

TENNESSEE HomeBuilder

Sept./Oct. 2008

Official Magazine of the Home Builders Association of Tennessee

Jim Fyke

Commissioner of the Tennessee
DEPARTMENT OF ENVIRONMENT & CONSERVATION



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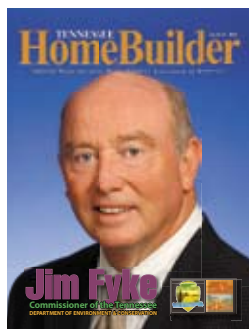
WHO WE ARE

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 5,500 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 TDEC Commissioner Jim Fyke, native of Old Hickory, and learn more about important builder news and legislative issues.

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THE NEW HOUSING STIMULUS PACKAGE

— A step in the Right Direction —

The federal government is definitely attempting to ride in like the Calvary in an old John Wayne western as they try to correct and assist homebuilding problems, mortgage emergencies and new homebuyers throughout the country.

One of the hottest new legislative topics is a temporary \$7,500 tax credit for first-time homebuyers, which was recently included in a landmark housing bill. Our National Association, the NAHB, fought diligently to make this stimulus package a reality in hopes that it will get buyers back into the marketplace and help end the current economic downturn. "This milestone bill contains several provisions to get home buyers back into the marketplace, stop the slide in home prices, provide a lifeline to borrowers facing foreclosure, improve mortgage liquidity and bolster confidence in Fannie Mae and Freddie Mac," said NAHB President Sandy Dunn.

The basics of the new stimulus package are as follows:

Q: Who is eligible to receive the full \$7,500 tax credit?

A: First-time buyers (anyone who has not owned a home for the past three years) who closes on a home purchase on or after April 9, 2008 and before July 1, 2009.

Q: What are the income limits?

A: To receive the full credit, a single taxpayer must earn less than \$75,000 per year and married couples who file jointly must earn less than \$150,000 per year. A partial credit is available to those earning up to \$95,000 for a single or \$170,000 for a married couple.

Q: What types of homes will qualify for the tax credit?

A: Any home purchased by an eligible first-time home buyer will qualify for the credit, provided that the home will be used as a principal residence and the buyer has not owned a home in the previous three years. This includes single-family detached homes, attached homes like townhouses, and condominiums.

Q: What does it mean that the tax credit is refundable?

A: It means that the home buyer credit can be claimed even if the taxpayer has little or no federal income tax liability to offset. For example, if you owed the IRS \$5,000 in taxes and qualified for the entire \$7,500 credit, the credit would eliminate that debt and the government would cut you a check for the remaining \$2,500.

Q: Do you have to pay back the credit?

A: Yes, the tax credit must be repaid. Home buyers will be required to repay the credit to the government, without interest, over 15 years or when they sell the house, if there is sufficient capital gain from the sale. For example, a home buyer claiming a \$7,500 credit would repay the credit at \$500 per year. The home owner does not have to begin making repayments on the credit until two years after the credit is claimed. For more information, go to <http://www.federalhousingtaxcredit.com>.

Local Associations can tie this new stimulus package into the "Now Is a Good Time to Buy a Home" campaign. The NAHB offers numerous resource-

es by simply visiting www.nahb.org/mythbuster. On this website you will find ready-to-print ads, web banners linking individuals to www.federalhousing-taxcredit.com; targeted talking points; and public relations advice. In addition, NAHB is conducting widespread media outreach to ensure that the news of the tax credit gets through to as many potential home buyers as possible.

There are definitely lessons to be learned from the current economic problems in the Tennessee building and mortgage industries. Hopefully, they are lessons that will make the industry better and stronger when the current crisis fades into history. Pat McAlister, a 15 year veteran consultant to homebuilders and developers, recently pointed out that the "...housing bubble was driven by speculation, not genuine home sales. And now the speculators are getting killed." It boils down to the simple economic principal of supply and demand and making wise, long-term money decisions when it comes to signing those loan papers at the bank. Unfortunately, some people wanted to buy houses they couldn't afford. Some banks enabled them to do so by making risky loans. We homebuilders kept on building and hoping the economy would continue to be strong.

Finally, I would like to commend the government for at least trying to jumpstart our current economic situation. There really are no easy answers, but I think the attitude of saddling up with a plan and riding bravely off to save the housing and lending industry is a step in the right direction. So let's all pick ourselves up by the boot straps and move forward. ♦





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The Value of Associates in 2008 —

Do you support our home builder family with your loyalty?

How do you show appreciation to those who work hard and support organizations and causes that benefit your industry? It is called loyalty, and more and more this has become a foreign concept in today's society. We are a world of fast food, instant gratification, throw away products and impersonal service. Those factors do not support the concept of loyalty. Loyalty, especially within an organization like the Home Builders, has a few common laws:

1. Loyalty cannot be bought. It is earned over a period of time, developing a relationship of trust.
2. There should be an attitude of family within an organization that promotes the use of products and services of fellow members.
3. There should be an expectation to be treated with respect, fairness and integrity. This builds loyalty in our family.
4. Since no service or product is perfect, be prepared to go beyond a member's expectations when something goes wrong. "I'm sorry" are two of the cheapest words on earth. Problems should be addressed immediately with a sincere attitude of regret and an explanation on how you plan to keep them from happening again. Problems can actually present opportunities that build loyalty if they are handled correctly.
5. Show appreciation!

Associate Members are a diverse group of occupations, including subcontractors, utilities, title companies, interior designers, building material manufacturers and dealers, real estate agents and many other business representations. They are an important group within the HBAT, and

they deserve our loyalty!

