

TENNESSEE HomeBuilder

July/August 2008

Official Magazine of the Home Builders Association of Tennessee

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Joe McCord

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TENNESSEE HomeBuilder



July/August
2008



WHO WE ARE

The Home Builders Association of Tennessee (HBAT) is a not-for-profit trade association comprised of professional builders, developers and associated firms engaged directly or indirectly in home building, remodeling and light commercial construction.

MISSION STATEMENT

The Home Builders Association of Tennessee represents over 6,500 member firms as the Voice of the Housing Industry. We advocate housing affordability and availability through:

- Legislation
- Communication
- Education



In this edition of the Tennessee Home Builder, meet Rep. Joe McCord, Tennessee House of Representatives, and learn more about important builder news and legislative issues.

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EFFECTIVE SOLUTIONS

President's Perspective

HBAT President James Carbine

These are dark days for the nation's economy. Its inherent strength is being sapped by the worst housing downturn in generations. Millions of families worry that they will soon lose their homes to foreclosure. Millions more desire to buy a home but are discouraged by a challenging mortgage market where a high down payment and sterling credit rating are far too often what it takes to get a foot in the door.

In the hardest-hit areas, existing home owners are seeing housing prices continue to drop, eroding the personal wealth they have been able to amass in home equity over the years. Recent buyers in the most devastated housing markets increasingly are seeing the value of their home fall below the amount they owe on their mortgage.

Home builders have dramatically curtailed new production and are putting most of their effort into working down unsold inventory. It's slow going, and those efforts aren't helped by the large numbers of foreclosed properties going back up for sale.

It's summer, a prime time for home buying. Mortgage interest rates are near historic lows. House prices have become significantly more affordable. But the market is in the doldrums. Consumers have lost confidence. Many have lost their jobs and many more have lost a sense of financial security in an economy that feels like it's not headed anywhere but down.

Fortunately, there is an effective solution to what ails our battered economy. For months, the U.S. Congress has been working hard to assemble a package to restore the health of housing and end the dangerous

downward spiral that threatens to plunge the economy into a deep recession. Those efforts are nearing fruition. Both the House and the Senate have signed off on strong legislation to address today's mortgage credit crunch and rally home sales. They are now working to reconcile their differences and send a bill to the President's desk, hopefully before the Fourth of July.

Among the provisions that will put housing and the economy back on track:

1. A temporary home buyer tax credit will stimulate home buying and reduce excess inventories.
2. Modernization and expansion of the Federal Housing Administration will help first-time home buyers get a mortgage and payment-burdened home owners refinance to an affordable loan.
3. Expanding the mortgage revenue bond program will help strapped borrowers who are seeking to refinance their home loans.
4. Reforming the regulation of Fannie Mae and Freddie Mac will increase their mission emphasis to increase the flow of capital to housing markets and provide the lowest possible mortgage rates.

The American economy is well overdue for some good news. That's why Congress needs to come through with a landmark housing and economic stimulus bill and avert the hard times that are lurking at the nation's doorstep.



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Does Your Vote — Make A Difference?

With elections coming up in August and November, I wanted to take a moment and emphasize the importance of voting at the local, state and national levels.

In 2008, your association addressed more than 2,000 pieces of legislation that could have impacted the homebuilding industry. Issues such as environmental regulations, workers' compensation insurance, fire sprinklers, cemetery regulations and issues dealing with adequate facilities taxes were all part of this year's legislative session. The men and women who choose to run for public office are elected by citizens throughout the state who recognize the importance of placing competent and effective representatives on Capitol Hill.

Since our elected officials play such a crucial role on the local, state and federal levels, it is important for everyone to approach their voting privilege as a solemn obligation and patriotic duty. Studying a candidate's character and voting record can help each of us cast our ballots as an investment for the best interests of the home building industry and the best possible quality of life for each of us.

So what are the requirements to vote in Tennessee?

- You must be a citizen of the United States, (18) years of age or older before the date of the next election.
- You must be a resident of Tennessee. *You can view "Guidelines for Determining Residency" at www.state.tn.us/sos/. Special Considerations are given to the Homeless and Non-resident Property Owners.*
- You must not have been convicted of a felony, or if you have, your full rights of citizenship must have been restored (or you must have received a pardon).
- In order to participate in an election, a qualified voter must be properly registered no later than thirty (30)

days before the election. The election commission office will process any by-mail voter registration form that has been postmarked at least thirty (30) days before the election. T.C.A 2-2-109.

State Election Website: www.state.tn.us/sos/election/index.htm

What will Tennesseans vote for at the state level in 2008?

- One U.S. Senate seat and all nine members of the U.S. House of Representatives.
- Half of the Tennessee State Senate seats and all of the State House seats.
- It is likely that many local races will appear on your ballot.

In regards to the national elections, is my vote for President and Vice President meaningful in the Electoral College system?

The answer is a resounding yes! Within Tennessee, your vote has a great deal of significance. Under the Electoral College system, we do not elect the President and Vice President through a direct nationwide vote. The Presidential election is decided by the combined results of 51 State elections (in this context, the term "State" includes DC). Your vote helps decide which candidate receives your state's eleven electoral votes. Tennessee is what is termed as a "Winner Take All" state. Therefore, all of our state's electoral votes will go to the winner of the popular vote.

