

Florida gives insurance companies some slack

Florida regulators have agreed to allow a once-troubled property insurer to enter hurricane season prepared not for a big hurricane, but multiple smaller ones.

The Orlando-based Olympus Insurance is among the first to publicly take advantage of relaxed requirements for hurricane protection as Florida property insurers struggle to remain solvent even without a storm. First quarter financial reports filed with state regulators show 38 of 48 Florida-based property insurers reported losses on their insurance operations the first three months of 2010.

The arrangement with Olympus is part of a solvency settlement with the Florida Office of Insurance Regulation that includes new caps on payments to affiliates. In return, regulators drop their threat to suspend Olympus' license. Instead, Olympus is protecting its 51,000 policyholders by buying reinsurance for three 80-year storms and will pick up the first \$6 million in losses for each storm.

Until this spring, state regulators had required property insurers to be able to withstand two 100-year storms, standard still held by some financial rating firms. "Although a

repeat of 2005 is highly unlikely, every policyholder should know whether their carrier has this kind of ability to literally 'weather the storms' like Olympus," company president William Lowry told agents.

The new criteria, which has no set limits, has drawn fire from agents' associations that complain it is too subjective. Supporters include former state Sen. Locke Burt, who is president of another Florida property insurer, Security First. He argues that Florida's insurance industry can expect federal aid in the face of a catastrophic 100-year storm, but not for multiple small storms.

"If there is a 100-year event, the rules will change. Obama will fly down in his 747 and \$100 bills will fly," Burt said. "In smaller events, the rules will not change and there will be less sympathy in Washington. As a state and as company management, you need to think about that."

Regulators are also allowing 18 companies to return unwanted policies to the state-run Citizens Property Insurance.

(Continued on page 2)



Best Home
Inspection &
Construction
Company, LLC

Volume 5, Issue 2

July 13th, 2010

Special points of interest:

June 4th - State Farm officials said that although the company is withdrawing from the federal flood program, many of its agents are not. Those agents can continue to administer flood policies through another servicer, making the transition "virtually seamless" for most customers, said corporate spokesman Phil Supple. State Farm's pullout from the National Flood Insurance Program begins in October. Policyholders will be given a 90-day notice.

Fla. Bankruptcies Up 16% over 2009

Florida ranks second in bankruptcy filings for 2010, behind only California, according to statistics released by AACER. Of the 55,125 filings reported in the state so far this year, 76 percent were Chapter 7 and 24 percent Chapter 13. The numbers represent a 16 percent increase over monthly averages for 2009. Over 33,000 of the filings landed in Florida's Middle District Court, second most for any of the 95 Bankruptcy Court districts around the country. Cumulative bankruptcy filings in the U.S. for 2010 totaled 793,462 to date.

Famous Quote:

Our whole constitutional heritage rebels at the thought of giving government the power to control men's minds.
Thurgood Marshall

Inside this issue:

<i>Citizens No-bid Contract</i>	2
<i>Tax Rebate Blues</i>	3
<i>Housing Prices Down</i>	3
<i>Job Growth Slow in Future</i>	4
<i>BoA to Pay \$180 Million</i>	5
<i>Retire to SW Florida</i>	5
<i>Chinese Drywall's 1st Verdict</i>	6
<i>Chinese Drywall Stats</i>	7
<i>La. Law Helps Homeowners</i>	7/8
<i>Need a Loan? Good Luck</i>	8
<i>Florida County Foreclosures</i>	9
<i>All about us</i>	10

Crist Vetoes Bill Sought By Insurance Industry

TALLAHASSEE - Calling the measure unfriendly to consumers, Gov. Charlie Crist, on June 1st, vetoed legislation backed by the insurance industry that, among other things, would have allowed property insurance companies to more easily raise rates by up to 10 percent a year without going through the lengthy regulatory process.

Crist's decision came despite calls from two top state officials to approve the bill (SB 2044) that backers said would have strengthened the state's property insurance market by requiring more financial backing for new and existing insurers while requiring that most rates be approved before they are put in place, rather than allowing companies to implement new rates and then seek approval later.

The bill, one of seven vetoed Tuesday night by the newly independent governor, would have allowed companies to put in place higher rates to account for inflation and rising reinsurance costs

up to 10 percent a year without having to go through the full rate filing process with regulators.

"I am most concerned about the expansion of the current expedited rate filing procedure for property insurers that makes it easier to increase Floridians' premiums," Crist said in his veto message.

"During these very difficult economic times, Florida's consumers should not have to be concerned with an additional premium increase to their policy.

"Additionally, the bill makes troubling changes to the way mitigation discounts are applied," Crist continued.

"Specifically, responsible Floridians who have already made investments to harden their homes could be unfairly penalized."

Ash Williams, executive director of the State Board of Administration, and Insurance Commissioner Kevin McCarty had urged Crist to sign the measure, saying on the whole it would help stabi-

lize the property insurance market that has been on shaky ground following back-to-back hurricane ravaged seasons beginning in 2004.

The bill was a major priority for the insurance industry, not simply because of the changes to rate filing procedures. The measure also sought to make it harder for some "public adjusters," to help homeowners pursue old claims against insurers.

The industry has said the number of reopened claims from as far back as 2005 has caused heavy losses, and that public adjusters are sometimes reopening claims that were rightly rejected long ago.

In addition to the insurance measure, Crist vetoed a bill (HB 545) sought by Realtors that repealed a law requiring disclosures of residential property windstorm mitigation ratings to purchasers of homes in certain areas.

By MICHAEL PELTIER
THE NEWS SERVICE OF FLORIDA

Published: Tuesday, June 1, 2010

Citizens Insurance hands out another no-bid contract

Under public pressure, Citizens Property Insurance Corp. backed down late last year on plans to award a no-bid \$60 million contract for managing home reinspections to an inexperienced Jacksonville company.

