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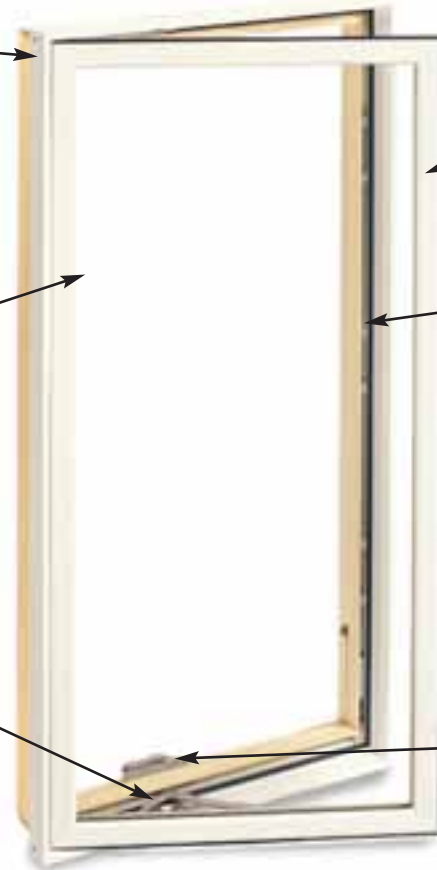
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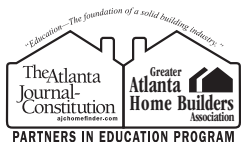
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*Source: 2006-2007 Gallup Poll of Media Usage & Consumer Behavior - Atlanta CBSA

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By Steve Palmer

HBA Organizes Home Ownership Rally

At a rally on the steps of the State Capitol on Aug. 27, more than 150 home builders, remodelers, Realtors, mortgage bankers and others in homebuilding industry gathered to support and celebrate the landmark housing legislation recently passed by Congress and to emphasize that “now is the time to buy.”

The housing stimulus bill, which President Bush signed into law July 30, is vital to address the current condition in the various financial and housing markets. U.S. Sen. Johnny Isakson, who championed the housing stimulus bill and specifically the first-time home buyer tax credit included in the bill, spoke passionately at the rally about how the legislation was designed to stimulate the nation’s declining housing market. Isakson also talked about bi-partisan efforts to get legislation moving forward to reinstate the down payment assistance programs that expired last month.

Scott Simpson, president of the Atlanta Board of Realtors, explained the details of the \$7,500 tax credit for first-time home buyers included in the legislation. He stated that although the tax credit expires in July 2009, the effects of the housing stimulus bill will be seen over the next three years.

While Atlanta’s market has been down the last couple of years, there are signs of recovery. Home prices have been increasing every month since February 2008, and more than 5,000 families bought homes in the Atlanta market last month, Simpson said.

Roger Tutterow, PhD, professor of economics at Mercer University, spoke about the new housing bill and the current state of the Atlanta housing market. He explained that while housing prices fell 15 to 20 percent across the country, Atlanta’s home prices only dropped about a third as much as the national average. Tutterow added that this year’s credit will be a catalyst that will bring more housing starts in the next six to nine months.

The rally generated significant media coverage for the housing industry: *Business to Business* magazine ran a story online Aug. 27; the *Atlanta Journal-Constitution* ran a story on the front page of the business section on Aug. 28; WAGA-TV Fox 5 aired coverage on Aug. 28; WGST-AM and Georgia Public Broadcasting aired a story and interview with Roger Tutterow; and WAOK-AM interviewed Robert Broome and me live for an hour after the rally.

Thanks to our industry partners, HBA members and everyone who attended the rally and showed that now really is a great time to buy!

ATLANTA BUILDING NEWS

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CLASSES AND EVENTS CALENDAR

OCTOBER

- 9**
✓ Residential Contractor Licensing Exam Prep Course (two days), 8:30 a.m.
-
- 14**
✓ Business Management for Building Professionals, 8:30 a.m.
-
- 15**
✓ Builder/Developer/Lender Council Meeting, 8 a.m.
✓ Marketing and Communications Strategies for Aging and Accessibility (CAPS I), 8 a.m.
HomeAid Atlanta Board Meeting, 11 a.m.
✓ Remodelers Council Meeting, 11:30 a.m.
-
- 16**
✓ Design/Build Solutions for Aging and Accessibility (CAPS II), 8 a.m.
✓ South Fulton Chapter Meeting, 11:30 a.m., Green Manor
-
- 17**
✓ The Stress Machine: Making it Work for You Lunch and Learn, noon
-
- 20**
Membership Committee and Associates Council Meeting, 11:30 a.m.
Sales and Marketing Council Bowl-a-Thon, 6 p.m., Bowl 300
-
- 21**
HomeAid Atlanta Fairway to Haven Golf Classic, East Lake Golf Club
✓ Level AW: Subcontractor Awareness Seminar, 9 a.m.
-
- 22**
✓ Cast-in-Place Concrete Foundations, 8:30 a.m.
✓ Housing Anatomy, 8:30 a.m.
-
- 23**
✓ Certified Professional Home Builder Program General Membership Meeting, 11 a.m.
✓ Seven Keys to a Successful Rezoning Lunch and Learn, noon
-
- 28**
✓ HBA Board Meeting, 3:30 p.m.
Membership Connection, 5 p.m.
✓ Fall General Membership Meeting, 5:30 p.m.
-
- 29**
Custom Builder Speed Dating, 9 a.m., Maggiano's Buckhead
✓ Inner Atlanta Chapter Meeting, 11:30 a.m., Maggiano's Buckhead

Calendar Key to Events:

- ✓ This course is approved for CPHB program continuing education credits.
- Environmental Issues
- Education
- Social Events
- Membership Meetings

All meetings will be held at HBA's Housing Center unless otherwise noted. The Housing Center is located at 1484 Brockett Road in Tucker at the corner of Brockett and Cooledge roads next to Highway 78.

Editor's Note: Changes in the dates and location of events listed on our calendar occur. Please call the HBA at (770) 938-9900 or check the latest calendar online at www.atlantahomebuilders.com.

