



1913 Turnbury Dr.
Greenville, NC 27858
Ph: 252-756-7915
Office Hours:
M-Th: 7:30am-5pm
Friday: Closed

Inside this issue:

Delayed Households	1
Builders Save Money	2
Legislative	3
New Members	6
Renewals	7
Home Expo 2011	9
Spring Golf	10



THE BLUEPRINT

Greenville-Pitt County Home Builders Association

February 2011

Delayed Households to Boost Housing Demand, Builders Need Financing to Meet It

A new study by NAHB economists (“Pent-Up Housing Demand: The Household Formations That Didn’t Happen-Yet”) warns that housing demand will quicken as household formations catch up from recession-dampened levels.

The study calculates that 2.1 million household formations were delayed from 2007 to 2009 as a result of the harsh economic conditions of the Great Recession, which would account for two-thirds of the three million excess housing units recently cited by, among others, William Dudley, president of the Federal Reserve Bank of New York.

Doubling up with roommates or living in their parents’ basements to withstand the weak economy, such potential households represent future occupants of rental or ownership housing as their financial situation improves.

These delayed households will materialize, coinciding with a re-acceleration of the rate of household formations that will be driven largely by the children of baby boomers who are moving into their young adult years and who constitute a generation even larger than their parents’.

While not directly addressed in the report, these findings suggest that the nation’s home builders should be gearing up now to meet the housing demand that will be increasing significantly as the U.S. economy moves forward, a task for which they are ill-prepared because they are unable to obtain financing to begin new projects.

“There should be a sense of urgency to restore the capacity of a fully functioning housing industry to meet the demand that is looming not that far out into the future,” said NAHB Chairman Bob Nielsen. “Instead, builders must contend with severely curtailed access to the credit required to even begin moving into the planning stages for housing that will be in strong demand by the time it is completed.”

As a result of scarce financing, new rental apartments, which traditionally provide young households with their first housing, “are not moving nearly fast enough into the pipeline today.” Nielsen added. “It can take a few years for some of these larger projects to be built, and already we are beginning to see apartment vacancies tightening up in many major markets.”

During the Great Recession, the NAHB study finds, average annual household formations slumped to 421,000, roughly a third of the long-term average. Households were being formed at a fairly consistent average growth rate of 1.0% average growth rate, and from this baseline number subtracted the Census Bureau’s estimated households for 2010 to conclude that there were 2.1 million pent-up household formations.

“A considerable portion of the excess housing supply is due to a steep decline in demand related to economic conditions, rather than due purely to overbuilding,” the study says. “This has important implications for recovery in the housing market.”

The study concludes that today’s excess supply of housing “reflects or embodies significant pent-up demand, implying that recovery in the housing market will come more quickly as the economic recovery makes progress and pent-up demand turns into realized demand, absorbing vacant units in the existing stock and adding pressure for the construction of new units.”



2011 Board of Directors

John Potter, *President*
Potter's Construction

Ashley Elks, *1st Vice President*
A Elks Construction Inc.

Troy Hardee, *2nd Vice President*
Hardee Construction

Lee Warren, *Immediate Past Pres.*
Lee Warren Homes

Pat Taylor, *Secretary/Treasurer*
Re/Max Preferred Realty

Sharon Craft, *Executive Officer*
Greenville-Pitt County HBA

Daniel Bergevin, *Director*
Morris Agency

Todd MacKenzie, *Director*
MAC Homes

Jamie Harris, *Director*
Carpet Design Center

Billy Leudesdorf, *Director*
Ferguson Waterworks

Jennifer Jones, *Director*
Wells Fargo Home Mortgage

Eddie Chance, *Director*
Chance & Smith Builders

Rex Manning, *Director*
Overhead Door Company

Gray Blount, *Director*
Home Builders Supply

Charles Ainsley, *Director*
Ainsley Construction

Tori Ange, *Alternate Director*
Next Media

John Tipton, *Alternate Director*
Tipton Builders Inc.

Mike Brown, *Advisor*
NC Licensing Board of GC

Les Everett, *Advisor*
City of Greenville Inspections

Billy Grizzard, *Advisor*
Pitt County Inspections

Builders Can Find Ways To Save Money At Tax Time

Every builder has go-to tools for certain jobs. But when it comes to dealing with the ever-changing tax code, builders too often lack the tools they need.

Whether you're filing as an individual or as a small business, there's so much going on this year it's even more confusing than usual. This isn't the year to go it alone. But for small business owners who play it smart, there are lots of ways to save money at tax time.

