

Thank you !

In this first 2012 edition of our newsletter, we would like to express our appreciation for your continued support of Best Home Inspection and Construction Company, LLC. We have been blessed to have you as our customers and loyal partners. Our goal is to continue earning your trust by providing the best service and inspections. Thank you for allowing us the opportunity to do just that.

This edition will highlight some of the keys issues facing the real estate and insurance industries at this time. There is also some information on construction-related topics. Additionally, you'll find some levity and words of wisdom.

One topic that is near and dear to the insurance business is the change in the Wind Mitigation Form 1802. As of February 1, 2012, the new form will become effective. There are some changes to the collection of data in terms of content and scope. We have already begun to incorporate this new form into our inspections. Please feel free to contact us if you have any questions about the new form or collection process.

**Best Regards,
Tom and Rich Yelton**



**Best Home
Inspection &
Construction
Company, LLC**

Volume 1, Issue 4

January, 2012

It happened in January

January 1, 1502 - Portuguese explorers landed at Guanabara Bay on the coast of South America and named it Rio de Janeiro (River of January).

January 8, 1964 - President Lyndon Johnson declared War on Poverty during his State of the Union message before Congress. How's that working out?

January 8, 1935 - Elvis Presley was born in Tupelo, Mississippi.

January 10, 1861 - Florida became the third state to secede from the Union in events leading up to the American Civil War.

January 17, 1706 - Benjamin Franklin was born in Boston, Massachusetts.

January 19, 1809 - Edgar Allen Poe was born in Boston, Massachusetts.

Inside this issue:

<i>Citizens cost calculator</i>	2
<i>Can I get a loan?</i>	2
<i>Migration patterns</i>	3
<i>Employment data</i>	3
<i>CDW lawsuit settles</i>	4
<i>Foreclosure process is a drag</i>	5
<i>Citizens prez resigns</i>	6
<i>Tampa permitting</i>	6
<i>Miscellaneous tidbits</i>	7
<i>Fed v Congress</i>	8
<i>Window technology</i>	9

Citizens to review its replacement costs calculator

In response to "publicly expressed concerns," the state's insurer of last resort, Citizens, said Thursday that it will conduct a special review in South Florida and Tampa for software used to set the replacement value of houses.

Replacement costs -- along with reinspections for hurricane discounts -- are two ways Citizens can raise rates for homeowners beyond 10 percent annual hikes approved by legislators.

The discount inspections have infuriated many consumers, resulting in price hikes for two out of three of the 78,000 homes re-inspected so far. Average increase in annual premiums: 24 percent, or more than \$717.

More than 200,000 homes are slated for discount re-inspections in 2012.

Replacement costs are another source of controversy. Consumers are frequently astounded to learn they must pay an insurer a higher premium because the claimed cost to replace their houses is rising.

Such purported replacement costs can climb to twice what the existing home is worth, even as housing and construction markets generally remain depressed or falling, particularly in South Florida.

The replacement-value review will compare alternative methods to set replacement costs alongside those produced by a software system the state has chosen, 360Value.

"In light of publicly expressed concerns about some of the replacement cost valuations generated by 360Value, Citizens will supplement its normal contract monitoring to include a targeted review to validate the accuracy of 360Value outputs," a Citizens release said. Citizens expects to complete the review by late January.

The insurer with 1.5 million policies is in the "beginning phases" of the special monitoring and does not yet know if Palm Beach County will be included, said Christine Ashburn, director of legislative and external affairs.

By Charles Elmore
Palm Beach Post Staff Writer

Business loans still tough to come by from big banks Community banks, alternate lenders step forward

MANATEE -- Many of the state's largest banks remain hesitant to extend small business loans to even the most credit-worthy borrowers, a new study shows.

Despite improvements in the economy, more small business owners have turned to community banks or alternative lenders to uncover credit lines after failed attempts to get loans through their national bank, according to Biz2Credit, a lending marketplace.

Analysis of loan applications from established small businesses found that Bank of America, Chase, Wells Fargo and Sun Trust had the highest rejection rates in Florida. Community banks, which have a more heavy local focus, have worked to fill that void.

"In ideal conditions, these are the customers banks would normally want to lend to, but that's just not happening right now," Biz2Credit CEO Rohit Arora said. "Most of the bigger banks have had much more exposure, and they've had to shore up their capital, which has led to cutbacks in financing."

The study looked at 1,000 loan applications last year from small businesses that have been in existence for at least two years, had credit scores of 650 or higher, had at least \$150,000 in revenue, and had an existing banking relationship with the lender.

