

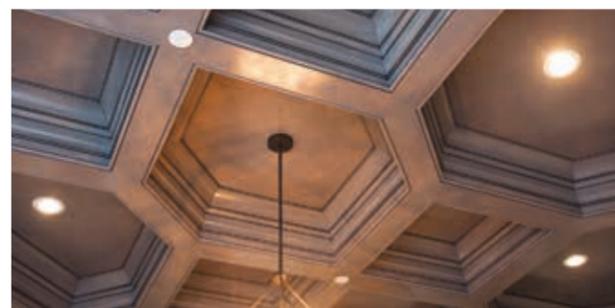
BUILDING savvy®

Dallas/Fort Worth's Homebuilding Industry Publication | May 2016



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Photo by Honey Russell



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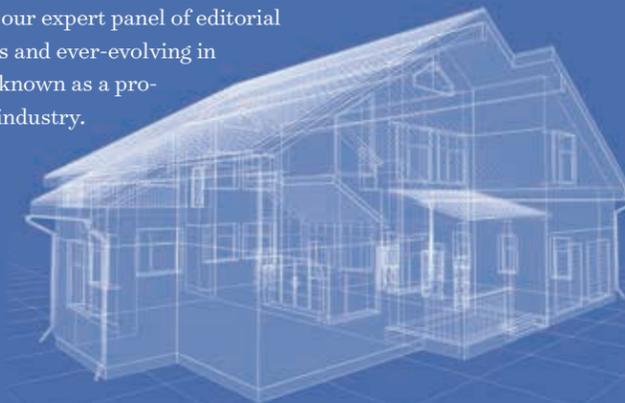
PUBLISHER'S *note*



While the area's luxury market continues to thrive, smart builders stay aware of opportunities to serve a changing market. The super large suburban mansion is not on the wish list for every buyer! Those who remain flexible to the needs of a changing demographic and different definitions of "dream home" stand a better chance of long-term success. Inside, we report on and depict some distinctly different definitions of home.

Whether building 10,000 or 170 square feet, we observe an insistence on quality materials, responsible, environmental product choices, and best business practices. We are most proud of the members of our expert panel of editorial contributors for keeping us on our toes and ever-evolving in the quest for Dallas/Fort Worth to be known as a progressive and top notch home building industry.

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Our EXPERT Contributors



Ross Conner CIC, is the vice president and partner with Hotchkiss Insurance Agency, LLC, representing the Texas Association of Builders (TAB) endorsed Builder Agent Network Division. A native of Tyler, Texas, Ross is a graduate of Texas A&M University and built several successful businesses (including personal experience as a home builder) prior to joining HIA in 2009. After thoroughly looking at businesses, and the risks they face from the top down, Ross' passion lies on creating and implementing risk management plans.



Stephen Polozola is an attorney and shareholder with the full-service law firm of Decker Jones. Stephen prides himself on being a top construction attorney with a strong emphasis in residential construction. He has considerable experience representing clients in construction related matters including both at trial and in arbitration. In addition to being general counsel to the Certified Master Builder Corporation, Hood County Builders Association, and American Society of Interior Designers, Stephen is also on the Board of Directors for the Greater Fort Worth Builders Association and is a Commissioner on the Planning and Zoning Commission for the City of Mansfield, Texas. He represents numerous production and custom homebuilders throughout North Texas and was recognized as a "Texas Rising Star" by Thomson Reuters from 2009-2013 and a "Super Lawyer" by Thomson Reuters in 2013 and 2014.



Paul Evans is the business development manager for BMC. He is also a licensed general contractor in seven different states around the country and a board member for the Building and Energy Codes Committee for the State of Texas. Paul travels around the country for BMC teaching customer service, negotiating and sales classes. He is well known around the country for his motivational speeches on True Customer Service. For over 10 years he has been an instructor for the NAHB, University of Housing, and for the Home Builders Institute. He is a graduate of Lamar University School of Engineering.



Fred Shlesinger has over 34 years of business experience as a small business owner. He joined the Principal Financial Group® in August of 2005. He thoroughly enjoys working with clients to help them identify and attain their financial goals. Fred uses a need-focused and educational approach and devotes a significant amount of his time providing workshops to help business owners and individuals achieve greater financial efficacy. Originally from New York, Fred is a graduate of the New York Institute of Technology. His associations include Jewish Family Services, for whom he is a workshop speaker and volunteer, The Senior Source/United Way, a nonprofit for aging services and the United States Tennis Association. He is also a Continuing Education educator for Collin County Community College.



Nick Smirnis represents the generation that has everyone talking. Nick contributes commentary for our Savvy Trucks & Toys column and will also weigh in from time to time about design ideas to help get you inside the heads of this important demographic destined to change the way we build and design for the future.

savvy's A-List

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North Texas HOUSING INVENTORY CRISIS

SHOWS SMALL SIGNS

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industry news



The MetroTex Association of Realtors reports that the North Texas housing market, like the rest of the nation, struggles with extremely tight inventory, especially given that it is consistently one of the hottest housing markets in America. However, a new report gives a small indicator that this could possibly start to change.

A MetroTex Association newsletter cited an article by Steve Brown for *The Dallas Morning News*, which reported new listings were up by 20% annually, and the total number of houses on the market was up by 4%, the first increase in a couple of years. It also quoted David Brown of Metrostudy Inc: "We are finally seeing inventory move up. At the very end of last year we began to see more people listing their homes."

The report cautions that the market would have to see inventory jump 50% before we started talking about a shift in supply and demand, however. It reported that in February there was only a 2.1-month supply of houses listed for sale with real estate agents in North Texas. A normal market is considered

to be a 6-month inventory. As Brown's article said, "Up until this point inventory hasn't been growing because we have an incredible pent up demand."

Meanwhile, MetroTex said luxury homes sales continue to be one of the strongest sectors in the Texas housing market, with sales growing by 12.4% from January to October 2015.

Attitudes, Behaviors and Preference of the Modern Homebuyer

With peak home buying season upon us, buyers in Dallas-Fort Worth are confident in their ability to purchase a home they want, according to the inaugural Bank of America Homebuyer Insights Report. Nearly two-thirds of DFW buyers say they have decided to purchase a home for financial reasons, such as holding a steady job with a steady income and having saved enough money. Additionally, more buyers in the area (88%) will be shopping for a single-family home than in any other market across the country.

When considering a prospective home, cost (82%) and neighborhood (65%) are extremely important to DFW buyers. 60% also consider the floor plan and layout to be very important. 56% of homebuyers are looking to settle down in the suburbs.