This year we have tried to do more than ever before promoting "Do Business with a Member" campaign. You will notice the logo on sponsorship signage at our meetings, specialty banners, campaign slogans on hotel key-cards at our Board of Directors meetings, special recognitions in our e-newsletter and a t-shirt was specially designed and given out at our 2008 Annual Summer Meeting in Destin, Florida. It featured a "fishing motif" that stated "Get Caught Doing Business with a Member."

September is Associate Appreciation month, and since Associate members compose approximately 60 percent of our membership numbers, I believe it is extremely important to honor these individuals. So many of our Associate Members take on leadership roles, provide exhibits, sponsor events and support our Political Action Committee, not to mention their dues revenues. Associate Members are "involved and committed" members, serving on committees and important councils that develop today's strategies and tomorrow's success.

Associate Membership has opened numerous doors in the areas of networking and leadership within the Home Builders Association of Tennessee. There are valuable business opportunities that give access to a wealth of professional contacts. It's a win/win relationship between builders and associates that produces a valuable knowledge of products and services, an atmosphere of confidence and trust, and ultimately a return on the investment of membership. Those are successful results in anyone's book!

Let's all get serious about the concept of loyalty and let's—

"DO BUSINESS WITH A MEMBER!"

2007 Associate of the Year Ann Wallace



Ann Wallace, the Director of Marketing Representatives for Warranty Title Insurance Company in Chattanooga, Tennessee, accepted the 2007 Associate of the Year award at a black-tie ceremony held at the Schermerhorn Symphony in Nashville.

Ann is described as caring, loyal and enthusiastic! She was named Rookie of the Year for the Home Builders Association of Southern Tennessee in 2002, served as Women's Council President for two years and the Associate Council President for two years in her Local Association. Ann is well known for her willingness to participate, her outstanding work ethic and her dedication to excellence. Ann Wallace is an outstanding example of the dedication and leadership provided by the Associate Members of the Home Builders Association of Tennessee.



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Does your really matter?



Legislative Review
Steven Cates, Chair
Government Affairs Committee



With election day rapidly approaching and citizens across the country struggling to cope in a sluggish economy, the focus of the upcoming elections will no doubt be on what can be done to stimulate the economy, especially the housing market, and to lower costs for essential items like gas and food. The presidential campaigns have already seen their share of drama as Americans will choose between two somewhat surprising candidates: Barack Obama and John McCain. After a protracted battle between Barack Obama and Hillary Clinton, the Democrats finally settled on a nominee, while John McCain edged out other, perhaps more likely, candidates to secure the Republican nod for President.

With so much hinging on another potentially close election, one wonders if one vote can really make a difference? Even Hollywood is asking the question in a new movie starring Kevin Costner. "Swing Vote" is about a regular guy who in a remarkable turn of events becomes the single vote that will determine the Presidency. Of course, the real-life presidential election of 2000 will always

be remembered for its drama...coming down to a single state, a little over 500 votes and ultimately a decision by the U.S. Supreme Court giving George W. Bush the one electoral vote he needed to become President.

We should remember, however, that the 2000 presidential election is only the most recent example a razor-thin election. Throughout history, many important questions have come down to one vote. For example, in 1776, one vote gave America the English language instead of German. In 1800, one vote in the House of Representatives gave Thomas Jefferson the presidency, after receiving a tie in the Electoral College. That one vote prevented Aaron Burr, later charged with treason, from becoming president. In 1845, one vote brought Texas into the Union. In 1868, one vote saved President Andrew Johnson from impeachment. In 1920, one vote gave women the right to vote, when Tennessee became the last state to ratify the 19th Amendment to the Constitution. In 1923, one vote gave Adolph Hitler leadership of the Nazi Party. In 1960, one vote per precinct in Illinois would have given Richard Nixon the Presidency over John F. Kennedy.

Earlier this year, in the Tennessee State Senate, one vote cast by Rosalind Kurita (D-Clarksville) ended the 36 year reign of John Wilder (D-Somerville) as Lt. Governor. This one vote gave control of the Senate to the Republicans and gave us a new Lt. Governor Ron Ramsey (R-Blountville). The Republicans held a majority in the State Senate for the first time in over 130 years, at least numerically, until Mike Williams (I-Maynardville) left the Republican party and declared himself an Independent. Currently, the party breakdown is 16 Democrats, 16 Republicans and 1 Independent. Interestingly, Williams, who is up for re-election this

year is in the race of his life as the Republicans work extremely hard to recapture his seat. His opponent, Republican candidate Mike Faulk, is being well-funded by the Party and had raised over \$100,000 more than Williams in campaign funds at the time that this article went to print. The election may be a close one.

So, as election day approaches, remember the lessons of history and cast your vote because **you have the power through your vote to make a difference!**

Another way HBAT members make a difference.....

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(As reported by the Tennessee Registry of Election Finance.)

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6. National Health Corp.
7. Trial Lawyers
8. Car Dealers
9. Bankers
10. Home Builders

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Tips from your industry experts—

With Jobsite Visitors, Expect the Unexpected

If life has taught us anything, it reminds us to expect the unexpected. We expect supervisors, subcontractors, and inspectors on the jobsite. We expect homebuyers with their real estate agents. We have also come to expect the unexpected—the nosy neighbor and the venturesome child, especially when warm weather brings more passersby. Regardless of whether or not someone has permission to enter the jobsite, safety programs must account for the expected and the unexpected.

A Duty Owed

First, the people who spend the most time on the jobsite—the GC's own employees and the subs—have their access controlled by the GC. Realistically, however, they will work there unmonitored for significant time periods. Regardless, the GC still has a duty to implement safety measures to address any hazards that put this group at risk.

Basically, GCs should show employees and subs that their safety comes first. A daily job inspection easily documents that the GC has proper safety measures in place at all times. A written log is good, but dated stamped photos are even better.

Furthermore, all employees and subs should be trained to alert either the GC or the supervisor when they spot an unplanned jobsite visitor.

