

# Coronavirus (COVID-19) and Your Community

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## COVID-19 From an Insurance Perspective

*Understanding what may and may not be covered...*

As COVID-19 continues to spread, so do the concerns of property managers, residents, and businesses everywhere. For many businesses, (including community associations, condominiums, and cooperatives) the virus threatens to disrupt revenue, which, in turn, results in more and more inquiries about how commercial insurance may or may not respond to virus-related business interruptions and illnesses. People want to know whether their insurance carrier will provide coverage if residents stop paying maintenance fees, or if they start getting sick in the building, or whether their policy would cover a deep cleaning of their common shared spaces and amenities. All of these are worthy concerns.

Many will seek relief through their association's commercial insurance policies, specifically through policies that cover business interruptions. But while many policies do have business interruption coverage, a significant number of these policies exclude compensation for communicable disease outbreaks, a change many insurers made after the SARS outbreak of 2003 (which was also a coronavirus). Although, we do not anticipate there to be coverage for this pandemic under most insurance policies at this time, every policy is different and the only way to know for

sure whether or not you have coverage is to have your insurance broker file a claim. We are not recommending that everyone goes out and files a claim if there is no merit behind it, but if you think you have been impacted by this then that is the only sure way to find out whether or not there is coverage on your policy.

There is no guarantee that this will ever happen, but it is possible that at some point down the road the Federal Government could intervene as they did with the classification of Super Storm Sandy and make certain aspects of this pandemic covered by insurance. Until then, we encourage you to stay up to date with the latest news as this is new territory for everyone and the story is evolving daily.

*By: Eric Eggert, CIC, CIRMS, Mackoul Risk Solutions*

## COVID-19 and Community Associations – a Legal Perspective

The COVID-19 outbreak has presented ongoing challenges to how we live our daily lives and operate our businesses and communities. The hardest part of responding to this outbreak is that the situation is constantly evolving, as local, state, and federal authorities continue to provide updated restrictions as they receive more data. Further, Executive Orders restricting activity at the federal, state,

county and municipal levels should be monitored as well.

With the foregoing in mind, there are several potential issues which all community associations need to consider. In order to properly address these issues, associations should stay informed daily and should work closely with legal counsel to ensure that the association develops the best plan of action for its situation.

### Conducting Open Meetings, Annual Meetings, Elections, and Transition Meetings

A major concern for associations is how to proceed with conducting meetings open to unit owners while abiding by the restrictions set forth by local, state, and federal authorities. This is a particularly difficult position for associations to be in, as there are state law requirements regarding the holding of regular open public meetings, transition meetings, and elections, as well as, requirements in all association governing documents regarding the holding of elections and meetings. Associations have several options for satisfying these requirements while adhering to the health guidelines issued, including: limiting agendas; closing the meeting to in-person attendance while providing access via video or audio stream; adjourning meetings; coordinating proxy and absentee voting to limit the amount of attendees; and holding meetings entirely by phone or electronically. Associations should work with their attorneys to determine the best course of action for their community.

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### Common Area Usage and Community Activities

Given the restrictions in place as of this writing, gym facilities should most likely be shut down until further notice. However, associations should work with their attorneys regarding how to address other common area usage and whether community activities should go forward in light of their particular circumstances.

### Posting/Providing Information to Residents

If an association intends to post instructive signs regarding social distancing, handwashing, or the COVID-19 outbreak in general, they should refer to recognized sources such as their local board of health, the CDC,

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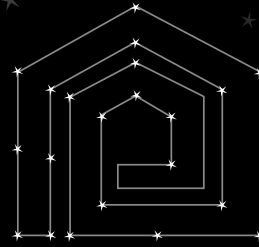


or the WHO for such information. Once again, associations should confer with counsel to determine the best way to provide factual information to residents.

### Protocol When a Resident or Visitor is Diagnosed

Associations should be developing a protocol that works best for them in the event a resident or visitor reports testing positive for COVID-19. This involves determining what information can and should be disseminated to the community; any restrictions that will be placed on that resident; how to handle deliveries to that resident's unit; and how to properly clean, disinfect and sanitize any areas with which the individual came in contact.

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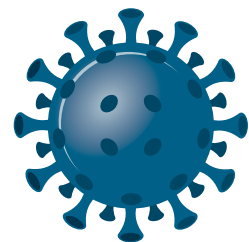
### Common Area Maintenance Payments

Finally, associations should be working with their professionals to prepare for the very real possibility that several unit owners will either cease or be unable to pay their monthly maintenance fees going forward. This means ensuring that the association has the proper financial safety nets in place; determining when and how the association wants to pursue delinquencies caused by the COVID-19 outbreak. Once again, this is a decision that an association should make in conjunction with counsel and its financial professionals to determine the best course of action.

*By: Robert J Flanagan III, Greenbaum, Rowe, Smith & Davis LLP*

### Financial Considerations While Dealing with COVID - 19

As we navigate these challenging times dealing with this pandemic, we must all take time to reevaluate and plan for the potential impact it may have on our lives and the operations of the associations where we live. It is



*" It is impossible to forecast the full impact it will have on the economy..."*

impossible to forecast the full impact it will have on the economy but there are steps that have been taken to help lessen the potential impact including efforts by the government to provide some economic relief.

### Tax Payment Deadline Extended

The IRS has extended the April 15th filing deadline for federal income taxes to July 15, 2020. That includes both payments and filing of returns with a due date of April 15th. This extension applies to all individuals and entities, no limits. In addition, the 90-day extension was also granted to quarterly installments for the first quarter of 2020. This extension has only been granted to income taxes and not to any other federal tax due.

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### Family First Coronavirus Response Act

In a nutshell, this act states that employers with less than 500 employees must provide paid leave and paid sick leave to employees who are impacted by COVID-19 under certain conditions. Employers may be able to apply for tax credits if certain criteria are met. This could be very significant for associations that have employees, management companies and our business partners. This article is not intended to provide any legal advice and we recommend the Boards and business partners consult with their respective legal counsel as to how this may impact your business.

### NJ Potential Tax Relief

The New Jersey State Assembly and Senate have passed a bill to extend the deadline for New Jersey taxpayers to June 30th. This bill is now awaiting Governor Murphy's signature. As of the date of writing this article, he has not yet signed it in its current form.

### Other Financial Considerations

Aside from the above, associations must start to consider the long-term financial impact of the virus. Companies are dealing with loss of revenue and the first wave of layoffs has already started. Since it is unknown how long this will continue and how many people this will affect, there is no doubt that associations will see their delinquency rates rise. How much is yet to be seen. We recommend that they work with their accountants, management companies, finance committees and attorneys to evaluate the need for revised budgets, payment plans for distressed unit owners and re-evaluation of future projects. Another factor to consider for communities with loans and/or mortgages as to whether they may be a benefit to refinance at this time.

There is no doubt that our industry will get through this as we have with all the ups and downs we have faced in the past. Again, this is definitely a time to pull in your professionals to help decide your best course of action for 2020 and beyond.

*Disclaimer: The information contained in this article is for general guidance on matters of interest only. The appli-*

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By Mohammed Salyani, CPA, FCCA (UK)

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