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WAGS TAKES THE WORRY OUT OF WATER HEATER FAILURE

By STEVE SMITH, EDITOR/PHCP - AQUAGUARD, LLC



“The water never came out of the drip pan,” says Sid Prothro, a homeowner in Flower Mound, Texas, who’s counted correctly, third WAGS valve.

feet below the rest of the second floor.

“And it isn’t just 50 gallons that comes out,” Prothro adds. “If no one was home to shut off the water supply, well, that water would have just kept coming.”

Prothro, however, learned the value of the WAGS valve years earlier due to another water heater failure in his home, this one installed above the garage. (The home is built on a slab so there’s little place else to install the heaters.) After dealing with the mess in his garage, Prothro certainly knew he wasn’t about to face a bigger disaster with the one above that sunken bedroom. So, when he had a new tank installed above the garage, he made sure to add the WAGS valve not only to that one, but also to the existing water heater above the bedroom.

From Staten Island, New York, Elizabeth Andrie shared a similar tale. This time the water heater was situated in her laundry room on the second floor. Back in 2006, her original water heater failed and created a disaster as the water spilled into her first floor.

Continued on Page 3

The valve is designed to prevent disastrous floods, expensive damage and the hassles of filing an insurance claim by shutting off the water supply (plus gas supply for gas-fired heaters), if a water heater were to leak.

Prothro would have definitely had to contend with all three problems due to an interesting architectural element of the house he’s called home for the past three decades.

The 50-gallon water heater that failed that day was above the master bedroom. Bad enough as is, certainly. But the potential would have been even worse considering the master bedroom is sunken – resting about 3

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Community Associations Institute — Long Island Chapter

P.O. Box 221, Commack, NY 11725 • 631-882-8683 • info@cai-li.org • www.cai-li.org

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Continued from Page 1

“There is a drain in the laundry room, but when you have that much water,” Andrie told us, “that drain could not keep up with the deluge.”

Luckily for her, she met plumber Chris Shaffer, who owns Aquatech Mechanical, also in Staten Island, at his booth at a local home show on Long Island after the mishap.

“This is one of those products,” Shaffer says of the WAGS valve, “that has been around awhile and not enough people know about it.”

Shaffer, who’s had his business for 15 years and employs 10 techs, adds that recommending the AquaGuard product is a “no brainer” to his clients since so many, like Andrie, live in townhomes or condos that commonly feature the laundry room on a second floor.

Andrie said she had Shaffer install the valve on her tank “not really confident in the hype, but what the heck.”

But this past January, she learned better when after hearing a loud bang from the laundry room, she discovered that the valve did the job as promised.

“It did exactly as advertised,” she adds. “In my case, it turned off the gas, stopped the intake of water and created a vacuum in the tank so that the 40 gallons stayed in there.”

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BEST PRACTICES FOR NAVIGATING YOUR HOA / CONDO FINANCES IN TIMES OF UNCERTAINTY

By MARTY EHRLICH, VICE PRESIDENT - NATIONAL COOPERATIVE BANK (NCB)



As an HOA / Condo Board Member, how do you think about long term financial planning in times of great uncertainty?

Never forget you are in essence operating a small municipality when running an Association. Just like your local municipality, and Association's expenses such as insurance, maintenance, utilities etc. are covered by the revenue

collected from the residents. Those costs often increase annually, hence the reason municipalities raise taxes or secure financing. Rarely will they special assess tax payers unless they are facing difficulty collecting revenue or are not in a fiscal position to secure a loan.

What is the common denominator? Revenue collection is greatly impacted by the underlying fiscal strength of the community. Given the record number of unemployment

claims filed and the amount of uncertainty for the months ahead, we must be prepared for a possible reduction in revenues.

Just like any business, strategic scenario planning for revenue shortfalls due to changing market conditions is critical right now. You should be monitoring monthly collections and possibly even create a budget template assuming an income reduction of 10-20%. How does that impact the ability to balance the budget in 2020? What about 2021? In addition, how does that impact your ability to address immediate and long term capital projects? This will tell you how the projected loss of income could impact your long-term financial strength. Looking at your finances through this lens is extremely helpful in figuring out how to supplement projected operating deficits.