What happens if no presidential candidate gets enough electoral votes?

If no candidate receives a majority of electoral votes (minimum of 270), the House of Representatives elects the President from the Presidential candidates

who received the most electoral votes. Each State delegation has one vote. The Senate would elect the Vice President from the Vice Presidential candidates with the most electoral votes. Each Senator would cast one vote for Vice President. If the House of Representatives fails to elect a President by Inauguration Day, the Vice-President Elect serves as acting President until the deadlock is resolved in the House.

The Electoral College has performed its function for over 200 years (and in over 50 presidential elections) by ensuring that the President of the United States has both sufficient popular support to govern and that his popular support is sufficiently distributed throughout the country to enable the individual to govern effectively.

Proposals to abolish the Electoral College, though frequently put forward, have failed largely because the alternatives to it appear more problematic than the College itself.

THE BOTTOM LINE — MAKE YOUR VOICE HEARD!

Frankly, I believe there is no greater way to exercise and sustain your freedom than by exercising your right to vote. Let's all remember that each of us has the right and the responsibility to take a stand on issues that affect our nation, our state and our local communities. Your vote does count, and we are counting on you to exercise your obligation and privilege to make a difference!



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Legislative Review
Steven Cates, Chair
Government Affairs Committee



The state primary elections are just around the corner and the requests from legislative candidates for contributions from the Housing Industry PAC (HIPAC) have been pouring in. The HBAT had a hugely successful legislative session this year, due in large part to the HIPAC dollars you helped to raise. This last session we passed some important legislation (scrap metal, water quality) but, perhaps even more importantly, we defeated or amended numerous pieces of legislation that would have adversely affected our industry and cost us money! (FONCE bill, Cemetery bill, Noise bill, Blasting bill, AFT bill) We must not lose the momentum that we have gained.

I know that we have all experienced the difficulties that accompany a slowdown in the economy; but now, more than ever, is the time for each of us to dig down deep

and show our legislative candidates that we understand that the laws that they pass affect our bottom line! The HBAT has over 6,500 members. If we each only gave \$25 dollars that would raise \$160,000 for HIPAC. You might say, “but I can’t afford to give anything right now.” **The truth is, you can’t afford not to.** It takes money to send a message. Our HBAT members are just one group vying to have our voices heard and our concerns addressed. You can be sure that if we don’t put our money where our mouths are, some other group will—a group whose interests may go against ours.

Several of you will remember the battle we fought over the pre-emption amendment to the scrap metal bill this past session. This amendment would have pre-empted a local government’s ability to have stricter regulation of metal theft. Specifically, it would have stripped an ordinance that the city of Memphis (with the support of the Memphis Area HBA) passed allowing local law enforcement to “tag and hold” copper that they believed had been stolen in order to give the police an opportunity to try to identify the copper owners and to catch the thieves. The Scrap Metal dealers formed their own PAC over the summer and gave out huge contributions with the main purpose of combating this provision. We had a large coalition on the other side of the issue;

but because of their commitment to their PAC, the Scrap Dealers were able to wage an impressive battle. That is why we must be equally committed to our PAC. We must put ourselves in a position to have our voices heard on important issues and to have legislators that will fight for us. Giving to HIPAC allows us to support those candidates who support us! So please, support your association by supporting HIPAC!

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Hard Work Pays Off for the Home Builders— The 105th General Assembly Adjourns

by Hope Jackson, Director of Legislative Affairs and Frank Harris, Director of Government Affairs

The HBAT enjoyed a successful year on Capitol Hill in Nashville. With elections looming and a massive budget shortfall, the 105th General Assembly was eager to conclude their business for the year. They adjourned around midnight on Wednesday, May 21, 2008, a good three weeks earlier than last year. Working diligently and with the help of our members, the HBAT was able to defeat or amend a multitude of legislative proposals that would have been harmful to our industry. Below is a summary of the most important issues that the HBAT lobbied this session.

THE HBAT WORKED WITH SPONSORS TO AMEND THE BILL

4173/Kyle/4129/Odom-The Technical Corrections bill-This is a yearly administration bill to close loopholes in the state's tax code. This year the bill included the so called Family Owned Non-Corporate Entities or "FONCE" provisions that would have removed the exemption from the franchise and excise taxes that these entities currently enjoy. Specifically, the provisions would have eliminated a family owned tax break for commercial real estate holdings of FONCEs. Department of Revenue officials estimated the FONCE would have netted the state approximately \$15 million in revenue. The HBAT successfully worked with industry partners to amend the bill to remove the harmful FONCE provisions.

2619/Henry/2483/McDonald-Cemetery bill - Development of property containing a cemetery. In the beginning, the bill originally required the approval of a county commission before a subdivision developer may transfer remains. We began discussions with the Senate Sponsor and were able to have the provision requiring county commission approval removed and replaced with the notice requirement. Another group had a provision added that included a notice requirement for any development within 100 feet of any

cemetery or grave, whether the graves are being relocated or not. Finally, the HBAT staff drafted and got approval for the final version of the bill, which now impacts only those developments where the remains are being transferred. As enacted, the bill requires that prior to filing an action in chancery court to transfer the remains located in a gravesite or crypt, the proponent of the action must first publish a notice in a newspaper of general circulation within the county in which the gravesite or crypt is located. Requires that the notice include the name of the proponent of the action, the location of the property where the remains are located, and any name that can be discerned from the site of any person who is interred at the site. The HBAT successfully worked with the sponsor to amend the bill, removing harmful provisions of the legislation.