Regaining Control

Homebuyers, real estate agents and even inspectors will visit the jobsite. What differentiates this next group of jobsite visitors from the first? The GC expects a visit from them but does not have complete control over them. The trick to regaining some control lies in turning unplanned visits into planned visits.



▲ Discourage unaccompanied jobsite visitors by posting signs. Alert them to the dangers of construction. Purchase signs on www.buildersmutual.com.

To diminish the risk of unplanned homebuyer visits, GCs should include site visitation rules in their homebuyer agreements. Such rules identify specific stages of construction when the GC promises to contact the homebuyer to arrange a visit and accompany the homebuyer.

GCs add a layer of protection with real estate agents by coordinating similar agreements with them. For example, if a GC develops a number of lots within one subdivision, the agreement would ask agents to contact the GC for a recommended jobsite to visit, in a visitation-ready stage of construction. In anticipation of such requests, the GC can take added precaution on one specific lot to ensure a safe jobsite visit.

The "Welcome Mat"

What kind of welcome mats do GCs lay for homebuyers and agents? Does an unsteady plank leading from the dirt into the front doorframe invite visitors to assume an unnecessary risk? Every home should have a sturdy entranceway as early as possible. If the home has a garage, block the front door with yellow tape and construct a sturdy entranceway there.

—Continued on page 25

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Meet TDEC Commissioner

James H. (Jim) Fyke

Commissioner Jim Fyke is a native of Old Hickory, Tennessee and holds a Bachelor of Arts in Business Management from Peabody College of Vanderbilt University. Jim and his wife Becky have a daughter, Claire. He has two stepchildren, Rebecca and Ryan, and he is the proud grandfather of Kacey, Joshua and Andrew.

Jim is also an avid golfer who actually started a golf tournament in 1981 to recognize a true city golf champion in Nashville. The annual tournament is called the "James H. Fyke Municipal Amateur Championship." Due to the growing number of women golfers, a women's division was added in 1992.

Jim Fyke was appointed Commissioner of the Tennessee Department of Environment and Conservation (TDEC) by Governor Phil Bredesen on April 14, 2005. A true parks and conservation professional, Jim brings a distinguished career with more than 40 years of successful public service to this critical post. Commissioner Fyke is a powerful advocate for Tennessee State Parks plus the protection of our land, air and water resources. Under his leadership Tennessee State Parks was selected to receive the National Recreation and Parks Association's 2007 Gold Medal Award for Excellence in Park and Recreation Management. This prestigious recognition is the highest honor a park system can receive within the industry.

One of Jim's key responsibilities is serving as Governor Phil Bredesen's point person on land conservation issues. Commissioner Fyke has been a primary leader helping the Bredesen Administration and General Assembly establish the new Tennessee Heritage Conservation Trust Fund. This new Trust Fund is an important tool for promoting conservation partnerships between public and private parties that protect priority lands and unique natural resources in Tennessee.

Commissioner Fyke and his staff have many important responsibilities throughout Tennessee. The Commissioner was willing to take time out of his busy schedule to answer the following questions for our association:

1 Can you update our members as to the status of the implementation of two of the water quality bills that were passed last session? The first new law will require TDEC to make an annual report to the legislature about various enforcement actions. The second is the "Bill of Rights for Permit Applicants" which states that "permit applicants have the right to assistance in understanding regulatory and permit requirements." Do you think that these laws will help foster greater communication and cooperation between the department and the regulated community?

The reporting law requires us **to file a report by January 31 each year. The report will provide** statistical information on both enforcement actions and permitting actions. The information must be sorted by county and for enforcement actions must compare the number of orders that are issued, become final as well as those that are appealed and that are resolved either by consent or board decision. The report must also compare the amount of civil penalties initially assessed with the amount of civil penalties that are actually due. **The data on permitting must** compare the time between initial application receipt and when the application is deemed complete as well as the time between complete application and issuance or denial. The law also requires that the department work to implement a secure web portal for online permit application submittal.

The department has **recently developed** an excellent data management system that **will facilitate our tracking this information and making it available** to the legislature and the public. This information will **soon be available on** our website.

The department is also anxious to implement an online permit application system. We believe that this will improve the efficiency associated with the administrative part of the permitting process, thus allowing us more time to devote to the technical and environmental issues associated with permit decisions. The permittee bill of rights includes provisions that we have always believed are important for the regulated community, such as having a good understanding of the permit rules and effective communication with the department either through the webpage or other forums. It also sets out specific timelines for permit actions that in some cases, might be difficult to achieve. Therefore close communication, cooperation and understanding between the agency and the applicant are key to implementing this law.

2 There has been a lot of discussion about "the ditch bill" and what constitutes a "wet weather conveyance." At the end of the last legislative session, TDEC and members of the Water Coalition, of which HBAT is a member, had agreed to continue meeting to try to reach a compromise that would allow the Department to protect waters of the state while at the same time giving permit applicants greater predictability and consistency in stream determinations. Can you tell our members what / if any progress has been made?

The department is strongly committed to striking the right balance between property owners' rights and the protec-



The Tennessee Department of Environment & Conservation

tion of the environment. I believe that balance can be achieved by having sound permitting requirements and procedures that are effectively communicated and fairly enforced.

In early June, Bill Penny and David Jackson gave their presentation concerning Waters of the State to me and key staff. This is the same presentation that they have given a number of times across the state, including the legislature. If your membership has not seen this presentation, I highly recommend it. There are some key points in this presentation that give me strong confidence that concerns your organization has previously expressed can be addressed through sound procedural and regulatory modifications. For instance, Bill and David specifically noted that the Tennessee Water Quality Control Act has, since its passage back in 1971, been hailed as a model Act. Their central point is that the most significant feature of our model Act is the recognition that all waters of the state are subject to regulation **but** that the degree, process, and procedures employed in that regulation should match the uses and characteristics of the water being impacted. In simpler terms, with which I agree, one size of regulation does not fit all.