Citizens, the state's largest property insurer, was forced to reduce the agreement with Inspection Depot to a pilot program involving no more than 1,500 homes and ending in March.

Citizens also promised to put the remainder of the work out to competitive bid, as required by Florida law. The goal is to reinspect up to 400,000 policyholders to make sure they qualify for wind mitigation credits, which cost Citizens \$700 million a year in reduced premiums.

But in late April, just days before opening the competitive solicitation process, Citizens handed Inspection Depot another plum assignment: permission to continue the pilot program through the end of the year, performing up to 15,000 inspections each month.

At an average of \$120 per inspection, the potential value of the contract is \$12.6 million.

Inspection Depot, which retains \$25 per inspection for its management services, could earn up to \$2.6 million under the new agreement. The remainder goes to the people conducting the inspection.

A spokeswoman for Citizens said its board, which is supposed to approve all contracts over \$100,000, had authorized the extension of Inspection Depot's con-

tract as an "emergency" until the winner of the competitive bid is chosen. The long-term project is expected to start in 2011.

Competitors eager to break into the lucrative home reinspection business were outraged by Citizens' latest deal with Inspection Depot. Frederick Bateman, a Tallahassee lawyer who has sued Citizens on behalf of SagoTec, a Georgia company, called the new contract, "flagrantly illegal and beyond egregious in nature."

"The only beneficiary is not the policyholder and not Citizens but Inspection Depot," he said. Bateman and others also fear that the solicitation process now under way heavily favors Inspection Depot. Citizens is requiring that vendors have two years of experience managing inspections, which few potential bidders other than Inspection Depot have.

"Citizens has created a model for Inspection Depot, now they're asking who else has that experience," Bateman said. Michael Rowan, Inspection Depot's owner, did not return a call seeking comment.

While Inspection Depot completed only about 600 reinspections through April — far short of the 1,500 allotted under the pilot program — Citizens said the effort was paying off.

Of 566 homes reviewed, 375 will have their premiums raised upon renewal because they did not qualify for wind mitigation credits. Citizens estimated the net

impact, after paying Inspection Depot, would be about \$350,000 in increased premiums.

Bateman said he never questioned the need for a reinspection program or the possibility of savings. "They may be saving money, but not as much as they would have done if this had been a competitive bidding process," he said.

fast facts

How reinspections will work

Once Citizens alerts a policyholder that it is reviewing his or her wind mitigation credits, Inspection Depot will schedule the reinspection, gather the results from the field, then use its software to compare the new results with the original inspection. Discrepancies could result in loss of all or part of the policyholder's credits. Any impact on credits would take place at policy renewal time, and homeowners would not be responsible for repaying any credits incorrectly granted in the past.

A homeowner who disputes the reinspection would have the right to pay for yet another inspection, which would then be reviewed by Citizens. If the homeowners' documentation prevails, they would be reimbursed the cost of the inspection.

May 24, 2010 10:49 PM]

Kris Hundley can be reached at khundley@sptimes.com or (727) 892-2996.

Florida gives insurance companies some slack

(Continued from page 1)

Insurance Commissioner Kevin McCarty has said he expects as many as (30,000 policyholders) to be returned to the state pool as their insurers take advantage of the relief.

Concern over Olympus' solvency was so severe that McCarty's office in early April publicly threatened to suspend the company's license. His office demanded Olympus reduce payments to its affiliates, shore up capital, and explain reinsurance transactions that the state said threatened the company's profitability. A settlement agreement signed May 27 but not released by McCarty's office shows the agency agreed to drop its threat. In return, Olympus agreed to

reduce payments to its affiliated management agency to 25 percent of premium and to cap underwriting expenses at 28 percent.

Regulators have agreed to give up their demand that Olympus seek additional funding from its owners, a Connecticut-based private equity firm. And a special reinsurance contract that Olympus used in 2009 to add \$18 million to its revenue statements remains under review.

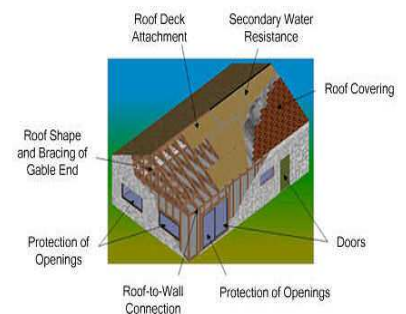
Lowry called the public scrutiny "regrettable" but productive. "As a result, Olympus could demonstrate to the Office that it has a strong balance sheet, ample liquidity, sufficient high quality reinsurance, and that it has implemented changes over the

course of 2009 to ensure its long term profitability," Lowry told agents.

The company has 8,100 policies in Sarasota and Manatee counties.

By **Paige St. John**

Published: Monday, June 14, 2010



Florida's consumer confidence falls sharply as tax rebates disappear

GAINESVILLE, Fla. — Florida's consumer confidence plummeted seven points to 71 in May as popular home buying and energy efficient tax rebates ended, according to a new University of Florida survey.

"We expected a big decline in consumer confidence as these two major stimulus programs ran out," said Chris McCarty, survey director of the Bureau of Economic and Business Research.

When those deals were in place last month, consumer confidence rose seven points on the strength of people's impressions that conditions were right for buying big ticket items, he said.

"With the tax rebates for homebuyers running out at the end of April, it was a good time for a major purchase, and the energy efficient appliance rebate added to perceptions of good buying opportunities," McCarty said. "Without that stimulus, that particular component fell, although not to pre-April levels."

This month all five of the index components registered declines. The sharpest drop was in expectations for U.S. economic conditions over the next year, which dropped 14 points to 68, while expectations of U.S. economic conditions over the next five years fell six points to 73. The second largest decline was in perceptions of whether it is a good time to buy big-ticket items, which

fell eight points to 79. Expectations of personal finances over the next year dropped four points to 80, while perceptions of personal finances now compared with a year ago fell one point to 56.

