



The *Scaffold*

The *Scaffold* is the official monthly publication of the Arrowhead Builders Association, 802 Garfield Ave., Duluth, MN 55802

Great Lakes Vista Dinner Cruise August 12th Vista Star Boat Dock Behind the DECC

Join us

at

Vista Harbor Cruises
323 Harbor Drive
In Duluth, MN

Boarding starts at 6:00 pm!

Depart at 6:30, Return at 8:30

Join us for a spectacular Dinner Cruise aboard the Vista Star. This outstanding meal begins with a mixed greens salad with balsamic vinaigrette dressing, and dinner rolls. The buffet includes Vista's famous slow-roasted prime rib, champagne chicken breast, Minnesota wild rice pilaf, garlic roasted new potatoes, and chef's choice garden vegetable. They top off this culinary delight with a special dessert. Your dinner includes soft drinks, milk, tea, and coffee. We look forward to seeing you on the BEST Dinner Cruise in town!

Please RSVP by August 8th, registration is on the back page

August 2008

Look inside for...

Builders Association of Minn.
Independent Contractor Exemption

Sign up sheet
For the Vista Star Dinner Cruise

President Bush signs
landmark housing bill into law

New Green Building Professional
Designation Course sign up sheet

ABA MEMBER EVENTS CALENDAR

AUGUST 2008

- 11-12 – Certified Green Professional Course
8:30—4:30 Proctor Black Woods
- 12 – Board Meeting 7:00AM ABA
- 12 – Vista Star Dinner Cruise 6:00PM
- 13 – Business Management Course
8:30—4:30 Proctor Black Woods

SEPTEMBER 2008

- 1 – ABA Office Closed for Labor Day
- 8 – Marketing Meeting Noon ABA
- 9 – Board Meeting 7:00AM ABA
- 18 – Member Night Out 5:30PM Social
Pickwick
- 19 – Member Meeting 8:30AM Depot

OCTOBER 2008

- 14 – Board Meeting 7:00AM ABA
- 16 – Member Night Out 5:30PM Social
Lakeview Castle

SCAFFOLD ADVERTISING RATES

Business card size 2.5" x 3.5"	\$150.00
Banner ad size 1.25" x 7.5"	\$150.00
¼ page – 3.75" x 5" or 5" x 3.75"	\$250.00
½ page – 7.5" x 5" or 5" x 7.5"	\$300.00
Full Page – 7.5" x 10"	\$450.00

THESE ARE SIX MONTH RATES

Deadline: 20th of each Month.

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Advertisements are to be appropriate content for this publication.

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Contact Paul for advertising or article placements in the Scaffold.
This newsletter is created for the ABA members by Paul Manning.

PRESIDENT BUSH SIGNS LANDMARK HOUSING BILL INTO LAW

July 30, 2008 - Landmark housing legislation signed into law today by President Bush is aimed at ending the current cyclical downturn in the housing industry, helping home buyers and strapped borrowers and strengthening the housing finance system, according to the National Association of Home Builders (NAHB).

“This milestone bill contains several provisions to get home buyers back into the marketplace, stop the slide in home prices, provide a lifeline to borrowers facing foreclosure, improve mortgage liquidity and bolster confidence in Fannie Mae and Freddie Mac,” said NAHB President Sandy Dunn, a home builder from Point Pleasant, W.Va. “We commend Congress and the President for taking this action to provide much-needed relief to the American people.”

For the past year, NAHB has been in the forefront in pushing for legislation to address the turmoil in the financial and housing markets and to bolster the nation’s faltering economy.

Senate Banking Committee Chairman Chris Dodd (D-Conn.), a chief architect of the bill, calls it “the most important piece of housing legislation in a generation.”

