



A Condominium Management Company

ASSOCIATION NEWS

80% Efficient Furnaces Still OK

~ by Jason Carey, President, A Condominium Management Company

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In a settlement filed February 15, 2013, the Department of Energy has agreed to withdraw the pending law that would require all new and replacement residential furnaces to be at least 90% efficient as of May 1, 2013. Pending the Court's acceptance of this settlement, 80% efficient furnaces remain legal to install until further notice. However, it is worth noting that while the Department of Energy is withdrawing the 90% furnace

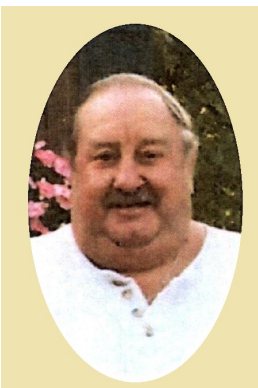
efficiency requirement at this time, it appears that they intend to initiate new legislation for even more stringent minimum energy conservation standards for residential furnaces in the near future.

How would this change in law affect those who live in low and mid-rise multi-family buildings?

If you live in a condominium home that was built in 10+ years ago, you may have an 80% efficient furnace within your home that is original to the construction of your building. As the furnace originally installed within your home approaches the end of its life expectancy, you may be considering purchasing a replacement furnace sometime in the next few years. If there is a change in federal law requiring a higher efficiency furnace be installed as a replacement, you will likely incur significantly increased installation costs, especially if you live in a building that has two or more levels of homes stacked upon another. *(continued on page 2...)*



In Memoriam



Our hearts and prayers go out to the Devoy Family. On February 12, 2013, John B. Devoy, Jr. passed away peacefully at the age of 88. John served on the Gem Pointe Estates Board of directors from 2007 to 2013. More importantly than his work on the Board of Directors, John was a Detroit Fire Fighter from 1947 to 1972 with Engine 33, and retired as a Sergeant.

After retirement, John continued to work with the Detroit Fire Department as an Association Trustee for the Retired Detroit Police and Fire Fighters Association, where he was instrumental in negotiating retirement and health benefits for his fellow retired Fire Fighters and retired Police Officers. John will truly be missed.

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80% Efficient Furnaces Still OK

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While upgrading your furnace to save energy costs to heat your home may be a good financial move, you need to keep in mind that the location of the furnaces within some condominium homes are not on perimeter walls, and 90% efficiency (or greater) furnaces require direct venting to the outdoors, making installation more difficult. The original 80% efficient furnaces and water heaters are vented through a metal flue pipe to the roof. In the future, if you need to install a 90% efficient furnace there will be complications with the installation as you will not be able to use the existing flue. In order to install a new 90% efficient furnace, you will need to install PVC intake and exhaust tubes (i.e. "snorkels") to vent the furnace. If you live in a building that has homes stacked on top of one another, this becomes even more complicated if you live on a lower level of your building, as you will need to vent the furnace horizontally to a perimeter wall. To do so, you may need to run these PVC pipes through living spaces.

Additionally, anytime you penetrate the common area walls, penetrate the building exterior, or change the exterior look of the building, you are required to request and receive advanced permission from the Association Board of Directors to ensure that the aesthetic and structural integrity of the building is maintained.

Should a required change in minimum efficiency again gather momentum, we will be certain to update you on how this may affect you.