The 14-point drop in perceptions of short-term economic conditions is not surprising, McCarty said. "This probably reflects declines in the stock market and to some extent interpretations by consumers of the effect of the Gulf oil spill," he said. "It is not unusual for major events to make their way into that particular component."

With the withdrawal of stimulus money, there is much uncertainty over what will happen to the housing market, as there are no plans to extend housing tax rebates, he said.

While Florida's median price for a single-family home has lost some value over the past few months, sales overall are higher than they were last year, McCarty said. "Many economic pundits have raised the questions as to how much of the increased sales and prices are due to the stimulus," he said. "We may not know this until the fall as the spring home-buying season has largely passed."

The Federal Reserve Board is no longer buying mortgage backed securities and is debating when to start selling them, McCarty said. This will likely translate into higher interest rates for mortgages over time, he said.

Unemployment is another subject of uncertainty, McCarty said. Florida's unemployment rate improved in April to 12 percent, down .3 percent from March, but it remains to be seen how much of that decline is due to the large number of temporary workers for the U.S. Census Bureau, he said.

The Census planned to hire about 89,000 workers, most for no more than three months, McCarty said. That is a substantial number of employees and could account for a large part of the improvement in employment, he said.

McCarty foresees little change in the economy in the near future. "We expect Florida's consumer confidence to remain in the low 70s for the next several months, unless the effects of the oil spill show a direct effect on Florida, the stock market continues to decline or Florida has a bad hurricane season, in which case it would fall lower," he said.

The research center conducts the Florida Consumer Attitude survey monthly. Respondents are 18 or older and live in households telephoned randomly. The preliminary index for May was collected from 402 responses.

Tuesday, May 25, 2010

Foreclosure sales worsen price slump

Sales of foreclosed homes in Florida made up nearly 40 percent of all purchases in the first part of this year, a "terrifying" statistic, one analyst said, and one that led to deeply discounted prices on distressed properties.

In Palm Beach County, 26 percent of home sales were of properties in foreclosure in the early months of 2010, according to a new report from Irvine, Calif.-based RealtyTrac, which aims to measure foreclosure sales and their effect on home pricing.

To compare, fewer than 1 percent of Florida home sales in 2005 were of foreclosed properties, RealtyTrac found. The report, released this morning, defines foreclosure sales as those of homes that are bank-owned or where the owners have defaulted on the mortgage and received at least one foreclosure notice.

"Forty percent is a significant number," said Michael Sichenzia, president of Dynamic Consulting Enterprises in Deerfield Beach. "When you look at where it should be, it's a terrifying number in the short term and will reverberate throughout the whole system." Sichenzia said distressed property sales should make up

about 2 percent of total sales.

By 2007, foreclosure sales grew to 4 percent of the total market in Florida. They rose to 38 percent last year. Yet, Florida didn't even make it into the top three states nationally for distressed property sales, and even showed a small decrease of 3 percent compared with the fourth quarter of 2009.

Coming in first was Nevada, where 64 percent of all sales were foreclosures. California and Arizona followed with 51 percent and 50 percent, respectively. Nationally, foreclosed property sales during the first quarter made up 31 percent of all sales and had an average sales price of \$171,971 - 15 percent below that of regular sales.

Sales prices for Palm Beach County's foreclosures in the first quarter of 2010 averaged \$148,458, which is a 22 percent discount compared with traditional sales during the same period. Statewide, foreclosure sales were discounted 28 percent compared with regular sales.

Banks became more aggressive this year

in taking over foreclosed properties as homeowners in trial loan modifications dropped out or were refused permanent payment reductions.

In May, 10,491 Floridians lost their homes to bank takeover, the final step in the foreclosure process. That was an 81 percent increase compared with May of 2009, according to RealtyTrac. Nationally, 93,777 homes were repossessed by banks in May.

"As lenders have begun repossessing homes at record levels over the first half of 2010, it will be interesting to watch how they will manage the inventory levels of distressed properties on the market in order to prevent more dramatic price deteriorations," said James Saccacio, chief executive officer of RealtyTrac.

Sichenzia said he doesn't believe there is a management plan, and that sales prices will continue to decrease. "There is a lot of pain that needs to happen between now and the bottom," he said.

By **KIMBERLY MILLER** *Palm Beach Post Staff Writer*
Tuesday, June 29, 2010

Job growth in Florida expected to be slow for remainder of year

Florida's unemployment could dip below 11 percent by year-end, but the job recovery is likely to be painfully slow during the second half of the year, economists say. "It's still a horrendous unemployment rate," said Mark Vitner, an economist for Wells Fargo bank.

After reaching a record 12.3 percent in March, the state's jobless rate fell to 12 percent in April and 11.7 percent in May. But Florida remains in a plight worse than much of the nation, which posted a jobless rate of 9.5 percent in June, mostly because of shrinkage in the labor force. Florida's June rate will be released on July 16. Casting a shadow over the Sunshine State is the continued housing crisis and possible effects of the Gulf oil spill. But economists forecast some bright spots for the second half of the year: mildly improved job growth and a job boost from South and Latin America exports.

"I'm cautiously optimistic," Vitner said. "We think over the course of this year, Florida will add about 120,000 jobs. The good news is that it's virtually across the board." In comparison, Florida lost 297,100 jobs in 2009, and nearly 1 out of 10 residents were out of work.

Only the health care and private education sectors have been adding jobs. But in May, the state posted the third monthly gain in jobs since early 2007, with most gains from temporary U.S. census work. Vitner said he is seeing more widespread job growth. Even the manufacturing sector, which was losing jobs to foreign product makers before the recession, is starting to add jobs, he said. Vitner expects stronger growth in 2011, with potential job growth in solar and biotechnology for the state.

