and improvements – prior to giving a quote (just imagine the headache you'd get trying to coordinate entrance into each home) these are items each homeowner is left to coordinate with an additional policy called an HO-6.

In addition to all of this, remember that in efforts to keep your dues as reasonable as possible; your Board of Directors will typically try to balance the cost of this policy by asking for quotes with higher deductibles that must be met prior to an insur-



Gene Sullivan, President of New Concepts Management

ance claim being paid out. Over the last few years this amount has risen from the \$1,000-\$2,500 range to now typically being between the \$5,000-\$10,000 range, and in some cases even higher.

Therefore when you shop around for insurance remember that your HO-6 policy must include these three items – Sufficient coverage for the replacement of all personal property, coverage for any betterments or improvements to your home, and coverage for the high deductible that must be met before the Association's Master Policy kicks in.

There is much more that can be said about this topic; including, how to know you have the proper policy, and strategies to save you money when getting quotes. However, I will elaborate further in next month's newsletter. ■

What's in the News?

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

Visit our website at www.newconceptsgroup.com and click on ‘online payment.’ Payments can easily be made with check or credit card and no longer will you have to mail or drop off your payment. ■

“Where You Live”

Brought to you by New Concepts Management

with
Gene
&
Toni

Saturday's
11:00am
to
1:00pm

AM 1570 KYCR

“The New Talk of the Twin Cities”



Whether you rent or own a house, condo, townhome or apartment...
listen to the Twin Cities only radio show tackling the issues and concerns you face.
Live radio at it's best. Listen or call and participate!

Come see “Where You Live” live on the main stage at the
Minneapolis Home and Garden Show, Saturday March 7, 2009 at
11:00am to 12:00Noon - Minneapolis Convention Center.

Article “Save & Store Association Documents.”

By Toni Crockett, Vice President of Rental Services

Can you remember when you first made an offer to purchase your home? If you've owned your home longer than six months or so, it is probably difficult! At the time that you signed a purchase agreement the seller gave you a copy of the governing documents of your homeowner's association. These documents would have included the Declaration, By-laws, and Articles of Incorporation for the association.

If you have lived in your home for a year or more, you have probably become aware that these governing documents do not really address all of the issues that come up regarding your ownership and your relationship to the association. Associations are governed by a Board of Directors elected by the homeowner members. The Board has the authority and the responsibility to draft and enforce rules and regulations not specifically stated in the governing documents. As an association matures, these rules and regulations can be quite detailed and comprehensive.

You have also probably received letters, flyers, postcards and newsletters, since that purchase, that further clarify the association's policies. In hindsight, you may have wished that you knew some of these things before you purchased, such as, a letter from the association forbidding owners to use guest parking for their vehicles, or a letter telling you to remove a political sign from the lawn.

These are the items that are important to keep for your own records and to one day pass on to a potential future buyer of your home. It is also a

good idea to keep this information in a way that is easy to reference, as well as pass on.

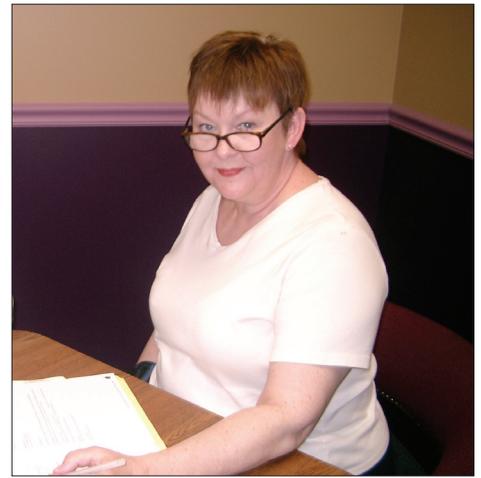
A three ring binder with dividers works well for this purpose. Label your dividers with these headings; Documents, Rules and Regulations, Notices, Newsletters, and Budgets. It is worth it to buy a three hole punch, and punch all of the materials listed here. Insert these materials so that the most recent is always on the top. Date everything, if it is not already dated.

Under Documents file the Declaration, By-laws and Articles of Incorporation. Minnesota State Statute requires that the seller provide these documents to a buyer at the time the purchase agreement is signed. The buyer then has 5 days to review them, and either agree to abide by the purchase agreement, or cancel the deal.

If your association has published a set of Rules and Regulations, place it in the Rules and Regulations section. Make sure it is dated so you can tell if it is still in effect, or if a revision or updated version is now in effect.

In the section labeled Notices, place any and all policy changes, updates, notices etc. This section can hold any correspondence you have received from the Association regarding the community as a whole.

If your association publishes a newsletter insert these in the Newsletter section. Again, make sure they are all dated and keep the most recent on the top.



Toni Crockett, Vice President of Rental Services.

Finally, in the Budget section, place the copies of the budget that you receive yearly, or any other financial reports you receive. If you re-finance your mortgage you may need this information for the mortgage company. Also, the buyers of townhomes and condominiums have learned that the financial health of the association is extremely important. Buyers are paying closer attention to the financial information than they may have in the past.

Keeping these materials together in a convenient place will benefit you throughout your ownership. Answers to most of your questions about the Association will be found in these pages. It will also be helpful to have the governing documents and complete information for a prospective buyer, when the time comes to sell your home. ■

Upcoming Webinars Offered On Line with New Concepts!

Classes typically run no more than 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?” – Tues. Feb. 24, 2009 from 7-8 p.m. I.D. # 914897241. 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.

“Conflicts of Interest” – Wed. Mar. 11, 2009 from 7-8 p.m. I.D. # 557449011. The Board, as well as, the Management Company has a fiduciary responsibility to always think in the best interests 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.

“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.

“Knowing Your Governing Documents” – Thurs. April 23, 2009 from 7-8 p.m. I.D. # 778086263. Most folks were simply handed these 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. ■

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. ■