



Southern Building Material Association's
Management Newsletter

May 31, 2011

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

In This Issue

- *SBMA Is Charting Your Course to Profits!*
- *Getting To The Bottom of Supply*
- *Where Are The Jobs?*
- *Justify Rate Increase Over 10%*
- *US Homes Resales*
- *Court Upholds Fall Protection*
- *Violating E-Policies Can Be Federal Crime*
- *Mike Potthoff*
- *EPA Rule Expansion*
- *Home Builders' Credit Crunch*
- *Energy Efficiency Leg. & Bldg. Codes*
- *Health Care Mandates*
- *New Home Sales*
- *Greg Gregory Reports on SC Senate*
- *NC Unemployment*
- *Mid-Atlantic Housing Market*
- *Decline of AD&C Lending*
- *Online I-9*
- *Bankers Sell More*
- *Attitude Adjustment*
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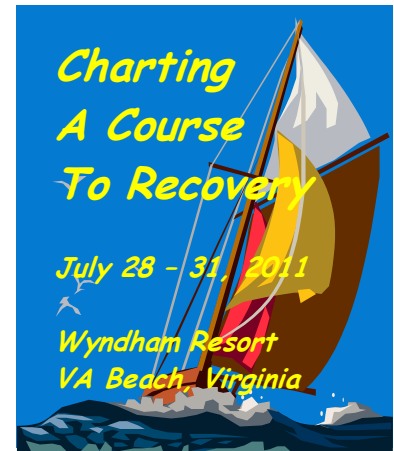
SUMMERTIME is Here!!

SBMA is Charting Your Course!

Everyone is trying to get the most out of every dollar they spend. SBMA is planning our Summer Conference with that in mind! This is a special opportunity for you to take your family on a much needed vacation that has been planned especially for them. At the same time you'll be getting much needed information. The program is still being planned but we have Dr. Ed Seifired to give you his view on the economy. We've invited a member of the Richmond Federal Reserve Board to join us and we are planning a Dealer Panel to talk about ways to help keep up your margins. Last of all we are planning a roundtable on Planning the Future of Your Family Business.

In addition to all that, we have our Exhibit Program! Our exhibitors are participating to help you. They believe that they have ways to help you grow your sales and your business. Everyone needs new ideas so be sure to visit each of them and give them the opportunity!

Of course the most important thing is having the chance to visit with other dealers and suppliers. The exchange of ideas has never been more important and the time, location and opportunity to do this never better! Don't miss it!! A hotel form and a registration form are included with the newsletter. Call us if you have any questions, need additional forms or need help in making your plans!



Getting To The Bottom of How Much Supply There Is

As important it may be--in both home building and development business planning as well as policymaking--to have at least a rough estimate of the "supply" part of an economic equation, getting accurate data on America's vacant housing units seems to be beyond the capacity of the nation's statisticians. This is insane, because supply impacts pricing, which in turn, directly impacts who can qualify to borrow money, which impacts demand. Still, as Calculated Risk's Bill McBride notes, "It is very difficult to get a good handle on this excess supply (it is large, but how large?). Read more about this complicated issue at:

<http://www.builderonline.com/builder-pulse/getting-to-the-bottom-of-how-much-supply-there-is--no-mean-feat.aspx?cid=NWBD110518002>



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Where Are The Jobs?

A fantastic annotated heat map from “The Washington Post” breaking down job creation/loss by 12 sectors. Let’s start with the