Other economists are sticking by their previous forecasts of a sluggish recovery for Florida.

Sean Snaith, economist at the University of Central Florida, forecasts continued weakness in the labor

market for 2010 and no real upturn until mid-2011.

"We're probably going to see a third-quarter net loss of jobs as temporary U.S. census employment unwinds," Snaith said. In Florida, 40,000 workers were hired for the census during April and May. But those jobs will disappear by fall.

Snaith said health care and private education will continue to add jobs, and the state will see recovery in professional and business services. "But there will not be anything blockbuster this year."

J. Antonio Villamil, economist and business dean at St. Thomas University in Miami, said it will take at least three years to return to the state's "total employment" level in late 2007. He points to construction employment, down by 268,300 in South Florida, and still losing jobs, he said.

More than 55 percent of adults in the U.S. labor force are feeling the impact of unemployment or wage and work hour reductions since the economic downturn began two years ago, according to the Pew Research Center's Social and Demographic Trends Project.

Andy Castillo, 40, once made good money creating custom closets for South Florida residents. In the recession, "someone's not going to pay \$5,000 for a closet," he said. Castillo has since had trouble finding work in his field. Now with his unemployment benefits expiring, he's a couple of months behind on the mortgage for his Miami home where his wife and three children live.

John McAskill, 45, recently took to the streets in Boca Raton with a sign that said, "Please, I need a job." McAskill said he left a job as a chef in another high-unemployment state, Michigan, to be with his 16-year-old son who had moved to South Florida with his ex-wife. He found seasonal work, which has since ended, and now he needs a new job.

"I'm not looking for a handout. I want a job," McAskill said.

If the oil spill impact doesn't worsen in South Florida, McAskill could be in luck: Jobs in leisure and hospitality could become easier to find. Leisure and hospitality, the lifeblood for many in Florida, has been improving during the first half of the year, Villamil said. Airport arrivals in Broward County were up by 8.8 percent in May, the latest figures, and 7 percent in Miami-Dade.

Villamil also pointed to jobs in South Florida related to international trade with Brazil, Peru, Chile, Colombia and the Dominican Republic. "Firms that are more diversified, that have a global market experience will do better than those that are dependent on local spending," he said.

In the U.S., stimulus spending will be a factor in the job count. Concern over the growing federal deficit is curbing government spending, though federal funds will continue to flow into Florida's road construction, port dredging, rapid transit and other infrastructure projects, economists say.

"The biggest problem with the stimulus was the composition. It included funding for green energy and technology, and grants to support that. That's great and probably needed ... but that's not a fast-acting stimulus. We're still waiting for a lot of the money to reach the economy," Snaith said.

Stimulus money retained jobs in state and local government jobs, including many teaching jobs in South Florida, during 2009 and early 2010. "Unfortunately, it's going away. The reality is, we probably could use another [stimulus], but the political climate has soured toward that," Snaith said.

Bank of America to pay \$108 million settlement

WASHINGTON - Bank of America will pay \$108 million to settle federal charges that Countrywide Financial Corp., which it acquired nearly two years ago, collected outsized fees from borrowers facing foreclosure.

It is the latest evidence of misconduct at Countrywide, once an industry giant that has since fallen. Last year, three top executives, including former CEO Angelo Mozilo, were charged with civil fraud and insider trading by the Securities and Exchange Commission.

The settlement, which seeks to refund money to about 200,000 borrowers, was announced Monday by the Federal Trade Commission. It is the largest mortgage industry settlement for the agency, which oversees non-banking functions such as debt collection.

The FTC's chairman, Jon Leibowitz, accused Countrywide of "callous conduct, which took advantage of consumers already at the end of their financial rope." Bank of America purchased Countrywide in July 2008. The actions in the case took place before the acquisition.

The Charlotte, N.C.,- based bank, which did not admit or deny the charges, said it agreed to the settlement "to avoid the expense and distraction associated with litigating the case."

Countrywide hit borrowers who were behind on their mortgages with fees of several thousand dollars at times, the FTC said. The fees were for such services as property inspections and landscaping that far exceeded market rates. Countrywide created subsidiaries to hire vendors, which marked up the price for such services, the agency said.

"Countrywide profited from making risky loans to homeowners during the boom years, and then they profited again when the loans failed," Leibowitz said. It will take several months to contact the affected borrowers, Leibowitz said. He called Countrywide's record-keeping "beyond abysmal."

Banks have not done enough to prevent foreclosures because of the income they receive from these sort of fees, consumer advocates allege. In a 2007 conference call with investors that was cited by FTC law-

yers, a top Countrywide executive called such fees "part of our diversification strategy" as foreclosures soared.

The FTC also alleged that Countrywide made false claims to borrowers in bankruptcy about the amount owed or the size of their loans -- and failed to tell those borrowers about fees or other charges. The settlement requires Bank of America to give bankrupt borrowers monthly notices about what they owe, including fees. Bank of America has dealt with allegations of deceptive practices at Countrywide since acquiring the mortgage company.

In October 2008, it reached a settlement with attorneys general agreeing to modify troubled mortgages with up to \$8.4 billion in interest rate and principal reductions for nearly 400,000 customers.

It abandoned the Countrywide name and remains the largest U.S. collector of mortgage payments.

By ALAN ZIBEL AP Real Estate Writer
Published: Tuesday, June 8, 2010 at 1:00 a.m.

Punta Gorda noted for retirement housing

PUNTA GORDA - Punta Gorda and Fort Myers were listed among 10 cities offering retirement property "steals" in a recent U.S. News & World Report online post pinpointing areas that have become particularly affordable because of declining home prices over the past several years.

