

Mold and Community Associations

By now, almost every American has heard about America's latest health threat: toxic mold syndrome. Mold lawsuits are quickly becoming the litigation of choice and are being compared to asbestos and lead paint claims with regard to litigation potential. According to an August 8, 2002, article in *The Wall Street Journal*, the insurance industry paid \$1.3 billion in 2001 to remove mold and repair damage mold had done to homes.

The most effective way to treat mold is to correct the underlying water damage and clean the affected area.

This newsletter will discuss what community association managers, board members, and residents should know and do about mold.

What are molds?

Molds are part of the natural environment. Outdoors, molds play a part in nature by breaking down dead organic matter such as fallen leaves and dead trees, but indoors, mold growth should be avoided. Molds reproduce by means of tiny spores (similar to seeds); the spores are invisible to the naked eye and float through outdoor and indoor air.

Molds can be beneficial to people: the drug penicillin is obtained from a specific type of mold.

When mold spores land on a damp spot indoors, they may begin growing and digesting whatever they are growing on in order to survive. Molds can grow on wood, paper, carpet, foods, and even dynamite. Many thousands of species of molds exist, but none of them will grow without water or moisture.

There is no practical way to eliminate all molds in the indoor environment; the way to control indoor mold growth is to control moisture.

Why should we be concerned about mold?

When molds are present in large quantities, they may cause health problems for some people (see page 2). Molds can also cause



Mold growing on the surface of a unit ventilator. Moisture control is the key to mold control. If items are kept dry, mold does not grow.
(Photo courtesy of Environmental Protection Agency.)

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nuisance odors and structural damage to buildings. In addition, it can cause Mold Induced Corrosion, which can render fire suppression systems inoperable. In some cases, MIC will cause corrosion throughout the sprinkler system piping.

Is testing or sampling for mold needed?

In most cases, if visible mold growth is present, sampling is unnecessary. Since no Environmental Protection Agency or other federal limits have been set for mold or mold spores, sampling cannot be used to check a building's compliance with federal mold standards.

It is more important to spend time and resources to get rid of the mold and solve the moisture problem causing the mold, rather than to test for the mold problem.

Surface sampling may be useful to determine if an area has been adequately cleaned or remediated. Sampling for mold should be conducted by professionals who have specific experience in designing mold sampling protocols, sampling methods, and interpreting results. Sample analysis should follow analytical methods recommended by the American Industrial Hygiene Association (AIHA), the American Conference of Governmental Industrial Hygienists (ACGIH), or other professional organizations.

Can molds cause health problems?

Although molds have the potential to cause health problems, most people will have no reaction at all when exposed to molds.

Molds produce allergens (substances that can cause allergic reactions), irritants, and in some cases, potentially toxic substances (mycotoxins). Inhaling or touching mold or mold spores may cause allergic reactions in sensitive

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individuals. Allergic responses include hay fever-type symptoms, such as sneezing, runny nose, red eyes, and skin rash (dermatitis). Allergic reactions to mold are common.

The Centers for Disease Control and Prevention says people who may be affected more severely and quickly than others include the following:

- infants and children,
- elderly people,
- pregnant women,
- individuals with respiratory conditions or allergies and asthma, and
- people with weakened immune systems (for example, people with

HIV infection, chemotherapy patients, organ or bone marrow transplant recipients, and those with autoimmune diseases).

Those with special health concerns should consult their doctor if they are concerned about mold exposure. The symptoms that may seem to occur from mold exposure can also be from other causes, such as bacterial or viral infections or other allergies.

How do we get rid of mold?

It is impossible to get rid of all mold and mold spores indoors; some mold spores will be found floating through the air and in house dust. Indoor mold growth can and should be prevented or controlled by controlling moisture indoors.

If you have mold growth in your community association, you must clean up the mold and fix the water problem. If you clean up the mold but don't fix the water problem, then, most likely, the mold problem will come back.

Controlling excess moisture is the key to preventing and stopping indoor mold growth.

How should we clean up mold?

The key to mold control is moisture control. Water damaged areas and items must be dried within 24–48 hours to prevent mold growth. If mold is a problem in your community association, clean up the mold and get rid of the excess water or moisture.

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Fix leaky plumbing or other sources of water. Wash mold off hard surfaces with a biocide and water, and dry completely. Absorbent materials (such as ceiling tiles and carpet) that become moldy may have to be replaced.

