



Southern Building Material Association's Management Newsletter

June 15, 2011

"The Voice of the Carolinas, Tennessee and Virginia Building Material Industry."

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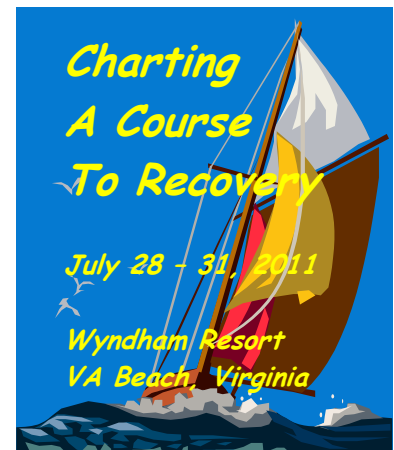
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SUMMERTIME is Here!! Need a Vacation?

Of course you need a vacation! Everyone needs to take time away from the everyday workplace – time spent with their family. You need time to relax and revitalize your innermost self. In this market place it's especially important. Coming up with new, innovative ideas is the way you are going to survive this.

SEMA's Summer Conference is the perfect place to do all of the above! Bring your family and spend time. Gather new ideas from others who understand where you are coming from and where you hope to go. This vacation can be the best of both worlds for you. Reinvigorate your mind with new ideas, visit with friends and relax!

Don't miss it!! Call us if you have any questions, need additional forms or need help in making your plans! Or you can go to www.southernbuilder.org and print the forms directly from our website!



The Bullish Case for the U.S. Economy

Investment strategist Robert Doll says America's edge is faster population growth, companies that are global in scope, and a culture of innovation and entrepreneurship.

It seems like a good moment to check in with one of Wall Street's leading perma-optimists, BlackRock Chief Equity Strategist Bob Doll, to see if he's still bullish on America.

To my considerable relief, he doesn't disappoint. "Credit markets are sound. Money growth is good," says Mr. Doll, whose optimism has been the right market call since March 9, 2009, when stocks hit their post-crisis lows. The Dow has since risen more than 85%, and Mr. Doll expects the slow economic expansion to continue.

"Over the next 20 years, the U.S. work force is going to grow by 11%, Europe's going to fall by five, and Japan's going to fall by 17. This alone tells me the U.S. has a huge advantage over Europe and a bigger one over Japan for growth," he says. "And the reason for this is pretty simple. We have higher immigration than both of these, and we make more babies. We have a higher fertility rate. And they



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are the long-term determinants of population growth and therefore work force growth. For the full article go to :
http://online.wsj.com/article/SB10001424052748703937104576303524259671978.html?mod=googlenews_wsj

Moody's Analyst Remains Optimistic About Housing Recovery

Mark Zandi, Moody's Analytics' chief economist, has already seen his predictions for this year, in which he predicted housing to level off, turned upside down, but he still is sticking to his guns. "I'm still optimistic" about a quicker recovery, he told builders last week at *Builder* and *Big Builder's* Housing Leadership Conference in Chicago. Zandi expects new and existing home sales to reach their "normal" levels of between 6 million and 6.5 million by 2013. Housing starts will hit around 700,000 this year and rise to 1 million in 2012 and 1.5 million in 2013, he says. He expects home prices to decline by another 3% to 5% this year, be flat next year, and start growing again—possibly by 3% to 4%—in 2013. He's bullish for several reasons: improving employment, strong corporate balance sheets, and lessening uncertainties about tax and fiscal policy changes coming out of Washington. (*Builder Online*) For the full article go to: <http://www.builderonline.com/housing-trends/economist-mark-zandi-still-forecasts-a-quicker-housing-turnaround-than-most-of-his-peers.aspx?cid=PSL110601002>

Raleigh Ranked Among Top 15 Best Cities For Job Growth

The Greater Raleigh Chamber of Commerce has announced that Raleigh ranks 14th out of 65 large cities in Joel Kotkin's list of 2011 Best Cities for Job Growth, finishing ahead of such cities as Boston, New York City, Philadelphia, Pittsburg and Austin, Texas in quality of life. The survey found Raleigh outperformed all those cities in population growth and educational attainment, and all except Boston in median household-to-cost-of-living ratio, while having a better unemployment rate than Philadelphia and New York City. Kotkin noted that most of the best performing big metros in job growth on the East Coast are located in financial and university centers, including Raleigh.