One of the final points in Bill's presentation is that the current Act provides the necessary legal framework to address the concerns raised. I certainly agree. In fact, I would go further and suggest that the amendment of the definition of "waters" that was proposed last year was a very bad idea. Instead of simplifying and speeding up the processing of permits it would have had the direct opposite effect. That amendment would have introduced a new and complicating concept into Tennessee's water pollution law. It would have required that we determine if the waters being impacted were or were not "waters of the United States." After the 2006, U.S. Supreme Court ruling (*Rapanos v. U.S.* 126 S. Ct. 2208) concerning "waters of the United States" this determination is both difficult and time consuming. I think we all can agree on the need to avoid that quagmire at all cost.

We are meeting with Bill Penny and others interested in this issue again next week. I am confident that regulatory modifications can be made that will give permit applicants greater predictability and also provide greater consistency in stream determinations.

3 In what ways can homebuilders be more proactive in environmental issues in Tennessee?

—Continued on page 20

TDEC is a very far reaching and diverse department with more than 3,200 employees. It is the chief environmental and natural resource regulatory agency in Tennessee. It has delegated responsibility from the U.S. EPA to regulate sources of:

- air pollution
- water pollution
- solid and hazardous waste
- radiological health issues
- underground storage tanks
- water supply
- groundwater

TDEC has eight (8) environmental field offices, and it offers a program of grants and loans to assist local communities with the development and maintenance of drinking water and wastewater infrastructure as well as solid waste disposal, waste prevention, plus programs for recycling, parks, greenways and trails. It promotes both front-end environmental education and strong, effective enforcement.

The department manages 53 state parks and 79 state natural areas encompassing over 185,000 acres across Tennessee - ranging from rustic natural and historic sites to resort parks with 6 inns, 8 restaurants, 4 marinas and the 12 golf courses on the Tennessee Golf Trail.

Tennessee State Parks will draw nearly 25 million visitors in 2008. TDEC provides support and assistance to local governments for local parks and recreation programs, and it is also responsible for conserving and promoting the historical, natural and archaeological heritage of Tennessee.



2008 Summer Board of Directors Meeting

July 13-16, 2008

Taking Care of Business in Destin, Florida

An exciting fireworks display, inflatable beach water slides for the kids, and an outdoor movie – these are just a few of the memorable events from the 2008 Annual Board of Directors meeting in Destin, Florida.

This year's Annual Summer Meeting got started on Sunday, July 13. Members registered for the meeting, enjoyed light snacks and were greeted by Sponsors showcasing their products and services. Tabletops in Destin were provided by:

- LP-Louisiana Pacific
- 2-10 Homebuyers Warranty
- Gary Ragsdale Custom Home Designs and Developments
- Interactive Systems
- WR Starkey Mortgage
- The Federal Reserve Bank of Atlanta
- TVA-Tennessee Valley Authority
- Imperial Mailbox
- Countrywide Home Mortgage
- Bonded Builder
- James Hardie Siding
- WaterFurnace

On Monday, members were treated to a light breakfast and committee meetings were held throughout the morning. Builders Mutual Insurance conducted an educational program on "Risk Management for Contractors" and the Federal Reserve Bank of Atlanta provided an informative "Economic Overview" on the national, regional and local levels.

Monday afternoon was left open to let everyone have a chance to enjoy the beautiful beaches and surrounding Destin area.

Tuesday began with another round of morning business and committee meetings. But there was anticipation in the air as the time drew near for the annual Volley Ball Tournament. Rumors spread quickly that the event could occur on the beach or continue to be held as a pool event. An attempt was made to use the democratic process, but there was treachery afoot as the names of everyone from Elvis to Santa Claus appeared on the voting records. Finally, the decision was handed over to our capable and wise president, James Carbine. President Carbine did not take this responsibility lightly and decided to seek the assistance of the royal council of Corona. Finally, the decision was announced that the event was to alternate each year between the beach and the pool, with 2008 remaining as a water event.

As the athletes gathered around the pool, it was obvious that the East, Middle and West Tennessee teams had been preparing mentally and physically for the rigors of this competition of strength, endurance and skill. West Tennessee was serious enough to produce two teams for the event – later described as a Major League and a Minor or Farm League team.

Not even the volley ball competitions during the recent Beijing Olympics could compare the determination displayed during this year's HBAT sports spectacular. But when the splashing ceased, it was West Tennessee who retained the title of the HBAT Volley Ball Champions, taking the coveted trophy back to Memphis where it will be placed in the Memphis Area HBA shrine called the "Holiest of Holies." (This is the case where the Elvis ashtray collection had previously been displayed.)

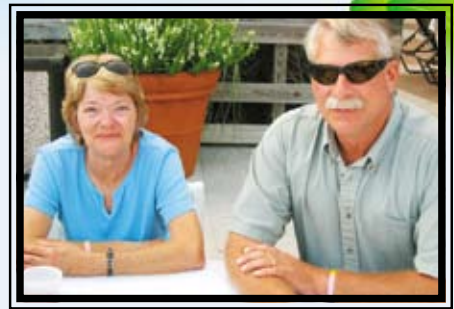
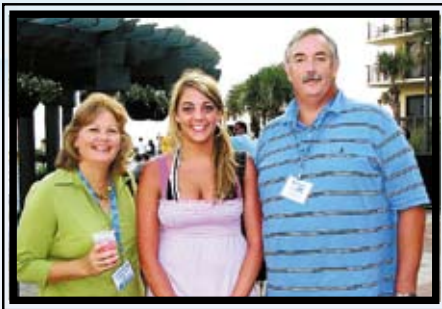
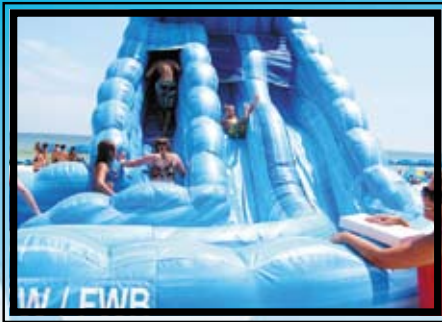
It should also be noted that during the volley ball event, the children were treated to inflatable water slides on the beach. Later that night, everyone enjoyed food, beverages, a movie and a fireworks display that could only be called spectacular. Everyone enjoyed themselves tremendously, and a special thanks needs to be given to the following sponsors who supported our special summer events, notebooks, name badges and key cards:

- The HBAT Self-Insured Trust
- Bonded Builders
- 2-10 HomeBuyers Warranty
- Brentwood Services
- CHASE Home Mortgage

We also worked very hard this year to push the idea of supporting the businesses that support our Association. A special T-Shirt was designed with a fishing theme that stated, "Get Caught Doing Business with a Member." A note of appreciation goes out to all of our generous sponsors who support so many of the events that members enjoy. We ask everyone to please consider using the services and products provided by our sponsors. You can find a complete list of our sponsors by visiting www.hbat.org.

The Board of Director's meeting was the last item on this year's agenda. Conducted on Wednesday by President James Carbine, members listened to committee reports, conferred about future plans, and the meeting was drawn to a close.

Don't forget: our next Board of Directors meeting will be held at the Crowne Plaza in Knoxville, TN. You can register online for the meeting and get updated information by going to www.hbat.org. See pages 23 and 28 for more information.



IN THEIR OWN WORDS

In this edition of the Tennessee HomeBuilder magazine, we have been dealing with the Housing and Economic Recovery Act of 2008. Continuing on this theme, Congressman Lincoln Davis and Senator Bob Corker were presented with the following question:

With the passage of H.R. 3221, many members of the Home Builders Association of Tennessee believe that it will be of great benefit to helping jump start the depressed housing market in Tennessee and nationwide. What was your thought process regarding your vote on this important matter and its impact on the housing industry in Tennessee?

U.S. Senator Bob Corker

Explains Why He Voted Against the Housing Bill



In early February of 2008, I became a member of the Senate Banking, Housing and Urban Affairs Committee. From my first day on the committee, I was presented with the task of working with my colleagues to understand the challenges in our housing and financial markets, and then determine what, if any, response would be appropriate.

After months of meeting with financial leaders, the failure of a major Wall Street bank, and the continual rise of foreclosures across Tennessee and the rest of the United States, the Senate Banking Committee crafted the Foreclosure Prevention Act. I supported the original bill because I believed it included some important tools to modernize and reform our housing markets that would push us out of this downward cycle. Some of the most important being FHA Modernization, a strong regulator for Fannie Mae and Freddie Mac, and a first-time buyer tax credit to encourage individuals to begin buying homes on the market.

I know how important this legislation is to our Tennessee homebuilders and homebuilders around the country, and that is why I thought you should know my reasons for ultimately voting against the bill. After the bill overwhelmingly passed out of the Senate and was sent to the House of Representatives for a final vote before being sent to the President's desk, the crisis with Fannie Mae and Freddie Mac occurred and provisions were added. It was a tough vote for me, but I simply could not support giving the Treasury Secretary a blank check and unprecedented powers to deal with Fannie and Freddie without any appropriate direction and oversight.

Fannie and Freddie have reached an untenable place where we are socializing their risks and privatizing their profits at the cost of the American people. They have dual objectives as private entities with a responsibility to their shareholders as well as a government imposed social mission, and in essence, taxpayers bear the cost of the downside, while shareholders and management get the benefits of the upside. I believe our current crisis was a golden opportunity to be prescriptive and consider either nationalizing these entities, breaking them up and selling them off, or truly privatizing them. Obviously, I strongly prefer the latter. My greatest disappointment is that we have missed this

Congressman Lincoln Davis

Explains Why He Voted For the Housing Bill



After months of negotiations between the White House, Senate and House, an agreement was reached on a comprehensive housing package aimed at helping families keep their homes and restoring market confidence by opening a line of credit to mortgage giants Fannie Mae and Freddie Mac. Both of which are central to the housing market. The House passed the

American Housing Rescue and Foreclosure Prevention Act of 2008 by a vote of 272 to 152. The Senate passed the same measure by a wide margin and President Bush signed it into law.

The housing crisis is already having a major effect on our economy. If action is not taken now to correct it, I am afraid it will worsen exponentially, cost even more later, and continue bleeding into other areas of our economy. Stabilizing the housing market and making systemic reforms to the lending industry, in order to avoid a similar situation in the future, is vital to our long-term health.

The centerpiece of the bill will expand a government-backed voluntary refinancing program, which would require lenders and borrowers to make certain compromises to be eligible. First, lenders and mortgage investors will be required to take a loss, and borrowers must share any profit from the resale of a refinanced home with the government. Additionally, since this bill is tailored to keep families in their homes, the program is open only to owner-occupied homes. Speculators, investors and vacation/second-home owners are not eligible.