The Bank of America Homebuyer Insights Report explores the attitudes, behaviors and preferences of the modern homebuyer, based on a national survey of more than 1,000 adults ages 18 and older who want to buy a home in the future. In addition, comparatively 300 adults were also surveyed in 10 local markets: Atlanta, Boston, Chicago, Dallas/Fort Worth, Denver, Los Angeles, New York, San Francisco, Seattle and Washington, D.C. The report reveals what homebuyers want in a home, their catalysts for making the home purchase and the unique preferences of first-time and millennial buyers, defined as those between ages 18 and 34.

DALLAS/FORT WORTH-SPECIFIC HIGHLIGHTS FROM THE REPORT INCLUDE:

Homebuyers are driven by aspiration and emotion

- More first-time buyers are motivated by emotional factors (75%) than financial factors (60%) when making the decision to buy a home. Specifically, 56% want a place to call their own, 36% cite owning a home as something they have always wanted to do, and 33% want to put roots down.
- Buyers in DFW define homeownership as family (63%), responsibility (58%), security (56%), and happiness (55%).
- 78% of local first-time buyers are looking for a home that they can grow into, rather than one that fits their needs today. This is consistent with first-time homebuyers nationally, as 75% say the same.

Saving for a home is as important as saving for retirement

- 80% of DFW buyers consider saving for or paying off a home to be important. A similar number (90%) believe saving for retirement is important.
- Understanding the importance of saving for a home, many local first-time buyers said they would appreciate help doing it: 84% would use a tool that withdraws money from their paycheck to save for a home purchase.
- 29% of experienced DFW area homebuyers spent more than what they budgeted on the total cost of their first home.

Local millennial homebuyers expect support from their parents

- 58% of millennial homebuyers expect some kind of assistance from their parents when buying a home, ranging from financial support to assistance moving in.



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*Ingersoll Rand Marketing Insights, Trane Claim Consumer Survey, September 2014.

legal perspective

By Adam Fulkerson & Stephen Polozola, Decker Jones, PC



The nature of the construction industry makes the sales tax rules and the resulting obligations to pay, collect, and remit sales tax difficult to understand. The set of rules that apply to new construction versus the different set of rules that apply to repair or remodeling also add a trap for the unwary. This article focuses on the sales tax rules and the resulting obligations that govern new residential construction. Not understanding your responsibility to pay, collect, or remit sales tax on new construction can lead to the Texas Comptroller of Public Accounts assessing deficiencies and penalties against you or your business, and the comptroller has made it clear that ignorance is not bliss. The requisite understanding and knowledge it takes to comply with the sales tax obligations on the front end is paramount to smoothly running your construction business because the risks, disruptiveness, and expenses associated with a sales tax audit can be a nightmare on your company's bottom line.

Generally, homebuilders can enter into lump sum contracts or separated contracts (i.e., cost contracts) to build a new home. Under a lump sum contract, the homebuilder is considered to be the ultimate consumer of the equipment, incorporated building materials, and taxable services to build the new home. As a result, the homebuilder is legally obligated to pay sales tax on the equipment, incorporated materials, and taxable services incorporated into the new home, and the future homeowner does not owe sales tax on the lump sum charge. It is inappropriate for a homebuilder to issue resale certificates for equipment, incorporated materials, and taxable services if a project is governed by a lump sum contract. Instead, a homebuilder is legally required to pay the sales tax associated with its purchase of the equipment, materials, and taxable services that are incorporated into new residential construction when a lump sum contract governs the project. The inappropriate issuance of resale certificates and the failure to pay sales tax could expose a homebuilder to a sales tax audit by the comptroller and result in costly penalties being assessed.

In contrast to lump sum contracts, under a separated contract (i.e., where the materials and labor are separated out in the contract), the homebuilder is considered to be a retailer of the materials incorporated into the new home. When a separated contract is used, the homebuilder may generally issue a resale certificate to the supplier of the materials incorporated into the new home. In turn, the homebuilder is obligated to collect sales tax on the materials incorporated into the new home from the homeowner based on the agreed upon contract price of the materials. The agreed upon contract price the builder charges the homeowner for the materials incorporated into the new home cannot be less than the amount the homebuilder paid for the materials.

The Internal Revenue Service's (IRS) position on the sales tax deduction is consistent with the Texas Tax Code. It is clear that sales tax paid by a homebuilder is deductible as an ordinary and necessary business expense. The purchaser of a home, however, can only deduct sales tax paid for the purchase of a new home if: (i) the applicable sales tax rate is the same as the general tax rate

and (ii) the purchaser of a new home purchased the materials and paid the sales tax directly. The IRS's position is consistent with Texas law and reflects the difference between a lump sum contract (builder pays the sales tax and is entitled to the deduction) versus a separated contract (purchaser of the home pays the sales tax and is entitled to the deduction).

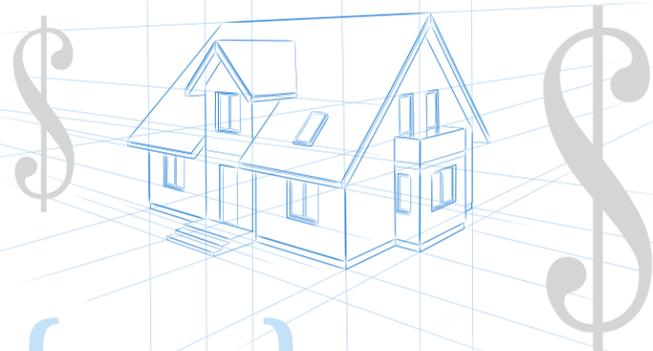
In the residential context, when a lump sum contract is used to build a new residence on the owner's lot, the builder is required to pay the sales tax associated with the builder's purchase of equipment, materials, and taxable services that are incorporated into the new home and, in turn, such tax is deductible as an ordinary and necessary business expense by the builder. When a cost-plus contract is used to build a new home on the owner's lot and the materials are separated from the labor, the builder is required to collect the sales tax from the owner and remit

it to the Texas Comptroller. These general rules also apply to remodel projects. When building on the builder's lot, the builder is responsible for the payment of all sales tax. If you have any questions regarding payment and collection of sales tax, you may also visit the Texas comptroller's website.

Mr. Polozola is a shareholder with Decker Jones, P.C. and represents developers, builders, remodelers, subcontractors, and suppliers across Texas and focuses his practice on residential construction. Mr. Fulkerson is an associate with Decker Jones, P.C. and focuses his practice on tax planning for businesses, business owners, and investors.