Many boards immediately consider funding operating deficits with Reserve Funds. Reserve Funds need to be protected as much as possible. Capital reserve projects protect asset value and can often increase values within the community. Depleting Reserve Funds will have the opposite impact over the long term. Relying

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Continued from Page 4

on a scenario analysis as indicated above can help. Map out what a decrease in Reserve Funding over the next 12-24 months does to assessment income and what increase will be needed in the future if that income is diverted today. Your HOA / Condo can now run options with different reserve allocations to account for the revenue shortfall. You can plug in lower reserve balances so when the shortfalls come in, you will know which scenario to rely on. This will give you a better picture of your financial strength as your HOA /Condo weathers the financial storm and will allow you to make better decisions.

Chances are with the revenue shortfall the capital spend will need to be re-prioritized. Break out projects by essential and non-essential. Assume non-essential will be pushed to either next year or the year after. Make sure to incorporate these changes into your scenario analysis so you can see the impact.

As you weather the current market conditions and revenue shortfalls, keep in mind the often quoted philosophy of professional money managers: Always raise money when it's possible. Don't wait until it's necessary. If you wait until assessment arrears are increasing to explore loan alternatives, many banks will be hesitant to lend. The same applies if you were thinking about a capital assessment. Residents may not be able to come up with the money and the result will be to create further

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CAI - LONG ISLAND NEWSLETTER

The CAI - Long Island Newsletter is published quarterly by the Long Island Chapter of Community Associations Institute (CAI-LI) and is distributed to its members and is available on the Chapter website (www.cai-li.org). This publication provides members of CAI with letters from the Chapter President, informative articles written by industry professionals and service providers, updates on current legislation, and business advertising. The Chapter strives to provide our members with timely information and tools needed to keep them informed on community association issues.

The Newsletter Committee is always looking for new articles to publish. Articles should be educational, non-promotional in nature, and have a suggested word count between 500 and 1,500 words. CAI-LI retains the right to edit articles to conform to content and space requirements.

If you are interested in submitting an article for possible inclusion, please contact Christine M. Majid, Chapter Executive Director, at info@cai-li.org.

Quarterly Deadlines

Winter Issue - January 31 Summer Issue - July 31
 Spring Issue - April 30 Autumn Issue - October 31

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Long Island Chapter Calendar of Events

In light of the continued health crisis, the Board is continuing to roll out a series of dates for webinar topics as presented below. As the schedule is formalized, we will send out updates via email so you may mark your calendar and register.

*Tuesday, December 15th - 11:00 a.m. to 12:00 p.m.
Chapter Educational Webinar
“Fire Safety Prevention for Communities”
Presented by Belfor Property Restoration and
CAMCO Services of NY, Inc.*

*Tuesday, January 26th - 11:00 a.m. to 12:00 p.m.
ANNUAL MEETING 2021
followed by a
Chapter Educational Webinar
Presented by National Cooperative Bank (NCB)*

*Tuesday, February 9th - 11:00 a.m. to 12:00 p.m.
Chapter Educational Webinar
“Banking in Today’s World and PPP Update”
Presented by BankUnited*

*Tuesday, March 9th - 11:00 a.m. to 12:00 p.m.
Chapter Educational Webinar
“Habits and Communications”
Presented by Alliance Association Bank*

*To REGISTER or to READ MORE
about each webinar topic, visit our EVENT PAGE
by clicking below —*

<https://cai-li.org/events/>

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upward pressure on delinquencies.

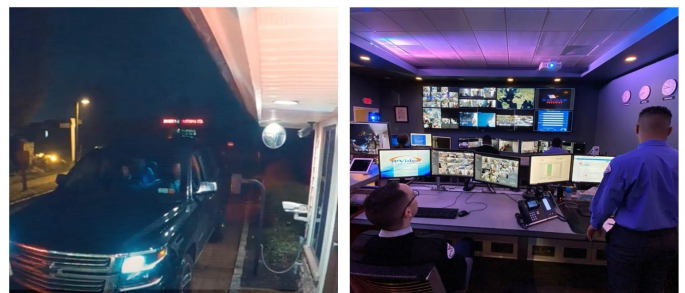
Financing capital projects does not have to be a 1:1 ratio of cost to loan amount. Think about augmenting the reserve cash on hand by partially funding a project with a loan. This strategy can help free up reserve contributions and additional cash on hand as a long term cushion.