1748/Ketron/1645/Mumpower-Workers' Compensation-Requires under certain circumstances sole proprietors and partners in the construction industry to carry workers' compensation insurance on themselves. This bill was drafted by a coalition of industries (Road Builders, AGC, ABC, HBAT, the Department of Labor, and a few others) led by the Insurors of Tennessee, to remove the ability of a Sole Proprietor to not "opt in" for Worker's Comp. Insurance. The bill requires any sole proprietor or partners to carry W/C insurance on themselves, no matter how many employees they employ. The only way they can not carry W/C insurance is if they are doing work directly for the owner of the property - but they must carry Workers' Comp insurance on their employees no matter what. All of this is to say, if you are a sole proprietor or partner and you work for a General Contractor, you must carry workers' comp insurance on yourself and your employees - no matter what. If you work directly for the owner you do not have to carry it on yourself, just your employees.

—Continued on page 28

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Meet Representative

Joe McCord

District 8 - Areas of Blount and Sevier Counties



Born in Blount County, Representative Joe McCord is married and has two children. We are sure that many of our members will be glad to know that he is a 1991 graduate of the University of Tennessee. He has been an outspoken supporter of hunting and fishing rights, which always rings a positive note with Tennessee builders and associates, worked hard to clear up confusion on environmental issues, and he has been praised for his stand for the Tennessee Safe Haven Law. This law, which became effective on July 1, 2001, allows mothers of newborns to surrender unharmed babies to designated medical facilities within 72 hours of the baby's birth. Individuals can now do this without fear of being prosecuted and with total confidentiality.

Representative McCord has been involved in many areas of the Tennessee political process and his community:

Public Office

- House member of the 101st through 105th General Assemblies
- Member, House Commerce Committee

- Member, House Conservation and Environment Committee
- Member, House Ethics Committee
- Chair, House Wildlife Subcommittee
- Member, House Environment Subcommittee
- Member, House Industrial Impact Subcommittee
- Member, Joint Select Oversight Committee on Corrections

Community Involvement

- Blount County Chamber of Commerce
- Blount County Board of Realtors
- National Association of Sportsmen Legislators
- Tennessee Farmers Cooperative

With actions proving that he is a true friend to the Tennessee building industry, Representative Joe McCord has worked on extremely important issues such as immigration reform, the Tennessee State Income Tax Bill and recently several regulatory water quality bills that could have had very negative effects on home builders. Specifically, the progress made this year in the area of environmental reform will have an extremely positive effect on both builders and private property owners for years to come.

In March of this year, Representative McCord presented the following thoughts concerning the confusing legislation addressing the issue of "Ditches vs. Streams."

"This legislation stands for a truth that is neither conservative nor liberal, Republican nor Democrat. When the state makes and enforces rules, people need to know what the rules are and how to follow them. At



its core, this bill is an effort to give a common-sense understanding to what defines a ditch and what defines a stream. We need to be able to consistently identify these differences without the assistance of a biologist or a chemistry set. My objective is to work with the department, and those in my district, to clear up any misunderstandings in the law, which tends to be ambiguous.

I represent farmers who want to build ponds so their livestock will survive a drought. I speak for our property owners who want a home for their family, but need TDEC's approval to grade an acre of land. I introduced these bills for small-business owners who apply to TDEC for permits to manage stormwater, and wait for months in a process that not only is distressing for constituents, but also the department. In other words, I believe the process is much too complex.

This legislation would ensure that the rules are clear for everyone. Clear water standards are good for the regulators, the regulated and the environment. When we are all on the same page, standards and results improve."

It is this type of common sense approach that makes an outstanding legislator when it comes to the concerns of Tennessee citizens. In a further effort to introduce you to one of our truly exemplary representatives, the Tennessee HomeBuilder magazine presented Representative McCord with the following questions:



Ditches vs. Streams



Safe Haven Law



Immigration Reform



Interesting Facts about Maryville, Tennessee

During this session you carried several Water Quality bills brought to you by the members of the regulated community, including the Home Builders, who have frequently been frustrated in their dealings with the water permitting/complaints processes at TDEC (TN Department of Environment and Conservation). Why did you feel that it was important to pass this legislation?

I have served on conservation and environmental committees and subcommittees for the past ten years. I have always been passionate about developing an understandable solution that clarifies the open-ended definitions when it comes to environmental issues such as wet weather conveyance and wet weather streams. During the time I have been involved with these environmental committees, we have discussed the issues and complaints from constituents throughout Tennessee; but we had never truly developed a solution working with TDEC. However, this year we were able to make tremendous progress due to a concerned, diverse group of industry professionals called the Water Coalition, which included the Home Builders Association of Tennessee.

Do you think that progress will result from the legislation that passed this year?