Bank of America lead the way with a 25 percent rejection rate, followed by Chase Bank at 17.86 percent, Wells Fargo at 14.29 percent and Sun Trust at 12.5 percent, according to the survey.

Arora believes the trend has opened the door to small and mid-sized community banks and credit unions, which tout much higher success rates, he said. Smaller institutions that survived the housing crunch have become a more appealing option to business operators due to their visible leadership in the community and local decision making.

"There's a lot of change going on, and we're starting a lot more conversations with people who have struggled with their bank in the recent past," said Michael Moschella, area president for Whitney Bank, which has six retail branches in the Manatee-Sarasota area. "We're seeing opportunities we might not have had a few years ago."

But it hasn't been all rosy for small and mid-sized lenders either. During the last four years, nine community banks headquartered in the Manatee-Sarasota area were shut down by federal regulators. Another six, with a satellite presence here, also were closed, federal records show.

"The trend has had dire ramifications for local businesses that relied upon their lending", said Frank Knautz, a banking industry consultant based in Sarasota. In the wake of the real estate crisis, lending criteria even among community banks have become more stringent. Higher capital requirements also have curbed lending power.

"The magnitude of toxic loan issues at all banks, coupled with additional regulation have made borrowing more cumbersome than in the past," Knautz said.

Despite the setbacks, there are still options out there for companies looking to expand. The Small Business Administration offers a refinancing program that will allow companies to borrow against the value of their commercial building.

The program offers a 90 percent value refinance, with a cash out provision for working capital. For example, a business with an appraised building value of \$2 million, and an outstanding mortgage of \$1 million, could borrow up to \$800,000.

The government-backed loans carry an interest rate of around 4 percent, said Michael Otis, president of Development Financing and Construction Accounting in Lakewood Ranch.

"It's helped a lot of finance-hungry small business," he said. "It's a great program."

By JOSH SALMAN

Some people regard private enterprise as a predatory tiger to be shot. Others look on it as a cow they can milk. Not enough people see it as a healthy horse, pulling a sturdy wagon.

Winston Churchill

Florida had more inbound than outbound moves in 2011

Florida had 5,636 inbound and 5,269 outbound moves last year, according to Atlas Van Lines

Florida joined California, Texas, New York, Georgia and Illinois as having the highest number of interstate, or between states, moves. California topped the list with nearly 15,000 moves in 2011. Florida had almost 11,000.

The migration trends study showed Southwestern and mid-Atlantic coastal states were the most popular destinations for moves.

Meanwhile, five states that were balanced in 2010 between inbound and outbound moves now are outbound states. That list includes Massachusetts, Connecticut, West Virginia, Louisiana and Utah.

Tampa Bay Business Journal

Migration Patterns Atlas Van Lines

Year	Inbound / Outbound	FLORIDA
2011	5,636	5,269
2010	5,083	5,360
2009	4,847	5,419
2008	5,277	6,367
2007	5,842	7,033
2006	6,716	7,994
2005	8,579	8,256
2004	9,069	7,180
2003	8,081	6,036
2002	7,176	5,859

Tampa Bay construction employment continues to sag

Construction employment in Tampa Bay declined by 3,500 jobs, or 7 percent, between November 2010 and November 2011, according to an analysis of federal data by the Associated General Contractors of America.

The association said nationwide construction employment declined in 146 out of 337 metropolitan areas, increased in 131 and stayed level in 60 during the 12-month period. Association officials noted construction employment is likely to continue

declining in many areas because of a planned 6.2 percent cut in federal investments in construction and infrastructure for the 2012 fiscal year.

Tampa Bay Business Journal

Florida construction employment down 52% since peak

Florida remains more than 50 percent below the peak levels for construction jobs, according to a new analysis by the Associated General Contractors of America.

In June 2006, Florida boasted 687,200 jobs in the construction industry. Nearly six years later, in November 2011, that figure fell by 357,800, or 52 percent, to 329,400 jobs, according to the analysis. "The construction industry remains a shell of its former self in too many states," AGCA CEO Stephen E. Sandherr in a news release. Armed with those figures, the AGCA is launching a new effort to encourage Congress to pass legislation to fund highway, bridge and transit construction.

"Making long-overdue investments in our nation's aging roads, bridges and transit systems will put people back to work and give a needed boost to the broader economy," Sandherr said. Nevada topped the list of states where construction employment has fallen. It was down 61 percent to 57,500 jobs as of November. Nevada, like Florida, is one of the states hardest hit by the housing bust and subsequent foreclosure crisis.