Taxpayers have received some good news already, however. Most should note the 2% increase in their 2011 paychecks. This is due to a change in federal law that reduced taxpayer's contributions to Social Security from 6.2% to 4.2% for 2011.

"This means if you earn \$50,000 a year, you will have an extra \$1,000 in your paycheck — or \$600 more than from the Making Work Pay Credit. You can put this money to work by contributing to IRAs and 401(k)s, paying bills or funding a college savings account."

To navigate the rest, here are 10 tips to help you through this tax season:

- 1. You may be able to deduct your home office** — But there's a catch: You can claim the deduction only if you have a room, or a distinct portion of a room, dedicated exclusively and regularly for your main place of business. The rules differ slightly depending on whether you are self-employed or an employee. Running your business from the workbench won't cut it. But if you can document your use of qualifying space, then you should be able to claim the deduction.
- 2. Self-employed health insurance deduction** — This is applicable if you're self-employed and pay health insurance premiums for yourself and your family. For 2010, you can also deduct those premiums from your income for purposes of calculating self-employment tax. For 2010 and after, you can deduct the cost of health insurance premiums for your children younger than age 27 at the end of the year, if they don't have access to employer-provided insurance. This applies even if the child is not a dependent for tax purposes. If you are a small business owner who needs help calculating the potential impact of the new health care law on your business, including premium costs and employee coverage requirements, check out this [calculator from The Tax Institute](#).
- 3. Cell phones can be deducted** — We don't have to tell you how indispensable cell phones are for builders. The good news for 2010 is that you can deduct cell phone expenses related to your business under the regular rules for business property. So, if you purchased a cell phone in 2010 for \$200, and you use the phone entirely for business purposes, then you can deduct up to \$200.
- 4. Start-up business expense deduction increased from \$5,000 to \$10,000 for 2010 only** — If you started a new business in 2010, you may be able to deduct up to \$10,000 in start-up expenses, which includes costs such as advertising and employee training prior to opening the business.
- 5. General business credit modified** — Eligible small businesses may carry back the general business credit for five years instead of one year. So, if you qualify for a credit such as the Energy Efficient Home Credit, but you have low tax liability in 2010, you may be able to carry the credit back to a prior year, such as 2005, and claim a refund.



Jennifer B. Jones
Home Mortgage Consultant

Wells Fargo Home Mortgage
MAC M5587-011
500 Red Banks Road, Suite D
Greenville, NC 27858
252 215-3104 Office
866 600-8709 Fax
252 341-1051 Cell / 866 216-3655 Toll Free
jennifer.b.jones@wellsfargo.com
www.homeloansbyjenniferjones.com

Top 10 NCHBA Actions to Benefit Out Members in 2010

The North Carolina Home Builders Association works diligently to protect the interests of the home building industry. To summarize their most important work in 2010, they have compiled a document entitled “Top 10 NCHBA Actions to Benefit our Members in 2010.” While it was difficult to narrow down the work NCHBA did in 2010 to just ten items, they feel these actions resulted in the biggest member benefit.