Managing the finances for your community in the best of times is a difficult balance between the short term desire to keep fees low against the long term capital needs of the community. Remember, the main goal needs to be to protect, and if possible enhance, the value of the community. Reserves need to be protected as much as possible. Cash is king in times of economic turmoil.

For best practices, contact your professionals to help you craft a scenario analysis to drive your strategic initiatives. ■

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PRESIDENT'S MESSAGE

By ERIC B. CLEMENTE - ALURE HOME IMPROVEMENTS AND CAI - LI CHAPTER PRESIDENT FOR 2020



I've never been a fan of the Fall, however, this year is different. Fall reminds me of how much closer we are to leaving 2020 and boy I can't wait to leave 2020 behind!

I'm disappointed that we did not get to spend time together at our Annual Trade Show because COVID-19 required us to cancel it. However, I can assure you our Board of Directors team is

energized MORE than ever and I'm confident our 2021 Trade Show Committee will be putting on a fantastic show – God willing COVID-19 is no longer a threat.

I've truly enjoyed spending 2020 as the Association's president – it surely wasn't the type of year I'd expected! Thank you for all of the positive encouragement and feedback I've received through this journey. With our Nominating Committee hard at work, I encourage anyone interested in becoming a more active member and gaining tons of knowledge to submit a resume to info@cai-li.org to nominate yourself for one of our opens seats.

Please help me welcome our newest community association volunteer leaders and business partner members from:

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Encore Atlantic Shores

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Meadowbrook Pointe Links & Spa HOA

Seasons of Seaford BOD

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Woodridge at Strathmore Terrace

I would like to thank all of my fellow board members, and our Chapter Executive Director Christine, for the great work they have been doing and for their unwavering support.

Special thank you to all of our business partners! I can say

with certainty that we have a network of the most qualified and elite services in the community association industry and their continued support is much appreciated!

Nancy Fox of CAMCO Services of NY will launch 2021 as our Association's president. Nancy brings a fantastic set of skills and accomplishments and I am beyond certain she brings tons of value to each member of our association. Nancy – you will do FANTASTICALLY WELL and I will be here to support you and our members!

As the Association's immediate past president in 2021, I look forward to continuing to work with the Board of Directors and Christine to implement new technologies as well as becoming a very involved member of our NYS Legislative Action Committee.

If there is anything I can do for anyone in any capacity, please feel free to contact me by phone at 516-396-9023 or email me at eclemente@alure.com.

Healthy wishes for the holiday season! ■

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After what she had been through before, Andrie says she was “amazed, elated and ecstatic” with the performance of the valve and, not surprisingly, immediately had another valve installed along with her new water heater.

“I would recommend this to every homeowner regardless of where the water heater is located,” she adds. “You will never have to clean up water or worry about water damage. The peace of mind is more than worth the price.”

How it works:

First off, WAGS stands for “water and gas safety” valve. The WAGS valve is designed to shut off the water supply (and more recently, also the gas supply for gas-fired heaters) when it detects a water leak from a water heater.

Some statistics suggest that a majority of water heaters fail within 7-10 years.

“It’s the property owner that is AquaGuard’s prime focus,” Steve Fielding, president of the company told Ruth Mitchell, editor of The Wholesaler, during one of our recent off the cuff interviews. “They’re the ones that have to

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pay the insurance bills. They're the ones that have all the stress."

He added that a homeowners association in multilevel condo development would be an ideal candidate.

"If you have a failed water heater," he said, "it could affect two or three floors. We get a lot of testimonials from happy customers that have avoided those disasters."

The valve can be installed on all styles of water heaters, and is fully mechanical and requires no external power supply. The WAGS valve sits in a drip pan under the water heater and when approximately 1 inch of water accumulates, an internal water-soluble fiber element triggers an industrial-duty, spring-loaded piston in the valve shuts off the water flow.

"We keep focusing on the fact that it's a simple product," Fielding said. "It doesn't require electricity. It doesn't need batteries. It doesn't need a fancy wireless signal. And most importantly, there's no maintenance involved."