On a positive note, the analysis found that some areas are seeing a return to peak levels, including North Dakota, where employment is just 3 percent below its peak. Other states with current employment only slightly below peak levels include Oklahoma (6 percent below peak); Louisiana (9 percent below peak) and South Dakota (13 percent below peak).

AGCA officials are urging Congress to enact the surface transportation bill that sets funding levels for federal investments in highway, bridge and transit construction. Since the prior bill expired in late 2009, Congress has passed a series of short-term funding extensions.

"These extensions make it difficult for transportation planners to move forward on key projects because they don't know how much long-term funding will be available," AGCA noted.

University of Central Florida economist Sean Snaith said in his December forecast that some sectors of the Central Florida economy, such as construction, will continue to suffer losses during the next five quarters before seeing some growth.

Tampa Bay Business Journal

Chinese drywall victims' lawsuit settled for up to \$1 billion

But for the thousands not covered by the agreement unveiled Thursday -- whose predicament was highlighted in a 2010 Herald-Tribune and ProPublica investigation -- numerous financial, health and other issues remain unresolved.

A deal announced by U.S. District Judge Eldon Fallon, who is overseeing combined federal litigation, calls for Knauf Plasterboard Tianjin Co. to create an uncapped fund to pay to repair roughly 4,500 properties, mostly in Florida, Louisiana, Mississippi and Alabama.

A separate fund being capped at \$30 million will pay for other types of losses, including those who blame toxic drywall for health problems such as respiratory distress.

"It's been a long time coming, people have been hurting for three years or more now," said Richard Kampf, who lived for more than a year with his wife and son in a Coral Gables home before determining that it was plagued by defective drywall.

The Kampfs spent \$116,000 gutting and rebuilding their home's interiors, and are looking forward to being reimbursed. Under terms of the deal, all homeowners with Knauf Plasterboard Tianjin's problematic drywall will be compensated. The settlement still must be approved in federal court in New Orleans, (It has been approved) where thousands of individual court cases have been consolidated.

"There's 4,500 people who will have their houses fixed," Kampf said. "So I'm happy." Chinese drywall was used in the construction of thousands of homes during the real estate boom, mainly in the South, after a series of destructive hurricanes in 2005. The material emits foul odors, corrodes pipes and wiring and causes appliances to malfunction, in addition to health problems.

The Knauf settlement represents the most lucrative deal to date for homeowners. In June, plaintiffs reached a \$55 million settlement with Banner Supply Co. -- a Miami-based supplier of Chinese drywall -- along with several related companies and Banner's insurers.

The Herald-Tribune and ProPublica investigation showed that nearly 7,000 homes were built with bad drywall nationwide, but enough material was imported to build at least 100,000 homes.

Banner bought roughly 1.4 million sheets of Chinese drywall, most of which was made by Knauf.

The investigation -- which outlined the extent of the problem and was the first to bring the issue to national prominence -- also revealed that Banner, Knauf and at least a half-dozen home builders, installers and environmental consultants knew as early as 2006 that foul smells were coming from some of the drywall

imported from China.

But they did not share their early concerns with the public, even after homeowners began publicly complaining about drywall-related symptoms in 2008. For many, the Knauf settlement will serve only as a stark reminder that their drywall problems persist.

"There are still another 6,000 to 8,000 out there that have products other than Knauf that may never see resources come their way," Kampf said.

In that camp are Adam and Keely Grover, who lived for five years in a North Port home that had defective drywall made by U.S. Gypsum, whose products are not part of the settlement announced Thursday.

During the time they lived there, the Grover's three children were frequently sick, including the youngest, who had a continually running nose. She attributes the problems to Chinese drywall.

"I remember one night being in tears, asking my husband, 'Why are all the kids sick?'" Keely Grover said.

The home's air conditioner coils also corroded and had to be replaced twice. A television and dishwasher also went bad. "Everything broke in that house," she said.

Eventually, the Grovers decided to move out and stay with friends. They are preparing to leave Florida altogether, to live with family. They still hope to recoup their losses, she said.

While the Grovers' home will not be affected by the Knauf deal, it was confirmed to have drywall damage, and as a result was granted a tax exemption by the Sarasota County Property Appraiser's office. In Florida, the owners of 4,129 homes received breaks on their 2010 property taxes after documenting the presence of the tainted drywall.

More drywall-related tax exemptions were granted this year, but official numbers will not be available until January. In Sarasota County, 78 homeowners were granted exemptions; there were 55 in Manatee County; and 212 in Charlotte County.