Yes, because as an organized and united voice, we were able to bring legislation that deals with three very important concepts:

1. A Bill of Rights for those applying for permits which established standards, created a communications process with a contact person and hopefully will keep the permit process moving forward in a timely manner.
2. A type of Report Card that can help us understand what is actually happening during the permit process.
3. And finally, legislation that would help elected officials and regulatory agency personnel understand potential permit problems pertaining to environmental concerns. This particular bill would have developed solutions and clarification for many of the current ambiguous environmental definitions. Unfortunately, this piece of the legislation did not pass during this Session; but we have been assured in good faith by the administration that a solution would be presented in the near future.

Do you feel that there is still more that can/should be done to make the Department's processes more reasonable and understandable for members of the public?

I think there is always work to be done when it comes to helping citizens have fair and understandable codes and regulations that are uniform throughout our state. More than anything else, I would encourage your members to look closely at what a unified voice of individuals can accomplish. For example, the Water Coalition was able to get the attention of decision makers that normally cannot be influenced on an individual basis.

—Continued on page 23

In 1785, Revolutionary War veteran **John Craig** founded a wooden palisade known as Fort Craig at what is now Maryville in order to defend settlers against attacks from Native American tribes. Craig donated 50 acres next to his fort for the founding of a new town. Maryville was incorporated as a city on July 11, 1795 and named in honor of Mary Grainger Blount, wife of territorial governor William Blount, for whom Blount County is named.



The family of Sam Houston moved to Maryville in 1808, when Houston was 15. He taught school in a one-room

schoolhouse in Maryville before he began his military and political career. The schoolhouse still stands just off US-411 near the community of Wildwood.

Maryville lies in the Foothills of the Great Smoky Mountains. Within this scenic, historic town, there is an institution called Maryville High School that has produced several notable Tennesseans:

- Lee Humphrey, who won two college basketball national championships with the Florida Gators
- Roy Kramer, former SEC commissioner (1990-2002)
- Carl Stewart, former Auburn University fullback (2003-2008)
- Lamar Alexander, former Governor of Tennessee, former Secretary of Education, and U.S. Senator
- And last but not least – Representative Joe McCord, TN House – District 8

2008 NAHB & Legislative Conference

Washington, D.C.

A well-timed NAHB Legislative Conference on April 30, brought 1,200 builders, including approximately 40 HBAT members, to Washington to hold meetings with members of Congress. At the same time, thousands more builders lit up the switchboards on Capitol Hill with phone calls to their elected officials. The HBAT members delivered an urgent message to the eleven members of the Tennessee Congressional delegation: ***Move quickly to avert an economic crisis and enact legislation to jump-start housing, save jobs and restore confidence.*** Washington policy makers also received the message via ads that ran in the National Journal, Roll Call, Politico, CQ Today and CongressDaily.

During the Legislative Conference, NAHB conducted a simultaneous Satellite Media Tour. This facilitated several builders appearing in Washington with their congressional representatives for interviews with the media from their home markets regarding local housing conditions and the need for Congress to move swiftly on a housing stimulus package. The interviews aired nationally and in 10 local media markets, including Chattanooga, TN where Congressman Lincoln Davis and HBAT President James Carbine spoke regarding the state of the housing market in Tennessee and the need for immediate action by Congress.

The HBAT members received an overall positive response in our meetings with the Tennessee Congressional delegation. A number of our delegation were truly shocked by the severity of the effect of the housing downturn and the impact of the mortgage crisis on our industry and committed to work to help relieve the current situation.



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Mortgage rates have returned to near-record lows, reducing monthly payments substantially.

2. COMPETITIVE PRICES.

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3. AN IMPROVING MORTGAGE MARKET.

Lenders are making loans to borrowers with good credit, and Congress and the White House are pursuing ways to make loans more available to first-time buyers and buyers in high-cost markets.

4. GREAT SELECTION.

It's easy to find the home you are looking for at a price you can afford.

5. ENERGY EFFICIENCY.

Today's new homes are designed to save you money on your monthly utility bills, and increasingly incorporate exciting new green technologies.



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NAHB has produced a variety of resources specific to the housing downturn for members and associations to use in local public relations, marketing and media campaigns. Geared towards reassuring consumers and combating misleading media reports, these issue and region-specific talking points, fact sheets, op-eds, and other materials will help you prepare for interviews and better communicate with consumers and stakeholders.

This advertisement on the Top 5 Reasons to Buy a New Home Now is just one example of the great resources available at www.nahb.org. In the search area of the website, just type "Myth Busters."

There are also many resources available on the official HBAT website. Log on today and get information on events, rebates, meeting information, sponsors, legislative updates and much, much more. Just visit www.hbat.org.



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- Collapse
- Debris removal
- Fire department services charge
- Pollutant cleanup and removal
- Profit, if reported
- Reward
- Scaffolding, construction forms and temporary structures
- Valuable papers

Remodels

Please note that for remodeling projects the improvements will be covered, but the existing structure will not.

Governor Phil Bredesen signed six bills into law on Thursday, June 12, 2008. One of the bills signed was the Scrap Metal Bill - SB 2400/HB 2433.