The report was the latest in which Southwest Florida communities have made news as top places in the nation for retirees to find housing bargains. Port Charlotte had been ranked by publications in February and last fall.

Bob Gray, president of the Punta Gorda -Port Charlotte-North Port Association of Realtors, said there are "extremely good values" in the marketplace, attracting retirees as well as investors. He said home sales in general have been up for much of the year. Gray said Punta Gorda has turned the corner past the devastation of Hurricane Charley in 2004 and the later construction decline.

"Punta Gorda has done a fantastic job of rebuilding, and there's so much stuff going on here every weekend," he said.

Jack McCabe, of McCabe Research & Consulting in Deerfield Beach, said retirement areas that cater to the active lifestyles of baby boomers are thriving. "I think Punta Gorda is a great retirement area," said McCabe, adding that Punta Gorda and Fort Myers are just two examples of prime spots all along the Gulf Coast. The size of retirees' nest eggs usually determines the place they choose, he said.

The report follows a profile of Port Charlotte as a "low-cost haven" in the March/April issue of *Where to Retire* magazine. That article pointed out qualities in Charlotte County that are important to retirees: waterways for boating and fishing, nature preserves, volunteering opportunities and a variety of shopping centers and entertainment.

Last October, Port Charlotte was rated first among the 25 best places in the country to retire by the editors of *Money* magazine on CNNMoney.com. Punta Gorda's home prices dropped more than 50 percent from 2006 to 2009, and Fort Myers' real estate prices have lost about

two-thirds of their peak value, according to the U.S. News report.

The report examined trends for price-to-income ratios in 384 markets to determine housing affordability; if a market has a ratio of 2.5, for example, the median-priced homes sell for 2.5 times the average household income. Punta Gorda's ratio was 1.4 at the end of 2009, down from 1.7 for the 15 years ending in 2003. Fort Myers' ratio was 1.0, down from 1.5 for that same 15-year period.

Gray said foreclosures and short sales in the Charlotte County area are down, and the inventory of available houses has been whittled to eight months' worth, compared to 47 months in October 2007. As a result, home prices are starting to climb slightly. In turn, that could spur housing starts and sales of existing homes, he said.

By CHRIS GERBASI Correspondent
Published: June 3, 2010

Chinese drywall verdict is in: \$2.5 million

About 2 ½ years after a Miami couple first wondered about the strange odor in their home, a Miami-Dade jury awarded them \$2.5 million in damages and expenses Friday, blaming odors and corrosion problems on defective Chinese drywall. Armin and Lisa Seifart sued Miami-based Banner Supply after the drywall that the company provided corroded copper pipes and fixtures, ruined their air conditioner and other appliances and made their home smell.

The case -- the first jury trial in the country over Chinese drywall -- could set precedent for other lawsuits. Banner has been sued in dozens of cases as have other drywall companies and businesses in the drywall supply chain.

"It's a strong victory in favor of consumers," said the Seifarts' attorney, Ervin Gonzalez. "The bottom line is that the public will not tolerate companies that cheat," he said.

The case led to the discovery of a 2007 agreement Banner signed with the drywall manufacturer, Knauf Plasterboard Tianjin, to replace 2.3 million square feet of Chinese wallboard with domestic product. But in turn, Banner only replaced Chinese drywall it had supplied to select builders and installers who had complained about a smell.

Gonzalez said repeatedly that Banner could have prevented a legion of homes from being affected by drywall had they gone public with complaints years ago.

Banner had conceded the drywall was defective, but the company only wanted to pay for actual expenses the Seifarts incurred -- not for negligence or any stigma the home will carry. Banner attorney Todd Ehrenreich

said the company, which has been devastated by the recession and has its reputation tarnished because of Chinese drywall, is still considering its next move.

"We are a bit disappointed. We will weigh all of our rights, including our appellate rights," he said.

The Seifarts didn't move into their home until more than a year after the confidential agreement was signed -- and their builder and drywall installer were never told about others' complaints about the product. They moved out less than a year later.

"I feel that it sends a strong message that you can't put money over people's lives," Lisa Seifart said of the jury's decision. Armin Seifart said he and his wife never wanted to file a suit.

"We thought someone would come forward and help," he said, recalling e-mails and letters he sent to everyone involved with the drywall, including the manufacturer. "No one ever did." At the insistence of Banner, the jury was asked to assign blame to Banner as well as drywall manufacturer Knauf Plasterboard Tianjin, importer La Suprema and China-based exporter Rothchilt International -- although only Banner was a defendant in the suit.

The jury assigned 55 percent of the fault to Banner, 35 percent to KPT and 5 percent each to the importers and exporters.

By some interpretations, that could mean Banner is responsible for only \$1.3 million of the award.

Gonzalez believes Banner will have to pay the full amount -- plus attorneys fees and court costs.

"The case law's pretty strong on that point," he said. The award was a little more than half of the \$4.4 million Gonzalez had asked a jury to award the family. That included \$100,000 a month from the time they moved into the house until the time they can move back in after repairs -- nearly three years -- plus \$200,000 for the loss in value to their home because of the stigma it could carry and \$705,000 in expenses repaid for repairs, renting another home during the repairs, maintaining both houses and replacing some of the Seifarts' belongings.

Still, the award is the largest for one home in a Chinese drywall case to date. A federal judge in Louisiana awarded \$2.6 million to seven Virginia homeowners, finding drywall manufacturer Taishan Gypsum Co. liable for damage, but that company has not participated in U.S. court proceedings, leaving the ruling's effect in limbo. Judge Eldon Fallon also ruled that manufacturer KPT pay \$164,000 to a Louisiana couple for repairs to their house.

Repairs at the Seifarts' five-bedroom, five-bathroom home -- which was essentially gutted and rebuilt -- won't be done until at least January. They aren't certain if they will be comfortable in the renovated version of what they once considered the dream home where they would raise their two young sons.