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in Residential Construction?

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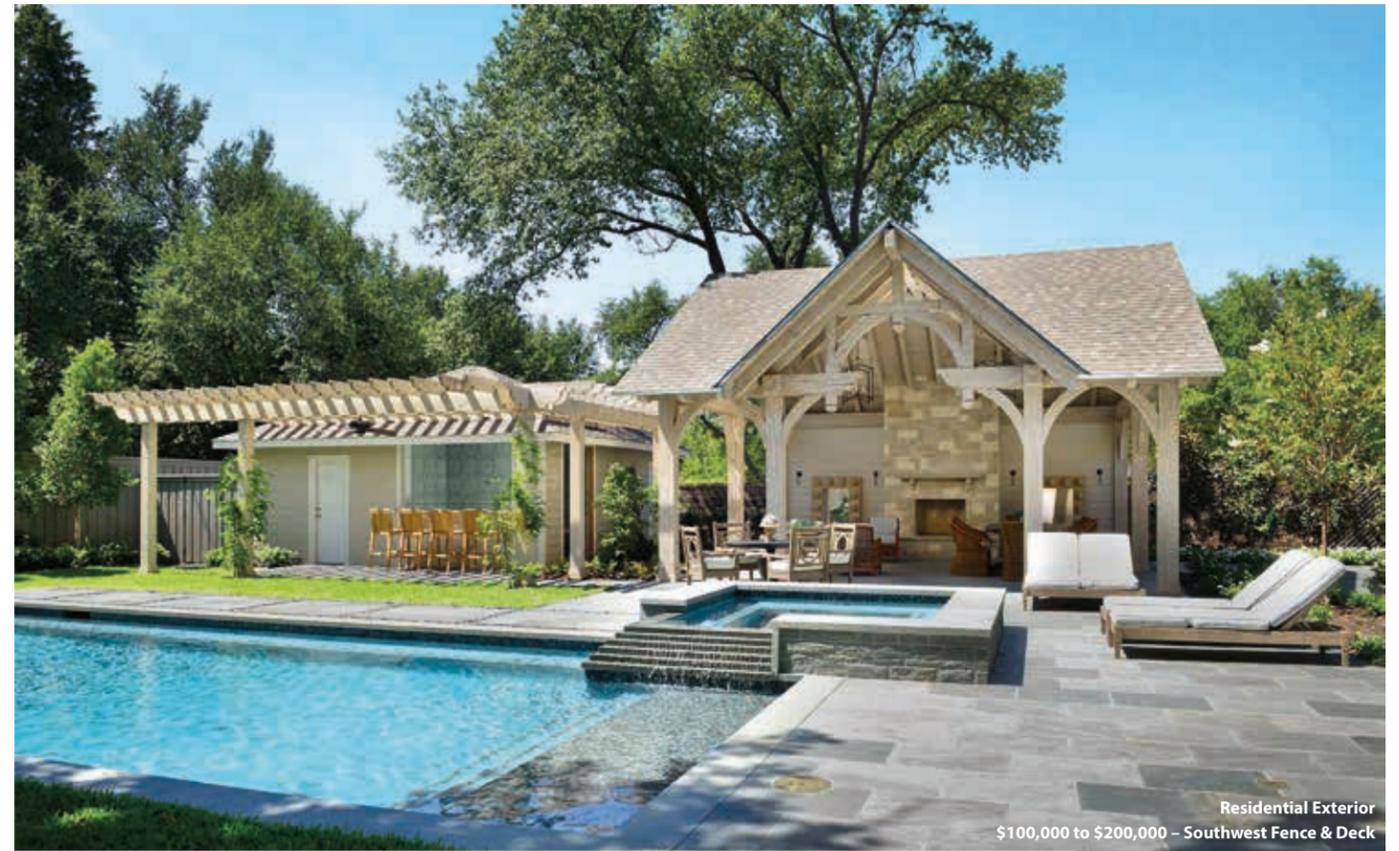
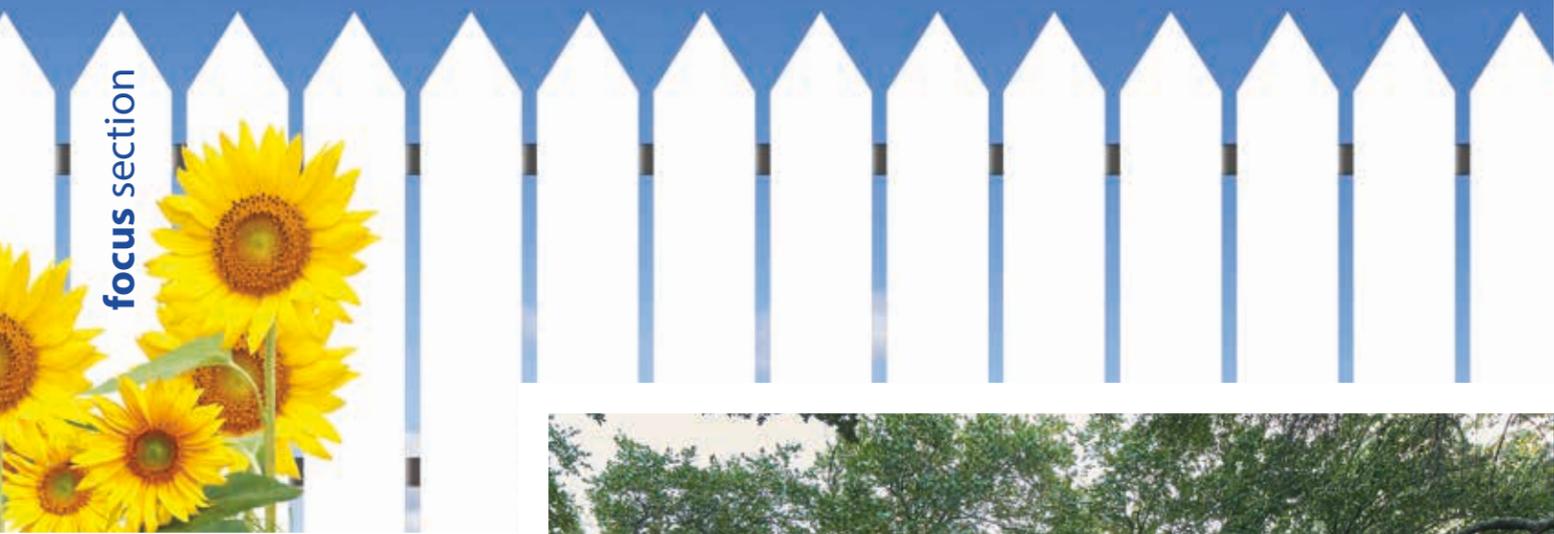
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Recent Contractor of the Year Awards in the Outdoor Living categories awarded to Dallas NARI members:

Home.Gating

Is Your Backyard Ready?

focus section



Residential Exterior
\$100,000 to \$200,000 – Southwest Fence & Deck

With rising ticket costs, parking fees and concession prices for professional and collegiate sports games, more people are staying at home. And so is the tailgate party. Homeowners are choosing to invest in their outdoor spaces to bring the tailgating party home – and they're doing it big.