In Washington, a Housing Thaw

Stable Employment, Fewer Foreclosures Fuel Rare Price Gains in Nation's Capital

The U.S. housing market is plagued by falling prices and slow sales. But in the nation's capital, open houses frequently end with closed deals. The Washington metropolitan area is the only major U.S. housing market where prices increased on an annual basis in the first quarter, according to a 20-city S&P/Case Shiller home-price index released Tuesday. The region was helped by relatively stable employment, fewer foreclosures and an abundant supply of house hunters.

Other surveys indicate sales in the area are approaching boom-time levels. In April, 5,170 home-sale contracts were signed in the Washington region, the second highest number since 2006, according to the RBI Pending Home Sales Index. A survey by brokerage Evers & Co. showed April's sales volume was up from the same month a year earlier, a surprising milestone because of last year's boost from a federal homebuyer tax credit.



The latest set of facility closures has pushed ProSales' database on the subject to more than 1,550 since 2008. Meanwhile, the openings count stands at just over 350.

"We're having a tremendous spring," said broker Donna Evers. Her survey tracks the District of Columbia, Fairfax County, Arlington and Alexandria, Va., and Montgomery County, Md.

While the area remains a buyer's market, anecdotal evidence suggests the tables are slowly turning, especially for properties in the city and inner suburbs. Ted and Katy Fenn had to make five offers before they finally got a house under contract in the Burke area of Fairfax County, Va. "One was a multiple-offer situation," said Ms. Fenn, 33 years old, who works for a nonprofit organization. "The one they took had an escalation clause," she said. "We didn't even think people were doing those anymore." Such clauses raise a buyer's offer automatically in case of higher competing offers.

The nation's capital has often been called a recession-proof town. But the latest economic downturn didn't leave it unscathed. Unemployment peaked in January 2010 at 6.9%. The Labor Department reported Wednesday that unemployment decreased in April to 5.4%. Prince William County, which regional analyst John McClain calls "our Las Vegas."

http://online.wsj.com/article/SB10001424052702304563104576359673989462558.html?mod=googlenews_wsj

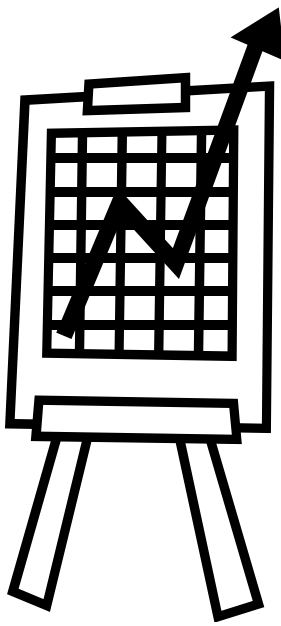
Most Workers Expect to Keep Working After Retirement Age

A combined 8 in 10 American workers think they will continue working full or part time after they reach retirement age. Proportionately more of these workers, 44% to 36%, say they will do so because they "want to" rather than because they "will have to."

Overall, most workers expect to work part time after retirement age (63%), rather than to work full time (18%) or stop working altogether (18%). Those who expect to work full time are twice as likely to say they will do so out of need rather than as a choice. In contrast, those who expect to stop working overwhelmingly say it is because they want to. Workers who expect to work on a part-time basis are more likely to say they will want to work than will need to do so.