The measure also gives the Treasury Department stand-by authority to grant Fannie Mae and Freddie Mac access to capital on a temporary basis. This authority aims to lessen greater future government intervention. Fannie and Freddie are the largest sources of mortgage finance in the United States and a death blow to both would wreak massive havoc on our economy. ❖

*U.S. Senator Bob Corker—
Continued from left column*

opportunity to rectify the problem, and I hope we won't wait on another crisis to revisit and reform federal oversight of Fannie Mae and Freddie Mac to protect the American people from unnecessary risk. ❖

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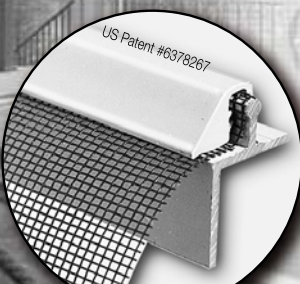
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Darryl Sapp

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The department's baseline goal for homebuilders is full compliance with the Tennessee General Permit for Discharges Associated with Construction Activities. Homebuilders should have a good understanding of the general permit and what it requires. To move beyond compliance with the general permit, builders and developers should identify potential environmental impacts from site development and then design the layout so as to minimize them. We also encourage Builders to incorporate sustainable green infrastructure concepts in site design where possible. Finally, we want to work with the development community, through professional organizations such as the HBAT to continue to improve compliance and to make projects with low environmental impacts the norm.

4 How do Tennessee Homebuilders better educate themselves on important environmental and conservation issues?

The general permit requires that project supervisors become certified through the Tennessee Erosion Prevention and Sediment Control Training and Certification Program. This program offers educational courses for onsite storm water practitioners, inspectors and designers. In fact, we encourage all homebuilders to participate in this program, whether or not they are involved in day-to-day site management. We also encourage homebuilders to stay up to date with the latest "best management practices" for construction and post construction storm water. They can do this through a number of training programs and through professional journals such as *Erosion Control* and *Storm Water*.

The department keeps information on permitting, public notices and proposed rule changes on our website at www.tn.gov/environment. There is also a page with contact information for each of the department's eight environmental field offices throughout the state. We encourage builders and developers to contact their local field office with questions about environmental issues.

5 How important is the issue of Green Building in Tennessee's future?

Green building is a vital element that both promotes growth in our communities and protects Tennessee's precious natural resources. In fact, the department partnered with EPA and our counterparts in Kentucky to host a Green Development Conference in Nashville this past February. The conference goal was to promote dialogue among key stakeholders, including developers, architects, contractors and state and local officials with a focus on green development opportunities and how these practices benefit our water resources.

Green building initiatives can also play an important role in reducing our energy consumption, which is good for the environment and can help people with lower energy costs. Tennessee is among the highest per capita consumers of electricity, much of which comes from coal fired power plants. Every kilowatt hour saved equates to better air quality for us and for our children.

Green development is already making a positive impact in Tennessee, and I believe green development initiatives will be very important as we all continue our efforts to strike a balance between growing communities and protecting Tennessee's resources and quality of life

The Home Builders Association of Tennessee would like to thank Commissioner Jim Fyke and the Tennessee Department of Environment and Conservation for their assistance in producing this article. ♦

A Look at Commissioner Fyke's Hometown of Old Hickory, Tennessee

The area that Old Hickory occupies was originally farmland during the 19th and early 20th centuries. In 1917, this site and adjacent land was purchased by the US Government for the construction of a gunpowder plant which was erected by the DuPont Company of Philadelphia. This plant was to produce smokeless gunpowder for the allied war effort during World War I. In March of 1918, ground was broken for the construction of the plant.

In addition to the plant itself, workers began construction of housing and governmental and recreational facilities to serve the community's projected population of 35,000. Because of fear of sabotage, security considerations demanded that the community be as insular as possible. All needs of the workers regarding housing, shopping, eating facilities and recreation were to be supplied by DuPont.

To meet the demand for housing, DuPont officials constructed hundreds of homes, duplexes and apartments. West of Hadley Avenue, a "temporary village" was constructed which was composed of frame structures with an exterior sheathing of "rubberoid," an asbestos compound. These buildings were constructed only to provide temporary housing during the operation of the plant. They were later razed or moved, and none of these structures remain.

East of Hadley Avenue, the "permanent village" was constructed which consisted of more substantial frame one and two-story structures. They were designed to house the upper echelon and management of the plant.

Within the permanent village, ten distinct house types were built. These ranged from the very simple one-story vernacular homes to ornate three-story Colonial Revival homes for the managers. Influences of the Bungalow and Dutch Colonial styles are also found in the designs of the permanent village. These houses were constructed with the most modern of electrical, plumbing and kitchen facilities. Each house type was given a distinctive name including the Denver, Florence, Ketchum, Haskell, Bay Tree, Arlington, Davis, Cumberland, Georgia and Welford.

Commissioner Davis pointed out that he grew up in a house similar to "The Florence" design:



Standard frame construction, sides and roof composition shingles over sheathing. Interior finished in beaver board. Has living-room with fire-place, dining-room, kitchen, pantry, three bedrooms, clothes closets, bath, and small covered front porch.



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Local, State, and National HAPPENINGS

NAHB Events, Awards & Honors

Ocoee Region HBA



Left to right is Allan Gentry of Cleveland State, Angela Massengale, and Chris Spors- President of ORBA

2008 Scholarship Recipient, Angela Massengale, received a \$1000 scholarship from ORBA and The Home Builders Association of Tennessee. Angela is going to Cleveland State Community College and is striving for a degree in Construction Management.

Middle Tennessee HBA



President of the Middle Tennessee HBA, Michael Arnold, is shown speaking at a media event immediately after President Bush signed the federal housing legislation into action. The HBAMT was part of this event organized by Affordable Housing Resources Inc. The goal was to point out the benefits of this new legislation. They were joined by the Greater Nashville Association of Realtors and the Tennessee Housing Development Agency as well.



John Sheley (standing right) addressed the Hendersonville Board of Mayor and Alderman at their July 8th meeting on their proposed adoption of the new ICC building valuation tables. Adoption of those tables would potentially double the cost for residential permits and triple the cost for commercial permits. It was deferred for 60 days, but the HBAMT is aggressively pursuing and fighting the issue.