New homes are being added to the list of tax exemptions, according to the Sarasota County Property Appraiser's office, which says it granted \$10 million in exemptions for 2011's taxes, compared with the \$7 million in 2010. Homeowners' attorneys applauded the Knauf deal.

"We're very thankful for our clients," said Russ Herman, the plaintiffs' lead attorney. "What we've given them, hopefully, is a happy holiday season."

About 55 percent of the those benefitting from the settlement live in Florida, while another 35 percent live in Louisiana, Herman said. The deal would resolve cases

filed in both state and federal court.

Greg Wallace, a Knauf attorney, disputed that the settlement could reach \$1 billion, calling it "pure speculation." "It isn't going to be anything approaching that," he said.

Kerry Miller, another Knauf lawyer, said the company "decided to step up and settle these claims and do the right thing.

"They want to get this unfortunate incident behind them so they can focus on manufacturing first-class building products," Miller said.

Knauf agreed to initially deposit \$200 million in the repairs fund, which would be replenished as needed. Attorneys' fees and costs paid by Knauf are capped at \$160 million and will not be deducted from homeowners' shares of the settlement.

Fallon must sign off on the settlement before any money is distributed. Although the judge could approve the deal as early as January, it will likely take several more months for money to reach homeowners.

Dory and Tony Josephson are among those who remain cautiously optimistic about the settlement, though they recognize they will have to remain patient.

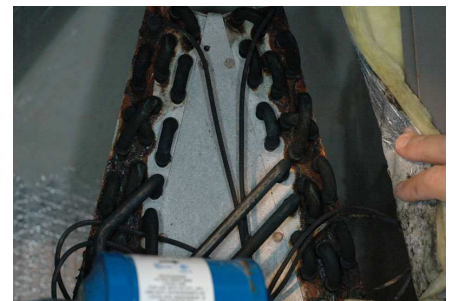
"Normally, if something like this happens it can take some time. I'll say within a year," said Dory Josephson, who together with her husband moved into a new home in the Venetian Golf & River Club in 2006.

For 2 1/2 years, they had no idea health problems and electronic malfunctions were related to their home's Knauf drywall. "We couldn't figure out what was going on," Tony Josephson said.

In 2010, after contemplating retiring elsewhere, the Josephsons had their home gutted and repaired -- at a cost of \$150,000. They hope to recoup that expense through the settlement.

"This is hopefully in the final stages of getting resolved," he said. "It looks kind of promising now."

By Doug Sword
Published: Thursday, December 15, 2011



Foreclosure wait time drags to 806 days in Florida

A foreclosure filed today in Florida will linger in the courts until March 2014, before the bank takes possession, a timeline that has increased 40 percent in the past year.

RealtyTrac analysts, who released new foreclosure data today in a 2011 year-end report, blame the increase in time from initial filing to bank takeover on the robo-signing scandal that pushed lenders to review and redo paperwork in thousands of cases.

At 806 days, Florida ranks third nationally for the average length of time it takes to foreclose on a home, trailing only New York (1,019 days) and New Jersey (954 days). The national average is 348 days.

"The lack of clarity regarding many of the documentation and legal issues plaguing the foreclosure industry means that we are continuing to see a highly dysfunctional foreclosure process that is inefficiently dealing with delinquent mortgages," said Brandon Moore, chief executive officer of Irvine, Calif.-based RealtyTrac.

That's reflected, Moore said, in plummeting foreclosure activity last year. Florida saw a 63 percent decrease in properties receiving a foreclosure filing compared with 2010. Palm Beach County was down 58 percent. Nationally, there was a 34 percent dip.

Still, since April 2005, lenders have taken back 367,712 Florida homes through foreclosure, according to RealtyTrac, which measures only residential foreclosures.

In Palm Beach County, bank repossession during the same period total 23,498. Another 34,819 foreclosure cases are pending in Palm Beach County courts, according to the clerk of courts office. Statewide, there's an estimated backlog of more than 260,815 cases.

But Ken H. Johnson, a Florida International University real estate professor, said borrowers in foreclosure have a better chance of keeping their homes today than they did in the early years of the housing crisis.

The court logjam and difficulty in finding paperwork will push lenders to work out alternative deals with borrowers, such as loan modifications, short sales or deeds in lieu of foreclosure, he said.

"Banks like workouts now better than foreclosures," Johnson said. "They understand that doing something other than a foreclosure is probably a very reasonable thing."