1. **Stopped Residential Sprinkler Proposal**—NCHBA won a major victory in December when the NC Building Code Council rejected an effort to require residential sprinklers in single-family homes as called for by the 2009 International Residential Code (IRC). Smoke detectors, which are already required by the Code, provide excellent protection for life; sprinklers merely protect property. As well the Council allowed builders who voluntarily choose to install sprinklers in townhomes to utilize a common 1-hour fire resistant instead of the required 2-hour fire resistant rated wall assembly. **COST SAVINGS: \$7,000-\$21,000 per house from proposed sprinkler mandate**
2. **Negotiated Compromise on Energy Efficiency Mandates**— Also in December, NCHBA won another major victory when the NC Building Code Council rejected a number of code changes designed to increase residential energy-efficiency by 30%. Instead, the Council approved a compromise, which NCHBA had negotiated with Governor Beverly Perdue, which adopted the 2009 International Residential Energy Code requirements (with NC amendments) designed to increase residential energy efficiency by approximately 15% which costs are to be offset by elimination of unnecessary existing code requirements. NCHBA proposed a lengthy list of code provision candidates for elimination to achieve the estimated \$3,687 cost of complying with the 15% requirement. **COST SAVINGS in defeating the 30% mandate: \$9,718 (on 1,600 sq. ft. house).**
3. **Led Effort to Make Solving the AD&C Credit Crisis NAHB’s Number One Priority** - In September, the NCHBA Board of Directors unanimously adopted a resolution calling on NAHB to make solving the AD&C credit crisis NAHB’s number one priority. Lyle Gardner, 2010 NCHBA President, led a successful effort by a coalition of states (NC, TX, NJ & SC) during the NAHB Fall Board Meeting in New York to get this resolution enacted by the NAHB Board of Directors. In Washington, NCHBA worked closely with Congressman Brad Miller (D-NC-13th District) to amend HR 5297 (*Small Business Lending Fund Act of 2010*) on the House Floor to provide builder access for AD&C loans as an eligible category of lending in this \$30 billion loan fund authorized for community banks. Despite our best efforts, the Senate failed to include this provision in the final version of the bill. Subsequently, at our request, Congressman Miller got the House to pass HR 6191 in an effort to remedy this omission but the Senate failed to act on the bill. Mike Carpenter was named to NAHB’s AD&C Task Force which produced a priority list of possible solutions to the AD&C crisis to guide NAHB action in attacking this critical issue.
4. **Repeal of the Unfair Merkley Provision**—NCHBA intensively and successfully lobbied our NC Congressional delegation to vote to pass the reconciliation bill which included a repeal of the so-called Merkley amendment contained in the Health Care Reform Act passed in 2009. This provision, added at the behest of the unions, would have required construction companies to provide health care coverage if they had 5 or more employees. Repeal of this provision returned our industry to the 50-employee small business threshold before such mandate takes effect. **COST SAVING: Significant to members with 5 or more employees who would have been required to provide coverage.**
5. **Won Final Victory against Adequate Public Facilities Ordinances (APFO)**- In October, the NC Supreme Court denied Union County’s petition for it to review the December 2009 decision of the NC Court of Appeals that struck down Union County’s APFO. The Court of Appeals ruled that the General Assembly had never authorized local governments to impose an APFO and to collect fees to allow development to proceed where alleged inadequacy was demonstrated. Citing the Union County decision as controlling authority, the Court of Appeals, in separate cases, also struck down similar ordinance adopted by Cabarrus County and the Town of Cary and required all fees collected to be refunded with interest. This final action by the Supreme Court caused Stanly and Franklin counties to refund fees exacted under their similar APFO schemes. The result of this litigation, initiated by the NCHBA Legal Action Fund, effectively stopped the spread of APFOs in NC which have become prevalent in other states. **COST SAVINGS: Literally millions of current and future dollars as this ill-advised concept was spreading across NC; the cost savings in Union County alone was \$16,000 per house.**
6. **Provided Critical Tax Relief and Assist With Builder Cash Flow**— NCHBA amended the law in 2010 which we first passed in 2009 to allow builders to defer local property taxes on unsold builder inventory to ensure that builders in business entities could utilize this tool. While the taxes on the improvements are only deferred and will have to be paid when the property is transferred (or a maximum of 3 years after first receiving the deferral), this act will help with builder cash flow during this severe economic downturn and may allow the increased tax burden to be shared with the eventual purchaser of the residence. **COST SAVINGS: Significant cost deferral for builders with homes in inventory for sale.**

(continue on page 5)



Serving the Professional Contractor Since 1948

- LUMBER
- DOORS
- MILLWORK
- CABINETS
- MOLDINGS
- PAINT
- WINDOWS
- TRUSSES
- HARDWARE
- DRYWALL
- SHINGLES/ROOFING
- BUILDING MATERIALS
- ENGINEERED WOOD PRODUCTS

2000 Dickinson Ave. Greenville, NC

Ph (252) 758-4151

Fax (252) 758-9477

www.HomeBuildersNC.com

The Secret to Homebuyer Happiness? *It's a Home Warranty, says J.D. Power*

The prestigious J.D. Power recently reported that a new-home warranty is #1 in driving customer satisfaction with builders. In a buyers' market like this one, customer service and satisfaction are key. We've always believed in the value of a new-home warranty - now here's proof from J.D. Power that your customers do, too!

Your buyer wants a warranty
- what are you waiting for?

Call Bonded Builders today.