If you choose to hire a contractor (or other professional service provider) to do the cleanup, make sure the contractor has experience cleaning up mold. Check references and ask the contractor to follow guidelines from professional or government organizations, such as the EPA's *Mold Remediation in Schools and Commercial Buildings* or the guidelines of the American Conference of Governmental Industrial Hygienists.

If the sewer has backed up, professional help should be sought because of the possibility of contamination.

Have estimates prepared for structural damage one to two weeks after the incident. Frequently, damage is not apparent immediately but appears after the structure dries out.

In some instances, mold cannot be cleaned up because of a design defect or contractor construction problem.

When will the mold cleanup be finished?

You must have completely fixed the water or moisture problem before the cleanup or remediation can be considered finished. Visible mold and moldy odors should not be present, but note

that mold may cause staining and cosmetic damage. People should be able to occupy the area without health complaints or physical symptoms. Ultimately, this is a judgment call.

What specific moisture control measure should we take?

Moisture control is the key to mold control, so when water leaks or spills occur indoors, act quickly. If wet or damp materials or areas are dried 24–48 hours after a leak or spill happens, in most cases mold will not grow.

Perhaps most importantly, fix leaks and seepage.

Clean and repair roof gutters regularly. Make sure the ground slopes away from the building foundation, so that water does not enter or collect around the foundation.

Keep air conditioning drip pans clean and the drain lines unobstructed and flowing properly. Keep indoor humidity low, below 60 percent (ideally between 30 and 50 percent) relative humidity. Relative humidity can be measured with a moisture or humidity meter, a small, inexpensive (\$10–\$50) instrument available at many hardware stores.

If you see condensation or moisture collecting on windows, walls, or pipes, act quickly to dry the wet surface and reduce the moisture/water source. Condensation can be a sign of high humidity. Prevent condensation by adding insulation.

Vent bathrooms, dryers, and other moisture-generating sources to the outside; use air conditioners and dehumidifiers, and use exhaust fans whenever cooking, dishwashing, and cleaning.

Eliminate clutter and reduce the amount of stored materials, especially items that are no longer used. Mold can grow on practically any surface that collects dust and holds moisture.

What about hidden mold?

You may suspect hidden mold if the interior of a building smells moldy, but you cannot see the source, or if you know there has been water damage and residents are reporting health problems.



Mold growing on the back side of wallpaper. If you believe that you may have a hidden mold problem, consider hiring an experienced professional. (Photo courtesy of Environmental Protection Agency.)

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Mold may be hidden in places such as the back side of dry wall, wallpaper, or paneling; the top side of ceiling tiles; the underside of carpets and pads; areas inside walls around pipes (with leaking or condensing pipes); the surface of walls behind furniture (where condensation forms); inside ductwork; and in roof materials above ceiling tiles (because of roof leaks or insufficient insulation).

Investigating hidden mold problems may be difficult and will require caution when the investigation involves disturbing potential sites of mold growth. For example, removal of wallpaper can lead to a massive release of spores if there is mold growing on the underside of the paper. If you believe that you may have a hidden mold problem, consider hiring an experienced professional.

Will insurance cover mold damage?

According to the Insurance Information Institute, from the insurance perspective, damage from mold is specifically excluded in most standard property insurance policies. Property insurance policies provide coverage for damages that are sudden and accidental. They are not designed to cover the cost of cleaning and maintaining a home.

However, if mold is caused as a direct result of a covered peril, such as a burst pipe, the policy could cover the cost of eliminating the mold.

But mold caused by water from excessive humidity or condensation is a maintenance issue for the property owner, like rot and termite infestation, and is not covered by the policy. Most people routinely clean up mold before it grows large enough to become a hazard.

To avoid confusion, many insurers are now inserting clarifying language in their policies. Some companies may decide to cover all mold claims and price the policy accordingly. Others may exclude mold, but offer an endorsement to the policy that allows policyholders

place, the policy will include language saying if a construction defect or maintenance causes the mold, the community association will not be covered. One issue with these policies is that maintenance is not clearly defined.

Can we conduct routine inspections to ensure individual units are mold-free?

Typically, in community associations, you cannot enter individual homes without the owners' prior permission, unless emergency conditions



Mold growing on a piece of ceiling tile. If mold is a problem in your community association, clean up the mold and get rid of the excess water or moisture. (Photo courtesy of Environmental Protection Agency.)

to add the coverage. Still other companies may provide a tighter definition of what is and what is not covered, while some may prefer to create an absolute exclusion. Most major insurers have announced some form of coverage exclusion or limitation.

