FAQ'S FOR THE MEADOWSIDE HOA VS. MEADOWSIDE CONDO ASSOCIATIONS

If you live in a side-by-side/two-family unit here in Meadowside PLEASE CONTINUE READING!

This is an informational sheet ONLY. Please consult with a real estate agent, attorney or other experts for additional advice and guidance. This information was provided by a member of your community that currently lives in/owns a condo in Meadowside and has been through this process in full.

WHAT IS THE MEADOWSIDE HOMEOWNER'S ASSOCIATION (HOA)?

Everyone who lives in Meadowside is part of the Homeowners Association (HOA) which has dues once per year. These fees are used to maintain the shared green spaces and the walking path, and to provide insurance for incidents that occur on the shared spaces.

If you're reading this flyer, you are a member of the Meadowside HOA.

DID YOU KNOW YOU MIGHT ALSO LIVE IN A CONDO ASSOCIATION?

If you live in one of the side-by-sides/two-family units, especially if you OWN your side (not rent), you are very likely ALSO in a miniature condo association set up by the original builders with the Village of Brown Deer and the Milwaukee County Deeds office (to check and verify how your property is coded you can get a copy of your deed at Milwaukee County Deeds Office located at 901 N 9th St #105, Milwaukee, WI 53233).

HOW DO THE CONDO ASSOCIATIONS DIFFER FROM THE HOA?

In other parts of the state and country, HOA's sometimes handle the individual insurance for ALL the properties in their designated area, this is NOT THE CASE for Meadowside.

All the single-family homes – AND – two-family homes handle their own insurance.

Because of the way the two-family homes were constructed, they share walls and sometimes the roof as well. For insurance purposes, the original builders set these properties up as mini condo associations. For each two-family home there is likely a condo association that has been registered for your property with the Village of Brown Deer and the Milwaukee County Deeds Office, each spelling out just two units/owners; Unit Owner A and Unit Owner B.

Each condo association has its own name (Meadowside Condominium IV, Deerwood II, etc.), and its own governing policy and by-laws. Each owner in the side-by-side is a Unit Owner and together they make up the Condo Association (which makes you both, and only you two, the governing body of that particular condo association).

PLEASE NOTE: These condo associations are setup/run independently of the HOA.

With each condo association, there was an original document containing a governing policy and by-laws (each are separate sections within the document). This document typically outlines things like how the

fees for the shared insurance policy will be collected, stored, and dispensed; how shared spaces of the condos will be handled; and likely a variety of other stated procedures/preferences/rules for things like pets, property use, storage, etc.

What is outlined in these documents applies ONLY to the two units/owners in each individual condo association, NOT Meadowside as a whole – OR – other condos in Meadowside. It's best to check your actual documentation for details of your own property.

With many of the owners in Meadowside being 2nd or 3rd generation owners these documents have become misplaced or even lost over the years. Check the paperwork you have or were given at the time of purchase of your property. In some cases, these booklets have been found buried in a basement or attic. Again, you can find copies of these documents by visiting the Milwaukee County Deeds Office.

PLEASE NOTE: One issue that continues to crop up, is that these builders typically used a boiler-plate template of a condominium policy and by-laws meant for MUCH larger condos structured very differently from ours, which causes confusion, and in some cases, inaccuracies of how these mini, two-unit structures were actually built, especially when it pertains to master insurance policies.

WHAT IS A MASTER INSURANCE POLICY?

A master policy (sometimes referred to as the outer/exterior policy) is an insurance policy that is held by a condominium association (usually facilitated by the general owner or management company). It is responsible for covering general liability for the association and property damage coverage for common areas.

Generally speaking, most condominiums are larger buildings with many unit owners and a vast amount of shared space (including the main outer wall of the building, the roof, and/or recreational buildings or pools). In a regular condo setup, the association usually oversees the outer master insurance coverage and passes this cost onto its individual unit owners as a yearly or monthly fee.

Also, in a regular condo setup, each unit owner secures and pays for their own individual condo insurance which typically covers personal belongings, interior walls, and liability for inside their unit.

DO I NEED A MASTER POLICY?

Specifically speaking, even as mini two-unit condos, we DO share walls and sometimes the roofs, but in most cases don't share much else, if anything. The lamp posts on these properties are a shared "space" and therefore a shared expense/responsibility for replacing the bulb and maintenance.

After speaking with multiple insurance agencies*, if your roofs are NOT shared (meaning there is a distinct separation of where Unit A roof begins and ends and Unit B roof begins and ends) – **AND** – if the walls you share are built/rated as firewalls (a fire-resistive-rated wall which restricts the spread of fire) you do NOT need a master exterior policy.

In this case, each unit owner would secure regular homeowner's insurance and would be considered properly insured.