A red pop-up tab indicates activation. Another WAGS bene-

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fit, as Andrie recounts, is that the tank also typically draws a vacuum and stops the water leak. The valve is a single-use, one-time activation water flow shutoff device for gas, oil, or electric water heaters. The company likes to think of it like an airbag in a car, performs a one-time critical function.

For the professional installer, a plumber needs to connect the

cold water line in and out of the WAGS valve. The company says installing the valve normally adds 15-20 minutes to a new tank installation.

AquaGuard provides the following with the order:

- WAGS valve
- Installation brochure
- Required product sticker for water heater tank
- Warranty card & return envelope
- Drip pan self-adhesive foam drain dam
- Condensation drain tube

The company recommends these additional materials for the installation:

- Water heater drip pan
- Two 3/4"-14 male threaded sweat adapters
- Two lengths of copper (or other approved) tubing
- Two to four 90-degree copper (or other approved) elbows. ■

Do you need more information? Please reach out to Stephan K. Ward-Smith, CAI - EBP, Vice President of Business Development at Aqua Guard, LLC at Stephan@wagsvalve.com, or by phone at (800) 230-8690 x217, or visit their website at www.wagsvalve.com



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EARTHQUAKES, HURRICANES, HAILSTORMS AND OTHER CATASTROPHIC DAMAGE – PARAMETRIC INSURANCE TO THE RESCUE

By AUSTIN JAMES, CPCU, ARM - THE MCGOWAN COMPANIES



Parametric Insurance

Every year our country experiences catastrophic weather threats in a variety of forms. This could come from hurricanes, wildfires, hail storms, earthquakes, and blizzards. Many of these events can cause damage that reaches into billions of dollars. There are a lot of insurance companies that protect against these catastrophic claims, however, most have high deductibles and there are a lot of exclusions. A product has arisen in the marketplace to fill the coverage gaps excluded by traditional insurance and help to pay for losses beneath the deductible. This is Parametric Insurance.

How does Parametric Insurance differ from our current Insurance?

Parametric Insurance is an index based insurance product that has

been around for decades in the reinsurance space. Its goal is to provide immediate funds to the policy holder when a specific event has occurred within a measurable data set. Parametric Insurance covers a specific peril (earthquake, hail, hurricane) which has a trigger (peak ground acceleration/earthquake intensity, hail stone size, sustained wind speed) and has a trusted 3rd party data source (USGS, Corelogic, RMS etc). Some programs may also have on-site monitors for local activity as a backup to the main data providers. The policy will have certain thresholds which activate the limit of indemnity purchased and when those thresholds are met, the policy limit is available for payment.

Limits and Scope of Coverage

The limit of the policy is essentially a blanket limit for the insured that can be recouped **to indemnify against any economic loss incurred as a result of the event.** This can include items traditionally covered under insurance but

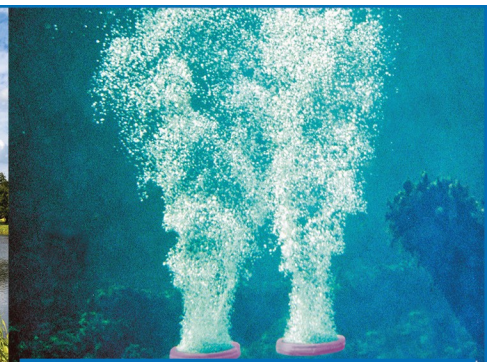
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underneath the deductible. It can also include any items not covered under the insurance policy but are still economic losses to the insured. This could include things like claims management fees from property managers, cosmetic damage to your

structure, damage to outdoor property, engineering and safety certification costs, equity protection, the list is endless.

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One of the most attractive qualities about Parametric Insurance is its **ability to pay rapidly and without adjustment**. Typically, the insured just sends in a signed statement of loss with their economic claims identified and their **check is issued within weeks after verifying that the policy trigger was met**. The other really great part is that it pays out regardless of your traditional property carrier's claim determination. **Your property carrier could deny a claim and a parametric policy would still pay**. You could even buy only a parametric policy without traditional insurance cover.

Minimizes the Stress of Traditional Property Insurance Adjustment

During a catastrophic event, insureds may find the claims process to be very stressful. They are joined in with thousands of other policy holders seeking payment and many times the process can drag out as adjuster resources are not infinite.