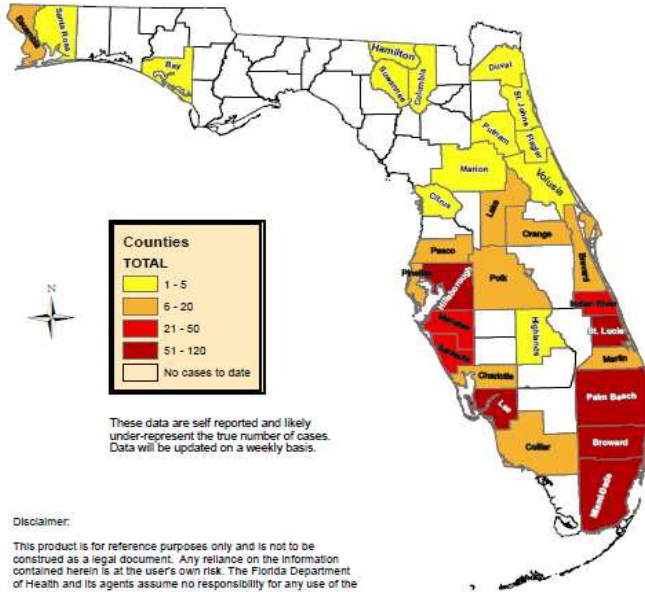
"We're going to have to check, double check, triple check before I put my children in any danger," Lisa Seifart said. "I'm going to be worried until I don't know when."

BY NIRVI SHAH

nshah@MiamiHerald.com

Reports of Drywall "Cases" to DOH County Health Departments

July 7, 2010
(N = 717 in 32 counties)

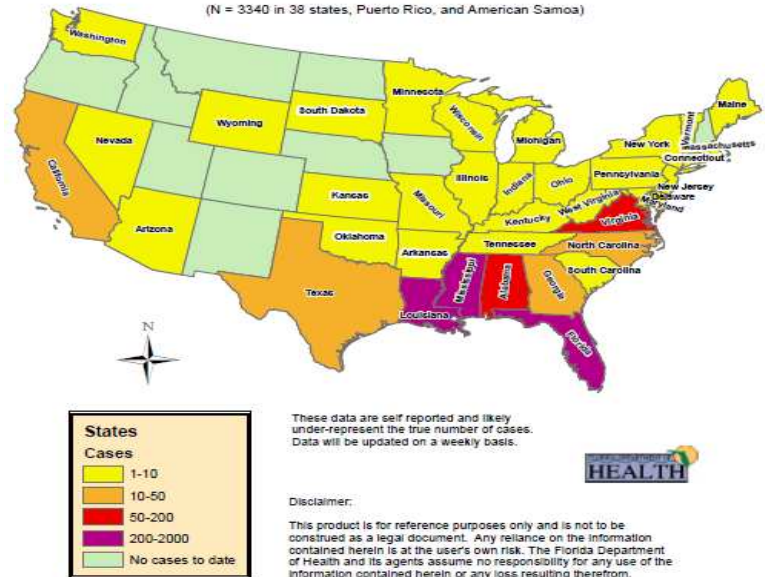


Reports of Drywall "Cases" Meeting FL-DOH's Case Definition

Florida Department of Health and US Consumer Product Safety Commission

May 27, 2010

(N = 3340 in 38 states, Puerto Rico, and American Samoa)

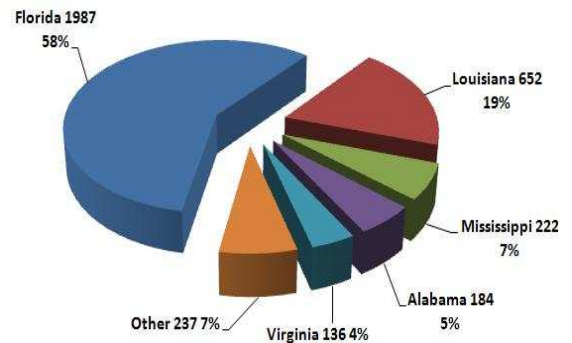


Chinese Drywall cases Reported to the CPSC - as of 06.30.10

To date, the CPSC has received about 3,418 reports from residents in 37 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, Arizona, Arkansas, California, Connecticut, Delaware, Georgia, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nevada, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia,

Wisconsin, Wyoming, the District of Columbia, and Puerto Rico.



Louisiana Drywall Law Helps Homeowners

Louisiana Governor Bobby Jindal has signed a new law into effect that bans insurance companies from dropping the policies of homeowners who have toxic Chinese drywall in their homes.

The new Louisiana drywall insurance law (pdf) will be in effect until June 1, 2013. It prevents insurance companies from abandoning desperate homeowners who find that they have imported Chinese drywall in their homes. However, it was passed only after state legisla-

tors bowed to a number of insurance lobbyist demands, which were added to the bills as amendments before passage. **The new law does not prevent insurance companies from raising premiums on those homeowners, only applies to residential properties,** and allows companies to cancel or not renew a policy if the insurance company can find another factor besides Chinese drywall on which to base their decision.

The drywall, which can corrode electrical equipment and fill homes with a rotten egg smell, is

difficult and expensive to remove, with many builders and disaster repair companies still struggling to find a cost-effective solution.

The law only applies to homes with Chinese drywall imported before December 31, 2009. Insurance companies who defy the law could be penalized up to \$15,000 per incident.

The U.S. Consumer Products Safety Commission (CPSC) has received more than 3,300 complaints from across the United States from homeowners who say that toxic

(Continued on page 8)

Southwest Florida small business loans remain difficult to obtain

Federal Reserve Chairman Ben Bernanke on Monday pushed banks to increase lending to small businesses to boost the economy, but Southwest Florida bankers said regional conditions and pressure from regulators are tying their hands.