1. **Total Non-Farm Employment:** The nation began shedding jobs at the beginning of 2008, first slowly, then steeply. Since early 2010, employers have gradually added jobs. Overall change in jobs: -4.3% since December '06 to 131 million jobs
2. **Construction Sector:** With a real estate bust at the roots of the economic downturn, the construction industry has been the hardest hit. Change in jobs: -28, 1% to 5.5 million jobs.
3. **Manufacturing Sector:** Jobs were slashed early and aggressively as demand for all sorts of manufactured goods – particularly big-ticket items like automobiles – plummeted. Overall change: -16.4% to 11.7 million jobs.
4. **Information Sector:** Technological change is reshaping this industry, even as they took a hit from the recession. Overall change: -11.5% to 2.7 million.
5. **Financial activities:** These industries suffered early on during the financial crisis, aggressively cutting jobs before many other industries. Over change: 8.8% to 7.6 million
6. **Trade, transportation and utilities (includes retail jobs):** Hiring in this sector is a close reflection of overall economic activity. Change: -6.0% to 24.9 million
7. **Professional and business services:** Performance has been overwhelmingly driven by temporary help services. Change: -3.6% to 17.1 million
8. **Other services (includes household services and nonprofits):** These industries were only mildly affected by the downturn. Change: -0.5% to 5.4 million
9. **Leisure and hospitality:** While hotels and restaurants have seen business slow. Americans haven't cut back on these services as much as they have elsewhere. Change: -0.5% to 13.2 million
10. **Government:** The government slowly added employees during recession but has shed jobs since the spending under President Obama's stimulus program ended. Change: -0.4% to 14.2 million
11. **Mining and logging (includes oil and natural gas extraction):** the ups and downs in jobs in this sector follow the price of commodities like oil and metals. Change: +8.8% to 0.8 million.
12. **Education and health services:** These sectors have been the steadiest source of job creation through the recession and its aftermath. Change: +10.4% to 19.9 million

To see it all go to: Charts: <http://www.washingtonpost.com/wp-srv/special/business/unemployment-where-are-the-jobs/LABOR-g.pdf>

Insurers Told to Justify Rate Increases Over 10%

Alarmed at soaring premiums and profits in the health insurance industry, the Obama administration demanded on Thursday that insurers justify proposed rate



Existing-home sales slipped in April, although the market has managed six gains in the past nine months, according to the National Association of REALTORS®.

increases of more than 10 percent, starting in September. Kathleen Sebelius, the secretary of health and human services, issued a final rule establishing procedures for federal and state insurance experts to scrutinize premiums. Insurers, she said, will have to justify rate increases in an environment in which they are doing well financially, with profits exceeding the expectations of many Wall Street analysts. “Health insurance companies have recently reported some of their highest profits in years and are holding record reserves,” Ms. Sebelius said. “Insurers are seeing lower medical costs as people put off care and treatment in a recovering economy, but many insurance companies continue to raise their rates. Often, these increases come without any explanation or justification.”

Federal health officials proposed the 10 percent threshold in December. The insurance industry criticized it as an arbitrary test that could brand a majority of rate increases as presumptively unreasonable. But the administration rejected the criticism and insisted on the 10 percent standard in the final rule, issued Thursday. Starting in September 2012, the federal government will set a separate threshold for each state, reflecting trends in insurance and health care costs. In some states like New Hampshire, groups of more than 20 workers have experienced premium increases of around 20 percent this year, while smaller groups have seen increases of 40 percent or more. At the same time, insurance agents say, coverage is shrinking as deductibles have increased and insurers limit the choice of hospitals.

To ensure that “consumers get value for their dollars,” the new health care law required annual reviews of “unreasonable increases in premiums.” Under the new rule, federal and state officials will review rates in the individual and small-group insurance markets. In effect, the administration said, large employers can take care of themselves, as they are more sophisticated purchasers and have more leverage in negotiating with insurers.

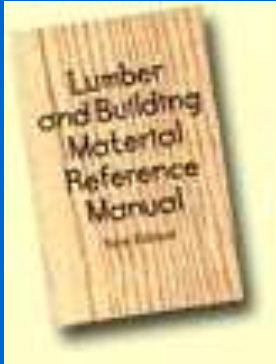
Federal officials acknowledged that they did not have the authority to block rates that were found to be unjustified. But they said many states had such authority, and the federal government is providing \$250 million to states to strengthen their capacity. A small number of states, opposed to the federal health care law, have turned down the money.

The new rule says a rate increase is unreasonable if it is excessive, unjustified or “unfairly discriminatory.” An increase is deemed excessive if it is “unreasonably high in relation to the benefits provided.” Consumer advocates generally welcomed the rule. Insurers said the rule did nothing to address the underlying costs of health care, which they described as the main factor driving up premiums. For more go to:

http://www.nytimes.com/2011/05/20/us/politics/20health.html?_r=1&partner=rss&emc=rss

US Home Resales Drop, Mortgage Delinquencies Ease

The number of previously occupied homes sold in the U.S. dropped slightly to open the second quarter of the year, revealing the ongoing weakness in the housing market, although mortgage delinquencies have fallen, according to *The Wall Street Journal*. On Thursday, the **National Association of Realtors** reported that existing-home sales decreased by 0.8% in April from the previous month to a seasonally adjusted rate of 5.09 million. The defied economists’



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expectations for a 2.0% increase in existing-home sales, while the median sales price fell 5.0% year-over-year to \$163,700.