Peyton Williams

800-749-0381, x3811

Cell: 910-612-8006

910-798-0021

pwilliams@BondedBuilders.com



www.BondedBuilders.com

Continue from page 3

7. **Preserving Housing Affordability by Extending Certain Development Approvals**— In 2010, NCHBA successfully added an additional year to the law which we passed in 2009 to extend required development approvals, at both the local and state level, to ensure that these approvals did not expire where current economic conditions would not support proceeding with the planned development. These approvals, from local building permits to various state environmental permits, carry a time certain for their execution. This new law provides that the running of the period of development approval for any approval that is current and valid at any point from January 1, 2008, until December 31, 2011, is suspended for the same time period. **COST SAVINGS: Hundreds of thousands (if not millions) of dollars in costs to reapply for permits that otherwise would have expired.**
8. **Builders Mutual Policyholder Dividend**— NCHBA worked closely with the BMIC Board of Directors and BMIC staff to assure over \$1.575 million in NCHBA member-policyholder dividends to be paid in 2011 based on 2010 policyholder experience. In many cases, the amount of this member dividend will more than pay for the policyholder to renew his or her HBA membership. In some cases, the amounts were considerably more— welcome revenue in these difficult times and a return not available to those who insure with other companies. NCHBA is very proud to exclusively endorse the entire BMIC product line and we are appreciative of the wonderful support that BMIC provides to our association and to our members. **COST SAVINGS: The historical policyholder refund over the last 3 years have averaged \$344.33.**
9. **Preserve Housing Affordability by Fighting Efforts by the State Banking Commission to Limit Builder Assistance to Homebuyers Who Choose to Utilize Affiliated Builder Mortgage Lenders**— NCHBA led a successful effort which caused the State Banking commission to withdraw a proposed rule which would have prohibited builders from offering incentives to homebuyers who utilize a mortgage lender affiliated with the builder. The negotiations on this issue, led by NCHBA, produced a resolution that resulted in the proposed rule being withdrawn. **COST SAVINGS: Hundreds of thousand of dollars for prospective homebuyers in incentives preserved and the safeguarding of sales arising from builders with affiliated mortgage lenders.**
10. **Led Effort to Ensure That NAHB Did Not Raise Member Dues During These Difficult Times**— At it's 2nd Quarter Meeting in Raleigh, the NCHBA Board of Directors adopted a resolution calling on NAHB not to raise member dues in 2011 or 2012 due to the difficult economic times facing our members. NCHBA led a coalition of state and local associations at the NAHB Fall Board Meeting in ensuring that no dues increase in the 2011 and 2012 NAHB budgets. **COST SAVINGS: NAHB gave notice of a potential due increase of \$45 per year in \$15 increments over a three year period.**

CULTURED MARBLE & SOLID SURFACE 252-753-3020
FAX 252-753-7625

Carolina Marble Products Inc.
CUSTOM SHOWERS, WHIRLPOOL TUBS,
VANITY & KITCHEN TOPS

P.O. Box 302
801 WEST CHURCH ST.
FARMVILLE, N.C. 27828

HUGH WILLIAMS
OPERATIONS

CAROLINAMARBLEPRODUCTS.COM



ABHW Concrete Co.
Michael Mercer 252-717-2421

Dispatcher: 252-940-1002
Fax: 252-946-0955

Hwy. 264

BB&T

Anthony "Robin" Little, CIC
Assistant Vice President
Business Insurance Agent

BB&T Insurance Services, Inc.

Mailcode: 135-82-02-15
543 S. Evans St., 2nd Fl. (27858)
P.O. Box 7266
Greenville, NC 27835
(252) 752-3388
Fax (252) 752-1266
Direct Line (252) 752-2834
arlittle@BBandT.com

**GARRIS
EVANS
Lumber Co.**

John H. Evans
President

701 West 14th Street
Greenville, N.C. 27834
(252) 754-1176
(252) 752-2106
Fax (252) 754-1169
jevans@garrisevans.com

www.garrisevans.com



Welcome New Members

ASSOCIATES

Hank Keel

Home Builders Supply
2000 Dickinson Ave.
Greenville, NC 27834
Ph: 252-714-8445
Building Materials

Sue Sanzari

James Hardie Building Products
1804 Chestnut St.
Wilmington, NC 28405
Ph: 910-599-4315
Building Materials

Brian Schutz

Matrix East Inc.
3709 Barion Way
Grimesland, NC 27837
Ph: 252-814-7676
Electrical Contractor/Security & Life Safety

Tony Fox

Fox Construction of Eastern NC
P.O. Box 20663
Greenville, NC 27858
Ph: 252-916-8563
Framing Contractor

Rosalba Vazques

1718 Charles Buck Dr.
Greenville, NC 27834
Ph: 252-717-2257
Framing Contractor

Eric Connell

ECU Dept. of Construction Mgt.
328 Rawl East 5th St.
Greenville, NC 27858
Ph: 252-328-5340
Residential Construction Education

BUILDERS

Vimal Kolappa

East Coast Builder
719 w. 15TH St., Ste 11
Washington, NC 27889
Ph: 252-974-0439
General Contractor

Jeff Jenkins

Jenkins Homes
191 Sabre Pointe Dr.
Bath, NC 27808
Ph: 252-259-0114
Residential Contractor

Do Business
with a
Member!