Bernanke and other regulators have urged banks since February to increase their lending to smaller companies. Lawmakers on Capitol Hill have complained that small businesses that want to take out loans are having trouble getting them. Banks have countered by saying demand is weak.

Remy Fenelus, owner of Remy's Custom Design tailor shop in south Fort Myers, said he knows lack of demand isn't the only factor because he has been looking for money to expand for months. He said he would like to add employees so that he could bid for large uniform contracts with law enforcement or municipal governments, but can't get funding.

"Everywhere I turn, it is a brick wall," Fenelus said. He said he's even tried government training grants because he expects to train his employees. "I thought I would get support to teach someone a trade, but I just can't get anything," he said.

Bernanke's latest comments come as legislative efforts to jumpstart small business lending have languished and the recovery has been losing momentum. He spoke at a Fed conference exploring ways to help boost lending to small companies.

"Making credit accessible to sound small businesses is crucial to our economic recovery," Bernanke said. "More must be done," he pledged.

Small businesses usually help drive job creation during recoveries. They employ roughly half of all Americans and account for about 60 percent of gross job creation, Bernanke said. And newer small businesses, those less than two years old, are especially important. Over the past 20 years, these startup enterprises accounted for roughly one-quarter of gross job creation, even though they employed less than 10 percent of the work force, he added.

Money is flowing slowly, in part, because bank regulators are demanding Florida banks increase the ratio of capital to their loan portfolio, said Bill Valenti, president of Florida Gulf Bank. That means they either must raise more money through investment or slow down lending.

"It seems like these two elements (The Federal Reserve and regulators) aren't talking to each other," Valenti said. "The underlying fact is banks only make money when they make loans."

Bruce Schultz, president of Southwest Capital Bank, said Bernanke seems to believe that banks don't want to make loans.

"It's like saying we are a restaurant with all this fabulous food, but we don't want to serve it," Schultz said. "That's just not the

case. We have to underwrite these loans very prudently."

Brian Lawrence of Fort Myers has been trying for a year to get startup funding for a training center for home health-care aides and certified nurses' aides. He expected to start the business with about \$40,000, but classroom requirements and other costs have pushed that over \$100,000.

"It's just been rough everywhere we have turned," Lawrence said. "We are going to have to take a step back and decide what to do, but we are going to keep trying."

The Obama administration in early May sent Congress a proposal to create a \$30 billion support program to unfreeze credit for the nation's small businesses. The fund would provide support to small and medium-sized banks with assets under \$10 billion to encourage them to increase lending to small businesses. The legislation has yet to pass in the Senate.

Meanwhile, many economists predict the rebound will lose strength during the second half of this year. High unemployment, problems getting loans to expand operations and hire and a new caution among consumers are among the reasons. "The overall economy needs to be in a much stronger position," said David Hall, president of First Community Bank of Southwest Florida. "We have a long way to go before lenders will be making loans at any significant rate."

Tim Engstrom •

tengstrom@news-press.com • July 13, 2010

Louisiana Drywall Law Helps Homeowners—Cont'd.

(Continued from page 7)

Chinese wallboard imported between 2004 and 2007 releases sulfuric odors, causes health problems, and corrodes wiring and appliances. Many of the problems with the Chinese drywall have been confirmed by laboratory testing.

Millions of sheets of the toxic drywall were imported from China into the United States

due to a domestic shortage caused by a housing boom and construction following a serious of hurricanes that struck the southeastern United States. The CPSC has confirmed more than 6 million sheets were imported into the country in 2006 alone. Homeowners throughout the United States have filed lawsuits over Chinese drywall, naming manufacturers, dis-

tributors and builders. In June 2009, all of the federal drywall litigation was consolidated and centralized in an MDL, or Multi-district Litigation, in New Orleans under U.S. District Judge Eldon Fallon. The lawsuit won by Seifart and Gore was filed in the state court and was not part of the MDL.

**An estimated 3.5 million homes are expected to be foreclosed in 2010.
Another 13 million homes are forecasted to be foreclosed through 2015. From housingpredictor.com**

Area	Rate	% to Florida	% to US	Total Foreclosures	May Foreclosures
Broward	1 in 119	14.8	2.0	41,006	6,719
Miami-Dade	1 in 127	13.8	1.8	38,134	7,696
Lee	1 in 102	7.1	0.9	19,522	3,576
Orange	1 in 146	6.4	0.9	17,634	3,275
Palm Beach	1 in 215	6.2	0.8	17,027	2,977
Hillsborough	1 in 210	5.5	0.7	15,336	2,495
Duval	1 in 147	3.9	0.5	10,829	2,662
Pinellas	1 in 269	3.7	0.5	10,345	1,863
Polk	1 in 182	2.9	0.4	7,883	1,535
Brevard	1 in 179	2.6	0.3	7,177	1,489
Osceola	1 in 84	2.5	0.3	6,883	1,395
Pasco	1 in 149	2.2	0.3	6,122	1,438
Seminole	1 in 169	2.2	0.3	6,111	927
Sarasota	1 in 228	2.2	0.3	5,983	949
Collier	1 in 153	2.2	0.3	5,976	1,237
Manatee	1 in 292	1.7	0.2	4,649	606
Charlotte	1 in 138	1.5	0.2	4,151	705
Hernando	1 in 157	0.9	0.1	2,624	604
Florida	1 in 173	100.0	13.4	276,568	48,384
US	1 in 399		100.0	2,068,874	
					RealtyTrac