Key elements of H.R. 3221, the Housing and Economic Recovery Act of 2008, include:

- **A temporary first-time home buyer tax credit.** The tax credit will stimulate home buying, reduce excess supply in housing markets and shore up home prices.
- **FHA modernization and expansion.** A revitalized FHA will have greater flexibility to respond to the needs of borrowers, enable more working families to become home owners and play an important role in the mortgage markets. To address the foreclosure crisis, the FHA is given additional authority to insure up to \$300 billion of mortgages to refinance loans headed for foreclosure.
- **GSE (government-sponsored enterprise) reform.** The law reforms the regulation of Fannie Mae and Freddie Mac and permanently increases the conforming loan limit to help buyers in high-cost markets. To reassure financial and global markets, the government will temporarily expand its line of credit to Fannie and Freddie and permit the U.S. Treasury to purchase an equity stake in the companies through the end of 2009.
- **Mortgage Revenue Bond Program.** The measure gives states the ability to issue an additional \$11 billion in mortgage revenue bonds, which will help strapped borrowers seeking to refinance their home loans.
- **Low Income Housing Tax Credit.** Enhancing this program will expand the supply of much-needed affordable rental housing.

Tax Credit Centerpiece of Housing Bill

The centerpiece of the housing bill is a temporary, \$7,500 first-time home buyer tax credit for the purchase of any home. The tax credit can be used for homes purchased between April 9, 2008 and July 1, 2009. It is expected to provide a significant — and temporary — financial incentive for home buyers.

“The tax credit is the best stimulative measure,” said Dunn. “It will increase housing demand, get home buyers back into the marketplace and fight falling home prices, which threaten the economy as a whole.”

The original eligibility period expired in April 2009, but following a major grassroots campaign from NAHB members, the period was extended to June 30, 2009 to enable home builders to include the credit in their sales and marketing next spring and into the early summer — the peak home buying season.

NAHB has launched a new Web site, www.federalhousingtaxcredit.com, which includes a set of comprehensive questions and answers about how the credit works and how consumers can put it to their advantage.

Further resources to help NAHB members promote consumer awareness about the credit are also available at www.nahb.org/mythbuster.

Arrowhead Builders Association - **Membership Fitness Update**

Recent Membership Renewals:

Thank you for your continued support.

Amerigas	1998
Black Woods Grill & Bar	1999
Campbell's Do It Best Center	1990
Fireplace Corner, The	1990
Hermantown Federal Credit Union	1993
Hovland, Inc.	1992
Overhead Door of Duluth	1985
Republic Bank	1987
Seppi Bros. Construction	1997
Somrock Construction	1997
United Products	1999
Vesel Construction, Inc.	1989

June Memberships up for Renewal:

Builders Commonwealth	1996
Country Trucking & Excavating	2005

July Memberships up for Renewal:

Abramson Heating	1997
City of Two Harbors /Hermantown	1997
Curtis Oil & Propane Co.	1998
Kalkbrenner Plumbing & Heating	2002
Northern Trends Building & Design	1997
Porky's Building Supply	1997
Sweeny Materials	1997
Verndale Homes of the North	2002

August Memberships up for Renewal:

AA Roll-off Services, Inc.	2007
Home Depot	2001
Home Lighting Gallery	2006
J & R Sundberg Construction	2005

Sept Memberships up for Renewal:

Come Alive Audio	2005
Comfort Systems	2000
Custom Step/Del Zotto Products	1975
HRA	2002
Edwin E. Thoreson, Inc.	2006
Great Lakes Alarm & Security	2006
Lenard Electric, Inc.	1999
Lipe Brothers Construction	1992
Minde Log Home Construction	1996
Rasmussen Well Drilling, Inc.	2000
RJF Agencies, Inc.	2004
Rouleau-Bakke Construction	2004
RWC Construction, Inc.	1970
Superior Construction	1994
US Bank	2004

Dropped Memberships from May:

Electric Systems of Duluth	1992
Hartel's/DBJ Disposal Company	2000
JCS of Duluth, LLC./Jordahl Const.	2007
Menards	1997
Per Mar Security Services	2005
Tomlinson Homes Inc.	2004
Waste Management	1997

REMEMBER YOUR MEMBERSHIP DOES NOT COST, IT PAYS!



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- Log Trusses ●Log Stairways and Railings ●Log Siding ●Mantles ●Character Logs
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Please call Brooks Minde at 218-525-1070 or 218-343-2840 for more information. Or you can send an e-mail to: mindelog@mindelog.com. Visit our web site at www.mindellog.com.