Kalamazoo Outdoor Gourmet, an outdoor kitchen and grill company offer just a few of the ways to build or remodel outdoor living space into backyards that are equivalent to the best sports bar/ gastropub:

START WITH THE GRILL –

It's the heart of the outdoor kitchen and many are opting for high-end, built-in versions, as *Wall Street Journal* points out. Some are even opting for wood-fired grills that use a wheel/cable to raise and lower cooking surfaces and regulate cooking temperatures.



Landscape Design/Outdoor Living \$60,000 and over –
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PIZZA PRE-GAME –

Gone are the days of serving frozen pizzas for big game day parties. Now people are gravitating to gas-fired countertop pizza ovens because they want at home the same quality of pizza they get in pizzerias. The gas burners provide the high heat and convenience, and the countertop styling means that you don't have to take up a great deal of space to have one.



Landscape Design/Outdoor Living under
\$60,000 – Southwest Fence & Deck

BACKYARD JUMBOTRON –

While nothing quite compares to the massive screens inside the stadium, homeowners can get something almost as good. There are now big screens designed for the backyard.

KEG TAPPERS WITH STADIUM-STYLE PERFORMANCE –

Beer is a big deal nowadays at sporting events – namely, craft beer. As a matter of fact, craft beer is the only type that is growing in sales year over year. People need to take their beer storage seriously, too. That's where bar/stadium beer distribution specialists Perlick and True come in. Their attention to keeping things cold means that beer kept outdoors will always remain at the right temp no matter how hot it gets outside.

PARTNERSHIPS



IS THERE LIFE AFTER DEATH?



By **Fred E. Shlesinger**
Senior Financial Services Representative
Principal Financial Group

Have you thought about what will happen to your business when your partner dies? If no other arrangements have been made, the partnership will no longer exist as a legal business organization except for the purpose of winding up its affairs.

When a partner dies, the survivors have only two alternatives: they must either liquidate or reorganize. Liquidation usually is not a good solution. The business generally will have to be sold quickly

and for only a fraction of the value it had as a "going concern." In most cases, good will is lost entirely. Physical assets may bring little more than one-fourth of their true value.

Reorganization generally is a better answer. The reorganization of a partnership usually follows one of four scenarios:

- Your partner's heir(s) become new partners. This plan may or may not work. One or more of the heirs might be a minor, and few of the heirs, if any, will have been regular employees of your business. They may not have the knowledge and experience needed to be a partner.
- Your partner's heir(s) sell their interest to someone else. This means you may not have a say in who your new partner will be.
- Your partner's heir(s) buy your interest in the business. In most cases, the heirs simply can't afford to buy the business. Even if they can afford to buy, they may not be willing to pay a price adequately reflecting the value of the business.
- Your partner's heir(s) sell their interest to you. This would be an ideal solution if the surviving partners can raise a sufficient amount of cash and if they can agree on the terms of the purchase with the heirs.

The best solution is to plan ahead for the sale of your business upon the death of a partner. This can be accomplished with a "buy-sell" agreement. A properly structured buy-sell agreement can establish the business value and ensure the continuation of the business by the surviving owners. In addition, the agreement generally establishes a pre-determined price for the business, as well as provides the money to actually buy the business from the heirs.

Validate Your Business

Many business owners have a difficult time determining a realistic fair market value for their business. Partners can use a number of valuation methods to estimate the value of their interest in the business. No one method will work in every case but one, or a combination of several, should serve the needs of most business owners. No matter which method you use to value the partnership, there is one important factor you should keep in mind: The buy-sell agreement should make provisions for future valuations of the business – either through periodic updating or use of a formula. That is because a fair market value that is "just right" today may be too low next year and entirely inadequate in five years.

When partners devote the bulk of their time, effort and ability to the operation of a business, its fair market value usually continues to increase. This constant appreciation should be taken into consideration when valuing the business.



Plan For The Future

Planning today for the future of your business helps protect you, your partner and your families. You know exactly what will happen if a partner dies...the purchase price, the funding arrangements, etc. It allows you to continue in business and provides the partner's heir(s) with immediate cash. There may be life after death for partnerships – when partners plan ahead.

Contact Fred:

Shlesinger.Fred@principal.com or directly at **(972) 581-8763**

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CMBC is an organization of construction professionals in the Dallas/Ft. Worth Metroplex and the northern seventeen surrounding counties, representing builders, remodelors, sub-contractors, suppliers, and other industry professionals associated with home construction/remodeling.

These building and remodeling companies, which step forward and request certification, hold themselves to standards of qualifications not required by the state of Texas.

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SHELTON CONSTRUCTION

“It’s All About Building What Our Customers Want”

Photos by Honey Russell Photography



“It’s not about what I want to build; it’s about the clients and what they want in a home,” said Frank Shelton. “Whether they’re moving here from up north or another country, I have found that clients are more informed. They know what they want in the home and even what they expect in the design selection and the approach taken in the building contract. They demand flexibility, and we have been responsive to that.”

Frank said that Shelton Construction’s projects have included log homes in the country, small homes finished with a high level of detail to suit empty nesters, and large estate-sized homes. Buyers from the north have asked for basements. An East Indian client requested that their home follow the principles of Vaastu Shastra (similar to the Asian principles of Feng Shui but with different design rules) to enhance the well-being of the occupants. SIPs and ICF walls have been on the wish list of other clients. Shelton Construction has also been flexible to building where the clients wish to build; most of their work has been on the west

side of the Metroplex including Tarrant, Denton and Johnson counties. Work in these areas has led to more through the process of referrals. “Most come to us directly. They are not shopping around,” Frank said.