The construction of new homes was down 10.6% in April and off 23.9% from the level seen one year earlier. The inventory of previously owned homes on the market climbed in April to 3.87 million, which would be a 9.2-month supply at the current pace of sales. That figure is one-and-a-half times the healthy level of roughly a six-month supply, and up from an 8.3-month supply seen in March. In a separate report, the **Mortgage Bankers Association** reported that 12.8% of mortgage loans were 30 days or more delinquent or in foreclosure at the end of March, which is down from 14% one year earlier. The improvement was linked to labor market growth. For more information go to:

<http://www.emii.com/Articles/2831212/Home-Page/Top-Stories/US-Home-Resales-Drop-Mortgage-Delinquencies-Ease.aspx>

U.S. Court of Appeals Upholds Fall Protection Directive for Residential Construction

The U.S. Court of Appeals for the Seventh Circuit rejected a challenge by the National Roofing Contractors Association to OSHA's December 2010 directive on the use of fall protection in residential construction. The directive withdrew an earlier one that allowed certain residential construction employers to bypass some fall protection requirements.

Data from the department's Bureau of Labor Statistics estimates that an average of 40 workers are killed each year as a result of falls from residential roofs. One-third of those deaths represent Latino workers, who often lack sufficient access to safety information and protections. Latino workers comprise more than one-third of all construction employees.

OSHA's new directive, Standard 03-11-002, rescinded the Interim Fall Protection Compliance Guidelines for Residential Construction, Standard 03-00-001. Prior to the issuance of this new directive, Standard 03-00-001 allowed employers engaged in certain residential construction activities to use specified alternative methods of fall protection rather than the conventional fall protection required by the residential construction fall protection standard. With the issuance of the new directive, all residential construction employers must comply with 29 Code of Federal Regulations (CFR) 1926.501(b)(13). Where residential builders can demonstrate that traditional fall protection is not feasible, 29 CFR 1926.501(b)(13) still allows for alternative means of providing protection.

Construction and roofing companies have until June 16 to comply with the new directive. OSHA has developed training and compliance assistance materials for small employers and will host a webinar for parties interested in learning more about complying with the standard.

Violating Your E-Policies Can Be a Federal Crime

If you're worried that an employee or ex-employee will break into your computer network and damage the company, a new court ruling gives you new teeth to enforce your policy ... and it gives employees something to think about before committing e-sabotage...

Case in Point: The Computer Fraud and Abuse Act (CFAA) is a federal law



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Cindy, Kathy and Larry

aimed at protecting confidential company information. An employee can be punished if he “knowingly and with intent to defraud, accesses a protected computer without authorization, or exceeds authorized access, and by means of such conduct furthers the intended fraud and obtains anything of value.” (18 U.S.C. § 1030(a)(4))

The government used the CFAA to bring criminal charges against David Nosal, who worked as a high-level executive at Korn/Ferry International, a global executive search firm. Nosal worked at Korn/Ferry for eight years. When he left, he signed a one-year non-compete agreement and became an independent contractor. However, after leaving he allegedly enlisted three Korn/Ferry employees to help him open his own competing executive search firm. The employees used their secret login codes to gain access to restricted databases. Once there, they downloaded, copied and duplicated the proprietary data, then gave it to Nosal.

Korn/Ferry had a clear computer usage and network policy. It assigned unique login credentials to employees and controlled physical access to the servers. Employees were also required to sign agreements relating to the procedures for handling confidential information. Nosal and one of the employees were indicted under the CFAA for exceeding authorized access to a computer network. Nosal tried to get the CFAA claims dismissed, but the court rejected his defense, saying he can be prosecuted under the CFAA.