Jack McCabe, chief executive of McCabe Research & Consulting in Deerfield Beach, said he's spoken to homeowners who have had tens of thousands of dollars trimmed off their home loan debt by lenders - an unthinkable strategy until recently.

"They seem to be doing principal reductions privately, secretly and discreetly, and don't want to publicize it as a national policy," he said. Lender willingness to look at other

options is also part of why RealtyTrac predicts there will be no more massive foreclosure waves, although filings will pick up through 2012 as banks recover from paperwork flaws.

Daren Blomquist, a spokesman for RealtyTrac, said the company was surprised by the persistence in foreclosure processing delays that lasted most of 2011. The company had predicted that filings would perk up in early January 2011, just after the robo-signing issues surfaced. Increases didn't begin, however, until late in the year.

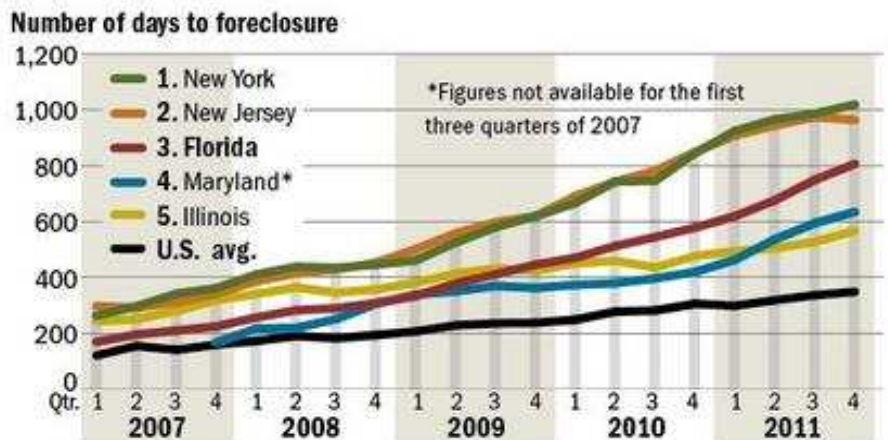
"It is somewhat surprising how lasting of an impact the questionable foreclosure procedures have had on the foreclosure industry in Florida," Blomquist said.

By KIMBERLY MILLER
Palm Beach Post Staff Writer

Nothing so needs reforming as other people's habits.
Mark Twain

Florida wait third longest

Timelines to foreclosure by quarter through the end of 2011 for the top five states with the longest waits:



Source: RealtyTrac

CHRISTOPHER SMITH/Staff Artist

Citizens Property Insurance president resigning

Citizens Property Insurance Corp. President Scott Wallace is leaving the Florida state-backed property insurer after serving more than five years as its leader.

Wallace, 59, turned in his resignation to Board Chairman Carlos Lacasa on Friday. Wallace will remain at Citizens into early April to assist with a transition to new leadership.

Lacasa credited Wallace for improvements in Citizens' service levels, risk transference initiatives, and professionalism toward its policyholders, agents, legislative leaders and stakeholders.

"Scott has led the company through a complex ramp up of the infrastructure needed for Citizens to provide the services and possess the claims payment

ability that is so essential to our state's housing industry," Lacasa said Monday.

The company has grown rapidly in recent years despite legislative efforts to reduce its size and liabilities.

While Citizens was designed as a last-resort backup, the shrinking of the private market in recent years in hurricane-prone Florida has made it the largest home insurer in the state with roughly 1.5 million policies now in force.

Wallace, who previously served as a vice president at Citizens, was the second CEO of the insurer, which was created by the Legislature in 2002 to provide insurance to homeowners in high-risk areas and those unable to find coverage in the private market. He replaced Bob Ricker

on an interim basis in November of 2006 and was named to the job permanently on Jan. 10, 2007 at a salary of \$220,000.

The company's operations have come under increased scrutiny in recent months with Lacasa becoming the board chair and Gov. Rick Scott pushing for the company to be downsized if not sold outright to a private entity.

The not-for-profit public corporation has come in for criticism for paying many of its executives lucrative salaries, including Wallace whose salary jumped dramatically just two years after becoming the company's fulltime president. He was paid a base wage of \$343,608 in 2009.

By BRENT KALLESTAD

Tampa streamlines permitting, invests in automation

Tampa will be investing in a new fully automated, electronic permitting system Accela Automation. "It is important to focus both on attracting new business and helping our existing business community," said Mayor Bob Buckhorn in a statement. "This permitting system will result in quicker permits, less hassle and more money saved in lost time. Tampa is open for business." Businesses will have "easy and convenient online access" to permitting, licensing, and asset information and activities, the city said.