2008 Rachel Manley / DuWayne Lenius Scholarship winners

Brandon Iverson

Brandon Iverson is the son of *Brian Iverson of RSC Equipment Rental in Duluth*, and *Kelly Iverson of North Shore Bank of Commerce in Duluth*. Brandon earned his Associates Degree in Graphic Design and Print Communications at Mesabi Range Community and Technical College. There he **made the Dean's List with a consistent GPA of 3.75 or higher. He will be** working on earning his Bachelor of Science degree in Design Technology at Bemidji State University. His goal is to secure a rewarding and challenging position in the printing or design industry.

Angela Juten

Angela Juten is the daughter of *Jay and Debbie Juten of Juten General Construction in Duluth*. Angela is going to be a junior in the nursing program at The College of St Scholastica. Her goal is to become a Registered Nurse. She has experience as a Certified Nursing Assistant. Since attending college she has been on the Academic Dean's List, which is having a GPA of 3.75 or higher.

STEEL BUILDING FOR SALE:

All steel building, (50' x 100'), 16' side walls, galvanized roof, 4 - man doors, 5 windows - beige with white trim.

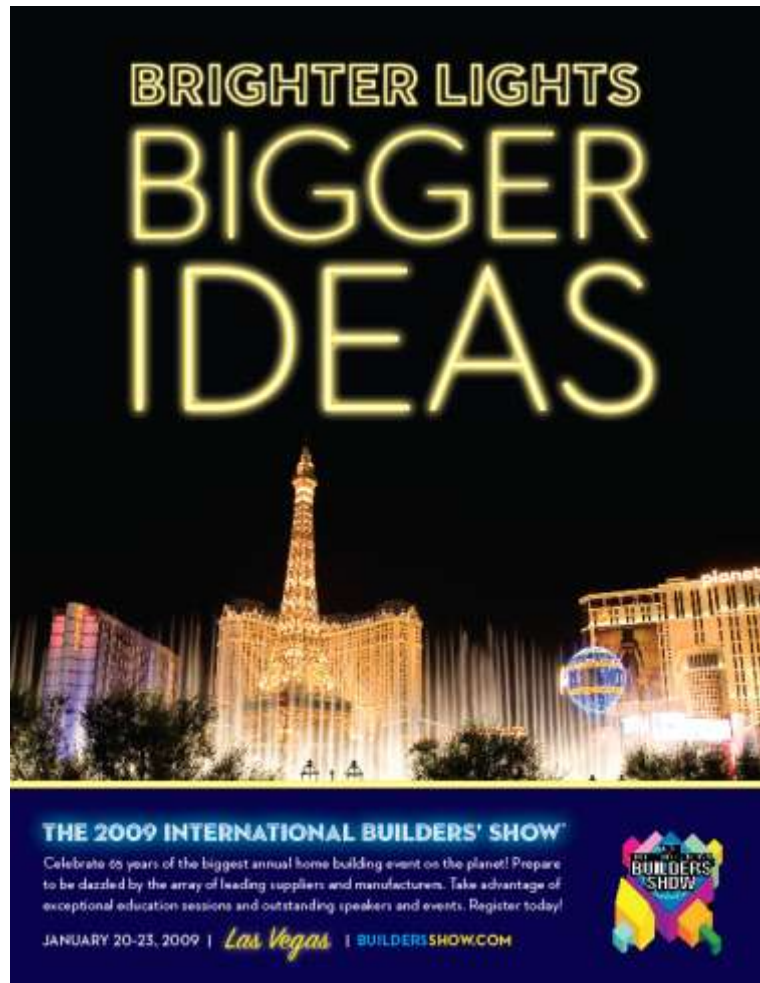
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Celebrate 66 years of the biggest annual home building event on the planet! Prepare to be dazzled by the array of leading suppliers and manufacturers. Take advantage of exceptional education sessions and outstanding speakers and events. Register today!