QUALITY TERMITE & PEST CONTROL

Don't let the bugs spoil your picnic....
Call your Complete Professional Pest Control today!

Real Estate Inspections
Pest Control
Termite Control
Termite Baiting
Moisture Control

252-756-1602



**McGLOHON
& Company**

INSURANCE & BONDS

Builders Mutual
INSURANCE COMPANY
The Builders' Own Ins. Co.

Donald C. McGlohon, Jr. CPCU

1510 Arlington Blvd. Suite D
Greenville, NC 27838
www.mcglohonco.com

Phone: (252) 758-1177
Fax: (252) 830-5176
dcm@mcglohonco.com

Thanks for renewing your membership!

Tenure may be for the individual named, or may indicate the number of years the company has had a member in the HBA.

25 + YEARS

Ed Tipton II
Tipton Builders Inc.

20-25 YEARS

Tommy Harris
Thomas W Harris Gen. Contractor

Ken smith
Smart Homes

Marion Noe
Triangle Brick Company

15-20 YEARS

Bruce Wade
Sherwin-Williams

Robin Little
BB&T Insurance

Richard White
Pella Window & Door Co.

Anne Massey
AB Massey Construction

Doug Schrade
Schrade Custom Homes

Polly Pilland
State Farm Insurance

Albert Holloman
Holloman Construction

10-15 YEARS

Dennis Willis
Willis Cable Construction

Steve Beaman
Beaman construction

Allen Newbold
Newbold Contracting

Keith Vandiford
Vanrack Inc.

Kirby Harris
Kirby Harris Construction

Neal Wilkins
Wilkins Construction

Jeff Aldirdge
Aldridge & Southerland Builders

Walt Averill
Averill Foundation Service

Mike Esposito
Builders First Source

Anthony Singleton
CA Singleton Construction

Frank McLawhorn
Frank McLawhorn Construction

Rocky Russell
Rocky Russell Builders

5-10 YEARS

Brian Hall
Mattocks Homes

Kevin Lancaster
Lancaster Construction

1-5 YEARS

John Parrish
Builders Mutual Insurance

Leyton Beaver
Wentworth Construction LLC

Ashley Elks
A Elks Construction

Billy Shoemake
Advanced Cabling & Security

Lance Clark
Bill Clark Homes

David Kuhn
Kuhn Homes

Todd MacKenzie
MAC Homes

Matthew Gaskill
Matthew Gaskill Homes

Todd Mitchum
Mercer Glass

Rose Paige
Affordable Roofing

Hunter Harrison
Select Bank & Trust Company

George Brown
Stoneworks Custom Countertops

Cary Bradley
Brickworx Inc.

Shelli Wainwright
Details Design & Flooring Inc.

Charles Ainsley
Ainsley Construction



2011 Home & Garden Expo



ADMISSION: FREE

March 5-6, 2011

Greenville Convention Center—Greenville, NC

 **FERGUSON**[®]
Bath, Kitchen & Lighting Gallery
a **WOLSELEY** company

WRNS
Your Country. **95.1**

 **CenturyLink**[™]

The Daily Reflector

Reflector.com

bob
93.3
all the hits!



2011 SPRING GOLF OUTING

Greenville-Pitt County HBA

Tuesday, April 12, 2011

Brook Valley Country Club

1 p.m. Shotgun Start

FUN, FOOD, FELLOWSHIP

“Mulligans” 2 for \$10

(Proceeds to benefit the Education Fund)

DINNER WILL BE SERVED IMMEDIATELY FOLLOWING TOURNAMENT

(Dinner is only for the golf players)

2011 HBA SPRING GOLF OUTING ENTRY FORM

Company: _____ Phone: _____

Player: _____

Player: _____

Player: _____

Player: _____

A team will consist of 4 players and entry fees are \$275.00 per team. Entry fees must be enclosed with registration form. Mail check and form to: Greenville-Pitt Co. HBA, 1913 Turnbury Drive, Greenville, NC 27858

2011 HBA SPRING GOLF SPONSORSHIP FORM

Hole Sponsorships are available for \$100 per hole. Your sponsorship includes signs and recognition as a sponsor at the tournament and in the newsletter.

Company: _____

Name: _____

Phone #: _____

Yes, my company will sponsor _____ holes at _____ (\$100. per hole).

DEADLINE FOR REGISTERING IS Tuesday, April 5, 2011