NOVEMBER

- 3**
✓ Representing Your Business in Magistrate Court, 8:30 a.m.
-
- 4**
✓ Customer Service, 8:30 a.m.
✓ Fall Protection: Compliance-Based Lunch and Learn, noon
-
- 5**
✓ Builder Licensing Exam Prep Course: General References (three days), 8:30 a.m.
✓ Homeowner Handbook Orientation, 9 a.m.
✓ Cobb Chapter Meeting, 11:30 a.m., Marietta Country Club
-
- 6**
✓ Cherokee Chapter Meeting, 11:30 a.m., Cherokee Chamber of Commerce
-
- 7**
✓ Certified Professional Home Builder Program Orientation, 8 a.m.
-
- 8**
28th Annual OBIE Awards, 6 p.m., Cobb Galleria Centre
-
- 10**
✓ Builder Licensing Exam Prep Course: Codes (two days), 8:30 a.m.
✓ Green Building for Building Professionals (two days), 8:30 a.m.
-
- 11**
✓ Forsyth Chapter Meeting, 11:30 a.m., Windermere
-
- 12-19**
HomeAid Atlanta Essentials for Young Lives Drive
-
- 12**
✓ DeKalb Chapter Meeting, 11:30 a.m., Doubletree Hotel Northlake
✓ Partnering Guide Lunch and Learn, noon
✓ Atlanta 50+ Housing Council Meeting, 6 p.m., Westin Atlanta North
-
- 13**
✓ Built to Sell: The Partnership of Market and Design, 8 a.m.
Metro South/South Fulton Table Top Night, Eagle's Landing Country Club
-
- 14**
✓ Multicultural Sales Techniques and Strategies, 8 a.m.
✓ Building Codes and Standards, 8:30 a.m.
-
- 16**
✓ What You Need to Know About the New Tax Incentive Lunch and Learn, noon
-
- 17**
✓ Builder Licensing Exam Prep Class: Business and Law, 8:30 a.m.
Membership Committee and Associates Council Meeting, 11:30 a.m.
-
- 18**
✓ Rockdale Chapter Meeting, 11:30 a.m., Always Special Events
✓ What You Need to Know About the New Tax Incentive Lunch and Learn, noon
-
- 19**
✓ Builder/Developer/Lender Council Meeting, 8 a.m.
✓ Level 1A: Fundamentals of Erosion and Sediment Control, 8:30 a.m.
HomeAid Atlanta Board Meeting, 11 a.m.
-
- 20**
✓ IRM-IV: The Challenge of New Home Sales Management, 8 a.m.
✓ North Fulton Chapter Meeting, 11:30 a.m., Ippolito's
✓ Helping Your Family through Difficult Economic Times Lunch and Learn, noon
✓ Liability on Joint Ventures Gone Wrong for Builders Lunch and Learn, noon
-
- 26**
✓ Inner Atlanta Chapter Meeting, 11:30 a.m., Maggiano's Buckhead

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FEATURE

Taking Care of Business

By Sheryl S. Jackson

How Builders Are Weathering the Downturn

In the face of a difficult housing market, some builders are not only enduring the tough times but also are ready for success during the recovery. How are they doing it? Being prepared for a market downturn and taking immediate steps to position their companies for survival has been key.

"We started feeling the stress in the market back in June 2007 as I saw the lending guidelines becoming more difficult, and then I then saw my past purchasers struggling, as some were in the beginning stages of foreclosure," says Tim Butler of Bryce Homes. At that point, Butler's company discontinued buying lots and focused on cutting expenses.

CUT COSTS TO STAY COMPETITIVE

One way Butler became more cost-conscious was to lengthen the completion time for speculative inventory from an average of four to six months to seven to nine months. "We played the pricing game with our competitors to reduce our speculative inventory, but we did sacrifice margin," he says.

Bryce Homes also was able to compete price-wise by using in-house trades to save money on initial construction. "While having in-house trade staffs does save money, a builder must have a certain level of volume to justify the staff," Butler says.

Cutting staff is often another logical step to lower overhead costs, but it needs to be done carefully. If an important employee is laid off today to save money, replacing him



if he's needed in nine months can be problematic. Experienced workers will be employed elsewhere, and new staff will need training. "We typically hire people with no or little experience in our industry, then invest time and money to train them well," says Mike Smith, owner of Harcrest Homes.

When building slowed, Harcrest's five supervisors often found themselves with little to do, and it became obvious to Smith that he needed to reduce the

number of supervisors. "We had one supervisor who I knew would make a great sales agent, so I offered him a chance to stay with us and train for the new job. Even though we didn't need the fifth supervisor, I knew we had to find a way to keep him as part of our company," he explains.

Another way to cut costs is to ask your trade partners to reduce their prices, says Gary Lockman of Manor Homes. "We asked for a 10 percent

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reduction, and 95 percent of our trade partners agreed," he explains. "All of our trade partners are willing to work with us because everyone wants to keep working, even if it requires lower profit margins."

KEEP CASH ON HAND

Smith also is benefiting from a lesson learned nearly 15 years ago. "Ever since the early 1990s, our company has been very conservative with our money, and we routinely save for a nest egg designed for tough times," he says. Harcrest always has a minimum of six months' overhead expenses in cash to cover costs in the event that it has no closings in a six-month period.

"Over the years, we've reinvested our earnings, and we actually have cash to cover more than six months of overhead," Smith explains. Because the company has built up a significant savings, it can conduct business in cash, as opposed to seeking additional financing.

Not only can Smith make all his payments on time during this tough market, he also has been able to show bankers his business plans with updates on how he expects to continue managing his earnings over the next 12 to 18 months. "It's important to be able to talk to your lenders about how your company will manage cash flow and to show them that you're prepared to handle some periods of time with no income," he says.

ENHANCE MARKETING SUPPORT

Although the prudent action to take during a market downturn is to cut costs, it's important to continue investing in sales agents and spending advertising dollars. "We are increasing our marketing budget," says HBA President Steve Palmer, chief financial officer of Bowen Family Homes. Advertising creates a steady stream of traffic that increases the opportunity to sell. "We also ran a promotion with heavy advertising support that increased sales by 50 percent over the previous month," he says.

"Larger builders are more likely to have the resources for major media advertising, but smaller builders should take advantage of Internet advertising," suggests Palmer. Even though Bowen Family Homes advertises in traditional media, Palmer attributes at least 30 percent of the company's sales directly to Internet marketing.

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Even when your company serves a very specialized niche, marketing may be necessary. “We’ve never spent money on marketing in the past because our customers came from referrals from previous customers, but we are now looking at the best way to market our company,” says Ray Bongers of Bongers Builder Group.

Bongers’ company specializes in tearing down and rebuilding homes for customers who want to stay in their existing neighborhoods. “We have six to eight projects in construction at any one time, so we are doing well, but I don’t want to wait to start marketing.” By being proactive when his company is busy and his trade contractors are working, he hopes to ensure a steady stream of business.

CULTIVATE CUSTOMER LOYALTY

Even builders who are prepared for a sales slump rely on real estate agents and loyal customers. The number of homes sold by Bryce Homes in 2007 was about the same as in 2006, primarily because of pre-sales in 2006. “We started 2007 with more than 21 pre-sales, and we continued to sell more homes,” Butler says. Customer loyalty is paying off, as people who purchased their first homes from his company consider buying in another Bryce Homes’ development when looking for their next home.

PAY ATTENTION TO PRICES AND FEATURES

“We are changing our product in some areas and taking out some features that add to the cost of the home,” says Smith. Although exteriors remain the same, a home being built today might have a nine-foot ceiling as compared to 10-foot ceilings in homes built over the past two years. By making small design changes, Smith’s company has been able to reduce the average price of a home in one development from the high \$500s to the low \$500s or high \$400s. “The increased traffic in the development tells me that this is the new price point that works in our market,” he says.

According to Vicky Rowe of Jenny Pruitt and Associates, sales have begun to pick up in the St. Marlo subdivision in Duluth. During the first four months of 2008, five contracts were written on

new homes. The reason for this increase? “Builders are willing to cut prices on existing inventory and consider offers that they never would have considered in past years,” she says.

WRITE UP EVERY OFFER

Builders are being more realistic and flexible about what they can get for their houses, but they should keep a watchful eye out for buyers brazenly looking for deals. Rowe says that buyers sometimes ask her which builders are in trouble, and she has to be very careful about how she answers. “I’ll never say that a builder is in trouble, but I will explain that a builder is flexible because of market conditions or may be willing to negotiate,” she says.