This legislation was aimed at preventing theft of expensive metals like copper. The proposal, which unanimously passed both chambers, requires scrap metal dealers to register with the state Department of Commerce and Insurance. Metal sellers must have a state or federally issued photo identification card and provide a thumbprint. The HBAT supported this bill because as the price of copper has increased, thieves have stolen copper pipes and other materials from buildings and new homes throughout the state.



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A person in a dark suit with a red tie is holding a small white model house with blue shutters and a red chimney. The person's hands are visible, and a gold button is visible on the suit jacket.

STILL A SMART INVESTMENT

WHY SHOULD YOUR CLIENTS BUY A NEW HOME?

**Because it is still a smart
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As a long-term investment, homeownership is still one of the best investments for individual households. "Why" you may ask? After all, the headlines say the housing market is down and out, with defaults rising at an alarming rate, and mortgage markets so frozen that buyers can't get a home loan at any price.

What buyers need to realize is that housing markets, like all markets, inevitably have their ups and downs. And homeownership has a track record that is virtually unmatched by any other purchase in terms of its real benefits.

Despite the turmoil in mortgage lending, if you have good credit, a job and steady income, you will find there is still plenty of mortgage credit to be had at good rates. For well-qualified buyers, rates are running at near historic lows.

Homeownership's Real Value

Here are a few examples of why, dollar for dollar, homeownership is a solid stepping stone to a future of financial security and the single largest creator of wealth for many Americans.

Over the long-term real estate has consistently appreciated, even with periodic adjustments in local markets in response to economic conditions. On a national level, home appreciation has historically increased 5-6 percent annually, report economists at the National Association of Home Builders.

Five percent may not seem much at first, but here's an example that will put it into perspective: Say you put 10 percent down on a \$200,000 house, for an investment of \$20,000. At a 5 percent annual appreciation rate, that \$200,000 home would increase in value \$10,000 during the first year. Earning \$10,000 on an investment of \$20,000 is an extraordinary 50 percent annual return.

In contrast, putting that \$20,000 down payment into the stock market and getting a 5 percent gain would only yield a \$1,000 profit.

Compared to Stocks

Looking at it another way, over a longer period of time, if someone put \$10,000 into the stock market in 1996, the average annual S&P return would make that investment worth \$21,500 today—an increase of \$11,500. The median home price in 1996 was \$140,000. Today, that same home would have gained nearly \$100,000 in value. **So educate your clients on the importance and value of homeownership.**

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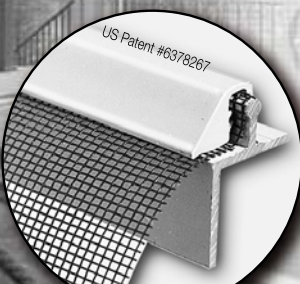
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LOCAL HAPPENINGS

Rutherford County HBA's 2008 "Homes Today" Tour of Homes

Above photos: Ole South Properties' entry, *The Danbury*, was named Judge's Choice "Best in Show" of the Puckett Station showcase entries, during the July 5, 2008 "Homes Today" Tour of Homes Preview Party. A record number of attendees, some 500 builders, Realtors, and residential construction industry professionals enjoyed the baseball-themed party – complete with games and live music, and toured the five lavishly decorated and furnished showcase homes.



A Hot Golf Tournament in Knoxville

The Home Builders Association of Greater Knoxville held its annual golf tournament on June 5, 2008 at Avalon Golf Course in Lenoir City, TN. The Landmark Course hosted 128 members on a 90 degree, sun drenched day that had everyone feeling the hot conditions. Sponsors provided lunch, golf shirts, towels, hats, plenty of cold beverages and lots of extra goodies to make for a perfect day on the links. Players enjoyed special contests throughout the day including a putting contest, longest drive and closest

to the pin. This event is always a fun outing and this year was no different; everyone had a great time.

The tournament concluded as players gathered in the club house pavilion to hear the winners announced and watch as prizes were awarded. Thanks to all the members who played and sponsored the tournament - we look forward to doing it again next year!

Ground Breaking and Golf at Memphis Area Home Builders Association

Middle photo: Ground Breaking for the 2008 Vesta Home Show was held on Thursday, June 5th at Saunders Creek, Rossville, TN. Pictured above are Mark



Smith, John Desantis, Reggie Garner, Karen Garner, Walker Uhlhorn, Johnny Williams, George Uhlhorn, Darin Bommarito. The show will be held from October 4 - October 19th.

Bottom photo of golf tournament: Bob Zacher, First Tennessee Home Loans qualified for the \$10,000 Putt Fore Cash Contest.



Joe McCord - House of Representatives, District 8

Continued from page 15—

Once again, I want to make sure that we have a commitment in Tennessee to developing simplified codes and regulations that protect the environment and promote good policies for builders and private land owners. I do not believe that the business community and the environmentalists need to be at odds with one another. Nothing can be accomplished by extremists on either side. If we have both industry and environmentalists working together for better, common sense solutions, I think we can actually accomplish something.

In your opinion, how important is the homebuilding industry as an economic factor to Tennessee?