Expectations for working past retirement age are largely similar across demographic subgroups, with some minor variations by income. Upper-income workers -- those whose annual household income is \$75,000 or greater -- are somewhat less likely than middle- and lower-income workers to expect to work past retirement age, but the vast majority of each income group expects to keep working.

The common expectation among today's workers that they will continue working once they reach retirement age underscores the changing nature of the retirement landscape in the United States, partly because of changes in the economics of retirement and partly because of individuals' desired level of activity in retirement. Changes in the payment of Social Security benefits in recent decades as well as many employers' moving away from guaranteed pensions for retirees in favor of employee-directed retirement savings plans -- in addition to the high cost of healthcare -- have altered the economic calculus of retirement. Also, the significant percentage of workers who say they will continue working beyond retirement age because they "want to" suggests American workers may be less



On a seasonally adjusted basis, the CPI-U increased 0.2 percent in May after rising 0.4 percent in April. The index for all items less food and energy rose 0.3 percent in May after increasing 0.2 percent in April.

interested in a lifestyle free from work in their older years, regardless of their economic situation.

Guest Editorial: An Independent Voice

Talking Out Of Both Sides Of Your Mouth

Don Magruder

As a father of two daughters, my wife frequently accuses me of talking out of both sides of my mouth, because one moment I'm tough as nails with them and a minute later I'm caving in to their wants like a soufflé during an earthquake. In our society, many consider talking out of both sides of your mouth an insult and a sign of indecisive leadership. On the contrary, I think in our business it is a must and demonstrates a pragmatic understanding that nothing is black-and-white. Great leaders must push in multiple directions, even though those positions may be incongruent at times.

In my view, one-direction-focused companies are usually doomed in business; and the competitive battlefield in this industry during this Great Recession is littered with the dead carcasses of companies that only focused on achieving a sales number. The approach of "get sales at any number" has bankrupted many companies; more importantly, it has put the builders in the driver's seat. I must congratulate many of the builders in America – we handed them the keys and they drove this low-price car right into the dirt. I know someone in America is probably making some money on a larger builder, but based on the numbers I've seen for the last two years, most building supply companies are figuratively tacking hundred dollar bills to every load that's shipped.

As executives, we must understand that most of the employees in your company want to do a good job and they'll try to do exactly what they're told. So, be careful how you phrase things. For example, if you walk into one of your locations and tell the manager we need to be the sales leader and don't lose business to competitors, then chances are he's going to do just that. The problem is your company has just become the local sales prostitute: but, instead of charging for it, you're giving it away.

Therefore, I will make the declaration to all that daily I speak out of both sides of my mouth, because I understand it's not only about sales, it's also about margins. What you have to instill in your organization is a line or "walk away" number that you don't cross. Decisions about sales and margins have to be viewed in the total context of the customer and project with factors like credit-worthiness, logistics, customer temperament, and what the sale does for you. I define "customer temperament" as a customer who is going to look for ways not to pay or erroneously back-charge. There are too many variables with every customer to make the decision to just get sales.

The following are the areas in which I speak fluently out of both sides of my mouth daily to our management team at Ro-Mac Lumber. Fortunately, most have become very fluent in double-talk. My team can usually determine which side of my mouth is sending a more important message based on how colorful my language is.

Sales and Margins: I instruct our Ro-Mac Lumber team to be aggressive in pursuing sales; however, we must maintain a certain margin to cover expenses.



Private employers spent an average of \$28.10 an hour for compensation in March 2011. Health insurance was the largest individual employer benefit cost at \$2.12 per hour, which accounted for 7.5 percent of total compensation costs.

With fuel prices at very high levels, now is not the time to be the low price prostitute. It is up to us to figure out how we can add value to our products through better service and particular niche businesses. Out of one side of my mouth I'm saying that I want all the business I can get while the other side of my mouth is saying as long as it can be somewhat profitable or, in this environment, cover expenses.