David Crane

Crane Builders LLC, the Nashville-based custom remodeling firm, was named 2008 National Remodeler of the Year in the annual Chrysalis Awards competition for the remodeling industry. Crane earlier won the Southern region Remodeler of the Year award and was chosen over regional winners from the North, Midwest and West for the national honor.



Burl Young has been approved to instruct the following courses under the NAHB University of Housing umbrella: Customer Service, Negotiating Skills, Sales & Marketing.



The Home Builders Association of Tennessee received several honors and recognitions during the recent Executive Officers Council (EOC) Seminar in Providence, Rhode Island held on August 5-9, 2008.

Susan Ritter, Executive V.P. of the Home Builders Association of Tennessee, has been elected President of the 2009 NAHB Executive Officers Council. This is a very prestigious honor and important leadership role with the National Association. We congratulate Susan, and are very proud of this accomplishment.

The Home Builders Association of Tennessee received national recognition, winning two Association Excellence Awards. First, the Tennessee Home-Builder magazine was recognized as the best State Magazine for 2007 and our 2007 Retention Drive program received an award for the best "Membership Retention Plan Implemented."

Congratulations are also in order for Karyn Beaty, Executive Officer of the Rutherford County HBA. "The Nail Bender," a newsletter publication for the RCHBA, won an Association Excellence Award. They also won in the Communication - Update Publications for "What's Happening Next Week at RCHBA."

HBAT representatives attending the EOC Seminar in Rhode Island were:

Susan Ritter	Executive VP of HBAT
Karen Beaty	EO of Rutherford Co. HBA
Kathryn Lewis	EO of Greater Knoxville HBA
Sherri Blakely	EO of Ocoee Region HBA
Jan Shrewsbury	EO of Johnson City Area HBA
Teresa Groves	EO of HBA of Southern TN
Don Glays	EO of Memphis Area HBA
Karen Blick	EO of Clarksville/Montgomery Co. HBA

October 30 – November 1, 2008

Fall Meeting of the Membership & Board of Directors Meeting



It's time to REGISTER for the 2008 Fall Meeting of the Membership and Board of Directors Meeting. This year's meeting will be held in Knoxville, Tennessee at the elegant Crowne Plaza Hotel. Please remember that everyone MUST make their hotel reservations through the HBAT. For more information, please call Joy Odjegba at (615) 777-1700.

You can register securely online and get updated agenda information at www.hbat.org.

**Please note that Builders Mutual Insurance Company will be conducting an educational session on "How to Prepare for an Audit."*

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Registration information on page 28.

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Wilsonart Home's New Crystalline Series High Definition Lamanite Designs



Want the look of natural stone but don't want to deal with the installation hassles? Offer laminates such as Wilsonart's High-Definition Home Collection line, which can work in both new construction and rehabs. One of the latest offerings is the Crystalline series, which features a marbled quartz pattern that gives the illusion of depth and translucence. Seven colors are offered, including gray, chocolate and aquamarine.

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A flashing tape for window sills and custom shapes. DuPont™ FlexWrap™ is a moldable flashing tape made with Dupont™ Tyvek®, an elastic material, a polyolefin film, and a highly adhesive

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With Jobsite Visitors, Expect the Unexpected

With the exception of inspectors, remember, these visitors know far less about the dangers of construction and the hazards it presents. Never assume a hazard should be obvious to the visitor! Clearly mark all hazards, which may seem obvious to the typical laborer.

Even for those familiar with the hazards, such as inspectors, your attention to hazards could save a life. In neighboring Tennessee, a framing sub installed handrails at the direction of the GC. When the sheetrock sub's employees removed them to work, neither the sheetrock sub nor the framing sub reinstalled them. The GC's supervisor failed to perform and document daily job inspections to address these hazards. During a walkthrough, the city inspector—husband and father of three—backed off an unprotected second floor opening onto the concrete below, fatally striking his head. A lawsuit filed by the family of the inspector forced the inadequately insured sheetrock sub out of business.

The precautions you take to protect homebuyers, agents, and inspectors during their visits to a jobsite may ultimately save a life.

Lines of Defense

The final group of jobsite visitors creates the biggest headache—those who have no business reason to enter the jobsite. Children, specifically, put GCs at great risk. A house under construction—by virtue of the definition of attractive nuisance—creates a dangerous condition, attractive to children, which may hold a GC liable for a child's injury, regardless of the fact that the child trespassed. Under this doctrine of tort law, a civil suit could be filed against the GC.

GCs should post jobsite signs as a protective measure, warning people of the dangers. Remember, signs do not eliminate a GC's liability, but think of it as an additional line of defense to deter unwanted visitors.

Consider another creative line of defense used by a clever area GC.

While developing a subdivision, he sent a letter to local residents advising them of the perils of construction. He asked parents to partner with him and tell their kids never to play on a jobsite. He provided his phone number for residents to call if they noticed any suspicious activity. As an added bonus, appreciative residents were more forgiving of the disruption the GC caused by developing the subdivision's last lot.

A jobsite brings people onto it who have all different levels of understanding of the dangers of construction. Contractors can manage this risk by examining the hazards and getting the proper safety programs in place. Even in the heat of the summer, contractors don't have to sweat the risk of jobsite visitors.

Visit www.buildersmutual.com for more risk management resources. ♦



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WATERSENSE

Water is vital to the survival of everything on the planet and is limited in supply. The Earth might seem like it has abundant water, but in fact only 1 percent is available for human use. While the population and the demand on freshwater resources are increasing, supply remains constant.

Managing water is a growing concern in the United States. Communities across the country are starting to face challenges regarding water supply and water infrastructure.

Recently, a new program was introduced by the United States Environmental Protection Agency or EPA. The program is called WaterSense, and it will help protect the future of our nation's water supply by promoting water efficiency and enhancing the market for water-efficient products, programs, and practices.