Accela Citizen Access, part of a software package, is slated to give businesses access to apply and pay for permits, submit electronic construction plans, schedule inspections, check the status of a permit or inspection, and print an approved permit directly online at any time, the city said.

The city said the \$2.8 million software will be paid for "in large part" by permit fees through the Construction Services Enhancement Fund. The balance will come from the general fund. City council is expected to vote on the contract Jan. 19.

Revising the permitting process has been a focus of the Mayor's Economic Competitiveness Committee, a task force of community leaders with the mission of reviewing and streamlining government processes and regulations. The first components of the new system will become functional by the second quarter and the entire system by the third quarter, according to city officials.

Tampa Bay Business Journal by Mark Holan, Staff Writer

Fix reason firmly in her seat, and call to her tribunal every fact, every opinion. Question with boldness even the existence of a God; because, if there be one, he must more approve of the homage of reason, than that of blind-folded fear.

Thomas Jefferson

Florida's Citizens Eyes Risk Transfer While Lawmakers Plot Changes

Click this link:

<http://www.insurancejournal.com/news/southeast/2012/01/18/231560.htm>

Excerpts from this article:

Florida's largest homeowners' insurer has set the goal of moving at least \$1 billion in risk back to the private capital markets while looking to lawmakers to make statutory changes that will assist the insurer in its depopulation efforts.

As of Jan. 1, the insurer is no longer covering properties valued at more than \$1 million in its coastal account. It has also implemented a 10 percent mandatory sinkhole deductible and reduced its personal liability coverage from \$200,000 to \$100,000. Other coverage changes are slated to be implemented later this year.

December Existing-Home Sales Show Uptrend

Click this link:

<http://realtormag.realtor.org/daily-news/2012/01/20/december-existing-home-sales-show-uptrend>

Excerpts from this article:

Existing-home sales continued on an uptrend in December, rising for three consecutive months and remaining above where they were a year ago, according to the National Association of REALTORS®.

Total housing inventory at the end of December dropped 9.2 percent to 2.38 million existing homes available for sale, which represents a 6.2-month supply at the current sales pace, down from a 7.2-month supply in November.

Appraisers: Don't Blame Us

Click this link:

<http://realtormag.realtor.org/daily-news/2012/01/20/appraisers-dont-blame-us>

Excerpts from this article:

Appraisers say their main goal is to protect lenders against entering into a risky mortgage, not justifying the sales price for a buyer or seller.

I conceive that the great part of the miseries of mankind are brought upon them by false estimates they have made of the value of things.
Benjamin Franklin

[Click on blue text for more](#)

Fed encourages Congress to get active on housing remedies

In an unusual step, the Federal Reserve sent a white paper to congressional committees last week, urging them to look again at what ails the U.S. housing market and at possible remedies. More can be done, the Fed says, to help it revive.

Good advice. Housing is where the recession started, and it remains one of the main things holding back the recovery. Friday's unemployment numbers -- nonfarm payrolls grew by 200,000 in December, and the jobless rate ticked down to 8.5 percent from 8.7 percent -- join other tentative signs of an improving economy, but the housing mess is mostly getting worse. There's still a grave risk it might stop, not just delay, the expansion.

The Fed's paper underlines the scale of the problem. The decline in U.S. house prices has wiped out a staggering \$7 trillion in home equity. The ratio of housing wealth to disposable income has crashed from 140 percent at its peak to 55 percent, the lowest since the figures began to be collected in the 1950s. The number of "underwater" mortgages has grown to 12 million: More than one in five homeowners owes more than the property is worth. It's surprising the economy is making any headway at all into a gale of this force.

Delinquency Pipeline

House prices dropped again in October, according to the S&P/Case-Shiller index (SPCS20Y%). The pipeline of delinquencies and future foreclosures is full, which continues to blight the prospects for recovery. Efforts to date, such as the Home Affordable Modification Program, have helped, but less than hoped.

Fannie Mae and Freddie Mac have been told to worry more about avoiding short-term losses than stabilizing the wider housing market (which might actually reduce their long-term losses). Banks and other mortgage lenders have severely tightened their standards, making it hard for dis-

tressed borrowers to refinance at historically low interest rates.