JANUARY 20-23, 2009 | Las Vegas | BUILDERSHOW.COM

The logo for the Builders Show features the words "THE BUILDERS SHOW" in a bold, sans-serif font, with "THE" and "SHOW" in smaller letters. The text is set against a colorful, abstract background of overlapping shapes in shades of blue, yellow, and red.

NEW NAHB PUBLICATION OFFERS HOME BUILDERS STRATEGIES TO INCREASE PROFIT AND CUSTOMER SATISFACTION

July 30, 2008 - To be successful in today's competitive market, builders need to offer more than just a well-built home; their products need to respond to the specific lifestyle needs and design preferences of individual home buyers. *Option Selling for Profit: The Builder's Guide to Generating Design Center Revenue and Profit*, a newly released publication from BuilderBooks, the National Association of Home Builders' (NAHB) publishing arm, provides advice for builders' sales consultants and design center staff to showcase options and upgrades that will improve customer satisfaction—and profits.

“Particularly in a challenging market, many builders have found that selling optional home features not only increases customer satisfaction, but also can add significantly to their bottom line,” said NAHB President Sandy Dunn, a home builder from Point Pleasant, W.Va. “This new book is a wonderful tool that provides builders and salespeople with strategies to take full advantage of option sales.”

Authors Gina Gullo and Angela Rinaldi are consultants to the building and design industries with more than 60 years of combined experience in sales and marketing. Their company, Better Builder Strategies (www.betterbuilderstrategies.com) offers services in design center option program development and implementation, sales and design training, operational organization, and space planning.

Option Selling for Profit offers advice for all types of builders, from production to small volume, on how to:

- Successfully build a design center showroom, put together an effective design center team and work with trades and manufacturers
- Operate your own showroom, partner with third-party consultants and properly display model homes
- Capitalize on options and upgrades programs in order to improve the bottom line
- Handle a variety of sales scenarios with different customer personalities
- Improve customer satisfaction

Option Selling for Profit also provides book purchasers with access to a Web page with 19 downloadable forms and tools to help builders create a well-run design center or improve their existing one.

“From pricing to sales presentations, this book will help you learn how to sell options and increase profits” said S. Robert August, president, S. Robert August & Company Inc., and president, Institute of Residential Marketing.

CGP COURSES

August 11, 12, 13 2008

8:30 - 4:30 PM (includes lunch & breaks)

Instructor: M.M. (Mike) Weiss, CAPS, CGR, CGB, GBI, GMB

Black Woods Banquet Center

195 Highway 2, Proctor, MN 55810

**Cost for Green Building: \$400 NAHB Members
\$450 Non-Members**

**Cost for Business Management: \$200 NAHB Members
\$225 Non-Members**

Discounted room rates available at:
AmericInn Motel, 185 Hwy 2, Proctor, MN 55810
218-624-1026

Monday and Tuesday, August 11 & 12 **Green Building for Building Professionals (2-day Course)**

Learn how green homes provide buyers with lower energy costs and higher value. This 2-day course for building professionals discusses strategies for incorporating green-building principles into homes without driving up the cost of construction. You will learn how green homes provide buyers lower maintenance, better indoor air quality and better long-term value. Techniques are also discussed for competitively differentiating your home products with increased indoor environmental quality as well as energy and resource efficiency. There are 12 hours of Continuing Education Credits for this course, 2 hours are Energy Code related.

Wednesday, August 13 **Business Management for Building Professionals**

Topics include: planning, organizing, staffing/directing, controlling; basic management tools such as developing a business plan and implementing procedures to monitor efficiency and profitability. There are 6 hours of Education Credits for this course.

REGISTER BY July 28, 2008 (There is still room for 2-3 more.)

Company Name: _____ Address: _____

Phone: _____ Fax: _____ Cell: _____ Email: _____

Names of those attending: 8/11 & 12 _____ 8/13 _____

Charge to my credit card: Type _____ # _____ Exp: _____ CVV2* _____

Address on account: _____ Your Signature: X _____

Send with payment to: Arrowhead Builders Association - 802 Garfield Ave - Duluth, MN 55802

*3 digit security code located on back of card near signature

What is CGP?