The court said the employees at Korn/Ferry, “were subject to a computer use policy that placed clear and conspicuous restrictions on the employees' access both to the system in general and to the [compromised] database in particular.” (*United States v. Nosal*, 9th Cir., No. 10-10038, 4/28/11)

3 Lessons Learned ...Without Going to Court

- 1. Have a Network Policy.** Without a policy, the court said, the company couldn't argue there was a breach of it.
- 2. Monitor Computer Usage.** It will help you spot red flags, such as downloading databases, so there can be an immediate intervention to stop it.
- 3. Protect Proprietary Information Like the Crown Jewels.** The court really liked all the electronic reminders, written agreements and distributed policies that Korn/Ferry had in place to protect the confidential information. Whose watching your crown jewels?

By Mindy Chapman, Esq., Business Management Daily,
www.businessmanagementdaily.com

Mike Potthoff New General Manager of LBM Dealer Solutions for DMSi

Mike Potthoff, General Manager of LBM Dealer Solutions, has a goal of making Agility the number one LBM dealer software in functionality, customer satisfaction and new account growth. As the former CFO of Christensen Lumber, a DMSi customer and full-line lumberyard with a door shop and component plant, Potthoff gained first-hand knowledge of operating a lumberyard. Prior to that, he spent over four years as a sales representative for DMSi's millwork and LBM dealer space. “Mike brings real-world, customer-side experience that will make him an extremely effective asset for driving growth at DMSi,” DMSi Software's President Cal German described. “His

Charting A Course to Recovery...



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knowledge on both sides of the fence will help make Agility an even more effective tool for LBM dealers.”

Potthoff's new role is expected to create new levels of cohesiveness and information flow for LBM dealers. “I like the idea of being involved in sales and the functionality side,” Potthoff said. “Being involved in both will allow me to be an advocate for customers and make Agility even better. I am really looking forward to meeting new and existing customers and helping them improve their businesses.”

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THE WINDSTORM WAY:

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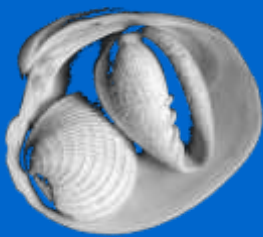
Congressmen Urge EPA Administrator to Halt Expansion of EPA Lead Rule

Rep. Bob Latta (R-OH) and a bipartisan group of 22 additional members of Congress sent a letter to EPA Administrator Lisa Jackson and the Office of Management and Budget expressing concern with the EPA's pursuit of additional clearance testing requirements and expansion to commercial buildings under the EPA Lead: Renovation, Repair and Painting (LRRP) Rule.

"Following EPA's flawed implementation of the original rule last year that resulted in too few certified contractors, lack of training opportunities, poor consumer education and inaccurate lead test kits, the agency went on to remove a provision of the rule to allow consumers to opt-out of the rule if there were no

The weather-cock on the church spire, though made of iron, would soon be broken by the storm-wind if it did not understand the noble art of turning to every wind.

- Heinrich Heine



pregnant women or children under six present in pre-1978 housing, effectively increasing the number of homes subject to the rule from 38 million to 79 million. Now, EPA is undertaking two more regulatory actions to expand the scope and compliance requirements of the LRRP well beyond the scope and intent of the original rule," the letter states.

Latta, a member of the House Energy and Commerce Committee, which has oversight of EPA, was joined on the letter by Reps. Austin Scott (R-GA), Tom Latham (R-IA), Leonard Boswell (D-IA), Dan Burton (R-IN), Steve LaTourette (R-OH), Jean Schmidt (R-OH), Collin Peterson (D-MN), John Kline (R-MN), Denny Rehberg (R-MT), Kenny Marchant (R-TX), Louie Gohmert (R-TX), Lynn Westmoreland (R-GA), Jeff Flake (R-AZ), Larry Buchson (R-IN), Steve Womack (R-AR), Marsha Blackburn (R-TN), Mike Simpson (R-ID), Rick Berg (R-ND), Mick Mulvaney (R-SC), John Sullivan (R-OK), Adrian Smith (R-NE) and Michele Bachmann (R-MN).

Bill Introduced to Tackle Home Builders' Credit Crunch

Reps. Gary Miller (R-CA) and Brad Miller (D-NC) have introduced legislation attempting to free up restricted acquisition, development and construction lending by the nation's banks.