Even when you are willing to be flexible, get the offer in writing, suggests Lockman. “A verbal offer is just a test that requires no commitment on the potential buyer’s part,” he explains. “Once people put an offer in writing, they are emotionally invested in the buying process, and they are willing to realistically negotiate.” While verbal offers can be significantly less than the listing price of a home, Lockman has never received a written offer less than \$40,000 below the listing price. “I can work with a realistic written offer, but I won’t discuss a verbal offer.”

From Rowe’s perspective, the key to surviving the housing downturn is for builders and sales agents to closely work together and communicate well. She spends time talking with builders to give them feedback on potential buyers’ comments, as well as what is going on in other subdivisions in the area. “Builders started offering a number of incentives as we entered the spring and summer to bolster traffic, but they’re also paying close attention to what is selling in the area,” she adds.

Builders and sales agents don’t believe that the market will turn around overnight, but there is a light at the end of the tunnel. “I believe we will continue breaking even, but as sales increase, margins will come back gradually,” Butler says.

The current state of the homebuilding market is easily understood, if supply and demand is examined. “Our industry has over-built for one year, and now we will sit and wait for absorption. While inventory decreases to healthy sustainable levels, we will take hits on margin to survive, and then we will thrive,” Butler says.



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Stepping

Survival in a Down Market

By Charlie Cummins, MS, LPC, Trove, Inc.

We humans tend to be an optimistic bunch, and I am no different. But, sometimes you can look under a lot of rocks and find nothing.

The 2008 State of the Nation Housing Report, published by the Joint Center for Housing Studies of Harvard University, discusses the persistent hangover from an over-heated housing market. From the mortgage market meltdown, to doubled rates of foreclosures, unbridled housing surpluses and a broad economic downturn, this report summarizes the avalanche of bad news and the rocky road ahead.

I was about to surrender to the pessimism until the day I met Jack. I went for a bike ride to clear my head one afternoon. Taking a break, I stopped to listen to the rhythmic “whoosh-ping” of golfers working on their strokes at a local driving range. But, there was one golfer whose rhythm was not the same as the others. As I looked closer, I realized that the last man in line was an amputee golfing on one leg, and he was knocking the soul out of every ball he hit. Amazed, I watched until he took a deep breath, hopped over to his crutches and joined me on the bench for a breather.

OPTIMISM AND POSITIVE THINKING

In many circles, the golf swing is considered to be one of the most difficult challenges in sport. Jack’s golf handicap never waivers far from 7, and that is pretty decent stuff in a sport where the average score is in the high teens. However, Jack does this on one leg. “I don’t see myself as inspirational,” he says. “When I first lost my leg, I had my doubts about everything. Those were depressing times, but I’ve learned to find the positive and manage what I can in the moment.”

According to David Ellis, executive vice president of the Greater Atlanta HBA, optimism and maintaining a positive mindset is probably the greatest challenge home builders and associated industries are facing. Challenging patterns of negative thinking is crucial to surviving during difficult times, and optimism is directly associated with good mood, improved morale, perseverance, effective problem solving, good health, long life and overall occupational success. In contrast, pessimism and patterns of negative thinking foreshadow depression, passivity, failure, social isolation and even premature death.

“For me, it’s a matter of perspective,” says Jack. “I have experienced some pretty good suffering in my life. So has this

country and the world. Compared to that, this is nothing.”

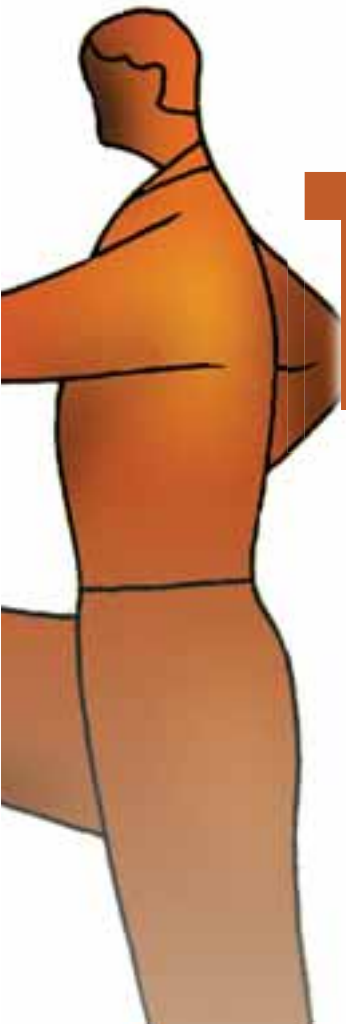
Even economists point to consumer optimism as one of the most fundamental aspects of the economy’s current performance. According to Dr. Thomas D. Boston, professor of economics at Georgia Tech and CEO of economic research company EuQuant, “Economists have understood the importance of investor and consumer optimism since the Great Depression. Consumer optimism will be a key factor in turning around this economy.”

TIPS FOR POSITIVE THINKING

- Engage in positive self talk.
- Set and pursue both short- and long-term goals.
- Acknowledge at least one thing you achieved each day.
- Stop comparing yourself to others.
- Focus on what you can control in the present moment.
- Each day, remind yourself of the things you’re grateful for.

MOVEMENT AND SOCIAL INTEREST

The first challenge Jack faced after losing his leg was one of movement and loneliness. “Obviously, I couldn’t move well, and I didn’t want to at first. Because of this, I moved in a direction of isolation. I was in pain, immobile and embarrassed, but that became a death spiral of depression,” said Jack. “Golf really picked me up after I lost my leg. It



Through Change

“What a caterpillar calls an end, the rest of the world calls a butterfly.”

– Lao Tzu

got me physically and mentally moving. Golfing forced me to socialize, and people were very supportive. I needed to reach out, and I think it probably saved my life.”

We all have a fight-or-flight instinct that either compels us to withdraw or spurs us into action. Movement is essential to survival, but it must be in a useful direction toward other people and positive change. Moving inward toward isolation, lack of communication or escapism through alcohol and self-medication solves nothing.

The HBA has realized the need for its members to get out of their environment and the need for increased social interest. Instead of bringing in more speakers to their meetings, they are focusing on social events like casino nights and barbecues. “We are trying to create as many opportunities for communication as we can and encourage everyone to just talk,” says Ellis. “Home builders are probably not natural at sharing their emotional state with one another. But, more and more, personal and emotional issues are part of the conversation.”

COMMUNICATION

One of the biggest problems Jack faced was a barrier in communication. “I got tired of telling and retelling the story of losing my leg,” he said. “Constantly talking about this negative event in my life was like rehearsing it over and over again. It began to drag me down.” But, the positive focus on becoming a golfing amputee not only opened Jack’s communication, it offered a more positive focus.

“It was important for me to reach out and be open to talking with others, but it was even more important to discuss my overcoming of challenges and how I was adapting,” Jack explained.

According to Wes Suggs, co-owner of Princeton Properties, communication has been a key to surviving this crisis. “We manage what we can manage, and communication with the banks and suppliers is important. I’ve always envisioned them as partners in this. Bankers and related industries have taken it on the chin as much as the builders have.”

TIPS FOR EFFECTIVE COMMUNICATION

- Listen carefully. Put down distractions. Make eye contact, and paraphrase what you’re hearing.
- Avoid barriers. Don’t interrupt, get defensive and or get lost in thought.
- Stay focused. Spending too much time on the past can cloud issues.
- Own what is yours. Personal responsibility is strength.
- Try to see another point of view. Look for compromise.
- Take a time out. Nothing gets accomplished in anger.
- Don’t give up.
- Ask for help when you need it.