The National Association of Home Builders' **Certified Green Professional** designation recognizes builders, remodelers and other industry professionals who incorporate green building principles into homes— without driving up the cost of construction. Class work leading to the designation provides a solid background in green building methods, as well as the tools to reach consumers, from the organization leading the charge to provide market-driven green building solutions to the home building industry.

As a graduate of this course, you will be able to:

Locate and design green building development sites.

Control moisture and durability for each component of the building envelope effectively.

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 indoor air quality.

Consider green building objectives in a remodeling project.

Explain a homeowner'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.

Building Inspection – Itemized Building Permits for the City of Duluth

July 2008

July 2007

	July		Year-to-Date		July		Year-to-Date	
	number	valuation	number	valuation	number	valuation	number	valuation
New Residential								
One family dwellings	1	299,771	23	5,557,586	7	922,448	37	4,624,998
Townhouse								
two family dwellings	1	109,197	2	605,672				
three/four family dwellings								
five/more family dwellings			5	4,892,738				
Total New Residential:	2	489,968	30	11,055,996	7	922,448	37	4,624,998
Hotels/motels etc.								
Other non-housekeeping							1	600,000
Total New Non-Hskpg:							1	600,000
New Non-Residential								
amusement/recreation			1	877,842				
churches/religious								
industrial buildings	1	1,750,000	2	4,950,000			2	1,060,000
parking garages	1	59,265	1	59,265				
service station/repair garage			1	640,000				
hospital/institutional			1	2,700,000	1	5,500,000	2	6,200,000
office, bank, professional			2	696,544	1	375,000	2	1,345,000
public works/utility					1	110,000	1	110,000
schools/educational								
stores/mercantile			2	2,279,900	1	614,000	1	614,000
other buildings	4	261,400	10	333,682	2	1,121,510	8	1,259,038
garage/carport	19	237,988	63	857,333	15	271,598	82	1,296,279
structures not buildings	2	65,336	2	65,336			1	7,500
Total New Non-Residential:	27	2,373,989	85	13,459,902	21	7,992,108	99	11,891,817
Addition/alteration/repair:								
alterations, residential	85	473,958	447	2,857,212	102	452,481	520	2,619,399
additions, residential	12	465,584	43	2,699,820	18	976,960	46	2,061,773
alterations, non-res	23	1,528,292	101	12,835,136	12	5,277,887	82	15,374,471
additions, non-res	1	200,000	11	21,863,595	2	172,500	5	3,883,000
roofing/siding	178	1,914,935	723	4,857,910	276	1,832,677	647	4,666,083
foundation permits	15	232,693	29	907,824			9	257,324
Total Addition/Alteration:	314	4,815,462	1,354	46,021,497	410	8,712,505	1,309	28,862,050
Total Building Permits	356	7,770,273	1,610	71,332,134	444	17,627,061	1,483	45,978,865
Total Plumbing Permits	218	549,400	947	3,273,028	167	663,534	820	3,166,460
Total Electrical Permits	206	1,938,216	1,080	7,117,701	281	1,397,208	1,131	8,205,050
Total Mechanical Permits	88	760,075	404	5,029,995	47	591,931	311	3,917,414
Total Sign Permits	8	28,205	80	311,600	4	18,901	93	425,826
Total Moving Permits	1		7		2		4	
Total Use Permits	3		17		6		17	
Total Mobile Home Permits	10		19		2		8	
Total Sprinkler Permits								
Total Window Box Permits								
Total Wrecking Permits	13		59					
		(units)		(units)				

BAM Update

What We're Doing For You:

CWGO Insurance

TBG Insurance

Gov. Relations

Legal Action

Education

Online Forums

Action Center

Energy Payback

Visit www.bamn.org and
log-in to the Members
Only site for more
information on these
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The New Independent Contractor Exemption Certificate/The Judge Rules

By Pam Perri Weaver

Executive Vice President

Builders Association of Minnesota

July, 2008

In 2007, the legislature passed a law to create an Independent Contractor Exemption Certificate. This law will require certification for all independent contractors who are sole proprietors. Starting September, 2008 all independent contractors will have to begin applying to the State of Minnesota for an exemption certificate. It is called an *exemption certificate* because it exempts an independent contractor from being classified as employee. The certificate verifies that they are an independent contractor.