Many of Frank’s earliest lessons in his 20-plus years of construction were about how not to build. He started in the warranty department for a volume builder and witnessed the repercussions of cutting corners and lack of knowledge. Prior to forming Shelton Construction in 2007, Frank also worked in construction in the volume building sector, and there learned a lot about building science and the





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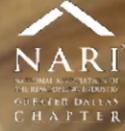
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importance of a good building envelope. Frank has also taken advantage of the National Association of Home Builders classes through the local chapter associations and considers all that he learned there extremely important. Starting his business at the time just before the recent recession taught him about the need to be flexible; he says that he never intends to take the market for granted or ever settle into just building what's easiest to build.

While completely flexible to the customer's style, design and location requests, Shelton Construction does stand firm on its insistence about the structure of every home they build. They start with soil testing, building a solid foundation and applying common sense throughout the process. "We do more than we are required to and make sensible choices," Frank explained. "For example, on second floors, we use web trusses and AdvanTech® flooring which costs more, but once we explain the benefit, our customers understand the value."

The subcontractor team confirms that Shelton Construction is the type of builder that their companies like doing business with: They go the extra mile, take a fair and honest approach and respect everyone's schedule.

"They have a professional attitude," said Francisco Perez of Korbin Insulation. "Only about 10 percent of new home builders use foam insulation, and Frank insists on it for all his projects." Bobby Capp of Arthur Hager Air Conditioning and Heating concurs. "Frank goes through all the plans thoroughly and insists on good equipment and quality."

Billy Clark of Nix Door & Hardware has been working with Shelton Construction since the company's inception. "They are very hands-on and involved in the process," he said. "They are accommodating to customers and vendors, creating a happy experience, always working things out rather than being confrontational." Joyce Rambo of Capital Distributing has worked with Shelton Construction for the last six years and appreciates that they have a great designer who is easy to work with.

Veronica Holder from United Mirror & Glass commented, "They are honest and the product is very good. We appreciate that they are very prepared.

When they say they are ready, they are." Leland Pennington of Pennington Concrete added, "Their approach is good, straight-forward and honest. Frank follows through on what he says he is going to do. And we also greatly appreciate that they pay us promptly."

Frank gives much credit to his staff which includes Planning Coordinator Shannon Darné who assists with sales and marketing, his wife Tammy Shelton who runs the back office, and Construction Manager Patrick Guterrez.

As each of the homes built by Shelton Construction nears completion, Frank takes the time to sit in every room and observe from every angle all that the homeowner will see as they begin the process of living in their new home. He tries to spot any last minute items that need to be addressed before the customer does, and then takes in all the satisfaction from a job he is proud to put his name on!

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best practices

By **Tiffany Acree** - Senior Vice President of Sales,
and **Jason Rice** - Vice President of Analytics,
StrucSure Home Warranty

Protect Your Business And **Bottom Line** Against Soil Movement & Subsidence



“TEXAS UNDER SIEGE: TORNADOES, FLOODING, SNOW AND ICE.” *This headline was taken from an article written by John Bacon, and published on usatoday.com in December of 2015. As Texans, we're used to seeing this type of news. Ever-changing, and many times extreme, weather patterns are a fact of everyday life in the Lone Star State.*

Extreme and changing weather has far-reaching effects, and impacts our day-to-day lives in a wide variety of ways. But what about the effect on homebuilding? As a homebuilder, what do you need to know about the ways weather can affect your operations—and your bottom line?

Aside from the immediate damage caused by major catastrophic weather events, such as tornadoes and flooding, one of the biggest risks Texas weather presents to homebuilders is the effect on soils and home foundations.

When soils receive excess moisture they swell. When the moisture content decreases the soils shrink. This shrink/swell cycle is commonly known as expansive soils, or soil subsidence. Because of

the resulting swelling and shrinking that occurs, the amount of moisture in the soil at the time of construction is an important consideration. Soils with high moisture levels during construction are more likely to shrink later on as the moisture level decreases. The opposite is true for soils with low moisture content during construction; as dry soils become saturated with moisture they will begin to swell. The condition of the soil, both during and after construction, is an important factor for homebuilders to consider because soil conditions have a direct impact on the foundation of the home.

As soils move, swell, and shrink, the home's foundation will be subjected to the force of these movements. Initially, the foundation of a home acts as a cap, and helps keep moisture levels uniform and the foundation stable. But as moisture levels change around the home, movements can occur. If the magni-



designed to specifically help protect builders and homeowners from the damages of expansive soils is an insurance-backed, new-home structural warranty. A good third-party warranty should offer coverage that begins on the day of closing, last ten full years, have strong insurance backing, and mirror the Texas Association of Builders performance standards. By including a third-party structural warranty on every home built, builders can be

tude of the movement is large enough, the home's foundation, and other structural components could be at risk for failure.

With the cost of the average structural defect estimated at nearly \$40,000, what steps and precautions can homebuilders, and homeowners take to protect themselves, and their homes?

There are two important protective measures that need to be considered to help builders protect themselves, their buyers, and their bottom line: 1) Preventative and active moisture management, and 2) Solid risk management practices.

Preventing soil movement from leading to a defect or failure in the foundation or structural components of a home is all about moisture management. By controlling the amount of change in the soil's moisture level, the risk of movement in the foundation is greatly decreased. Therefore, during construction, moisture control should be actively

addressed. Several different methods can be used to help alleviate issues associated with moving soils. These techniques can include: site grading and preparation that allows for positive drainage away from the home's perimeter; landscaping and irrigation design that doesn't place water, or allow it to collect, near the home's foundation; and finishes such as gutters and downspouts that help move naturally-occurring water safely away from the base of the home.

Along with construction processes designed to help alleviate soil movement, all builders should have a solid risk management strategy in place that will help protect their business and their buyers in the event a structural defect should occur. One risk management tool that has been

assured a structural defect will not turn into a catastrophic event—for them, or their buyers.

Expansive soils, and wild weather, will always be a part of homebuilding in Texas, but with the proper strategies in place builders can confidently protect themselves and their buyers from the potentially devastating effects of a major structural failure caused by moving soils. By actively monitoring soil and moisture conditions during construction, using the appropriate techniques to keep water away from the home's foundation, and using a third-party structural warranty on every home built, builders can rest easy knowing they have taken the proper steps to effectively protect themselves, their business, and their buyers.



Insuring AGAINST SUBSIDENCE CLAIMS

By Ross Conner, Hotchkiss Insurance

Most homeowner's insurance policies cover loss or damage caused by subsidence, heave and landslip. However, they only cover the cost of repairing the loss or damage. They do not cover the cost of preventing further subsidence.