Improved communication has been a key issue that is forcing the HBA to adapt and reshape its relationship with its members. “Our message these days to any business owner, if they’re in a challenging situation and they don’t feel that they can handle what’s going on, is get help. Communicate, and don’t take it on alone,” says Ellis.

INNOVATION

After Jack lost his leg in a motorcycle accident, he wore an artificial leg for nearly five years and never really liked it. "One day I had had enough, and I just put it in the basement," he says. "Soon after that, I tried golfing, and I just teed the ball up, put down my crutches and whacked it," Jack laughed. "I believe that you have to innovate to adapt, but in this case, I innovated by leaving my leg at home. It actually helps my balance."

Most builders have been forced to be innovative in running their businesses, even if this means dismantling them. But, the difficult times also have given rise to reinvention. "Going green is being viewed as a marketing advantage," says Ellis. "But, we don't use the term 'green' as often anymore. Instead, we talk about building high-performance homes. 'Green' has become a very generic term, and we want to differentiate ourselves."

RESILIENCE

Golfers who play on one leg face many obstacles like wind and awkward lies. "Wind gives me the greatest difficulty," adds Jack. "A breezy day I can handle, but gusts really test my balance

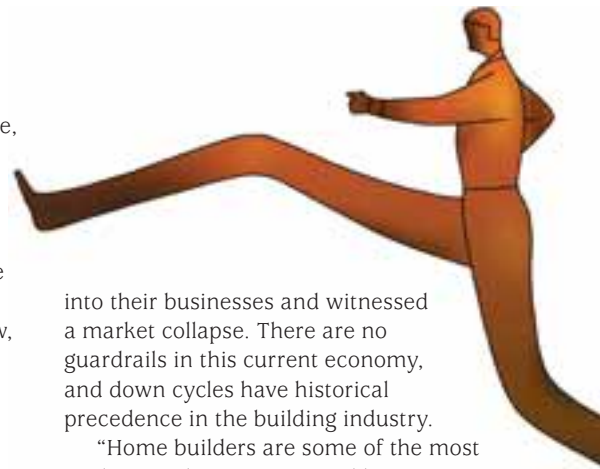
and will. The first time I played a course, my partner thought I should hit from the women's tee and throw out any ball with a bad lie. I didn't want to do that, and I really made a fool of myself falling into sand traps and wet turf. I've persevered to the degree that if I fall now, it's more than likely my fault. Now, I have to give my friend strokes when we play."

Resilience is the ability to adapt well to stress and endure hardship. Resilience increases with experience, and those who have faced life's hardships are better prepared to handle future struggles. This is good news to home builders, as they have a long history of surviving good times and bad.

TIPS TO IMPROVE RESILIENCE

- Accept and anticipate change.
- Take care of yourself physically and emotionally.
- Get connected. Build strong positive relationships.
- Work toward both short- and long-term goals.
- Maintain perspective.

This is not the first time home builders have put their hearts and souls



into their businesses and witnessed a market collapse. There are no guardrails in this current economy, and down cycles have historical precedence in the building industry.

"Home builders are some of the most resilient and entrepreneurial business people I have ever met, and Atlanta is one of the markets that is most poised to make a recovery," says an optimistic Ellis. "Atlanta has marked advantages over many cities going forward that are very positive, including affordable land and good job growth, which translates into affordable housing."

Jack, who has won local and regional tournaments, wants to help others and further the growth of the National Amputee Golf Association. "I struggle every day, but I am healed, and this allows me to move forward. I have hit bottom, and there is nowhere else to go but up." He is still climbing, one step at a time.



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Mind Over Market

Editor's note: The housing market has always been in a state of flux. Although times are tough now, our industry will survive, just as it did during the market downturn of the early 1990s. Consider this article written in 1991: the issues facing Atlanta builders then are still relevant today, and their stories of endurance remain inspirational. Reprinted from *Builder magazine*, September 1991, with permission.

Home builders put their heart and soul into their businesses. So when markets collapse, they face the prospect of losing more than just money. Here's how four Atlanta builders held their own.

By Gerry Donohue

Phil Clark's electrical subcontractor shot himself two days before Thanksgiving in 1989. The guy had been in Clark's office the previous Friday, thanking Clark for keeping him afloat for the past two years. Like everybody else in the Atlanta market by then, Clark was hurting, but he told the sub that when he got some business, he'd give him a call.

Looking down at the open grave, Clark vowed to handle his own business troubles differently. "I'd rather be shoveling shit," says Clark, "than have somebody shoveling dirt on top of me."

Clark is still in business today. He calmly discusses the past four years of housing recession in Atlanta. Like other builders, he made the necessary business moves to keep his firm going, but more important, he handled the severe personal toll a downturn takes. He didn't give in to the humiliation, depression, and fear. Many others did.

"When you're a one-man show and you make every decision by yourself," says Stephen Kidd, a CPA and partner in Kidd, Rich & Associates in Atlanta, "every day becomes very, very hard."

Based on the experience of survivors of Atlanta's housing recession, keeping the right frame of mind is the secret to getting through such difficult days. Many report that they followed four basic steps: First, they consciously decided to stick it out. Second, they set specific, often short-term goals that gave them something to aim for when everything was falling apart around them. Third, they fought the embarrassment and self-doubt, and sought out others who had gone through or were going through the same experience. And fourth, they tackled their business problems inventively, working out deals with creditors and streamlining their operations.

STICKING IT OUT

Life was good in Atlanta in the mid-1980s. Metro-area employment increased by more than 60,000 a year from 1984 to 1986 (and by more than 90,000 in 1984 alone). Housing activity was soaring. From 1984 until 1989, more than 40,000 units a year were completed; the peak was 51,000 in 1987. There's the rub. Employment peaked three years before housing did, and by then housing supply outpaced demand by 17,000 units. The market is only now recovering.

"We anticipated the downturn in 1988 and tried to prepare, but we still did one deal too many," says George McClure, a partner in The Strama Group and president of the metro Atlanta HBA. "We thought we were smarter than everybody else."

A big man, at six feet four, McClure overwhelms a room. He shifts constantly as he talks, making strong gestures and willing his listener to understand. He's proud of who he is and what he's done. "I've never given up," he says, pressing down on the table as if it's another opponent to be beaten.

Both McClure and Clark say the most important part of surviving the market was deciding to. "You can do two things," says Clark, who is executive vice president of Piedmont Residential. "You can let the downturn break you—disconnect the phone, file Chapter 11, and look for a job—or you can fight it. Running is not what I do."

McClure faced the decision in October 1988. "It was going to be a bloodbath. It

“You can let the downturn break you or you can fight it. Running is not what I do.”

PHIL CLARK

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“Every morning you wake up not knowing which bullets are coming at you, and you’re waiting for the one that will kill you.”

GEORGE MCCLURE

while studying the market. For four months, he says, “I talked to my wife and I talked to friends, but mostly I talked to myself. The key question was: Did I really believe about myself what I was telling everybody else?” He did. And as the market dropped into the tank, Harwell started Hallmark Homes.

As executive vice president of the Greater Atlanta HBA, Mark Fitzgerald knows these builders and many more, and sees a further characteristic that sets them apart. “It’s not just attitude. They’re goal oriented. They set the goal to survive and they do anything to achieve that goal.”