Service and Labor: Like most companies in America, we are doing everything we can to cut costs, and labor is the huge controllable expense in most operations. Out of one side of my mouth I tell our managers that we must have the best service in the market while out of the other side of my mouth I'm telling them no overtime and to optimize labor daily. The gray area I've established is that we must make sure our employees understand that we are like any other business in the construction industry - when we have work, we work; when we don't, employees have to go home. In line with this, I also must understand that when the ox is in the ditch if a manager needs overtime to satisfy a customer, we must allow it; but, it must be warranted and justified.

Quality and Lower Priced Quality: It's very tempting, at times, to buy the cheapest product on the market. When you have other companies low-balling poorer quality products, you wonder if wallowing in the dirt is not that bad. Then you hear about the customer complaints from the other companies and you see their product failures. I believe poor quality will get you into trouble quicker than just about anything else, because the customer's project will not meet their expectations, and the customer will leave feeling upset and that he's been screwed. He's thinking the only reason he got the low price is because the product is garbage.

Companies that purchase low price spruce lumber from mills with bad quality amaze me. Sure, they can offer the lowest price in the market; but, after swapping out 30 percent of the bad pieces each time, how much has that lower grade spruce lumber actually cost you? Did you actually count the number of customers you are winning and losing because of the bad quality? If price is your purchasing manager's only reason for buying, then there's a chance your quality may be substandard in the market.

I've always tried to describe my method for going to market as, "We will seek to provide the best service and quality products at a fair price", and I understand a lot of people may have differing opinions. However, that is a real clear message to your team and customers. Oddly enough, in order to get there it takes a lot of talking out of both sides of your mouth.

Most importantly, If you want to be successful in this business you not only have to work a lot of hours and stay completely focused, but great leaders make sure to make their family a priority. This may be my ultimate talking out of both sides of my mouth.

Don Magruder is the Chief Executive Officer of Ro-Mac Lumber & Supply, Inc. (www.romaclumber.com) of Leesburg, Florida and he is a former Chairman of the Board for the Florida Building Material Association. Magruder was also a two-term President of the Southeast Mississippi Home Builders Association and served two terms as Associate Vice-President of the Home Builders Association of Lake County.

Why Public Spending Matters

Jobs and housing prices are strongly connected. The Washington-Arlington-Alexandria, D.C.-Va.-Md.-W.Va metropolitan area has a 5.4 percent



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Cindy, Kathy and Larry

unemployment rate, second lowest in the country for any area over 1 million in population. Conversely, foreclosures in most parts of America are now driven by job loss, or work cutbacks. Government employment in the D.C. region has risen steadily since 2001, even during several recessions. There's a lesson here. Where concentrated foreclosures occur, they pull down housing prices for everyone. Not surprisingly, the D.C. region also has a relatively low foreclosure rate.

So what has sustained the D.C. area economy the past few years? Government jobs are a big factor, with all government employment in the Washington metro area rising over the past year. In fact, government employment in the D.C. region has risen steadily since 2001, even during several recessions.

A steady paycheck enables families to buy homes, or pay rent, regardless of whether the paycheck is earned working for a government or a private employer.

Home buyers tend to spend on renovations, furnishings and the like, and home buying therefore stimulates -- which is why cutbacks in employment at state and local governments around the country, though seeming prudent in the short term, are instead helping to prolong the economic pain. Such employment cutbacks also probably contribute to the drop in housing prices in many markets. Nor will vacant homes piling up in high unemployment areas like Las Vegas and Detroit likely to be filled by the those seeking a home or apartments around the country. Job seekers move to where there are jobs, and then look for housing. People don't move without a job to a jobless area, just because there are vacant housing.