WaterSense seeks to protect the future of our nation's water supply by promoting water efficiency and enhancing the market for water-efficient products, programs, and practices.

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. These specially labeled products will perform well, help save money, and encourage innovation in manufacturing.

WaterSense is even partnering with irrigation professionals and irrigation certification programs to promote water-efficient landscape irrigation practices. It is also partnering with manufacturers, retailers and distributors, and utilities to bring these products to the marketplace and make it easy to purchase high-performing, water-efficient products.

ENERGY STAR

It is probably safe to say that most Americans are familiar with the Energy Star logo found on items such as household appliances. This program is a joint effort of the U.S. Environmental Protection Agency and the U.S. Department of Energy. Energy Star was implemented with the mission of helping U.S. citizens save money and protect the environment through energy efficient products and practices.

Results are already adding up. Americans, with the help of ENERGY STAR, saved enough energy in 2007 alone to avoid greenhouse gas emissions equivalent to those from 27 million cars—all while saving \$16 billion on their utility bills.

Moving toward a green mindset both in your personal and professional life can be as easy as looking for these labels. If we all make an effort to be environmentally conscience, we will leave a better and healthier world for future generations. Why not start by purchasing products with the WaterSense and Energy Star labels? Let's VOLUNTEER to be GREEN in TENNESSEE!

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HBAT Annual Fall Meeting of the Membership & Board of Directors Meeting

Register Online Today
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Questions? (615) 777-1700

Tentative Schedule

Thursday, October 30

8:30 am – 10:00 am Senior Officer Meeting*
11:00 am – 5:00 pm HIPAC Golf Tournament – Lunch provided
Shot Gun start 1:00 pm
Avalon Landmark Golf Club

Friday, October 31

7:00 am – 8:30 am Continental Breakfast
7:00 am – 4:00 pm Registration Open
8:00 am – 9:30 am Budget & Finance
8:00 am – 9:30 am Education Committee
9:30 am – 11:30 am Membership/Membership Services
10:00 am – 11:30 pm Past State Presidents*
11:30 am – 1:00 pm Lunch
1:00 pm – 2:15 pm HBAT Self Insured Trust*
1:00 pm – 2:15 pm Past TAC Leadership*
1:00 pm – 2:15 pm EOC
2:30 pm – 4:00 pm HIPAC Trustees
2:30 pm – 4:00 pm Education Program
5:30 pm – 7:00 pm Tentative Event or Free Evening

Saturday, November 1

7:30 am – 12:00 pm Registration Open
7:30 am – 9:00 am Continental Breakfast
8:30 am – 10:00 am Government Affairs
10:15 am – 11:45 am Tennessee Associates Council
10:15 am – 11:45 am Local Leadership
12:00 pm – 1:00 pm Lunch
1:00 pm – 2:30 pm Executive Committee
1:00 pm – 2:30 pm Educational Program
3:00 pm – 5:00 pm Board of Directors Meeting
6:00 pm – 7:00 pm Cocktails
7:00 pm – 10:00 pm Installation Banquet – Black Tie Preferred
Awards Presentations
Hall of Fame Induction Ceremony

Sunday, November 2 Depart

* Closed Meeting

HBA of Tennessee Fall HIPAC Golf Tournament

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and Sponsorship opportunities are
available online: www.hbat.org.

For more information, please
contact the Home Builders
Association of Greater Knoxville
by calling (865) 546-4665.



Once again you are reminded that
attendees must make hotel reservations
through the HBAT. If you do not have
internet access, please contact Joy Odjegba
by calling (615) 777-1700 ext 227.
The registration deadline is 9/26/08.

ASK THE ACCOUNTANT

First-Time Homebuyer—Tax Credit?



Bob Bellenfant

The Housing Assistance Tax Act of 2008 was signed into law by President Bush on July 30, 2008. The largest tax break in the new law is the first-time homebuyer credit that is estimated by Congress to benefit qualifying homebuyers by \$13.6 billion in 2009.

The new law gives first-time homebuyers a refundable tax credit equal to 10 percent of the purchase price of a home up to \$7,500. The significance of a *refundable* tax credit is that if the credit exceeds your tax liability, the federal government will pay you the difference. The credit is effective for homes purchased during the period beginning April 9, 2008 and ending July 1, 2009.

The tax credit is unusual in that it must be repaid over fifteen years in equal installments. The payback period begins two years after the purchase occurs.

2008 First-Time Homebuyer Tax Act	
FILING STATUS	TAX CREDIT*
Single	\$7,500
Married Filing Jointly	\$7,500
Married Filing Separately	\$3,750

A first-time homebuyer is defined as one who had not owned a home during the three year period prior to the home purchase. The tax credit phases out if the homebuyer's adjusted gross income exceeds \$75,000 (\$150,000 for a married couple). The tax credit should encourage many potential homebuyers since

the credit is essentially a \$7,500 interest free loan from the federal government. It is definitely a unique approach to help stimulate a slow homebuilding industry.

Another innovative provision of the law allows the first-time homebuyer to amend their 2008 tax return to receive the tax credit for a home purchased in 2009. This provision allows almost immediate availability of the credit to the new homebuyer without waiting to file their 2009 income tax return.

There are several other provisions in the law affecting affordable housing and a provision where individuals claiming the standard deduction will receive an extra property tax deduction up to \$1,000 for a married couple (\$500 for single). It is entitled the *property tax deduction for non itemizers*.

I know several people who will benefit from the first-time homebuyer tax credit including the many graduates that are starting their careers and hoping to purchase their first home. Their dream of home ownership can now be reality.

Bob Bellenfant is a certified public accountant with Bellenfant & Miles, P.C. CPA's 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.

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