The issue has been a top priority for home builders seeking to free up capital needed to spur new construction activity. The "Home Construction Lending Regulatory Improvement Act" (H.R. 1755) was introduced May 5 and has 31 additional cosponsors.

H.R. 1755 would address specific regulatory obstacles to the credit needs of the nation's home builders. In a letter to fellow lawmakers seeking support for their bill, Reps. Gary Miller and Brad Miller said that "one of the major reasons for this lack of credit is the overly restrictive actions by banking regulators which have hindered federal and state chartered banks and thrifts' ability to make and maintain loans to qualified small home builders that have viable projects."

To rectify this situation, the legislation would grant authority and guidance to federal and state banking regulators to ensure that financial institutions that provide financing to America's home builders are permitted to make loans, restore liquidity and provide stable financing to the residential housing sector.

Energy Efficiency Legislation Introduced Targeting Building Codes

This past week, Sens. Jeanne Shaheen (D-NH) and Rob Portman (R-OH) introduced the Energy Savings and Industrial Competitiveness Act (S.963), an energy efficiency bill that targets buildings through model codes and new requirements for federal buildings. The bill aims to achieve net-zero energy use in new construction by 2030. Unlike previous versions of legislation that would have directed the Department of Energy (DOE) to establish a national energy building code, the bill introduced by Shaheen and Portman reflects changes sought by NLBMDA and the building industry to limit undue influence by DOE in the development of national model energy codes and standards. It directs DOE to support the model building code and standards development process and



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contains language requiring DOE to disclose the methodology behind its energy savings calculations and recommendations. Other provisions of the bill seek to boost private sector investment in building efficiency upgrades by expanding the DOE loan guarantee program and provide financing assistance to manufacturers to make efficiency upgrades.

Norbord raised the NAB Research Center to compare air leakage between horizontal panels and vertical TallWall. With up to a 60% reduction in air infiltration, there was no comparison - TallWall won hands down. TallWall stretches from floor framing to top plate, making it up to 36% stronger and mid-wall horizontal joints a thing of the past.

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Norbord

House Bill Would Repeal Employer Health Care Mandate

Reps. Charles Boustany (R-LA), Patrick Tiberi (R-OH) and John Barrow (D-GA) introduced bipartisan legislation on May 5 to repeal the employer mandate contained in the 2010 Affordable Care Act. The "American Job Protection Act" (H.R. 1744) removes the existing mandate that companies with 50 or more full-time workers provide health insurance at government-mandated levels or pay penalties if they fail to do so.

The Congressional Budget Office (CBO) has estimated that the employer mandate provision of the ACA will cost 800,000 jobs - and is considered a conservative estimate by many in the employer community. Similar legislation was introduced in the Senate in January (S. 20).

New-Home Sales Up for 2nd Straight Month

New-home sales rose for a second straight month in April, but sales remain near the lowest levels on record, the government said Tuesday. The Census Bureau reported an annual sales rate of 323,000 new homes last month. That was up 7.3% from a revised rate of 301,000 in March. While sales have risen for two months in a row, the April rate was down 23.1% compared with the same month in 2010.

Quote of the Week

I am defeated
and know it, if I
meet any human
being from whom
I find myself
unable to learn
anything.

George
Herbert Palmer



It's Good To Have One of Our Own In the SC Senate!

Greg Gregory, President of Builders Supply Company is back in the SC Senate. He sent this note in (something that I'm sure is appealing to dealers in SC!) "One thing we did recently that may be of interest to SBMA members is put \$100MM in the budget for the next fiscal year to go towards paying down the loan the state has from the federal gov't for unemployment funds. The effect of this will be an 18% reduction in premiums going forward." Be sure to let Greg know how much you appreciate his work!