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Continued from Page 12

Sometimes the value an insured receives from the carrier may not be what they were expecting or they may find an exclusion of coverage they didn't fully understand before. In these scenarios, having the benefit of a parametric policy in place can be a godsend and a much needed relief to start the rebuilding process. Over the next decade, you will see more and more implementation of this type of coverage and it is worth exploring as an option at your renewal. ■

Do you have questions or comments?

Austin may be reached by phone at (440) 333.6300 x5911, or via email at ajames@mcgowanrisk.com.

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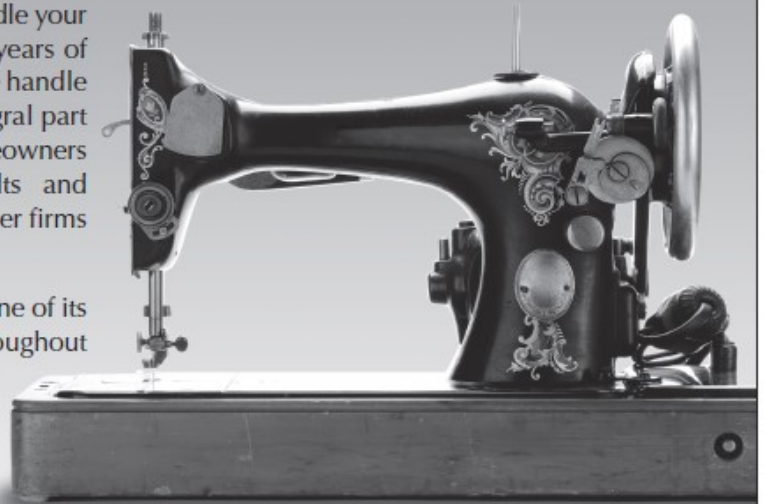
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COMMUNITY ASSOCIATIONS & COVID-19: COMMUNITY SAFETY FREQUENTLY ASKED QUESTIONS

By CAI NATIONAL OFFICE

Are community managers and board members encouraging residents to wear cloth face coverings in common areas of associations based on the new CDC recommendation? And if so, how are they advising these individuals?

We recommend that the community manager or board communicate to the unit owners the need to wear a facial covering, and preferably gloves, anytime they exit their unit. Even if it is to go to the laundry room or some other common area, as anything that reduces the likelihood of transmission from one person to another benefits everyone. Many States have only recommended these precautions, which are not enforceable in a court of law. As States order that masks are to be worn in public then community associations boards should recommend that masks be worn in situations where social distancing is not possible.

How should associations handle deliveries and packages?

Many associations are requiring the owner/resident to meet the delivery person at the entrance to the association. Many associations do not have the ability to store packages and various boards are setting up policies and contingency policies based on their space and amenities for how packages should be retrieved.

Should lifestyle events continued to be held? How can these events be replaced during a time where there are strict restrictions on gatherings and social distancing?

Community associations provide a sense of community and lifestyle. There are many creative virtual ideas to bring a sense of community to your association – window scavenger hunts,

positive sidewalk chalk notes, etc. It is important to try to continue this sense of community during these unknown times.

How should a manager and a board handle move-in and move-out procedures during the COVID-19 pandemic?

Move ins and move outs should not be prohibited during this time. People have a right to move into or out of their residences. Associations should adopt certain policies and are encouraged to ensure the move happens during a specific time, the movers take necessary sanitary precautions and compromised areas should be disinfected during the move.

Can we ask potential purchasers and potential renters if they have traveled to any high-risk areas?

Speak to association counsel before engaging in conversations with potential purchasers or potential renters about COVID-19 and their possible travel-related exposure.

Can we prevent residents we know have traveled to any high-risk areas from returning to their units?

Overly restrictive protocol that unnecessarily impacts your residents' freedoms and quality of life are not likely to withstand a potential legal challenge and they also will create unnecessary strain in your community. It is important to remember that not every private residential community will be impacted in the same way.

Resources — Now is a good time to remind community association residents, board leaders, and managers of their [Rights & Responsibilities for Better Communities](#) and the [Community Association Civility Pledge](#). View the latest COVID-19 resources and guidance from CAI by visiting www.caionline.org/coronavirus. ■



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Contact NCB
Marty Ehrlich
Vice President
(212) 808-0880
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