Community associations can buy mold policies, but unless the community association has a mold protocol in

occur, such as smoke, fire, flooding, or loss of life. Statutes and association bylaws create the legal definitions and environment in which to make decisions regarding association-initiated services. The association attorney is an important ally when reviewing governing documents.

However, many associations have put proactive maintenance programs in

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ASK THE EXPERT

“Ask the Expert” is a regular column in *Insurance Focus*, featuring an interview with an expert about an important insurance issue facing community associations. This month, our expert is Gregg Roberts, ERM, senior vice president and national managing director of USI’s Environmental Risk Mitigation Group. USI ERMG works with clients to develop strategic business solutions to mitigate environmental risk and liability.

Q: If professional help is needed to clean up a community association’s mold problem, what should community association managers and board members know about hiring a firm?

A: I have been quoted as saying that MOLD means Money, Opportunity, Litigation, and Dilemma, which sums up the situation depending on how mold impacts your facility. If professional help is needed, the association’s board must establish a consistent review and evaluation process to select contractors. Two types of contractors will be involved.

Environmental Consultant

The investigation and assessment of the facility and subsequent development of a Mold Abatement Plan is the responsibility of the environmental consultant. This is usually a skilled environmental engineering firm with prior microbial, toxicology, and health risk assessment capabilities.

This contractor will be hired to perform the facility inspection and draft the subsequent Mold Abatement Plan. In addition to dealing with getting rid of the mold, this plan also may require changes to the facility, depending on which building factors are the root cause of generating the conditions that support mold growth. If you do not correct the problems causing mold, the mold will almost always return like a bad relative.

The sprinkler system should be inspected to determine if it has been impacted by “MIC” (mold induced corrosion), which could render the system inoperative.

Abatement Contractor

The contractor hired to perform the mold abatement must be able to demonstrate that it has

the skills, experience, and equipment to perform the mold abatement pursuant to the Mold Abatement Plan design by the consultant. The consultant should supervise all phases of the abatement performed by the contractor. Some contractors will perform the investigation and abatement, as well as the testing and clearance of the facility. This is like letting the fox guard the hen house.

Many problems with contractors, including fraud and deceptive trade practices, have been documented. According to the *Caller Times* newspaper in Corpus Christi, Texas, some contractors engage in a process called “house cooking,” where they do a quick investigation of the facility and bring in mold on a piece of building material. They recommend you leave the facility because of potential health concerns while they do additional investigation. When the contractor comes back and you are not around, they will wet selected areas of the facility and crank up the thermostat. In a few days, you will have a large amount mold to be abated.

This “house cooking” practice has been investigated by the U.S. Customs Service, the Texas Department of Insurance, the Texas Department of Public Safety, and many other state agencies.

Those involved in the abatement must have appropriate insurance coverage. This may be the most important aspect of your selection criteria if something goes wrong during abatement or after completion.

No federal standards govern any aspect of mold and or mold abatement. Many states are looking to enact regulations, but other than New York, none have done so. The Environmental Protection Agency has published a guide to mold abatement.

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place, receiving prior authorization from owners to perform certain inspections and maintenance services on a regular schedule. Inspections for mold could be a preventive maintenance service. In many cases, the cost of such services are paid for through the association annual budget, and in some communities, a subscription or for fee service is provided on an ad hoc basis.

What actions should a community association take?

First and foremost, take action.

The courts now expect boards of directors to become proactive and take a more conscientious approach to property inspections. Consider hiring a qualified consultant to do a “due diligence” inspection of the property and to prepare a mold report and possibly an abatement plan.

Develop an indoor air quality and mold management plan, which should—

- provide an event tracking system;
- record all findings from investigations;
- record all complaints and complaint areas;

- record all actions and recommendations; and
- provide proper notices to affected individuals and groups.

Investigate all complaints of water intrusion by residents and consider hiring a professional to determine why the water intrusion and resulting damage is occurring. Common sites for mold growth in community associations

Need more information?

If you have any questions or need further information, please contact Steve Dickerson (703-739-2346 or sdickerson@usisoutheast.com) or Cristy Fuentes (703-684-4366 or cfuentes@usisoutheast.com).

FOR MORE INFORMATION

- www.epa.gov/iaq/molds or 800-438-4318
- www.cdc.gov/nceh/airpollution/mold
- www.aiha.org
- www.iii.org/individuals/home/tips/mold

include foundations, basements, windows, between the walls, bathrooms, and plumbing and HVAC fixtures.

Meet with your insurance representative to learn what your particular policy covers and what is excluded.

Residents should be encouraged to alert the community association board and management if they suspect a serious mold problem.

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