So if Washington house prices suggest anything, it is this: In the short run public spending that creates or maintains jobs remains good for the economy, and cutting too much too quickly accelerates chances of a double dip economic downturn. By David Abromowitz,, For the full article go to:

<http://www.nytimes.com/roomfordebate/2011/06/02/double-dip-not-in-washington-dc/why-public-spending-matters>

Fed's Pinalto Says U.S. Economy Likely to Grow at 3 Percent Annual Pace

Federal Reserve Bank of Cleveland President [Sandra Pinalto](#) said she expects the U.S. economic expansion to advance further and that the central bank's current monetary stimulus is appropriate. "I expect the economy to continue on a gradual recovery pace over the next few years, with annual growth just above 3 percent a year," Pinalto said in a speech in Columbus, Ohio. "I believe inflation will be temporarily elevated this year due to developments in oil and food prices, but I expect inflation to fall back below 2 percent in the next couple of years." "Given this outlook, I think that the current accommodative stance of monetary policy, with short-term [interest rates](#) close to zero, is appropriate and supports the FOMC's dual mandate of stable prices and maximum employment," Pinalto said.

Pinalto cited research from the Cleveland Fed showing that "research reveals that historically, the more dynamism or churn in the job market, the faster the [unemployment rate](#) returns to its "trend" rate or "natural" rate, which we believe is between 5.5 and 6 percent." She said it could take about five years for unemployment to return to that level.



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Low wage growth was likely to restrain inflation in coming years, Pianalto said. "After a recession, wage increases typically remain low for quite some time," she said. "This should keep the inflation rate lower because lower wage growth directly implies little rise in the cost of producing goods and providing services." <http://www.bloomberg.com/news/2011-06-01/fed-s-pianalto-says-gradual-economic-recovery-to-continue.html>

Consumer Confidence Drops But Better Days on the Horizon

Consumer confidence unexpectedly decreased in May to the lowest level in six months as Americans grew concerned over the outlook for jobs and the economy. The Conference Board's index dropped to 60.8 from a revised 66 reading in April, figures from the New York-based private research group showed today. Other data showed home prices fell to the lowest level in nine years and manufacturing cooled.

Consumer finances have been squeezed by rising costs of food and fuel and erosion in home equity, causing spending to slow. A drop in gasoline prices from a three-year high may bring households some relief, while a resumption of supplies disrupted by the earthquake and tsunami in Japan will benefit companies like Deere & Co., giving the economy a lift in the last six months of 2011.

"The economy has slipped into a soft patch," said Michael Feroli, chief U.S. economist at JPMorgan Chase & Co. in New York. "In the second half, we'll do better than we've been doing. As economic activity picks up, the labor market will improve as well." Read more: <http://www.sfgate.com/cgi-bin/article.cgi?f=/g/a/2011/05/30/bloomberg1376-LM2C030D9L3501-2EL3DL728NTHU7GQV3K2KT9G12.DTL#ixzz10lt5ZF2V>

EPA Announces It Will Review Testing Requirements Under the EPA Lead Rule

Last week, the Environmental Protection Agency (EPA) released its list of regulations it would review to make them less burdensome and costly for businesses in response to President Obama's recent Executive Order 13563 requiring all federal agencies to conduct such a review. While NLBMDA has urged EPA to reconsider a number of issues related to the EPA Lead: Renovation, Repair and Painting (LRRP) Rule, the agency appears to be limiting its review to the existing work activity testing requirements and the pending LRRP clearance testing proposed rule, which is expected to be finalized this summer.

The clearance testing proposal would expand the LRRP by establishing additional requirements to ensure that renovation work areas are adequately cleaned after renovation work is finished and before the areas are re-occupied. These additional requirements could include expensive multiple dust wipe tests through EPA-approved labs after renovations are completed and depending on the type of renovation work, ensuring that the renovation work areas meet stringent clearance standards before re-occupancy. NLBMDA has repeatedly asserted to both EPA and the Office of Management and Budget (OMB) that EPA lacks the authority for establishing such requirements for renovations, and moreover that the agency has not adequately substantiated the need for them.

In last week's announcement, EPA said it was reviewing the "efficacy" of the

Charting A Course to Recovery...



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testing requirements but still planned on issuing a final rule this summer.