But, if the roofs are shared (go straight across with no discernable seam or break points), regardless of the shared walls, you would need a master exterior policy.

*Please independently verify the construction of your property and the resulting insurance requirements.

WHY IS THE MORTAGAGE COMPANY/REAL ESTATE AGENT ASKING ME FOR PROOF OF THIS POLICY?

Regardless of whether you actually need a master policy or not, it is more than likely you are being asked for it because it is spelled out in your condo association documentation as a requirement for your property.

These documents are filed with the Deeds office, and unfortunately, this is a requirement of real estate. These agents/mortgage companies must go by what is stated in these documents. If it says you're supposed to have one, then they need proof of its existence.

More often than not, the agent ends up asking us, the HOA, for this proof of insurance thinking we handle the property insurance for all of the HOA members. However, as a reminder, the HOA is separate from these individual condo associations. All we can provide is facts about whether or not you are paid up on your annual HOA fees. We have no knowledge of your individual insurance policies.

We end up having to explain to them the unique nature of how Meadowside was set up and we refer them back to YOU, the actual condo association, for proof of this insurance.

I DIDN'T KNOW I NEEDED THIS, WHAT DO I DO NOW?

First, determine if you indeed need this type of insurance coverage/policy. In most cases, this will simply mean inspecting your roof, if it is connected and shared, then you are already in need of a master policy (and accompanying condo insurance). If you have separate roofs, then it is recommended to review the blueprints of your property to determine if your shared walls are rated as firewalls*.

If your property is configured in a way that you do need a master insurance policy, the good news is that the document filed with the Deeds office is more than likely accurate in that it already states this as a requirement.

The bad news is that both units are currently improperly insured. Imagine the property were to burn down, and the insurance company inspects the property, the documents, policies, etc. and finds out you had the wrong type of coverage, they could deny the claim altogether! We don't want that to happen to anyone, and we are hoping to avoid any such catastrophes by sharing this information.

So, now it's time to switch how you're being insured.

Working with the other unit owner in your mini association, you would need to jointly secure a master exterior insurance policy, work out the details of how that cost gets shared between the two owners, and then individually secure condo insurance for your unit.

"But I'm already insured!?" The other good news is that most insurance companies will allow you to cancel a policy in the middle and receive a retroactive refund based on how many days were left in your policy**.

PLEASE NOTE: Because of the outdated, boiler-plate language used in these original documents, it is recommended that you review in detail the wording in your official condo association documentation about how those costs should be handled, draft amendments, and get those approved and filed as soon as possible (more details on amendments below).

At the very least, you'll want this new agreement typed out, signed by both parties, and notarized to have on file at the sale of your property for the next owners.

* Please consult with a licensed architect if you do not know how to read blueprints.

** Check the details of cancellation with your individual insurance companies before making any policy changes.

TURNS OUT I DON'T NEED A MASTER POLICY, WHAT DO I DO NOW?

This is probably the single most frustrating side effect of the original builders using the boiler-plate templates. What needs to happen now is BOTH unit owners need to meet and review the document in detail (the condo policy – AND – the by-laws). Discuss and agree upon changes.

The next step is to draft the amendments. This is a multi-step process, and unfortunately, not a quick process. Make sure that you spell out the requirements for each unit owner in regard to having and providing proof of insurance (meaning spell out that each unit owner must secure and maintain a homeowner's policy).

Other amendments to consider: revise language about how damage to the shared walls or spaces are handled; how and when the shared lamp post is handled in regard to replacing the bulb; how to handle replacing the roofs (should they happen at the same time); changing the exterior (color, siding, etc.); basically anything that would affect one or both unit owner(s) and/or their property.

PLEASE NOTE: It is recommended to work with a real estate attorney or other professional to make sure the amendments are accurately worded and properly formatted or the Deeds office will reject them. Unfortunately, it is not as simple as retyping, omitting/changing what you want, and submitting an entirely new document.

An additional step you may have to take is if you have a mortgage on your property. The mortgage company is *technically* the owner of the property since they lent you the money to buy it. Once amendments are properly prepared, they will need to be signed and notarized by both unit owners. You must then send copies to and seek the approval from one or both mortgage companies, ***before*** submitting to the Deeds office.

PLEASE NOTE: If BOTH unit owners own their properties outright (do not have an open loan/mortgage or lien on the property), this extra approval step can be skipped. However, if only one unit owner owns

outright and the other has a mortgage, then the amendments still need to be approved by that unit owner's mortgage company.

WHAT ELSE SHOULD I KNOW OR DO?

If you are looking to make any amendments, take the time to review THE ENITRE document for other outdated or inaccurate language. The amendments can range from how the insurance is handled to what size/type of pets are allowed.

Remember, this information will eventually be passed on to the next potential owner, if they see something they don't like, they might pass on buying your property.