This means the cost of repairing damage (such as cracks) to the building's superstructure is covered. But the cost of stopping the building from moving in the future is not covered. In reality, to ensure an effective repair that will last for a reasonable period of time, the insurer will usually have to carry out work to stop the movement first (unless it has already stopped).

Subsidence cases are often complex - and involve expert evidence and technical data. They are among the complaints that can take the longest time to resolve. Part of the process may involve a period of "waiting time" while the pattern and rate of movement is monitored. Policyholders may become impatient with what appears - to them - to be an unwarranted delay on the insurers' part. Insurers sometimes turn down a claim on the grounds that the damage was not caused by subsidence but by "settlement" movement.

Foundation repair costs depend on the severity of the program but generally run several thousand dollars per pier. Piers are installed around

the perimeter of the slab or near its existing piers if it is a pier and beam foundation. A hydraulic jack then lifts and levels the house and transfers its weight to the new supports. Such repairs should include a lifetime transferable warranty issued by the foundation repair contractor.

To protect themselves against lawsuits involving subsidence, builders are expected to take the necessary precautions, including soil testing and engineering reports. Third-party structural warranty companies are also likely to require such preventative actions before issuing warranties. Naturally, owners of more recently constructed homes are going to assess blame to their builder for any areas challenged or not covered by their homeowners insurance or builder warranty. The Builder Agent Network, managing general agency for Builders Insurance Group's Texas products, announced a new general liability product for the home building and contractor markets several years ago to provide additional protection against particular types of claims, including subsidence.

The umbrella/excess liability policy was released to provide excess liability at premium and coverage options customized for each type of risk. It's important to note that general liability insurance without a subsidence exclusion is the way to go, but the coverage within the policy will still need to involve negligence on the builder's part (i.e. the foundation engineer's report required the builder to put in #4 rebar in certain piers and you put in #3's) in order for the claim to be covered. Once the claim is deemed to be covered, the builder can expect the policy to cover the cost to repair all the resulting damage from subsidence, but not the sub-standard "work itself." Wise builders will only contract with an insured foundation contractor, in order that they may pass this liability contractually down to them, where it belongs. This is in fact the first step in the claim adjustment process.

Ultimately, the pairing of a strong general liability program, along with a third party structural warranty, is the most effective way to handle the risks of Texas soil movement.

SAVVY TRUCKS & TOYS

The Ford Transit Connect



THE Commercial Van REVOLUTION

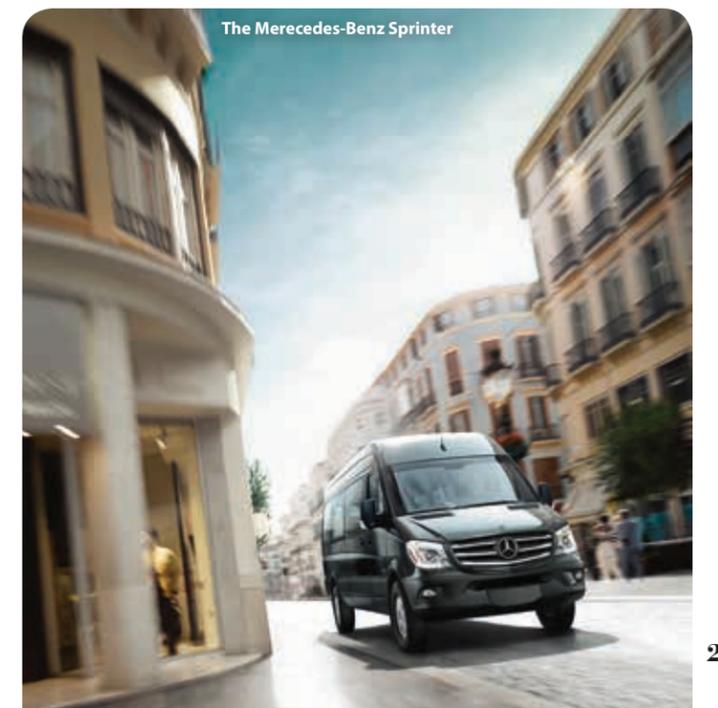
By Beverly & Steve Smirnis, proud members of the Texas Auto Writers Association

If you're in the market for a commercial van, you'll find some of the new "Euro-van" choices revolutionary. The new breed of compact commercial vans is nimbler with carlike driving and enhanced maneuverability and way more efficiency, while they still maintain their purpose of utility with plenty of cargo capacity. Whether you use one of these new models as a cargo van or a passenger-carrying wagon, lower floors and higher roofs will serve you better and maneuver far superior to yesterday's lumbering full-sized van options.

Ford was first to the market with its Transit Connect. At 173.9 inches on the standard-wheelbase model or even 189.7 inches on the extended-wheelbase, it maneuvers similar to a large SUV. The Nissan NV200 and RAM ProMaster City were designed to compete. All offer a variety of configuration options to support multiple uses. The new Mercedes Metris is a foot longer than the long-wheelbase variants of its competitors but is still garageable. Its brand name and greater size impacts price and fuel economy, but the Metris answers to buyers seeking more luxury...along with more payload, cargo capacity, and 4,960 pounds of towing capacity.

As most of these vehicles are meant for commercial purposes, base-models are intentionally spartan. It makes sense to seek out adjustable mirrors and parking assist options at the least. Operation costs are also a huge consideration in this category, and the newcomers make great strides here. The Ford Transit Connect, for example, achieves 25 mpg combined average with a 1.6-liter turbocharged engine. Even when you make the jump to a larger van, the Mercedes Sprinter offers a wide variety of features such as having service intervals up to 20,000 miles and offering reliable and efficient transportation to anyone who needs storage and comfort for short or long distances. The passenger hauling version of the Sprinter Van seats up to 12 in four rows. An optional Super High Roof on the new model allows for more than seven feet of interior headroom. Its high-tech safety gear includes crosswind stabilization, lane-departure warning and collision prevention. A Sprinter 2500 can tow up to 5,000 pounds and a 3500 model can tow up to 7,500 pounds. Payloads are also impressive.

The Mercedes-Benz Sprinter offers a wide variety of features such as having service intervals up to 20,000 miles and offering reliable and efficient transportation to anyone who needs storage and comfort for short or long distances. The passenger hauling version of the Sprinter Van seats up to 12 in four rows. An optional Super High Roof on the new model allows for more than seven feet of interior headroom. Its high-tech safety gear includes crosswind stabilization, lane-departure warning and collision prevention. A Sprinter 2500 can tow up to 5,000 pounds and a 3500 model can tow up to 7,500 pounds. Payloads are also impressive.