I believe the current economic environment speaks for itself. Anyone can look at the number of building permits and housing starts this year and do the math. Building supplies, furniture sales, taxes,

the creation of a wide range of employment opportunities—the Tennessee building industry has far reaching effects on every aspect of our economy. That is why I think it is so important for organizations such as yours to help both legislators, and the general public, understand the issues and concerns that promotes or harms your industry.

Are there any other comments you would like to make to the members of the Home Builders Association of Tennessee?

Many of you may not realize that I am actually a contractor, so I do truly understand the trials and the rewards of the building industry. So I just want to say thank you for what you contribute to our state and our local communities. Stay involved and keep your association strong; because together we accomplish the goal of better quality homes, more

affordable housing and a better environment for ourselves and future generations of Tennesseans.

The HBAT would like to thank Representative Joe McCord and his staff for their assistance with this article, and their support of our industry. We would also like to thank Senator Steve Southerland for his hard work and contributions in promoting the Water Quality bills this year.



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resistant to mold, mildew and fungus, so interior walls made of brick let people breathe easier.

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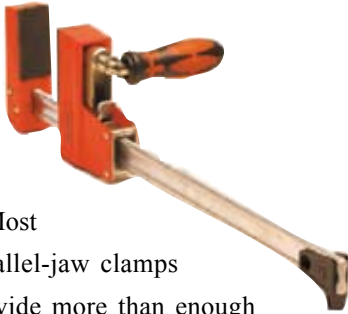
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display even flips over with the level, so it always reads right side up. Level shuts off automatically after 5 minutes when it's not being used; measures any angle in degrees up to 0.1 accuracy; module is made of unbreakable ABS polymer; and it is sealed against dirt and water. Digital level has indestructible block acrylic vials and uses standard 9V battery.

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Green Termite Protection



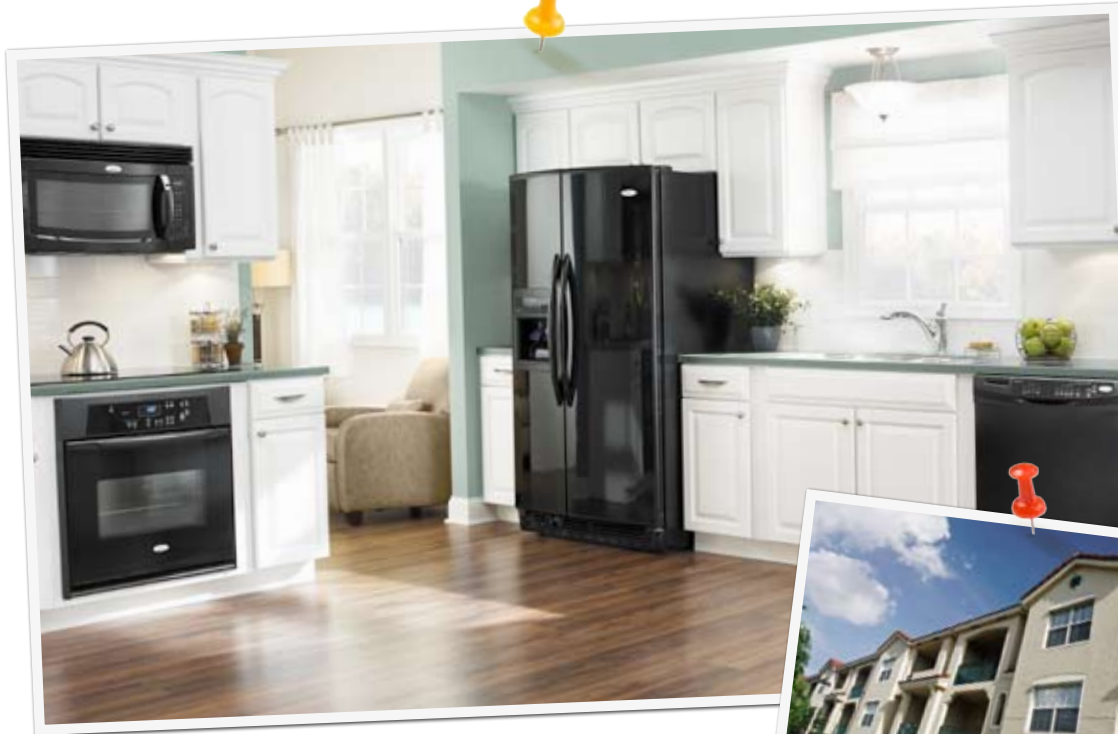
Now there is a "green" solution to protect your structures from termites. In-

stead of poisoning the soil under a home, Bora-Care eliminates the wood as a food source while saving you one full day of cycle time. This innovative product was awarded the 2006 Green Builder Magazine® Best of Show award.

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How Green Are You?

Energy Audits and Green Appliance Selection Can Help!

Homeowners and homebuilders are all looking for ways to be environmentally and economically responsible. One of the most important things that you can do to maximize energy efficiency is to review your current energy usage by getting a home energy audit. Also, replacing existing energy-hungry appliances with green appliances can help the environment and save money.

Home Energy Audits

Many utility providers offer free home energy audits which can reveal any hidden factors that are devouring energy and spiking your bill. Energy audits can be basic or extensive, examining factors such as insulation, heating and cooling systems, windows, landscaping and water heaters. The audits can help you to save a lot by making suggestions for power conservation, or pointing you towards green appliances that are tailored to your budget.