Given EPA's past decisions related to the Lead Rule, NLBMDA is doubtful that this will lead to the significant changes needed to reduce the incredible burden it has placed on the industry and its customers.

Three Tests for New Technology

Free, Web-based tools can be great for small businesses that want to increase productivity and decrease costs, but implementing such technologies can backfire when these three points are not considered:

1. Is the app or tool a fad, or does its provider have long-term potential?

There are a lot of great apps and services popping up every day. On the flip side, there are a lot of great apps and services going out of business every day. You don't want to invest time, data, and money in a service only to have to look elsewhere sooner than expected. Be sure to do a little due diligence on the brand's ability to sustain itself so you don't get caught in a bad situation.

2. The cost of education and transition. Any time you switch to a different product or service, there are going to be differences that need to be addressed. Many transitions are not necessarily as technically challenging as they are time sensitive because you want to minimize any issues that may arise without halting business. This means you need to have staff focused on handling any problems during the transition and be accessible to employees whenever they have questions.

3. Current employee behavior. What are the current employee demographics of your business? Are employees open to changing from the programs they currently use? How technically proficient or fearful are they? Who on your staff is going to help them with questions/training through the transition? Following this assessment, you should make yourself aware of the devices used most by your employees. Microsoft, Apple, and Google all have proprietary platforms and, by now, your employees have probably picked a camp. The key to productivity is user adoption, so finding out what your employees like to use or are currently using should be a factor in your strategy.

Addressing these points is crucial because your employees will ultimately be using—or, in the worst case, be stuck with—the tools you choose. If your employees are not happy with the product, chances are it's not making your business more productive.

http://www.businessweek.com/smallbiz/tips/archives/2011/06/three_tests_for_new_technology.html

Voters' Pulse on Pro Housing Policy Shows Big Time Support

Builder's Boyce Thompson has the first alert on the way Americans are likely to vote with their feet on some of the hot housing issues and options Congress, economists, and think-tanker types are bandying about these days. Thompson writes, "Despite record federal budget deficits, 73% of likely voters believe that it's 'appropriate' and 'reasonable' for the federal government to provide tax incentives for homeownership. Moreover, despite the unprecedented decline in home values during the last three years, three quarters of American voters still believe that owning a home is the best investment they can make. These are the major findings of a landmark National Association of Home Builders (NAHB) phone survey of 2,000 likely voters.



Gratification trumps pleasure. Pleasure is the nice temporary feeling you get from a piece of chocolate or accidental sales success. Gratification is the joy you receive by baking a cake to share with others or developing a sale from scratch. Gratification comes from hard earned accomplishments. Rich Davis

Triangle Housing Prices Buck National Trend

Despite the home prices nationally, real estate experts say, on average, the selling price for homes in the Triangle has increased during the last year.

“We’re in a better place than a majority of the country, and we should be thankful for that,” said Stacey Anfindsen, president-elect of the Raleigh Regional Association of Realtors.

Experts say the big reason why the average selling price in the Triangle has gone up is that more high-end homes are being sold. Whatever the reason, Chuck Chandler's just glad selling his Apex home was easy. He and his wife asked \$405,000 for their home and ended up selling it for \$390,000. “We still have people coming into the Triangle and, as long as you have that, then you have a good chance to sell your home,” Chandler said.

Nationally, home prices fell from February to March in 18 of the metro areas tracked by the Standard & Poor's/Case-Shiller 20-city index. And prices in a dozen markets have reached their lowest points since the housing bubble burst in late 2006. For the full article please go to :

<http://www.wral.com/business/story/9696191/>

Bernanke Cites Housing in Economic Outlook Speech

In a speech on the economic outlook of the U.S. economy, Federal Reserve Chairman Ben Bernanke highlighted challenges in the housing sector as one reason why economic growth is weak:

In contrast, virtually all segments of the construction industry remain troubled. In the residential sector, low home prices and mortgage rates imply that housing is quite affordable by historical standards; yet, with underwriting standards for home mortgages having tightened considerably, many potential homebuyers are unable to qualify for loans. Uncertainties about job prospects and the future course of house prices have also deterred potential buyers. Given these constraints on the demand for housing, and with a large inventory of vacant and foreclosed properties overhanging the market, construction of new single-family homes has remained at very low levels, and house prices have continued to fall. The housing sector typically plays an important role in economic recoveries; the depressed state of housing in the United States is a big reason that the current recovery is less vigorous than we would like.