The Mercedes-Benz Sprinter



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Case Studies On The Changing Definition Of Dream Homes

Photos by Trey Kazee

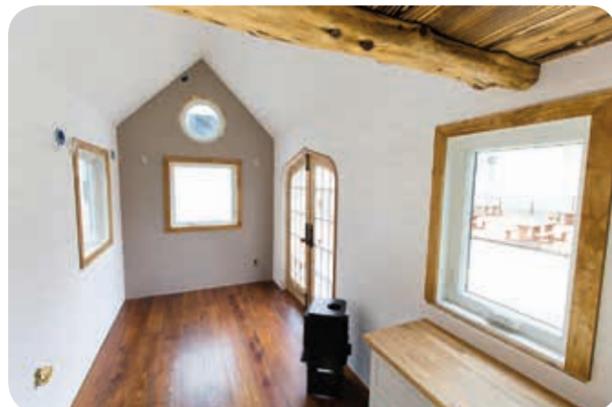
The Best Little House In Texas



RANDI AND CODY HENNIGAN ARE ABOUT TO EMBARK ON A CROSS COUNTRY JOURNEY “TO SEE THE WORLD AND MEET INSPIRATIONAL PEOPLE ALONG THE WAY.” THEY’LL BE TAKING THEIR HOME WITH THEM. THEIR 170 SQ. FT. HOUSE IS TINY BUT IT’S BEEN A BIG DREAM FOR THEM.

Randi and Cody built their tiny home themselves but give much credit to some of our local industry professionals for their assistance along the way. Construction officially started in March 2015 when they got the Tumbleweed trailer that the tiny home is built upon. Cody explained that the trailer, specifically made for tiny houses, has dual 75 lb. axles, electric brakes, and jacks on all four of its corners.

The first step was building a subfloor and insulating it using polystyrene panels. Next, they consulted with local builder Don Ferrier who helped them specify the four walls, two dormers and six roof panels made of Fischer SIPs that they used to build the structure for the 8’x20’x13’



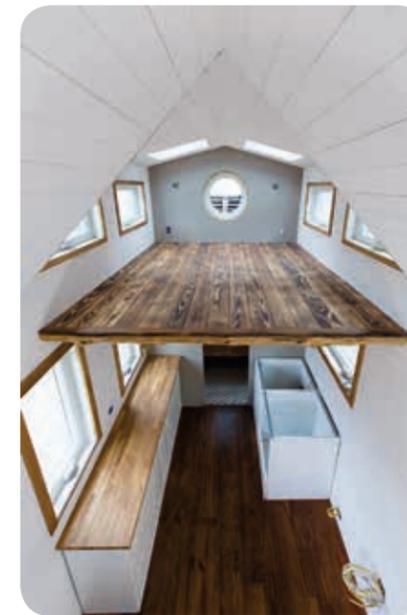
trailer and house. Ferrier also consulted and oversaw the installation of electrical wiring in the SIPs.

Andersen Windows 100 Series casement windows met their need for multiple window sizes to suit the Hennigans’ design ideals as well as their desire to take full advantage of cross breezes while maximizing energy efficiency. They also appreciated that the windows are made of Fibrex material, 40% of which is recycled wood, mostly reclaimed from Andersen’s own manufacturing process. Velux skylights are a beautiful addition to the loft area but also serve to suck out heat. A steel Classic Superroof was selected for its roof.

A tankless water heater, propane stove and 12 volt LED strip lighting address the home’s necessities. The Natures Head composting toilet and Berky Water Filter were ordered from Off Grid Hardware of El Paso.



For the finishing touches, the Hennigans often found themselves looking to the past for solutions. On its exterior, Cody finally found a use for the cedar shakes he bought years ago with the intention of using them on a chicken coop. Seven-inch plank floors from a 1912 home in Waco were reclaimed and reused to finish the tiny home’s floors. Its double entry doors were salvaged from a 1940s home. The sleeping loft features recycled cedar timbers from North Texas that were finished using a process called “Shou Sugi Ban,” an ancient Japanese exterior siding technique that preserves wood by charring it with fire. Today, the process has been rediscovered as an environmentally friendly way to preserve timber and make it fire-, rot- and vermin-resistant without the use of chemical preservatives, paints, and retardants. Interior and exterior walls were painted with product from the Real Milk Paint Company—100% organic and non-toxic.



The Hennigans hope to build a more sustainable and regenerative lifestyle that can be an inspiration for others to make similar changes in their lives. They sold everything they didn’t need to take with them, and have now embarked with their dog Baxter on their journey. They have set their sights on eventually reaching Bend, Oregon, where they may settle for a while. We learned from the Hennigans

that tiny home owners often live in RV parks and State Parks while travelling and barter with farms offering electric and water access for longer stays. Along their way, Cody will do some consulting work in his field of permaculture—a system of agricultural and social design principles centered around simulating or directly utilizing the patterns and features of natural ecosystems. Randi will be able to teach online classes as an adjunct professor.

FOLLOW THE HENNIGANS’ JOURNEY ON THEIR WEBSITE:
www.TheBestLittleHouseInTexas.com or on Facebook:
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**What Started As
TEMPORARY
LIVING
QUARTERS
Became Good Enough
FOR ALWAYS FOR**
Paul & Jami
EVANS

High school sweethearts Paul and Jami Evans had always wanted to live on the land since they were married (now 34 years ago). They moved from Klein, Texas, near Houston to Prosper believing that they would be far enough away from urban encroachment a lot longer than they were.

When the Evans purchased 30 acres off of Highway 11 between Bailey and Wolfe City, Texas (northeast of McKinney, Texas) it consisted of a barn built in the mid '90s, an old airport hangar, and thousands and thousands of cedar trees. Paul spent many a weekend clearing trees, but he and Jami had a vision. They started stashing reclaimed materials in the barn and built a 16' x 32' cabin where they could reside while they built a main house.

Every challenge of building on the land set the enterprising Paul (who many of us know as the business development manager for BMC and for his starring role on NAHB's education platform) on a quest to find a creative solution.

The biggest concern was water, and they were nowhere near a city water line. Paul explained the need



for three backups to be sure they never run out of water—he personally got a kick out of researching and designing Options 1 and 2 and is proud to say he has yet to have to exercise Option 3. First, rain water is harvested from the roofs of all the structures now on the land. Second, is a pond and 1933 Fairbanks Morse windmill that lifts water and drives it into a 55 gallon drum and into a water filtration system producing 98% pure

water— 6% more pure than city water! Option #3 would be to trailer in water to the property.