The Tennessee Valley Authority (TVA) has a program that can help Tennesseans with a free Energy Audit. Just go to www.tva.gov and click on “*Energy Right*.” This area of the TVA website also provides interesting educational tools and money saving tips.

ATMOS Energy offers an Energy Profile, which creates a comprehensive report that analyzes your home energy use, details your energy cost and provides cost-saving recommendations that you can implement. Just visit www.atmosenergy.com.

Appliances

On average, about half of your electric bill comes courtesy of major appliances, electronics and home office equipment. Another roughly 20 percent is attributed to lighting, and the remainder is invested in the heating and cooling of your home space, and kitchen use. With those figures in mind, targeting energy consumption by purchasing green appliances is probably your most effective start.

ENERGY STAR

The EPA developed its Energy Star program in the 1990s as a way of creating rigid standards that aggressively address energy efficiency for household appliances. The program initially focused on home electronics and televisions, but has blossomed out to entail most major appliances, including sound systems, DVD players, telephone products, battery chargers, and many kitchen appliances. The ENERGY STAR program continually upholds and improves their already strict regulations for energy-efficient measures—many ENERGY STAR-rated appliances go above and beyond any governmental requirements. The EPA has a great energy yardstick program which allows you to explore tips and tools room-by-room.

Just visit www.energystar.gov.



WaterSense

The EPA also has a new program called WaterSense that is very similar to the ENERGY STAR program. WaterSense will help consumers identify water-efficient products and programs. The WaterSense label will indicate that these products and programs meet water efficiency and performance criteria. WaterSense labeled products will perform well, help save money, and encourage innovation in manufacturing. To find out more about this new program, visit www.epa.gov/watersense.



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There is a big however - If you are a corporation, you still have the ability to “opt out” of W/C insurance on yourself as an officer of the corporation. It also suggests sole proprietors may want to investigate whether or not to set themselves up as a corporation. It also raises the question of whether or not a LLC or partnership has the same ability as a corporation when it comes to W/C insurance. Currently, the Department of Labor treats an LLC and partnership differently than a corporation. We are working with the Commissioner to issue a ruling on treating LLCs and limited partnerships the same as a corporation - we are confident we will convince the Commissioner to do so, as he has indicated a desire to.

The HBAT successfully worked with the sponsor to amend the bill removing harmful provisions of the legislation.

THE HBAT WORKED FOR PASSAGE OF THE BILL

3621/Bunch/3708/Brooks, K. - Water Quality Complaint Process - Requires that any complaint arising from an allegation of a violation from the (TDEC) Tennessee Department of Environment and Conservation relating to an impact on groundwater to specify the source of the ground water. Senate amendment 1 requires the department to promptly make available and provide access to any documents and other information that address the factual and scientific basis of the complaint, upon request by the alleged violator or violators. The HBAT strongly supported passage of this bill.

3796/Southerland/3772/McCord - Water quality - Enacts Bill of Rights for Permit Applicants. Requires permit applicants to have the right to assistance in understanding regulatory and permit requirements. Specifies that permit applicants have the right to know the projected fees for review of applications, and how any costs will be determined and billed. Specifies other rights of permit applicants. Amendment: Senate amendment 1 makes the bill. Removes provision requiring the commissioner to designate a permittee’s advocate in the department and clarifies the application process. Requires ARAPs be issued or denied within ninety days of completion, and provides another 90 day extension of that if a public hearing is requested. Requires applications for the re-issuance of National Pollutant Discharge Elimination System permits to be issued or denied within 180 days of completion with the same 90 day extension for public hearings. Requires applications for

new or modified NPDES to be issued or denied within 365 days with the same 90 day extension provision. HBAT successfully worked with industry partners to draft, introduce and secure passage of the legislation.

4116/Southerland/4184/McCord - Water Quality - Annual report by TDEC. Requires the commissioner of the Department of Environment and Conservation to annually report certain information to the Senate Environment, Conservation and Tourism Committee and the House Conservation and Environment Committee, including information on the number of enforcement orders issued in the previous calendar year, the number of consent orders or final orders issued in the previous calendar year, and the number of contested cases issued before the board in the previous year. The HBAT successfully worked with industry partners to draft, introduce and secure passage of this legislation.

2400/Kyle/2433/McDonald - Requirements for scrap metal sellers and dealers - Requires dealers buying and selling scrap metal to register with the department of commerce and insurance by October 1, 2008. Prohibits dealer from purchasing scrap metal from a person unless such person provides dealer with state or federally issued photo identification card that appears valid on its face to the dealer. Requires scrap metal dealer to record information from photo ID, in addition to license plate number and make and model of vehicle the seller is driving, and maintain this information as part of the transaction record. Also requires dealer to obtain thumbprint impression of seller. Prohibits immediate payment for purchase of copper, catalytic converters, and air conditioner evaporator coils. Establishes criminal penalties and civil forfeitures for violation of act. Most importantly, The HBAT also drafted and was successful in having incorporated into the bill a provision that makes trespass onto a posted construction site an aggravated criminal trespass, increasing both the severity of the crime and penalties. The HBAT successfully worked with industry partners to secure passage of the legislation and to defeat preemption amendment (would have preempted Memphis’ local scrap metal ordinance).