★ We are very pleased to announce an expansion to our services portfolio. We will now provide Cleanout, Cleanup, Security, & Maintenance Services For Foreclosed Homes. If you are an REO specialist, realtor, property manager, estate manager, investor, bank asset manager, or landlord, let us help you manage the process of working with foreclosed homes or abandoned property. See below for more. [Call Rich at 813.245.4523](tel:813.245.4523) ★

<p align="center">SERVICES PROVIDED</p> <p align="center">INSPECTION</p> <p>We will perform a full home inspection and provide a report upon request to determine the condition of the structural and mechanical systems.</p> <p align="center">TRASHOUT / CLEANOUT</p> <p>We will remove all of the personal items left by the abandoning tenant. Includes removal and disposal of clothing, furniture, electronics, general merchandise, and applicable appliances. Damaged flooring, cabinetry, doors, and fixtures will be removed and replaced upon request.</p> <p align="center">GENERAL CLEANING</p> <p>We will clean, sanitize and deodorize the interior of the home. Includes fixtures, appliances, flooring, walls, ceilings, cabinets, and windows during the initial visit to re-capture the interior of the house. Work on the exterior will include walls, porches, decks, pools, windows, garages and detached buildings.</p>	<p align="center">LANDSCAPE MAINTENANCE</p> <p>We will perform the initial re-capturing of the yard and associated landscaping components to return them to their natural condition. We can also provide ongoing yard maintenance services including mowing, trimming, edging, pruning of trees, and the installation of landscaping and mulch as requested to enhance the curb appeal of the property.</p> <p align="center">JANITORIAL SERVICES</p> <p>We will provide on-going cleaning services as requested to make sure the interior remains pleasant for potential buyer visits.</p> <p align="center">SECURITY</p> <p>We will change the locks and secure the dwelling as requested to prevent vandalism and unauthorized entry. Other services may include the addition of temporary or permanent fencing, the draining and locking of the water system, the securing of exterior mechanical components, shuttering of the windows, and hazard materials removal.</p>	<p align="center">HANDYMAN SERVICES</p> <p>Our handyman services include (but are not limited to) the following tasks:</p> <ul style="list-style-type: none"> Pressure washing Caulk, patch & paint Door and window adjustments Screen repair Tile / flooring repair Carpet cleaning Minor roof repair Fixture maintenance Roof drainage system repair Fence repair Pool / Spa Cleaning <p align="center">CONTRACTING</p> <table border="0"> <tr> <td>Roofing</td> <td>Electrical</td> </tr> <tr> <td>Plumbing</td> <td>HVAC</td> </tr> <tr> <td>Remodeling</td> <td>Structural</td> </tr> <tr> <td>Carpentry</td> <td>Windows</td> </tr> <tr> <td>Door</td> <td>Irrigation</td> </tr> <tr> <td>Soffit & Fascia</td> <td>Pest control</td> </tr> <tr> <td>Mold & Mildew</td> <td>Septic</td> </tr> <tr> <td>Well</td> <td>Seawall</td> </tr> </table>	Roofing	Electrical	Plumbing	HVAC	Remodeling	Structural	Carpentry	Windows	Door	Irrigation	Soffit & Fascia	Pest control	Mold & Mildew	Septic	Well	Seawall
Roofing	Electrical																	
Plumbing	HVAC																	
Remodeling	Structural																	
Carpentry	Windows																	
Door	Irrigation																	
Soffit & Fascia	Pest control																	
Mold & Mildew	Septic																	
Well	Seawall																	

Best Home Inspection & Construction Company, LLC

Owner: Tom Yelton

State of Florida Certified General Contractor
License # CGC - 038663

National Home Inspector License # CY580829

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

30 + Years Experience in Residential and
Commercial Construction

20 + Years Experience as Owner or Manager
in Construction Industry

Contractor's Liability Insurance
Errors and Omissions Insurance
Worker's Compensation Insurance

SERVICES WE PROVIDE:

- STANDARD BUILDING / HOME INSPECTIONS
- 4-POINT INSPECTIONS
- WIND MITIGATION INSPECTIONS
- WATER QUALITY INSPECTIONS
- LEAD INSPECTIONS
- SPRINKLER INSPECTIONS
- WASHER & DRYER INSPECTIONS
- POOL & SPA INSPECTIONS
- SEPTIC INSPECTIONS
- SEAWALL INSPECTIONS
- ROOF INSPECTIONS
- CHINESE DRYWALL INSPECTIONS
- GENERAL CONTRACTING
- FORECLOSURE CLEANOUT & CLEANUP
- HANDYMAN SERVICES



Rich Yelton

Cell: 813.245.4523

Email: ryelton@tampabay.rr.com

Certified Residential Contractor
License # CRC 047941

National Home Inspector
License # RY549559

Certified Wind Mitigation Inspector

Available for:
Standard Home Inspections
Wind Mitigation Inspections
and 4-point Inspections

Sarasota, Manatee, Hillsborough,
Pinellas, Pasco, Hernando,
Citrus, Sumter, Polk,
and Hardie Counties.



Your 100-day limited inspection warranty
has been purchased on your behalf
by your home inspector

Dear Homebuyer,

Congratulations on the
purchase of your new home.

Thank you for hiring an
inspector who includes a
100-day limited inspection
warranty from Mountain
Warranty Corporation
with their inspection.

Let the limited inspection
warranty bring peace of mind
to the home buying process.

Mountain Warranty Corporation agrees to provide a
payment for the covered costs to repair or replace the
items listed in this warranty as being covered if any
such items fail or become inoperable during the term
of this warranty due to mechanical failure caused by
routine wear and tear, subject to the terms, conditions,
exclusions and limitations of the warranty, including

- HVAC,
- plumbing,
- electrical,
- roof covering,
- kitchen appliances,
- hot water source,
- garage door opener,
- jetted bathtub,
- sump pump, and
- structure.



08.22.2009 08.19

www.BestHomeInspectionAndConstructionCo.com