Condominium Owners Need Their Own Insurance
June 29, 2014

Dear Dave: When purchasing a Condominium in Anchorage, do you have to obtain your own insurance or is it covered by the Homeowners' Association?

Answer: Although the Association will have substantial coverage on the buildings for various hazards, including fire, you must also obtain a Condominium Insurance Policy of your own. However, for less than $300 per annum, this is excellent value.

It is now mandatory for coverage to be in place before your loan is approved for a Condo purchase. Commonly known as “HO 6” Insurance, it includes the real estate plus your personal belongings.

First, your policy will have ‘Building Property Protection’ which covers you for damage to the interior of your condominium. You must remember that you own, and are responsible for, everything from the sheetrock in. If the interior is damaged, even if from an outside event such as a fire, the Association’s insurance may not cover all your interior upgrades. Lenders require this coverage to equal 20% of the appraised value of your condominium, with a standard 5% deductible.

Second, you need to protect against a loss (say, by theft) of your personal property – stereos, jewelry, furniture etc. Your insurer will also suggest liability protection for any accidents that may occur, and a guest medical allowance, which are so inexpensive that you may as well include them. At this point, you will still have change out of your $300.

Last, and by no means least, is an optional ‘Loss Assessment’ coverage. Imagine you were one of those Park Place owners in downtown Anchorage who suffered a fire in 2008 that destroyed half of the entire development. The insurance held by the Association fell short of the cost of rebuilding and, even with the additional money from the contractor that caused the fire, assessments were made against the homeowners in the order of $50,000 each.

For a mere $10 per annum added to your Condominium Owners Policy you can protect yourself fully for a loss assessment up to $50,000. If you don’t have this coverage, like many Park Place owners did not, you’re crazy! Call your preferred Insurance Company today.

Dear Dave: We were shopping for a home last month and calling various listing agents from the alaskarealestate.com website for information. We do have a Realtor whom we wanted to represent us when putting in an offer.

One of the licensees we called said he had several homes we might like, so we allowed him to drive us around and we found a delightful property we wanted to buy, a listing from his office. When we told him that our Realtor would be touch, he became quite angry and said that we were working with him, and he was now our representative. We were confused, and a lot of problems followed between him and our Realtor. Did we do something wrong?

Answer: Though you probably didn't think of it at the time, it is important to tell Realtors right upfront when you already have a licensee representing you. If the Realtor concerned had known this, he would not have wasted his time showing you properties, but would have suggested you have your own Realtor drive you around. On the other hand, he should have discussed 'representation' with you. It is a statutory obligation of his, so let him be angry at himself!

When you make calls to real estate licensees, as a courtesy, tell them immediately of your situation. If you have someone already, and tell them, it will save lots of misunderstanding. However, Alaska Statutes have been enacted that place the obligation of disclosure on the Realtor, not on the public. In fact, you must be given a Statutory Pamphlet on the subject before the licensee begins to give you service.

If the particular listing licensee driving you around had discussed his position with you upfront, none of the misunderstandings would have occurred. He did in fact break the law and, recently, in a real live case, the courts looked very dimly upon such a Realtor when the buyer was damaged as a result.

Keep in mind that a Realtor can be representing the seller, the buyer, or acting as a neutral licensee for both parties. The law provides for each of these situations with the proper disclosures and consent of parties. In fact, for the most part, all three scenarios work quite smoothly in everyday real estate transactions. It is the obligation of all real estate licensees to explain this to you and obtain your signature acknowledging receipt for the statutory pamphlet.

Dear Dave: Would it be possible for me to claim the real estate taxes of another home on my taxes? My parents pay real estate taxes but receive no tax benefit from it because of their income level.

Answer: You cannot claim the property taxes of your parents' home, or any home to which you are not in title, on your own tax return, but you raise an interesting issue. Many people are unaware that you can claim for property taxes and mortgage interest payments on more than one home.

Property taxes paid can be claimed, as an itemized deduction on Schedule A, or on Schedule E if it is a rental, on as many homes as you own.

With regard to interest on a home loan, you can itemize the interest on Schedule A for one additional home, other than a rental, even if you do not live in it. Your 2nd home for tax purposes can be anywhere in the U.S. and can include a boat, trailer or recreational vehicle, so long as they incorporate a kitchen and toilet. If you rent out this 2nd home for more than 14 days in any given year, the deduction is disqualified.