Upcoming Community Events

Date	Event	Venue Information
Mar. 1 - 3	Michigan Golf Show <i>Kicks off the golf season highlighting over 400 exhibitors with great deals on every aspect of the golf game! Retailers, resorts, travel destinations, discounts on Michigan golf courses, and "hands-on" activities to get you ready for this golf season.</i>	Suburban Collection Showplace 46100 Grand River, Novi Adults \$10 Children 12 & under Free
Mar. 5	Pink - The Truth About Love Tour	Palace of Auburn Hills Ticket range: \$29.50 - \$99.50
Mar. 14 - 17	Disney on Ice Presents Dare to Dream	Palace of Auburn Hills Ticket range: \$19.00 - \$66.00
Mar. 21 & 23	NCAA Division I Men's Basketball Championship	Palace of Auburn Hills Tickets \$150 & \$250, includes all 3 sessions (6 games)
Apr. 11 & 13	Bob Seger & The Silver Bullet Band w/Joe Walsh	Palace of Auburn Hills Tickets \$65 & \$85, plus facility fees
Apr. 14	Harlem Globetrotters - You Write the Rules Tour	Palace of Auburn Hills Ticket range: \$17.00 - \$41.50
May 7	4-Person Scramble Series, 7:30am - 12:30pm <i>Held the first Tuesday, May - August. Includes 18-hole green fees, cart rental, continental breakfast, lunch immediately after round, contest holes and prizes. Open to men and women, 50+ For more info, email: rowleyd@oakgov.com</i>	Springfield Oaks Golf Course 12450 Andersonville Rd, Davisburg \$160/4-psn. team (pre-pay and receive a discount)
May 19	Tim McGraw w/Brantley Gilbert and Love and Theft	DTE Energy Music Theatre Ticket range: \$29.00 - \$68.75
Jun. 1 & 9	Mt. Clemens Classic Car Cruise	Downtown Mt. Clemens
Jun. 8	New Kids on the Block w/98 degrees and Boyz II Men	Palace of Auburn Hills Ticket range: 29.50 - \$92.50

Raising the Condominium Bar

~ excerpt from *Common Ground Magazine*

The recession is the gift that keeps on giving. Cumbersome federal certification requirements added to the list of challenges facing the hard-hit condominium industry. Thankfully, those requirements were loosened recently. The Federal Housing Administration last year imposed new standards on condominium associations before potential buyers can get the type of FHA-backed mortgages that typically require a small down payment. After much lobbying, FHA revised the standard this past September.

Certification is a big deal for many condominium communities because the federal agency's share of the mortgage market jumped from 3% to more than 30% after the troubled Fannie Mae & Freddie Mac went into conservatorships. "For decades, the developer would do the governing documents, send them off to the FHA and the FHA would say, 'Yes, they meet our minimum legal requirements' and put the condominium on the project-approval list," says St. Louis attorney Marvin Nodiff, a member of CAI's College of Community Association Lawyers (CCAL). "If you weren't on the list, and someone was buying a unit and getting a loan, you could get spot approval. All that came to a screeching halt about a year and half ago when FHA began to change its regulations."

Management companies are typically the gatekeepers of the new approval process, which plumbs a condominium association's financial stability, foreclosure rate and history of disputes with owners. Some professionals say the federal government has stymied the condominium market through the rule changes. Brian TerHark, CFO of Westwind Management Group in Denver, CO, says the initial written requirements were too vague and put filers at significant risk for fines, civil liability and even prison time. Westwind suspended the certification process for the condominium communities under its care until the government offered more clarity. "That continuing obligation liability has been removed, and we are now able to process recertifications," TerHark says.

Bill Sasser, chief executive of The Management Trust in Tustin, CA, says the initial regulations were daunting but not insurmountable. Half of his company's condominium association clients have been certified under the new system, he says. Clients pay around \$500 to \$700 for the service as an added fee. "It's vital for condominium communities to get FHA-certified," says Sasser. "The challenge that we've seen with the FHA is that there's no consistency among the different regional offices and how they're processing these applications. Virtually every time we do this, there's a whole new learning curve. It's government bureaucracy at its best."



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10 Questions You Must Ask Before Buying A Condominium Unit

~ excerpt from *Community Association News*

10. What does the Master Insurance Policy cover?
9. Do unit owners have exclusive easements or right to use certain common areas such as porches, decks storage spaces, and parking spaces?
8. What is the condominium fee delinquency rate?
7. How many units are owner occupied?
6. Is the condominium involved in any pending legal actions?
5. Is there a professional management company or is the association self-managed?
4. Are there any contemplated or pending special assessments?
3. How much money is in the capital reserve account and how much is funded annually?
2. What are the condominium rules & regulations?
1. What is the monthly condominium fee, and what does it pay for?

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