Why should builder's care? Because you may be audited by the Minnesota Department of Revenue. If a builder can't produce certificates for each independent contractor they use, then the Department of Revenue will treat them as an employee. Meaning you, the builder, will have to pay related taxes (such as workers compensation and unemployment). It will be the builder's responsibility to keep the exemption certificate on file for all independent contractors who are sole proprietors after January 1, 2009. You must keep the certificate for three years.

I want to stress the issue that ONLY a sole proprietor is required to have an exemption certificate. According to the Minnesota Department of Labor and Industry, "Minnesota Statutes 181.723 is clear that the commissioner may grant independent contractor exemption certificate only to *individuals*. An *individual* is defined by MN statute 181.723, subd. 1 (f) as a *human being*. Making clear that the statute only allows for exemption certificates to be issued to individuals and not to business entities such as corporations and partnerships."

Often on the road from legislation to regulation things can and do go astray. The regulators who turn laws into rules must interpret what the legislators intended. BAM was very concerned that the requirements to obtain an Independent Contractor Exemption Certificate were so burdensome and intrusive that it would actually increase under the table cash transactions in the construction industry. This was the exact problem they were trying to solve. So, we, along with many of our members requested the proposed rules go to an Administrative Law Judge hearing. Also referred to as an ALJ.

Contractor Exemption Certificate, con't

Think of an ALJ as an impartial 3rd party that the public can make its case too when bureaucrats have stepped out of bounds. An ALJ hearing tries to answer if the proposed rule is needed and is reasonable.

Armed with over 200 member responses and feedback on our arguments, BAM was able to prepare a case that the rules were overly burdensome and by making the law more difficult to follow, there would be less compliance. You don't want to penalize the people who are following the law; you want to find a way to get to the individuals who are breaking the law. Finding the right balance should be the public policy objective.

The good news is that because of BAM's challenge, the Department of Labor and Industry submitted a number of changes to the ALJ to reduce the complexity of the rules. For example:

- * The initial proposed rules required up to 32 separate documents. We were able to reduce this to less than eight.

- * They removed much of the language that would require arbitrary decisions on behalf of the department to delay the certificate issuance.

- * The department changed the rules to allow for a choice of documentation and ranked which documents would be of more importance in determining who should be issued an exemption certificate.

Of course, your subcontractors can easily avoid all of the hassle of filing for an Independent Contractor Exemption Certificate by becoming an LLC. Also, there are two important exclusions: landscaping services and individuals delivering materials to a construction site have been excluded from having to register as an independent contractor. The Judge's ruling came out on July 4, 2008. Before the ruling came forward, the department made a number of alterations to the rules based on our comments.

You can read the final ruling at:

<http://www.oah.state.mn.us/aljBase/190019552.rr.htm>

We didn't get everything we asked for, but BAM's members made a difference to reduce unreasonable rules.

Thank you to those who took the time to contribute comments, answer surveys, propose solutions, and send in letters. You gave us the resources to lobby for these important changes on your industry's behalf.

ABA Summer Outing



**Join us for a Dinner Cruise on the Vista Star!
Tuesday, August 12, 2008**

Boarding begins at 6:00pm
Departure is at 6:30pm
Return at 8:30pm

Adults \$40
Children 6-14 \$30
Children 5 and under \$10

The boarding dock is located on the Waterfront side of the DECC on Harbor Drive.
Parking is available in the DECC parking lot, across from the William A. Irvin, for \$4.

.....detach here.....

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Address associated with CC: _____

Signature X _____ Date: _____

Total Attending: _____ Amount enclosed/to be charged: _____

Please make checks payable to **Arrowhead Builders Association.**

Registration and payment can be sent to:

802 Garfield Ave., Suite 104, Duluth, MN 55802. Phone: 218-722-5707, Fax: 218-722-1448