About the builders who didn’t survive the market, Fitzgerald says, “By not making the decision to stay, they [tacitly] made the decision to leave.”

A builder friend of McClure’s gave up. His problems and debts kept mounting until they overwhelmed him. “He didn’t try to get out. He didn’t try to stay in. He just went in limbo.”

Deciding to stick it out, however, offers no guarantees. The bank may foreclose or the subs may file liens or luck may just run the wrong way. “A friend of mine had been in business for 20 years,” says Clark. “He had a net worth of \$8 million to \$10 million. He had 20 properties about 40 percent leveraged. He refinanced them to 70 percent and took the \$1.5 million and put it back in the business. The market kept going down, and six months later the bank did a new appraisal and found the properties were now 110 percent leveraged. The bank pulled the plug. He went personal a couple months ago.”

was either stay in or get out as quickly as possible. I decided to stay. No way I was going to leave.”

Why stick it out? The men talk about pride and competitiveness and having no alternatives. They talk about the marathon runner who hits the wall and keeps going. It’s about spirit and belief, and it can’t be explained or quantified.

Ben Harwell comes close. An outgoing, indomitable man who has been just about everything in the industry from remodeler to HBA executive to regional vice president for Fairfield Homes in Atlanta, he found himself out of work in 1988. Fairfield had pulled out of Atlanta, and Harwell stayed behind. He fielded numerous job offers and did consulting

DEALING WITH IT

Chris Doughtie fell a long way. A high-flying builder-developer in the 1980s, Doughtie built his business from a \$5,000 stake in 1977 to \$50 million in land, construction, and brokering by the mid-’80s. He was making more than \$1 million a year. “He was the golden boy, with a Rolex for every day of the week,” one builder says. Then it all fell apart.

First, the market started to crumble around him. Then his biggest equity partner fell ill and walked away from a \$10-million debt. Suddenly Doughtie’s empire was being attacked from all sides. When the smoke cleared, he says, he’d lost \$40 million.

“The hardest part is accepting the humiliation,” says Doughtie, a barrel-chested man who doesn’t like talking about this. He’s proud he survived, but wishes it hadn’t come to that.

“You’ve got to force yourself to get up in the morning,” says Doughtie, president of Hallmark Developers (not affiliated with Hallmark Homes). While this sounds implausible coming from somebody who built a multimillion-dollar business, in the grips of mental depression the most simple things become difficult.

As HBA president, McClure describes phone calls from builders’ wives telling him that their husbands hadn’t spoken a word in three days or just sat in front of the television hour after hour. With their net worth, and often their self-worth, tied up completely with their business, failure is a crushing blow that saps their strength and weakens their will.

“It’s normal to feel depressed,” says Vicki Steine, coordinator of The Northside Center for Personal and Professional Development in Atlanta. “Losing a business is like losing a friend. Grief and depression are a part of it. But if it continues, you’ve got to do something.” (See box, facing page.)

Wrestling with self-doubt, Clark remembered a promise of help anytime he needed it from Mayer Mitchell—founder of The Mitchell Company in Mobile, Ala., and one of the most successful builder-developers in the South—when Clark had built a house for Mitchell’s daughter. Clark gathered up all his numbers and flew to Alabama. Mitchell looked at the numbers, and told Clark to get away from leverage, but mostly he talked him through it, telling about the downturns he’d endured and how he’d “bent but not broke.”

And McClure spent many nights in HBA parking lots until two or three in the morning talking to builders. “It was a kind of therapy—a chance to catch their breath,” he says. “They thought I was helping them, but they were helping me, too.”

Once over the embarrassment, these builders got busy. Owing more than \$500,000, Clark went to his suppliers and creditors before he was past due. “That was the most important thing I did, talking to them up front,” Clark says. He owed one supplier \$40,000. He walked in with a payoff plan. “With creditors, it’s not how much that’s the problem, but how the problem is handled. Most of them are willing to work with you.”

Sometimes creditors aren’t willing to work it out. During the worst of it, Doughtie had about 20 lawsuits against him by banks pursuing deficiency judgments. “The police would be at the door at one in the morning,” he says. “It pisses you off.”

“I know of suppliers who went

“The key question was: Did I really believe about myself what I was telling everybody else?”

BEN HARWELL



after builders personally," says Clark, who also talks about anger. "Those suppliers forced them to liquidate."

These builders won't lose that anger soon. "I paid every one of them, but there are some suppliers I wouldn't trade with come hell or high water," says McClure of the suppliers who demanded payment in full and who threatened to go after him personally. "If they were the only supplier in town, I'd have it trucked in."

SCRAMBLING THROUGH IT

After getting through the emotional trauma of the downturn, these builders still had businesses to save. Resolve wasn't enough. They had to make the right moves.

For Doughtie, who fought the banks for three years, the right move was getting the best lawyer he could. "When you hire a lawyer, make sure his name is one of those on the letterhead," he says.

"Every day was stomping out problems. It's hard to spend your time on negative things, but I forced myself to read loan documents and to take notes of meetings with the banks. It paid off. I won every lawsuit with every lender."

"If you want the property, take it. If you want a piece of my skin, I'm going to fight you for it."

CHRIS DOUGHTIE



On the business side, Doughtie cut his payroll from more than 100 down to two by getting rid of his realty and building operations and focusing on land development. He put all his attention toward the lenders who were willing to work with him. Doughtie expects to make a profit this year, and says he'll earn as much as he did in his heyday within three years.

McClure "sold some stuff, and lost some equities and some heavy dollars." In a loose partnership with Jack Strama prior to the downturn, he formalized the arrangement in mid-1989 as they merged their operations. They pared back the organization. "We were vertically integrated," says McClure, who discarded the real-estate and grading operations. "No more. We're focusing on what we do best—land development." They plan

to get back into building when the market turns up.

During the downturn, McClure personally lost \$532,000. To keep going, he took out a line on his house and raided his son's college account. To satisfy creditors, he gave away lots, equipment, and second mortgages. He even graded one supplier's basement. "For grocery money, I ran a Bobcat," he says.

"You have to be invincible," McClure continues. "It's like you're at Custer's Last Stand: You don't have time to see if you have any bullets, you're just trying to kill that Indian coming at you. Every morning you wake up not knowing which bullets are coming at you, and you're waiting for the one that will kill you."

It never got really bad for Harwell. Because he was just starting out, he didn't have the creditors pounding on the door. He started small and focused on the affordable niche, which was the only one moving in his market. "We reevaluated constantly," he says. "If the house hasn't sold, what do you do? Add to it, cut the cost? Our philosophy is to move the house."

Remodeling was Clark's answer. He used to do it as a favor for home buyers; now it accounts for 80 percent of his activity and \$2.5 million of his \$4-million annual revenue. He even brought in a partner to help learn the business. Even in the worst of times, when the phone wouldn't ring, he didn't stop

THE PERSONAL PRICE

Down markets don't only hit the business hard, they take a heavy emotional toll on the builder and his family. Some work through it. Others don't.

"Suicide is a decision people make," says Vicki Steine, a counselor at Northside Hospital in Atlanta. "An angry decision." The Atlanta housing recession claimed at least two lives—a builder and a subcontractor. The weight of their problems became too heavy to bear.

"It crossed my mind," says George McClure, a partner in The Strama Group. "Every builder who survived thought about it. The ones who walked away, they did it another way."