The Fed says there are no easy answers, but makes several suggestions that Congress should take up. The first is to encourage conversions from owner-occupation to rental. The rental market has strengthened lately: Rents are up and vacancies down. A faster rate of conversions would keep rents in check and relieve the pressure of unsold homes on house prices. Fannie, Freddie and the Federal Housing Administration account for about half of the inventory of foreclosed properties. Many of these, according to Fed research, are viable as rentals. A government-sponsored foreclosure-to-rental program aimed at clearing away regulatory hurdles would make a big difference.

A second idea is to encourage refinancings. The administration tweaked an existing scheme -- the Home Affordable Refinance Program -- in October, easing some of the earlier restrictions on eligibility. More might be done, says the Fed, and we agree.

One example involves the fees that lenders pay to Fannie and Freddie for supposedly taking on new risks when loans to distressed borrowers are refinanced. These charges could be cut further or eliminated, even though Congress just voted to push them back up to help pay for the payroll-tax extension. The fees make no sense: The credit risk is already on their books, and refinancings most likely reduce it.

Mortgage Refinancings

Borrowers with high loan-to-value ratios and mortgages not guaranteed by Fannie and Freddie get no help from HARP or any other scheme. Fannie and Freddie should be encouraged to back refinancing of these loans. Unlike the fee-elimination proposal, this would

increase credit risk on the agencies' books, but limiting the help to borrowers who meet underwriting standards and are current on repayments would mitigate the problem.

Potentially, this is a big deal. The Fed calculates that as many as 2 million borrowers would meet HARP standards for assistance except for the fact that their loans aren't guaranteed by Fannie or Freddie.

A third approach is to revisit loan modification, including measures to cut principal. Here, the Fed is more cautious, emphasizing the possible cost to taxpayers and the difficulty of accurately targeting the help to deserving homeowners. Those are valid concerns, but we think a lot more principal reduction makes sense, nonetheless. HAMP already allows it, but under tight restrictions and with a too-narrow objective: improving affordability rather than reducing negative equity.

Negative equity is a problem in its own right. Among other things, it increases the risk of strategic default, where borrowers walk away from loans even though they can afford to keep paying. More principal reduction, combined with equity participation by the lender, should be part of the mix.

The Fed has other suggestions, some of them all too familiar -- smoother foreclosure or quasi-foreclosure procedures; better incentives for loan servicers to help in resolving delinquent loans; a national online registry of liens (the current system, says the Fed, is "antiquated, largely manual, and not reliably available in cross-jurisdictional form") and so on. Four years into the worst housing slump in 70 years, it is shameful that steps such as these are still being talked about but not urgently implemented.

Tampa Bay Business Journal

An oppressive government is more to be feared than a tiger.
Confucius

And..... In a seemingly, un-related story..... Cheetah, chimp from Tarzan films, dies at age 80

Condolences poured in to a Florida primate sanctuary after it announced the death of Cheetah, a chimpanzee that the Sanctuary said starred in Tarzan movies during the 1930s. The Suncoast Primate Sanctuary in Palm Harbor said its chimp appeared in the Tarzan movies from 1932 through 1934. Cheetah was acquired by the Sanctuary from Johnny Weissmuller's Florida estate around 1960. He was the most famous of the Sanctuary's 15 chimpanzees.



Window Gas Fills: What Inspectors and Consumers Should Know

Improvements in window design are an important step toward reducing overall energy costs, as heat gain and loss through windows account for up to half of a home's heating and cooling needs, according to the U.S. Department of Energy. Gas fills, as well as other efficient or green window features, such as low-E coatings and Heat Mirror® insulating glass, help plug "thermal holes" in the building envelope. When used in conjunction with low-E coatings, gas-filled window units can yield incredibly high R-values, so they make a good choice for retrofitting a home to enhance its overall energy efficiency. Consumers can educate themselves on the benefits of multi-paned gas-filled windows, and home inspectors who perform energy audits and/or thermal imaging inspections can help their clients determine whether a retrofit with this type of window is a cost-effective upgrade.

What are Gas Fills?

Gas fills are special gases pumped inside insulated glass units (double- and triple-paned window assemblies also known as IGUs) to improve their thermal efficiency. These viscous, slow-moving gases (typically, argon and krypton) allow for less convection than would ordinary air, minimizing convective currents within the window and reducing the transfer of heat across the window. Homeowners and InterNACHI inspectors may be able to tell if a building's windows are gas-filled by checking the specifications on the original work order or the window tag, which is typically found along the bottom inside track of the window. Two small holes may also be observed along the spacer -- one where the gas entered the unit and the other for air to exit.

