



## December 2019 - The Sharper Focus

Thank you for reading our newsletter to Board Members in Associations managed by Sharper Management. The goal of this newsletter is to touch on general ideas and helpful topics as they relate to living in a common interest community. We hope you find this information useful.

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## Advertising Directory

We strive to continually add valuable content and resources in our newsletters. In 2019, you will see promotional ads from local businesses within the newsletter and on our website. Click the ads to view more from each business or view other promotions on our website, by [clicking here](#). We will be adding to the list throughout the year.

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## Insurance: So Why Does the Association Have to File a Claim?

There are few things trickier and more complicated in the operation of a community association than that of insurance. What types of policies must the association have? What is the scope of coverage? How does the "master policy" work with the individual homeowner's policy ("HO6")? There are many components and questions. Perhaps the most seldom understood, and sometimes hotly debated, topic on insurance is when and why the association must file a claim on the master policy.



In scenarios of massive losses like a hail storm, tornado or fire - or in cases where damage is limited to common areas such as a condo building hallway or a party room - it is pretty clear that the master policy should kick in and cover damages. But what about when a townhome wasn't

properly winterized and pipes freeze? Or what about the resident on the top floor of the condo building that let the bathtub overflow, flooding the units below, and causing tens of thousands of dollars of damage? Many Boards don't understand why the association's master policy would cover such losses where there is perceived negligence and/or the damage is inside of a unit, and therefore "not the associations responsibility." It's a natural reaction.

While the scope of coverage from association to association will vary, it is pretty common that the governing documents are going to require the master policy covers "the replacement costs of the building AND units." In fact, if the association falls under the Minnesota Common Interest Ownership Act ("MCIOA" or 515B), state statute requires that the master policy covers the "total amount of not less than full insurable replacement cost of the insured property." It goes on to say "in the case of a common interest community that contains units, or structures within units, sharing or having continuous walls, siding or roofs, the insurance maintained under subsections (a) (1) shall include those units, or structures within those units, and the common elements." What does this language mean? It means coverage is extended far beyond what many might expect the master policy to cover. Unless the association's documents say otherwise, the policy might not cover finishing items such as carpeting, wall paper, or paint; but the subflooring, sheetrock, ceiling, framing, insulation is, in fact, insured by the master policy. Should there be a loss (such as those frozen pipes that burst in a townhome or the units affected in that condo building bathtub overflow) AND THAT LOSS EXCEEDS THE MASTER POLICY DEDUCTIBLE, there IS coverage for that loss.

You may be asking; "Why should the association's policy cover it?" There is a very simple answer. By state statute, the master insurance policy is PRIMARY. 515B states "(4) if at the time of loss under the policy there is other insurance in the name of a unit owner covering the same property covered by the policy, the association's policy is primary insurance." You can read the entire statute on insurance here - <https://www.revisor.mn.gov/statutes/cite/515B.3-113> The association does not get to decide what is and isn't "coverable." Additionally, the association doesn't get to decide and assign "negligence." If there is a loss and damages exceed the master policy's deductible, a claim should be filed and coverage should be awarded per the governing documents. Insurance agents know the game. If there is a loss, the homeowner's HO6 agent/policy is going to ask the question - how much damage? If more than the deductible, they know the master policy has to kick in and the HO6 will cover the owner's personal property, non-covered items such as finish work like carpet, wallpaper and structural coverage up to the deductible.

What the association does get to decide is how the deductible should be handled. It can be absorbed as a common expense, or, more advisably, can be assessed against the owner(s) responsible or those that are benefiting. However, that's an entirely different newsletter article. At the end of the day, the role of a master policy to the association, and the fiduciary duty of the Board to the members of the association, is to protect property values. Master insurance policies, state statutes and governing documents put in place comprehensive insurance requirements to ensure that property losses are handled and property conditions restored - thereby maintaining property values.

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## When you prefer to have someone else do the leg work...

### Passport Travel Service

Whether travel keeps you closer to home or produces a stamp in your passport, it's my privilege to help create your travel memories. My passion for travel planning, and yearning for new places and cultures, has led me to experience over 35 countries. Please use my expertise as you start to think about your next journey!



**Contact us today to learn more!**

612.234.1727  
[Booking Website](#)

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## Date Change for January Board Training

### January 2020 Session

If you are interested in attending a training session, but are not able to make the January session, we will be holding another Board Basics training in October.



**DATE PENDING - PLEASE CALL THE OFFICE FOR DETAILS!**

### "Board Basics: An Orientation for Board Members"

This general orientation session will be led by Sharper's two directors of community management, Candy Lee, CMCA, AMS, PCAM and Michelle Stephans. Topics covered will include:

- \* Defining Types of "Associations"
- \* Roles & Responsibilities of the Board
- \* Financial Fundamentals
- \* An Overview to Governing Documents & State Statutes
- \* How to Run Effective Board Meetings
- \* Insurance Basics
- \* Property Management Practices

If you are interested in reserving your spot, please email [info@sharpermanagement.com](mailto:info@sharpermanagement.com)

## Online Meetings Tips - Never Miss a Meeting

Whether you are out of town or out of commission, you can keep tabs on association board meetings by tuning in online.