For Phil Clark, executive vice president of Piedmont Residential, the suicide of his subcontractor put it all in perspective. "If you're looking at a casket, then screw it. Go to the mountains and grow apples."

Steine says suicides most often occur after someone is deeply depressed and appears to be coming out of it. "When they're depressed, they don't have any energy." She says the only way to tell if someone is suicidal is to ask them. "You'd be amazed but people will say yes. If they are, take them to the emergency room. If you're worried, don't let them be alone. Contact a suicide hot line or a mental-health center."

Far more common than suicide are family troubles. McClure lost a marriage. "My life was survival and she ignored it," he says. "No cutting back on credit cards or lifestyle. She wanted to know when I was going to get a real job."

In downturns, the stress and problems from the job often follow the builder home. "The guys are stressed and they don't realize that she's stressed," says Steine. "If she knows what and why, she can support him and not get angry."

Kids aren't immune either. Chris Doughtie, president of Hallmark Developers, brought his 19-year-old son into the office and explained what had happened to the business and that he might start hearing things around the school.

"You have to make sure you have time together," says Steine. "Go out or find time just to sit and talk."

If it gets serious, she says, talk to a therapist. "It takes a lot of strength to ask for help," says Steine. She says depression is common in economic down cycles and that most people come out of it. "If it lasts longer than six months, it's a major depression and needs clinical attention."

To handle stress and depression, Steine says builders should force themselves to do the simple things, like eat well and sleep well. "When you're depressed, you tend to sleep too much. When you're stressed, not enough."

"Exercise is also great. It's an outlet for stress and physiologically it releases a chemical in the brain that makes you feel good."

McClure started working out to handle the stress. "After about four months, I noticed that half of the people at the spa were real-estate people."

working. "You can't just sit around. That's what kills you." Instead, Clark kept in contact with subs and suppliers, worked to sell standing inventory, and built up the remodeling business.

Clark doesn't dwell on the past four years—he also cashed in his CDs and emptied out his children's college account—choosing instead to focus on the future. "This is a long-term business. You can't think in terms of year to year. I'm not interested in the next two years. If I were, I'd have gone chapter a year ago. I'm getting ready for when it comes back."

And Clark, as well as the others, knows that just as sure as the market will come back, it will fall again.

"I won't go through this again," says McClure. "I won't put myself and my family through it again." After a moment, he realizes what he's just said. "No. That's not true. I'll do it all again." ■

Loan Workouts II: Table Talk

By Jeff Plowman, Weissman, Nowack, Curry & Wilco P.C.

His practice includes commercial closings, asset acquisition and financing and leasing for corporations.
For any questions about this article, call 404-926-4622 or e-mail jeffplowman@wncwlaw.com.

You're at the table with your lender. You called the meeting because you need new terms: relief from the interest "carry" that has drained your cash reserves, more time to liquidate your inventory of developed lots or new homes, or both. What are your talking points, and how will your lender respond?

Consider the following:

Market Analysis – Despite the general weakness of housing markets, it would be a mistake to ignore helpful differences in metro Atlanta's many submarkets. Price points and location, even school districts and local tax rates, retain a role in giving some submarkets an edge over others. You must be able to integrate such market facts into a realistic workout plan that accentuates the positives and effectively (meaning realistically) downplays the negatives.

Pricing – The weak housing market has driven down asking prices for new homes in every neighborhood and every price point category. Pricing your product realistically remains a point on which you must reach agreement with your lender. In many cases, the need for short sales (sales netting the lender less than its stipulated release price or less than the outstanding allocable loan amount) will have to be addressed.

Valuation – Lenders asked to consider a loan workout will routinely require an updated appraisal. A new appraisal showing values that no longer match the originally approved loan-to-value ratio will often cause your lender to demand either a principal reduction or additional collateral as a condition to any workout. Your ability and willingness to meet such demand will not only demonstrate that you are not seeking a one-way concession but also that you truly believe your workout plan is viable.

Workout Plan – The crucial element of workout negotiations is a clear, cogent and realistic plan to resolve the loan within mutually acceptable parameters. Most builder workout plans address issues of time and money, specifically,


“The time has come,”
the Walrus said, “to
talk of many things...”
– Lewis Carroll

the deferral of loan maturity dates and relief from interim interest payments and prohibitive release prices. With respect to these issues, you must carefully define and conscientiously seek what is realistically needed to resolve the debt. Since you may have only one opportunity to make a loan workout “work,” you should ask for enough time and relief to make your plan work without needing to come back to the table with your lender a second time.

Time – Like all general rules, the idea that a loan workout must be fully “workable” is subject to exceptions. In many cases, especially where markets are not expected to recover until the second half of 2009 or later, your lender may not agree to such a lengthy extension. Keeping you as borrower on a shorter lease is only part of the lender's thinking. Credit guidelines and regulatory requirements also come into play. Accordingly, you may have to consider accepting a shorter time period than you really need. If you accept the shorter time, then in most cases you are either hoping for a miracle of sales or for another extension when the next maturity date arrives.

Money – The specific debt relief you need from a loan workout may vary, from interest rate reductions and interest accrual in lieu of interim payments to waiver, write-off or write-down of existing or future interest obligations. Rarely will a builder workout affect loan principal. Release prices for lots or housing units also may be the subject of negotiation. Often the lender will require that all net proceeds from a sale be paid over as a release price, leaving nothing on the table for marketing and sales efforts. Likewise, net proceeds from a proposed sale may be insufficient to meet minimum release prices, leading to the need for short sales to generate sales momentum. You must convince the lender to support your sales and marketing efforts in these and perhaps other respects if your plan is to be workable.

Personal Liability – Unless your workout is a deed-in-lieu transaction, procuring a release from personal liability in the context of a workout will not usually be possible.

These talking points illustrate that a loan workout requires negotiation. The burden of persuasion belongs to you. If your workout plan is sound, if you are committed to making it work and if you have the staying power financially to see it through, then your lender may listen and agree. 





Working Your Way Back to Solid Ground

Start Thinking Like a Donkey

By Charlie Scott, Woodland, O'Brien & Scott

Many years ago, a farmer could not locate his donkey. (I know, not the normal way to start a business column). The farmer depended on this donkey to provide much of the labor needed to feed his family and earn a living. While searching for the donkey, the farmer heard a wailing sound. He was shocked to find that the donkey had fallen into an abandoned well.

The farmer worked frantically to extract his faithful donkey to no avail; the well was too deep for any possible rescue. The donkey whined and screamed in fear and misery. Sadly, the farmer realized the donkey was destined for a long and painful death. The farmer decided that the most humane thing to do was to bury the donkey as quickly as possible to shorten its suffering. (Very old fable; no rifles back then.)

The farmer shoveled dirt into the well as fast as he could. At first, the donkey screamed in panic as the dirt fell on him. Soon, however, the donkey's screaming ceased. The farmer looked into the well and was amazed at what he saw. With each shovel of dirt thrown his way, the donkey shook the earth from his back and took one small step up. Eventually, the determined donkey climbed out of the now-filled well and went on to live a full and productive life.

To me this fable parallels today's homebuilding industry. Many people want to bury us when we're still alive. Every day, government, media and others shovel tons of dirt onto our industry. If we're smart, like our determined donkey, the most resilient people will shake each shovel of dirt off and step up...and one day be freed from this market and live a fuller, more appreciative life.

I believe this message is even more important to design personnel than it is to other disciplines in our industry because they catch customers at one of the most critical times – two to four weeks after purchase – coinciding with the customer's tendency fall into buyer's remorse.