Update from the SC House: Legislators Talk Taxes

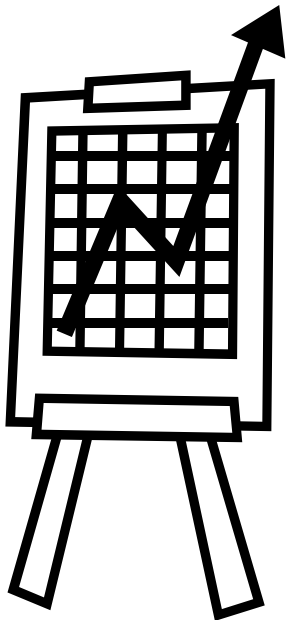
The House revised and passed the provisions for point of sale tax reassessment of real property under the South Carolina Real Property Valuation Reform Act (Act No. 388) of 2006. This legislation provides that when a parcel of real property along with any improvements previously subject to property tax is sold or undergoes another assessable transfer of interest and the value of the parcel, as determined at the time of the assessable transfer of interest, is greater than the value of the parcel used in the property tax assessment on the parcel for the most recently completed property tax year, there is allowed an exemption of an amount of the fair market value of the parcel sufficient to eliminate any increase in the value of the parcel. The legislation takes effect upon approval by the Governor and applies to real property transfers after Dec. 31, 2010.

The passage of this legislation attempts to change the impact of Act 388 of 2006. Act 388 allowed for the shifting of public school funding from local property taxes to a statewide penny sales tax, while allowing counties to get their money back when commercial properties were resold. Because of a recession that no one saw coming back in 2006, the housing market has suffered. The real estate industry is trying to allow properties that have just been sold to continue to carry their assessed, taxable value until the next county property tax reassessment. Realtors want the generally lower assessed value to be what's taxed, not the current requirement to tax property based on the actual sale value. They argue that by changing a property's taxable value to the sale value – the so-called point of sale – people have a harder and harder time buying homes because taxes are higher. That also makes it harder for the state to attract outside investment and jobs. For more information go to:

<http://www2.scnow.com/news/2011/may/18/update-house-legislators-talk-taxes-ar-1859203/>

NC Unemployment Rate Holds Steady at 9.7 percent

The state's job market continued to move in a positive but exceedingly slow direction during April, according to economists. The jobless rate remained unchanged in April at 9.7 percent, with a net gain of just 2,900 nonfarm jobs. The state has had a net gain of 37,000 jobs since the first of the year. It is the seventh consecutive month the North Carolina rate has been below 10 percent, but during that time it has only dropped 0.3 percentage point.



US Consumer Confidence index of consumers' outlook on present and future conditions, is due out Tuesday, May 31, at 10:00 AM ET.

In the aftermath of last week's surprisingly positive revision of the consumer sentiment gauge, the US consumer confidence index could follow suit with a reading of 65.8 in May from 65.5 in April.

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Report Highlights Mid-Atlantic Housing Market

The Mid-Atlantic major metro markets have continued to experience some stabilizing trends compared to the first quarter of last year according to a Long & Forster Report. Although year-over-year first quarter sales in some areas dropped off as expected due to the conclusion of the home buyer tax credits that expired last spring, other areas saw increases in year-over-year sales for the quarter, and some major metropolitan areas in the region experienced increases in home prices year-over-year, according to The Long & Foster Market Conditions Report.

The Long & Foster Market Conditions Report provides insight into home sales — total units sold, average home sales prices, sales price as a percentage of list price, and total dollar volume sold—throughout the company's primary markets of Washington, D.C.; Baltimore/Towson, Md.; Philadelphia, Pa.; Virginia Beach/Norfolk/Newport News, Va.; Richmond, Va.; and some areas of the



In addition to the Consumer Confidence Report the following reports will also due out this week.

◆ US ADP Employment Report: a measure of jobs lost or added to the private sector of the economy, also serving as a leading indicator for the outcome of monthly non-farm payrolls. Due Wed., June 1 at 8:15 AM ET

◆ US ISM Manufacturing Index, a leading indicator of industrial activity, where a reading above 50 is the dividing line between economic expansion and contraction. Wed., June 1, 10:00 AM ET

◆ US Employment Situation Report, one of the most important indicators of economic health, measuring the number of new jobs created or lost in the world's largest economy. Fri., June 3, 8:30 AM, ET

◆ US ISM Non-Manufacturing Index, a leading indicator of economic conditions in the services industries: agriculture, mining, construction, transportation, communication, wholesale trade and retail trade, Fri., June 3, 10:00 am, ET

Eastern Shore region of Maryland.

Home prices were mixed throughout the Mid-Atlantic region, with some areas experiencing moderate decreases compared to the same quarter in 2010 and others seeing slight increases. The Washington, D.C., market experienced more than a 2 percent increase in average sold price in the first quarter versus year-ago.