THE HBAT WORKED TO DEFEAT BILL OR A PROVISION OF THE BILL

3651/Ketron/3521/Buck - Stop work order for

violations of Water Quality Control Act. The bill would have allowed the commissioner of the (TDEC) Department of Environment and Conservation to issue stop work orders for violations of the Water Quality Control Act or for activities that threaten public safety. Specifies that person who violates stop work order is subject to a civil penalty of no less than \$25,000 plus the cost of remediation or other compensation for loss of public trust resources to the state. The HBAT successfully worked with industry partners to defeat this legislation.

4022/Berke/2666/West - Requirements for blasting surveys and notice. If it had been enacted the legislation would have revised the requirement that a free pre-blast survey be offered by increasing the distance from the blast site to the occupied building from 300 feet to one-half mile. Also would have revised the scaled distance requirement for notice of blasting. The HBAT successfully worked to defeat this legislation.

3634/Harper/3262/Moore - Noise study required for certain residential developments. If enacted the legislation would have required certain residential development within 500 feet of the nearest travel lane of a limited access highway to conduct a noise study before a building permit would be issued by a county or municipality. The HBAT successfully worked with industry partners to defeat this legislation.

4225/Ketron/4227/DuBois-Columbia - Adequate facilities tax. If enacted this bill would have authorized the City of Columbia to authorize the levy of an adequate facilities tax by ordinance on new development if it can show a reasonable connection between the need for the public facilities and anticipated new development. The HBAT successfully worked with industry partners to defeat this legislation.

2542/Henry/3853/Casada - Housing standards for individuals 55 and older. If enacted this proposed legislation would specified requirements for dwellings designated for people 55 and older in cities and counties that have adopted building codes. Would require that 25 percent of private dwellings and 100 percent of rental dwellings for such individuals meet the following criteria: parking spaces must be 100 feet or less from each entrance and units must meet the minimum standards of ANSI. Excludes

ASK THE ACCOUNTANT

Records Retention—What should I keep?



Bob Bellenfant

Records retention, or maybe a better term would be records management, should be adopted by every homebuilder.

Most records are either stored until we move our offices or run out of room. A more efficient plan would be to create a procedure to annually purge or eliminate information that is no longer required to be retained.

There are many ideas as to proper records retention practices, but two factors appear to be most important: (1) What records have sufficient importance to be retained and (2) How long should each record be stored. Many records are so vital that they should be considered permanent in nature. You should consider keeping indefinitely any records that cannot be recreated by any other office, institution or governmental unit. Other records are important as to document certain events such as support for tax return filings. The Federal Statute of Limitations is normally three years from the due date of the tax return or the date it is filed, whichever is later.

The following illustrates financial records of a typical homebuilder and recommended time to maintain them for future reference:

Permanent	
Year end Financial Statements	Tax returns and supporting calculations
General ledger and journals	Copy C of W-2 forms and 1099 forms
Owned real estate records	Charter, bylaws and board meeting minutes
Four Years	
Auto mileage logs	Bank deposit documentation
Bank statements	Cancelled checks
Entertainment records	Expenses reports
Paid vendor invoices	Sales contracts and settlement statements
Seven Years	
Bank statements	Depreciation schedules
Payroll records	Payroll tax filings
Sales contracts and settlement statements	Insurance policies

Bob Bellenfant is a certified public accountant with Bellenfant & Miles, P.C. CPAs in Brentwood, Tennessee. He has served homebuilders and other construction related businesses in Tennessee for over twenty years. You can reach him at (615) 370-8700, extension 12 or by e-mail at bob@bellenfantmiles.com.

Electronic records present additional issues. You should maintain backups of electronic data for the same period as paper records. The integrity of the electronic records must be reliable to enable reproduction at a later date. If you cannot insure the integrity of the electronic data, you must print the documents that you need to store.

I have given you some guidelines to consider. Each company should develop its own procedures for maintaining records of past years. Most will decide to keep everything for seven years and then destroy all but permanent records at that time.

owners building a dwelling for personal use on their own land, any facility licensed by the board of licensing health care facilities, and any public housing.

The HBAT successfully worked to keep the legislation from moving forward this session.

2989/Herron/4160/Ferguson- Workers' Compensation-Exemption for employees on religious grounds. Permits employer to file application to be exempted from Workers'

Compensation Law with respect to certain employees on religious grounds. The HBAT worked to defeat legislation, and was successful in getting legislation deferred to next session.

STATUS OF SMOKE DETECTOR BILL

2600/Burchett/2528/Turner M.- Smoke detectors required to be photo-electric devices. This proposed legislation would have required that all statutorily required smoke detectors

be photo-electric devices by January 1, 2009. Would have applied to foster care dwellings, nursing homes, assisted-care living facilities, licensed homes for the aged **as well as newly constructed single family and multi-family residential dwelling units.** The HBAT was working with the sponsor to amend the bill to limit negative impact on our industry. The bill was defeated in the Senate after encountering resistance from the smoke detector manufacturing industry.



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