Argon and krypton are the gas fills used most often by window manufacturers to displace the air between the panels in windows. Argon, which comprises slightly less than 1% of the Earth's atmosphere, is non-toxic, in-

ert, clear, and odorless. Its thermal conductivity is roughly 67% that of air and it's inexpensive, making it an attractive gas fill.

Krypton shares many qualities with its fellow noble gas argon, except that it's an even better insulator, albeit more expensive to produce. When cost and functionality are considered, argon is a more efficient thermal barrier per dollar spent, especially in the larger 1/2-inch (11mm to 13mm) gaps between double-paned windows. Krypton is more commonly used in the tighter 1/4-inch to 3/8-inch (6mm to 9mm) gaps within triple-paned windows. A mixture of krypton, argon and oxygen gases is sometimes used to reconcile performance and price, and occasionally xenon and nitrogen are used, as well.

Gas Leaks

Gas-filled windows will leak over time -- as much as 1% per year, according to some estimates -- depending on the quality of the window and its installation, the building's climate, including its exposure to the sun and the altitude, and other factors. However, these windows will usually perform adequately even after many years of gradual depressurization. According to the National Glass Association, if 80% of the gas remains in spite of gradual leakage over time, a window can be expected to maintain its properties and effectiveness. That means that, "even if 1% was leaking out per year, the window would still be effective in 20 years."

If the breach is significant, however, the window will no longer be an effective thermal barrier and may require replacement. Condensation or fog inside the window unit indicates that the gas fill has escaped and been replaced with moisture-laden air. Homeowners should

clean the window's exterior to be sure that the observed moisture is, in fact, within the window rather than on its surface. The manufacturer or installer should be contacted if the window fails. Leaks can be detected only with special gas-detection equipment. But homeowners should rest assured that leaked argon or krypton poses no health hazards to a home's occupants.

One rare yet shocking consequence of argon leakage is the sudden implosion of the window. Due to molecular differences between argon and the principal components of air, nitrogen, and oxygen, argon under pressure to escape a window unit may exit the seal faster than it can be replaced with air. Under this circumstance, the glass will bend inward to accommodate the gradual reduction in pressure within the window. If conditions are right, according to US Glass Magazine, "units have been reported to shatter with a bang, sometimes described as loud as a gunshot. While the broken glass usually stays within the unit, on at least one occasion, glass has shattered with enough force to send glass shards flying outward." Elevation differences between the location where the IGU was first pressurized and its installation location may also account for the negative pressure. This phenomenon is quite rare, however, especially in newer windows with superior seals.

In summary, double- and triple-paned windows are often filled with the gases argon or krypton to reduce convection within the window units to improve the building's overall energy efficiency. IGUs can be huge energy-savers for homeowners, and InterNACHI inspectors can help their clients determine whether these windows are the right choice.

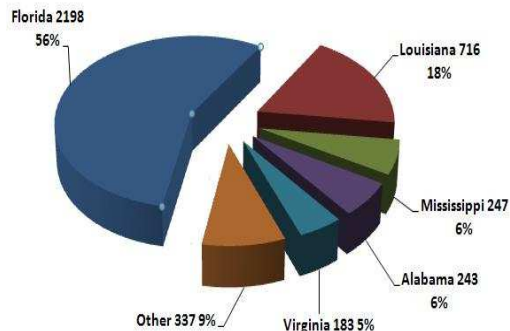
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Chinese Drywall cases Reported to the CPSC - as of 11.30.11

To date, the CPSC has received about 3,924 reports from residents in 43 States, the District of Columbia, American Samoa, and Puerto Rico who believe their health symptoms or the corrosion of certain metal components in their homes are related to the presence of drywall produced in China. State and local authorities have also received similar reports. We received our first incident report from a consumer on December 22, 2008. The majority of the reports to the CPSC have come from consumers residing

in the State of Florida while others have come from consumers in Alabama, Arkansas, Arizona, California, Connecticut, Delaware, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyo-

ming, the District of Columbia, American Samoa, and Puerto Rico.



Owner: Tom Yelton

State of Florida Home Inspector License # HI-2129
 State of Florida Certified General Contractor License # CGC-038663
 National Home Inspector License # CY-580829
 Charlotte County License # AAA00101250
 Certified Wind Mitigation Inspector

Member of NACHI - National Association of Certified Home Inspectors
 Member of NAHI - National Association of Home Inspectors
 Member of FABI - Florida Association of Building Inspectors

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 Errors and Omissions Insurance
 Worker's Compensation Insurance

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State of Florida Home Inspector
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