Other metro markets, including Baltimore/Towson, the Eastern Shore of Maryland, Roanoke, Richmond, and the Virginia Beach/Norfolk/Newport News area, continue to be in a transition period, with a mix of counties and/or cities with increasing, decreasing and stabilizing average sold prices versus a year ago.

Sales in the Mid-Atlantic region were mixed as well, according to quarterly data, which suggests that some markets are still feeling the effects of the last year's homebuyer tax credits. The Richmond region experienced a 7.6 percent increase in sales versus the same quarter last year, and Baltimore/Towson and Virginia Beach/Norfolk/Newport News each experienced an increase of more than 4 percent in the number of homes that sold, year-over-year. The Eastern Shore of Maryland saw units sold remain virtually unchanged from the same quarter in 2010.

Other regions experienced decreases in units sold in the first quarter compared to the same period last year. Roanoke experienced a nearly 5 percent decrease, Washington, D.C., metro experienced a 7.5 percent decrease and Philadelphia saw a decrease of more than 11 percent, year-over-year.

The Decline of AD&C Lending

The nation's home builders know that lending for acquisition, development and construction (AD&C) purposes is restrictive. Even in areas of the country where home prices are stable or growing and demand exists for new construction, the lending environment is challenging, which constrains residential construction's traditional role of leading the economy out of recession.

Lending for residential construction purposes is significantly more restrictive than loans for commercial construction activities, and these facts are at odds with reporting from certain surveys of financial conditions. Data from the FDIC's Statistics of Banking confirm the anecdotal evidence from builders of tight AD&C lending conditions.

Since the first quarter of 2008 peak of AD&C lending for residential construction (1 to 4 unit properties), the total volume of loans is down from \$203.8 billion to \$56 billion – a decline of \$147.8 billion or 73%. Since early 2008, the stock of home building AD&C loans held by FDIC-insured institutions has declined on average 10 to 11% every quarter, with the decline equal to 10.9% for the first quarter of 2011.

All other construction and development loans, including commercial and 5+ unit residential properties, are down 45% since the peak in the third quarter of 2008. This decline, while large, is still considerably smaller than the decline for residential AD&C loans. The most recent survey indicates a greater percentage of respondents reporting net loosening of credit availability for the first time since the Great Recession began.

However, NAHB survey data of home builders and the FDIC data reported above

continue to indicate that AD&C lending conditions remain restrictive for home building nationwide.

New Online Resource Provides Employee Eligibility Verification Guidance for Employers and Employees

In line with its recent introduction of other important employment-related resources, the U.S. Citizenship and Immigration Services (USCIS) May 13 launched I-9 Central, a new online resource center dedicated to the most frequently accessed form on USCIS.gov: Form I-9, Employee Eligibility Verification.

By law, U.S. employers must verify the identity and employment authorization for every worker they hire after Nov. 6, 1986, regardless of the employee's immigration status. To comply with the law, employers must complete Form I-9.

I-9 Central includes sections about employer and employee rights and responsibilities, step-by-step instructions for completing the form, and information on acceptable documents for establishing identity and employment authorization. This free website builds on recent employment-related enhancements by providing employers and employees simple one-click access to resources, tips and guidance to properly complete Form I-9 and better understand the Form I-9 process. I-9 Central also includes a discussion of common mistakes to avoid when completing the form, guidance on how to correct errors, and answers to employers' recent questions about the Form I-9 process.

Banks Sell Three Times More than Builders

Housing remains stuck in the doldrums even with extremely low mortgage rates and despite some improvement in private payroll employment. Part of the reason for this disconnect is the slew of foreclosures and bank-owned properties which are still flooding the housing market. Defaults are expected to reach new record-highs this year which have buyers holding out for better deals and traditional home-sellers battling low-ball offers from banks. The aggressive pricing on distressed properties is undercutting individual home sellers and new home builders alike, and wreaking havoc on local housing markets. According to data from Housing IntelligencePro, both new home activity and regular resale activity made up a smaller portion of total closing activity compared to the first three months of last year (and every quarter since).