Buyer's remorse is a natural emotional cycle experienced by most home buyers, even during healthy real estate environments, but the design experience can be a true antidote to buyer's remorse in today's gloomy market. How? Design consultants can actually be a beacon of light for home buyers during this tough process. Here are three ways to shine.

First, the design staff can help customers shake off their anxiety and concentrate on the positives by designing a personalized home specifically tailored to their needs. By doing this well, the design staff can actually help increase customers' emotional attachment to their new homes.

I read customer satisfaction surveys regularly where customers voice regret that they did not buy more personalized features. Unfortunately in today's soft market, customers are often afraid to "spend" extra. A successful design staff needs to make every effort to help liberate the customers from their anxiety-induced spending. The more home buyers personalize their home, the more attached they will be to it, and the harder it will be to cancel or walk away from this emotional investment.

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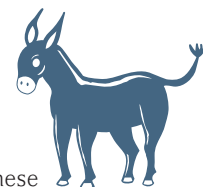
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Second, the design staff can help bond customers to their new home by taking photographs of the customers with their selections. Give home buyers three prints of these photographs. Why three? One to go on the home refrigerator, serving as a daily reminder of the personalized home they are building, making their existing home look even older in comparison. And two to show family, friends and co-workers. Sharing photographs of their new home creates even more ownership and emotional attachment, not to mention the possibility of leading to referral sales.

Third, design center staff can share with their customers all the good news not covered in today's press. Show in-process customers all the positive feedback the design center is receiving through customer satisfaction surveys and testimonials and arrange a meet-the-neighbors night at the design studio.

Be creative. Look at your design process as a source of customer service and excitement during and after the customer selection process. It's a waste to use your company's design studio investment only to make selections; consider it a gathering place or an amenity.

Every fable has a moral, and our moral is that screaming and whining about a tough situation will get you noticed, but it won't help you out of your predicament. Like the determined donkey, those who shake off the dirt and step up to every challenge will keep themselves and their companies alive and have satisfied customers in the process. Every day offers you the opportunity to choose: winner or whiner? It's up to you.



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Green Building Provides Competitive Advantage During Tough Economic Times

By Sean Bleything

As home sales continue to decline in Atlanta, local builders are looking for an edge to keep moving inventory. One way home builders can distinguish themselves from competitors is to provide a more customizable home that is energy efficient. The EarthCraft House program has helped facilitate this through education and training, combined with field inspections and verification to ensure quality. Given the opportunity, many buyers purchase homes that use less energy to operate.

For the last three years, Jim Cheeks, owner of RedBrick Homes & Development, LLC, has been focused on constructing high-performance custom homes. Cheeks certifies all his projects as EarthCraft House or LEED for Homes to differentiate himself. "Being competitive in the custom home market can be difficult, but I have found that building high-performance homes is a

sure-fire way to set myself apart from the others," Cheeks says.

Other builders agree. CCM Homes owner Charles Ray is tailoring his homes to meet the concerns of his customers. "We present EarthCraft House as one solution to the current energy crisis," Ray says. Homes in the EarthCraft House program have shown an average of 28 percent savings in energy alone, compared to an average home built to code. That translates into hundreds of dollars in savings each year.

Finding a way to appeal to a home buyer is key. Although price is typically the first thing most buyers look at, many ask for upgrades to "customize" their homes. Giving buyers more flexibility can be a great way to let them feel more involved in the process and can ultimately be what makes the difference in making the sale. "I've had several buyers ask about reclaimed floors and recycled countertops, but more often than not, they go for the high-performing insulation and high-efficiency heating and cooling systems," Cheeks says.

Selling "high performance" requires savvy messaging because most things that make a home efficient are hidden in the walls. It's important to have something that a prospective buyer can see, touch and feel. This provides

assurance that there really is something different about each particular home. One easy example is to install a dual flush toilet, which reduces the amount of water needed for each flush. This measure not only saves hundreds of gallons of water each year, it's also a conversation piece for home owners

Another tool for demonstrating high performance is the Home Energy Rating or HERS ratings. HERS is a system of evaluating a home that simulates how much energy it uses in a year under typical use. The HERS rating is calculated in more than 90 percent of all EarthCraft Homes and reads just like a golf score, the lower the number the better.

Each number lower than 100 represents a percentage better than a typical home built to code. For example, one of the CCM Homes recently scored a 61 on the HERS scale, 39 percent more efficient than code. This system gives home buyers another way to evaluate how a home may best meet their needs.

Becoming more sophisticated at selling high-performance homes will open the door for a new sale and bring potential buyers something other builders can't provide. This edge could be exactly what is needed to weather a home sales drought.





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Be the First Certified Green Professional

By Marylee Putnam, Director of Operations and Education

The National Association of Home Builders (NAHB) has developed a new professional designation for builders, remodelers and other industry professionals who incorporate green building principles into their homes. Class work leading to the designation provides a solid background in green building methods, as well as the tools to reach consumers.

Individuals earn the Certified Green Professional (CGP) designation by attending a two-day course, Green Building for Building Professionals. This session discusses strategies for incorporating green building principles into homes without driving up the cost of construction. Participants learn how green homes provide buyers lower maintenance, better indoor air



quality and better long-term value. The class also covers techniques to competitively differentiate your home products with increased indoor environmental quality, as well as energy and resource efficiency.

Participants must also attend the one-day Business Management for Building Professionals class or hold another NAHB designation. Other requirements include a minimum of two years' building experience and adherence to the CGP Code of Ethics.

As a graduate of the course, participants will be able to:

- locate and design green building development sites
- control moisture and durability for each component of the building envelope
- employ resource-efficient materials to achieve comfortable, safe and sustainable buildings
- strategize ways to meet, exceed and verify green building energy efficiency requirements
- implement indoor and outdoor water conservation practices
- achieve superior indoor air quality
- consider green building objectives in a remodeling project
- explain a home owner's and builder's role in effective operation and maintenance of a green home
- apply successful business management, marketing and sales strategies to sell green

The new CGP designation blends well with the Greater Atlanta HBA's EarthCraft House program. The EarthCraft House program certifies the home or project itself as meeting the EarthCraft program requirements; the new CGP designation is an individual achievement that one earns. It complements the EarthCraft House program guidelines by incorporating best practices of building environmentally sound homes.

The HBA is offering its first Green Building for Building Professionals class on Nov. 10-11. For more information on this and other education opportunities at the HBA, visit the Education and Development section of www.atlantahomebuilders.com.



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HOMEAID ATLANTA

Essentials for Young Lives Drive

Start Collecting Now

It's that time of year! HomeAid Atlanta's 7th Annual Essentials for Young Lives Drive is rapidly approaching. This community-wide effort to collect much-needed, essential items for homeless infants and toddlers is planned to coincide with National Hunger and Homeless Awareness Week again this year. The official collection dates for the 2008 Essentials for Young Lives Drive are Nov. 12-19, but we encourage you to begin collecting items now!

In 2007, the Essentials for Young Lives Drive was a great success, collecting more than 48,000 items for homeless infants and toddlers in metro Atlanta. The goal for this year's drive is to collect a record number of items, allowing more homeless children to receive the everyday items they so desperately need. Joining hands with HomeAid Atlanta this year, Atlanta-based UPS will be participating in the Essentials for Young Lives Drive in conjunction with UPS Global Volunteer Week.