As we have noted before, with credit channels tightening for homebuyers and blocked for many small businesses, the construction sector is unlikely to assume its usual role in leading the economy out of recession, despite evidence of pent-up housing demand.

Bernanke also confirmed that the Fed will continue its accommodative monetary policy stance:For more go to:

<http://eyeonhousing.wordpress.com/2011/06/07/bernanke-cites-housing-in-economic-outlook-speech/>

NLBMDA Applauds Senate Rejection of Swipe Fee Delay

The National Lumber and Building Material Dealers Association (NLBMDA) today commended the U.S. Senate for voting against a delay in new rules governing "swipe fees" charged to retailers and consumers for the use of debit



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cards. The delay was proposed by Sens. Jon Tester (D-MT) and Bob Corker (R-TN) as an amendment during consideration of the Economic Development Act Reauthorization (S. 782). The amendment was defeated by a vote of 54 - 45, with a 60-vote super majority needed for passage.

"Out of control swipe fees on transactions have been yet another cost burden on building material dealers who are struggling to remain afloat in this housing recession," said NLBMDA Executive Vice President Scott Lynch. "We are pleased that the Senate wisely chose not to further delay this much-needed relief."

NLBMDA had supported bipartisan legislation last year to regulate swipe fees to ensure that the fees charged are reasonable and proportionate to the cost of processing transactions. The Federal Reserve Board proposed limiting fees to 2% of the transaction for small banks and financial institutions and a flat 12 cent cap for the largest banks. NLBMDA supported the new rules, which are set to take effect in July, as an important move to reign in costs for building material dealers and other retailers.

NORBORD Expands Pinnacle Production

Responding to the increasing demand for Pinnacle premium OSB subflooring Norbord announces Pinnacle production has now been added to their Carolina's manufacturing facility. Pinnacle is an affordable premium OSB subflooring that provides a 100-Day No-Sand Guarantee and a 50 Year Limited Product Warranty. Increasing demand from Builders in the Carolina's has created the need for Pinnacle production in this market. More information can be found at www.pinnacleosb.com or by contacting Craig Doehner at craig.doehner@norbord.com or 919-554-8804.

Cedar Creek Personnel Announcement

Cedar Creek announces the following appointments.

David Bond has been named Vice President – Purchasing and Vendor Relations. David's new responsibilities include the coordination of all purchasing activities, relationships with top vendors, and the development of vendor and product strategies within the company. David's long track record of success in this area will serve him well in his new responsibilities.

D.Wayne Trousdale has been named Vice President – Operations and is now responsible for all branch functions. His responsibilities will now include all twelve Cedar Creek locations. D.Wayne has proven himself very well in the area of operations and now will be in a position to further influence the results of the company.

Cedar Creek is a leading wholesale building material distribution company with twelve locations covering seventeen states in the mid-South, Midwest, and Southeast.

Prepare for Hurricanes, Disasters by Safeguarding Tax Records

The 2011 hurricane season has started, and the Internal Revenue Service encourages individuals and businesses to safeguard themselves against natural

Quote of the Week

"Whether we like it or not, the American wage earner and the American housewife are a lot better economists than most economists care to admit. They know that a government big enough to give you everything you want is a government big enough to take from you everything you have."

Gerald Ford



disasters by taking a few simple steps.