Nationally, bank-owned real estate closings accounted for almost 32% of all settlements in the first quarter, a figure which has been steadily increasing over the last year. Regular resales still made up the biggest chunk of settlement activity, about 60%, while the languishing new home market accounted for the remaining 8.5% or so of closing activity in the first quarter. That means REO sales volume was more than three times higher than new home closings. New home share has been cut in half since peak times, whereas regular resale share has decline by about one-fourth. The continued rise in REO sales is not likely to abate any time soon, foreclosure rates are still elevated and according to some estimates, may increase this year. For more information go to:

<http://www.housingintelligence.com/economics/banks-sell-3x-more-than-builders.html>



"Nationally, bank-owned real estate closings accounted for almost 32% of all settlements in the first quarter, a figure which has been steadily increasing over the last year."

Attitude Adjustment Could Boost Economy



Recoveries begin when the imbalances are overcome by the passage of time, other forces in the economy or government policies.

Below is an article by Robert J. Samuelson of the Washington Post Writers Group. It's something worth reading. At the end of the article there is a link to read more on the subject.

It may be time to move beyond pessimism. Ever since the financial crisis, Americans have wallowed in fear and anxiety. Understandably. Although a recovery - as defined by academic economists - started about two years ago, it hasn't felt like one.

Of the 8.7 million payroll jobs lost in the recession, only 1.8 million have returned. The recovery rivals the slowest since World War II and faces continued threats. High oil prices. Europe's debt crisis. Unexpected inflation. Washington's bickering over the federal debt ceiling. All true.

But it's also true that the recovery seems increasingly self-propelled. Americans are shopping again, albeit with less fervor; exports are improving; companies are hiring. Massive government spending and the Federal Reserve's low interest rates seem less crucial to growth.

Although this is good news, the pervasive post-crisis gloom prevents us from acknowledging it. Despite differences, all recessions share certain characteristics. One is the role of economic "imbalances." Something in the economy goes to excess, and the "correction" depresses production, jobs and incomes.

Inflation rises, and so the Fed quells it by increasing interest rates. Or companies overinvest in factories and office buildings; investment spending collapses when the surpluses become obvious. Or stocks reach artificial highs - and then crash.

Recoveries begin when the imbalances are overcome by the passage of time, other forces in the economy or government policies. This is happening now to three huge imbalances: consumer overspending (an imbalance between household purchases and incomes); the trade deficit (the imbalance between exports and imports); and the housing "bubble" (the imbalance between home prices and people's incomes).

Let's take them in turn. During the boom years, Americans borrowed more, usually against higher home values; they saved less and spent more. The personal savings rate - the share of after-tax income saved - reached a low of about 1 percent in 2005.

Spending flourished for cars, electronics and much more. Then, beginning in 2008, consumer spending plunged for 18 months when housing prices fell and personal credit tightened. Americans repaid loans or defaulted; they spent less and saved more.

Now, years of doing this (aka "de-leveraging") have restored purchasing power. Debts have been reduced or eliminated; the savings rate has recovered to a 5 percent to 6 percent range.

Next, the trade deficit. It peaked in 2006 at \$759 billion, weakening domestic manufacturing. Now, the dollar's depreciation makes U.S. goods more competitive on world markets. Both farm and industrial exports are growing



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rapidly, up 22 percent and 18 percent for the first three months of 2011 compared with the same period in 2010. By 2010, the overall deficit had dropped to \$496 billion.

Finally, there's housing. True, it's still depressed. But the worst may be past. Mortgage delinquencies are falling. Meanwhile, pent-up demand is growing. New home construction would have to average 1.6 million units a year over the next decade - triple the current rate - to keep up with rising population and new households, estimates economist Ben Herzon of Macroeconomic Advisers.

"There's a boom out there somewhere," he argues. "It's just a matter of when." Some economists are raising forecasts. Mark Zandi of Moody's Analytics notes that household debt has decreased by \$1.1 trillion and that the number of bank and retail credit cards has dropped from 600 million to 460 million. He expects faster economic growth in 2012.

The greatest barrier to recovery now could be psychology - stubborn gloom - which conditions household- and business-spending decisions. There is a curious role reversal. Foolish optimism led to the financial crisis and recession by assuming things would work out for the best. Now, reflexive pessimism weakens growth by ignoring good news or believing it can't last.

Read more:

<http://www.azcentral.com/arizonarepublic/opinions/articles/2011/05/23/20110523samuelson24.html#ixzz1NWEQw3jp>