Anyone can get involved with the Essentials for Young Lives Drive! Families and individuals are encouraged to collect the following essential baby items from within their families, neighborhoods, businesses, churches or schools:

- diapers (all sizes, including Pull-ups)
- baby wipes
- baby food
- formula
- baby laundry detergent
- baby bottles
- bottle brushes
- sippy cups

All items must be new and in original packaging.

Items collected can be delivered to The Housing Center, 1484 Brockett Road in Tucker, during normal business hours (Monday through Friday, 8:30 a.m. to 5 p.m.), between Nov. 12 and Nov. 19, or you can drop off your items at any of the public collection sites around metro Atlanta. A complete list of collection sites is available at www.homeaidatlanta.org.

All contributions are tax-deductible to the fullest extent allowed by law.

For added convenience this year, items can also be purchased in store or online via the baby registries at Babies "R" Us and Target. Simply enter "HomeAid" for the registrant's first name and "HomeAid Atlanta" for the last name. Items purchased online can be shipped directly to HomeAid Atlanta (shipping charges apply).

All essential items collected will be distributed to local transitional housing facilities that care for homeless infants and toddlers, including Decatur Cooperative Ministry, Genesis - A New Life, HomeStretch, My House, Rockdale Emergency Relief, Tapestry Youth Ministries and The Drake House. HomeAid Atlanta is assisting or has assisted in building new transitional housing facilities for these programs.

As another opportunity to get involved, volunteers are needed to assist with sorting the items collected from 3 p.m. to 6 p.m., Friday, Nov. 21, at The Housing Center. If you are interested in volunteering, please register online at www.homeaidatlanta.org.

For more information, visit www.homeaidatlanta.org or call 678-775-1406.





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New Affiliate Member Program Available

The Greater Atlanta HBA Board of Directors and Membership Committee are thrilled to announce the Affiliate Member program. Affiliate membership is a vehicle for employees of member companies to better connect with the HBA and better utilize the resources available to HBA members.

Affiliate membership is available to employees of member companies who are not the voting representative for the company's HBA membership. Currently, employees of member companies can attend all HBA events as members, but affiliate membership brings expanded benefits at the local, state and national levels. Just as a traditional local HBA membership, affiliate members join on a local level, and this affiliate membership is communicated to the Home Builders Association of Georgia (HBAG) and the National Association of Home Builders (NAHB).

Take a look at these outstanding benefits available to affiliate members:

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- Receive annual Membership Directory



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- Chapter meeting and education class notifications

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- Subscription to *Georgia Builder* magazine

- Access to member-only section of www.hbag.org
- Subscription to Monday Morning Briefing e-newsletter

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Elevators Make it to Suburbia

By Jay Arntzen, Genesis Elevator Company

Beth Thompson's morning ritual generally goes like this: get out of bed, throw on sweats and wake up the dog for a walk. Pretty normal except for one more step. She pushes a button in her third-floor bedroom for an elevator to take them to the ground floor.

Some house hunters insist on gourmet kitchens, others on antique moldings or sprawling backyards. Now comes one more status symbol for the condo, townhouse and suburban home: the passenger elevator.

This isn't just for the very old or the very rich, nor is it just for big homes. Genesis Elevator Company Inc. says even some people in two-story homes desire the advantages and status of having a home elevator.

Part of the interest results from the growing 50+ community. This segment of the market has a great deal of disposable income and is not affected by the credit crunch that many younger buyers face. Rebecca Stahr of LifeSpring Environs Inc. and past chair of the Atlanta 50+ Housing Council

explains, "In Georgia's hilly terrain, sometimes using an elevator, paid by home buyers no less, can be more economical than grading to create no step entries. Elevators could open your business to its first 'thinking out of the box' opportunity with a safe return on investment. Builders must understand the aging client's needs before they do to leverage success best."

"Elevators used to be a very high-end thing," says Gary Ross, southeastern regional sales manager for home elevator manufacturer Savaria/Concord. He has seen residential elevator sales grow from 10 percent to 25 percent a year in the last five years. "Now they're more of a swimming pool type of item."

In fact, developers, sensing an expanding market, are starting to put elevators in during the construction phase. Mark Crispen, regional sales manager for Inclinor says that 80 percent to 85 percent of its growth in single-family home elevator sales is from builders who are putting them in new homes.

Some developers are building single-family homes with elevators as a way to maximize square footage on smaller plots of land and to make multistory homes attractive to a wider group of home buyers. Most all agree that home owners aren't willing to climb three or four flights of stairs to haul luggage, laundry or other personal items. In response to these needs, John Wieland Homes is including elevators in every townhome at its Haynes Park Development in Alpharetta.

Some elevator owners say they have perks they hadn't counted on. Many find them welcoming at the end of a long day or useful for transporting cleaning supplies, furniture and seasonal storage boxes.

Beverly Smith recently installed an elevator in her two-story, single-family home, after her 84-year-old husband began having problems climbing the stairs after a series of back surgeries. Now she uses it regularly to transport many items and to tote luggage upstairs when visitors arrive. "Besides," she adds, "my grandchildren think it's the next best thing to Disney World."

Stahr adds this final thought: "You're not selling elevators, by the way, but security, time savings, convenience, connectivity for immobile guests and lifetime home livability. How many other products in the home do that?"

MEMBER NEWS

Associates Council Teams Up With Ronald McDonald House



On Monday, Aug. 11, the HBA Associates Council prepared dinner at The Ronald McDonald House near the Children's Healthcare of Atlanta's Egleston campus. The 50-room Ronald McDonald House provides a home away from home for families with children at the nearby hospitals. While serving dinner, everyone was able to make new contacts while giving back to such an important charity in the community.

A special thanks to the following volunteers who made the evening so successful: Tom Feeney, Bank of America; Paula Shattuck, US Cabinetworks; Lee Blacock and Donna Mathis with DMD Design Group; Tom Joyner, AFA Protective Systems; Trish All, Intown Design, Inc.; Maxine Arena, DEC International; Mike Hausmann, Ameritech Elevator; Chad Clausen, Builder Direct Blinds; Heather Bounds, Northwest Exterminating; Nick Hobbs, Builder Ready Products; and David Wheeler, HBA.

If you are interested in joining the Associates Council or volunteering at their next project, contact Chapter Manager Laura Guerin at 678-775-1443 or lguerin@atlantahomebuilders.com.



Stage is Set for 28th Annual OBIE Awards



By Kevin Polite, SMC Communications Chair

Judges of the 28th Annual OBIE Awards spent three days in August traveling to homes and judging marketing entries. Our wonderful group of 30 judges from all over the country represented all aspects of the building industry.

The black-tie awards ceremony will be at 6 p.m. on Saturday, Nov. 8 at the Cobb Galleria Center. It's sure to be a red carpet event, as entries will be awarded in 105 categories, and the grand finale of the evening will be the presentation of the Community of the Year awards.

Sales and Marketing Council Chair Ro Presinger said, "Our Awards Committee, led by co-chairs Sandie Tate and Cindi MacPherson, have

really done an exceptional job making this a spectacular event. We appreciate all the time and hard work that goes into making these awards possible. Additionally, we thank our judges and drivers for their

commitment to ensuring this program succeeds."

For more information about the OBIE Awards or to purchase tickets, call 678-775-1446 or e-mail councils@atlantahomebuilders.com.

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