

**MF FINANCE COMMITTEE
OWNER VERSUS ASSOCIATION COST RESPONSIBILITIES**

THIS DOCUMENT TRIES TO GIVE A SIMPLIFIED VIEW FOR EASY UNDERSTANDING – SHOULD ANY INFORMATION IN THE DOCUMENT BE DIFFERENT FROM THAT IN THE GOVERNING DOCUMENTS OF THE ASSOCIATION, THE GOVERNING DOCUMENTS WILL PREVAIL (effort was done to ensure that is not the case)

WHILE THIS DOCUMENT HAS A FINANCIAL RESPONSIBILITY FOCUS, THE READER IS REMINDED THAT CHANGES TO HOA ASSETS MUST BE APPROVED IN ADVANCE OF ANY WORK BEING DONE

AT THE 9/11/14 BOARD MEETING THE BOARD APPROVED A NEW VERSION OF THE DOCUMENT (AS CHANGED TO INCLUDE THE REMINDER TEXT ABOVE). AT THE 8/26/17 BOARD MEETING THE BOARD APPROVED THE 2017 RECOMMENDED CHANGES FROM THE LRP TEAM (WITH SEVERAL ADDED CHANGES). AT THE 9/16/17 BOARD MEETING THE BOARD MADE ONE ADDITIONAL CHANGE (in bold red italics).

From a high level perspective, the Association pays for everything on the outside of the condo and the owner pays for everything inside the condo. However, a more detailed view is needed for a full understanding of the current practices in place.

DEFINITIONS

THIS VIEW IS BASED ON A CONDO COMPLETELY EMPTY OF FURNITURE & FURNISHING, WHICH ARE OBVIOUSLY THE RESPONSIBILITY OF THE OWNER

- 1) “outside” includes:
- a) grounds (HOA handles voles while other extermination services are owner responsibility)
 - b) decks & bridges (Brodie units) & porches
 - c) structural components of the condo (roof & skylights, rafters, window framing, walls & flooring & ceiling structural components, chimneys/fireplaces, structural components of crawl spaces, etc. – think from the drywall out)
 - d) structural components of the condo “built-ins” (kitchen cabinets & counters & fixtures and closet structures and bathroom cabinets & fixtures, etc.)

In the MF Architectural Design & Control document (currently being developed by the Long Range Planning Team) there is guidance on two “outside” items (grounds and decks & bridges) where owners have a shared responsibility with the HOA. See that separate document for more detail.

- 2) “inside” includes:
- a) walls & floors and ceiling non-structural components (think from the drywall in)
 - b) window glass & the frame in which the window glass resides (see Detail Information #1)
 - c) wall & ceiling & flooring surfaces (including tile and carpet)
 - d) lighting fixtures & ceiling fans (if any) integral to the structure.
 - e) washer/dryer, refrigerator, stove, dishwasher, hot water heater, & other appliances
 - f) doors, both residence doors and garage doors (see Detail Information #2)
 - g) all equipment related to air-conditioning, whether inside or outside the unit.

STRUCTURAL PERSPECTIVE

1) *The normal default case is that the HOA pays for the basic costs and the owner pays the costs beyond that (for example, when dealing with chimney caps). See item #5 below for more detail.*

2) Deck painting and condo painting per the reserve plan schedule is an Association expense. More frequent painting is an Owner expense.

3) Driveway overhaul per the reserve plan is an Association expense. More frequent work is an Owner expense.

4) Roof and skylight repair (operating funds) and replacement (reserve funds) are Association expenses. *However, if a repair or replacement problem goes unreported by the Owner, the resulting extraordinary costs of the repair or replacement as well as interior damages that result become a joint responsibility of the Association and Owner and percentage responsibility is determined on a case-by-case basis.*

5) If an Owner wants to “redecorate” inside to include such things as cabinets, etc. that is an Owner expense. In general, if an Owner chooses to go beyond the “normal” situation outside, that is also an Owner expense. Should the Owner project possibly result in a short term or longer term savings to the HOA, that possible savings will not result in a credit or reimbursement to the Owner.

6) If an Owner project (such as adding a skylight) will result in future expected costs to the HOA, a one time fee to be paid to the HOA by the Owner will be determined on a case-by-case basis. This will be in addition to the Owner paying the project cost of the addition.

INSURANCE PERSPECTIVE

The insurance on each condo is a combination of a) the Association’s insurance policy covering all 30 units and the common areas and b) each Owner’s policy covering the Owner’s personal property within the condo. The responsibility split between the Association and Owner’s described in the previous section is relatively clear for repair and replacement activity, and the insurance policies should be structured accordingly.

However, the split of responsibilities (and therefore the needed insurance policy coverage as a result) is not so clear when differing forms of natural disasters (fire, flood, tornado, etc.) or manmade disasters (arson, vandalism, etc.) might occur. Owners need to work with the Association’s insurance committee and/or the Association’s insurance agent to be sure their individual insurance together with the Association insurance provide suitable coverage. The Association periodically (usually annually) reviews our coverage to ensure its scope and financial parameters are appropriate.

DETAIL INFORMATION IN SOME AREAS

1) The window glass and the frame (normally wooden) in which the glass is seated is what is referred to as the “window”, which is the Owner’s responsibility. The window infrastructure that is part of one of the

four walls of the unit into which the “window” is placed is the Association’s responsibility.

2) Just as with windows, the door itself (including if it is a glass door the frame into which the glass is set) and the door hardware (hinges, locks, etc) are the Owner responsibility. The door infrastructure that is part of one of the interior or exterior walls of the residence into which the “door” is placed is the Association’s responsibility. This holds true for garage doors also, whether the design is one single garage door or two garage doors. This is true also of a storm/screen door that supplements/complements the “main” door.

3) Crawl spaces – the structural portion of the crawl space, which is part of the foundation of the residence, is the Association responsibility. The interior of the crawl space is the Owner responsibility – this situation is analogous to the walls of the residence where the surface of the wall is the Owner responsibility (including the paint on the wall, and mold on the painted surface should that occur). Owner responsibility includes sump pumps that are used to keep the crawl space free of water.

4) Fireplaces – chimney’s/fireplaces are different in one sense in that they normally extend into the condo itself, thus making it difficult to go by the normal paradigm of outside (HOA) versus inside (owner) thought process. However, in another sense they are the same in that they follow the normal paradigm of thinking from the drywall in (owner) and thinking from the drywall out (HOA). Cleaning of the chimney is an owner responsibility.

5) All of our units (except the Brodie units, which have bridges) have some form of a porch. The style of the porch varies across our duplexes and triplexes. As a minimum there is usually a concrete sidewalk that leads from the asphalt driveway to the front door area, with the porch flooring at ground level or at a raised level with steps. The normal paradigm is that the infrastructure (usually a combination of concrete and wood) is an HOA responsibility, with anything placed on the infrastructure being owner responsibility.