Electricity also comes with three options. Power from the county is available but service is spotty, Paul explained. So they mainly rely on a wind turbine and solar system that

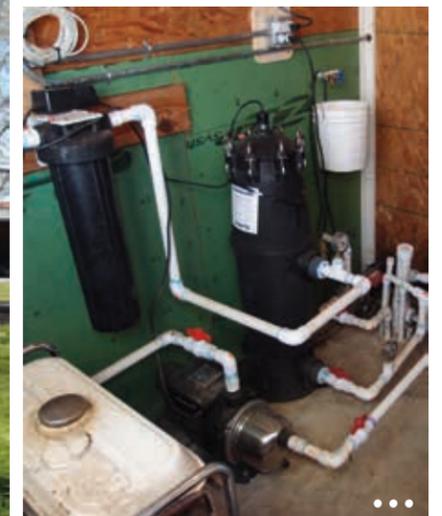


feed all the energy they need plus more to the grid. Even when the AC is running non-stop, there's usually excess energy created by this system, but Texas doesn't allow private parties to earn profit, Paul explained. The solar system does have a battery back-up system, and it is kept charged by the solar panel itself. Generator power is the third option for power and Paul has figured out how to make his own



diesel fuel to assure total self-sufficiency when it comes to electric power. (He also uses the diesel to operate the farm machinery). By the way, heating does not rely on the electric system; that need is met by a wood stove.

And so, Paul and Jami created an off-the-grid lifestyle for themselves out of necessity. The creative problem-solving required to make permanent living possible on the property also led to more creative problem-solving and respect for resources. Paul proudly claims that the appliances, wall and roof insulation systems and some of the floors are the only new items used to build their cabin and several other structures on the property (including a "gypsy wagon" housing all the feed for their animals, an outdoor outhouse, and guest cabin). Windows, doors, siding and ceilings started out as rejected products until Paul found ways to fix, reuse or design around them. He has



<< Paul was a consultant for a plug-and-play system now commercially available and similar to this one.

...

made use of three library ladders he stumbled upon and purchased—one helps him reach tools in the hangar, another provides access to the guest loft in the main cabin, and the third one descends into a storm shelter / wine room that is made out of reclaimed drainage culverts!

The airplane hangar turned into Paul's man cave, outfitted with walls of drawers stocked with tools which he purchased from an old auto parts store that was closing down. While he once used to tinker with show cars, and race cars, he now tinkers with all the equipment used to run the farm. Hay is the main crop, and Paul barter with the hay bailer to keep it tended to. Another side of the hangar houses Paul's woodworking tools and various projects in the works which will soon manifest into more creatively repurposed items.

Five years ago, Paul and Jami scrapped their plans to build a "main house," deciding their 500 square foot cabin and its 2000 feet of patio was enough space for them to reside in. They enjoy hosting their children and grandchildren and nieces who come every summer from California. Their guests experience for a time, the life that Paul and Jami have chosen to live...swimming in the pond, searching for arrowheads, picking blackberries and vegetables from their garden and harvesting eggs from the henhouse. The hens and turkeys, and bass and croppy stocked in the pond make them less and less reliable on trips to the grocery store, too!



And what was once a wild boar problem meant some great sausages that Paul grilled for us on our excursion.

Inside their home are numerous examples of the heritage that influences many of Paul's skills and appreciations. Long Leaf Yellow Pine cabinets with cove and pin drawer construction and a handmade clock are the handiwork of his father, a master carpenter. Jami says lack of closet space has been the only real challenge, and hinted that she may steal some closet space in one of the additional guest cabins they are talking about building on the property.

They have now added a fence all the way around the 30 acres which is surrounded by another 800 acre parcel owned by another individual. They hope this perimeter will protect from urban sprawl catching up to them yet again! But their lab/Australian shepherd mix dogs, Sam and Rayburn, are named after the very freeways that give quick transport to the Evans for their trips into town while threatening to populate the area around their haven.



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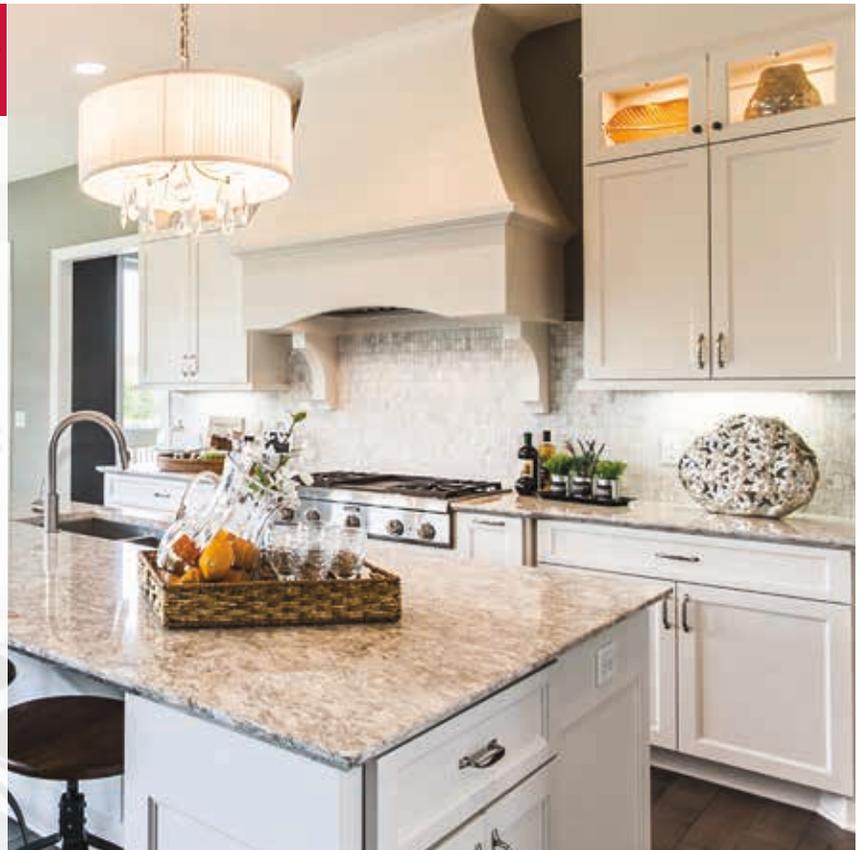
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