Create a Backup Set of Records Electronically

Taxpayers should keep a set of backup records in a safe place. The backup should be stored away from the original set.

Keeping a backup set of records — including, for example, bank statements, tax returns, insurance policies, etc. — is easier now that many financial institutions provide statements and documents electronically, and much financial information is available on the Internet. Even if the original records are provided only on paper, they can be scanned into an electronic format. With documents in electronic form, taxpayers can download them to a backup storage device, like an external hard drive, or burn them to a CD or DVD.

Document Valuables

Another step a taxpayer can take to prepare for disaster is to photograph or videotape the contents of his or her home, especially items of higher value. The IRS has a disaster loss workbook, [Publication 584](#), which can help taxpayers compile a room-by-room list of belongings. A photographic record can help an individual prove the market value of items for insurance and casualty loss claims. Photos should be stored with a friend or family member who lives outside the area.

Update Emergency Plans

Emergency plans should be reviewed annually. Personal and business situations change over time as do preparedness needs. When employers hire new employees or when a company or organization changes functions, plans should be updated accordingly and employees should be informed of the changes.

Check on Fiduciary Bonds

Employers who use payroll service providers should ask the provider if it has a fiduciary bond in place. The bond could protect the employer in the event of default by the payroll service provider.

IRS Ready to Help

If disaster strikes, an affected taxpayer can call 1-866-562-5227 to speak with an IRS specialist trained to handle disaster-related issues. Back copies of previously-filed tax returns and all attachments, including Forms W-2, can be requested by filing [Form 4506](#), Request for Copy of Tax Return.

Related Items:

[Tax Relief in Disaster Situations](#)

[Frequently Asked Questions for Disaster Victims](#)

[Publication 552, record keeping for Individuals](#)

[Publication 583, Starting a Business and Keeping Records](#)

Preparing for OSHA

June is National Safety Month, and since nearly a quarter of employers plan to hire seasonal workers this summer, now is a great time to remember your responsibility in keeping your employees safe – not just in the summer, but all year long. And, to help you do just that, the Occupational Safety and Health Administration (OSHA) is tightening its enforcement of OSHA standards.

How Does This Affect You?

The OSHA Act of 1970 requires all employers to provide a safe working

**"I not only
use all the
brains that
I have, but
all that I
can borrow."**

... Woodrow Wilson



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environment for all employees. Under OSHA standards, an “employer” is defined as anyone who employs people engaged in business “affecting commerce.” So, whether you're a small or large company, you're required to follow OSHA regulations. Failure to implement safety guidelines and ensure the protection of all employees, including seasonal workers, can result in violations of OSHA standards and then you could incur hefty penalties.

Also on the safety front, Congress reintroduced the Protecting America’s Workers Act in April 2007. This bill is designed to expand coverage under the OSHA Act by protecting whistle blowers and increasing penalties against violators. The bill has yet to become law; however, President Obama backs the bill along with stronger OSHA regulations. Experts believe the administration will turn its focus to workplace safety issues by the middle of this year.

What Does This Mean for You?

Stronger OSHA regulations and stricter enforcement will push companies and employers to take the necessary steps to deal with a harsher, more disciplinary OSHA.

Preparing now for tomorrow’s tougher OSHA standards will save you from costly penalties and keep your employees from being injured. To help you take preventative measures to protect workers and your business interests, start by following these steps.

Audit current safety procedures and update safety programs.

Document all OSHA violations.

Inform and educate all employees on safety procedures and programs.

Implement safety inspections.

Train new employees and retrain current employees on proper use of equipment.

Stress the importance of safety to all employees.

Require water breaks to give employees time to rest and re-hydrate if working in hot environments.

Consult with a safety advisor to ensure OSHA requirements are met at your workplace.

With many employers making hiring plans for summer work, it’s important to re-evaluate safety programs and procedures. This enables companies to ensure that all employees, not just new hires, are up-to-date on workplace safety policies and that your company is implementing the best workplace practices.