Online meeting tools (Skype, GoToMeeting, Google Hangouts) allow board members to hear each other through microphones and speakers, and to see each other through video cameras regardless of where everyone is located. You'll be able to follow all of the action virtually; and you can even share documents that are circulating during the meeting.

Whether you're physically present or calling in for the meeting, all participants should be reminded to:

- Be professional, courteous and considerate
- Avoid rustling papers or creating noise if near a microphone
- Refrain from talking while others are speaking

If you are calling in;

- Announce yourself (maybe even before talking if needed)
- Mute your phone unless you are talking, especially if there is background noise, such as a barking dog, at your location

You're still encouraged to join in person onsite for the meeting, but if you can't there is that opportunity to follow the proceedings.

[taken from "Tips from CAI"]

## Management

All of us at Sharper Management would like to take a moment to thank you for a wonderful 2019.

We experienced another incredible year of growth, adding a number of new clients from all over the metro area. We find it a tremendous honor to be entrusted to work with Boards to help manage homeowner associations and make them the best they can be.

To help us provide the services necessary to do so, we continue to add more staff; continuously look for, and implement new ways, to improve our tools and technology; we strive to stay on top of industry trends; and find ways to stay connect to our Minnesota community. All of these things make up our core values and we feel we dove in to each in 2019.

From company growth, staff development, winning industry awards, leadership involvement in industry organizations, community outreach initiatives, and more, you can read all about our fantastic 2019 in our website's News section here - <https://sharpermanagement.com/blog/>

Again, we want to sincerely thank you for making 2019 a remarkable year and we look forward to all that 2020 has to offer. All of us a Sharper wish you and your family a wonderful Holiday Season!



## Ice Dams - It 'Tis the Season

Let's face it, ice dams and Minnesota winters go hand-in-hand. An ice dam is a ridge of ice that forms on a roof, typically along the gutter line. This ridge of ice blocks melting snow (i.e. water) from draining off the roof and then that water refreezes. So what causes ice dams? Can they be prevented? What can we do once they form? Here are some ice dam basics:



Ice dams are the result of temperature variances on roof. Temperature variances may be due to a lack of ventilation, insufficient insulation, or simply radiant heat from the sun (even on a below freezing day, the sun can warm the roof enough to create temperature differences). When ventilation or insulation are lacking, the attic space below the roof warms up. The warm air in the attic then transfers heat to the roof, warming it above the outside temperature. Similarly, solar heat gain may also cause temperature differences at the roof. When the roof warms, snow begins to melt. As the water from the melted snow moves down the roof, it eventually hits a colder section (or the outside temperature drops) and the water refreezes causing the ridge of ice mentioned above. This cycle repeats day after day and the ice dam eventually increases in size and weight. If not treated correctly, this ice dam may cause roof or gutter damage, or force the water into the home causing internal water damage.

Opinions vary on the ability to completely prevent ice dams in our climate. Even with sufficient insulation and ventilation, radiant heat from the sun or the design of a roof may still allow ice dams to form. The first step in ice dam prevention is to ensure the attic space is properly ventilated and insulated. It also a good idea to seal any locations where air leaks from the living space into the attic. Local energy providers often provide energy audits of properties and can help identify any air leakage, ventilation or insulation issues. As a note, mechanical air ventilation is not recommended because it can cause other moisture and pressure issues within the home. Natural ventilation practices are recommended. In addition, gutters and downspouts should be clear of leafs and debris. This may not prevent ice dams, but will allow melted ice that reaches the gutter to drain away from the roof. Another prevention method is to remove snow from the roof. However, this can be dangerous and may cause roof damage, so hiring a professional is recommended. Your manager has access to these professionals. We do not recommend the board, manager or homeowner conduct snow removal!

If ice dams do form, removal may be necessary to avoid damage to the roof or unit interior. The best removal method is to have a professional remove the snow and steam the ice dams. This will temporarily solve the issue, but the prevention methods above should also be addressed to

prevent future ice dams. The use of picks or other sharp tools is not recommended as it may damage the roof. In addition, the use of sidewalk salt (often seen as a sock filled with salt) should not be used on a roof as it may damage and discolor the shingles, and may void the warranty. Heat cables can be helpful; however they require installation prior to the ice dam formation, are visible year round, and will increase energy usage.

In general, when addressing ice dams, prevention is the best route. There may be some upfront costs, but the benefits outweigh the cost when considering roof, gutter and interior damage. When ice dams do form, consult your manager and we will guide you on the best way to address them and then help prevent future issues.

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## Need Help Renting and Managing a Townhome or Condo?

### Think Advantage Home



A sister company to Sharper Management, Advantage Home helps homeowners and investors manage their single-family residences.

Since your Association is already affiliated with Sharper Management, renting your home through Advantage would have extra benefits you wouldn't find in another property management company. Those benefits include:

- A thorough understanding of Associations
- Information sharing regarding governing documents, rules, and regulations is efficient between Sharper and Advantage Home - Advantage is literally right down the hall
- The Sharper Management maintenance staff is already familiar with your Association's property
- Our emergency response team is fast and effective

If you or someone you know is interested in renting their townhome or condominium, have them contact [jeff@advantagehomemn.com](mailto:jeff@advantagehomemn.com).

Learn more at [advantagehomemn.com](http://advantagehomemn.com)

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