

ASSET
ADVISORS AND
MANAGERS, INC.

IN THE NEWS...

CHINESE DRY-
WALL FOUND
OVERSEAS...

The Nassau Guardian on June 6th released a report that an American attorney, Daniel Becnel Jr., told a Florida paper that a \$200 million multi-unit project that was near completion when Chinese drywall was discovered. Vernon Clement Jones, Guardian Business Editor, speculated potential impact of the findings on other Chinese construction management and funded projects slated for the islands including the national stadium as well as the real possibility of Asian equity participation in the \$2.3b Cable Beach redevelopment in the offing.

FIRST LAWSUIT
FILED AGAINST
DRYWALL MANU-
FACTURER...

Becnel also told a reporter from the Sarasota Herald-Tribune that he had successfully served Knauf Tianjin with papers concerning a lawsuit. He claimed that it cost them \$15,000 but they were finally able to get it done.

CHINESE

DRYWALL UPDATE

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MEMO ISSUED BY FDEP ON DISPOSAL OF CHINESE DRYWALL

The Florida Department of Health has posted on their website a memo recommending too waste handlers and land fill operators how to handle the disposal of tainted drywall. They mention as precedence incidents where construction and demolition debris disposal along with vegetative materials put in dumps in the Florida Panhandle after the 2004 and 2005 hurricane season resulted in severe hydrogen sulfide odors which caused some health concerns for nearby residents.

At the current time Chinese drywall or tainted gypsum has not been declared a hazardous waste. However, ordinary construction and debris disposal facilities and Class III landfills are

not equipped to handle the potential off gassing of any drywall in large amounts. The Florida Department of Environmental protection is recommending that those disposal facilities either segregate all drywall, tainted and regular, and cover with dirt immediately, or that they refuse to accept any drywall debris at all and instead direct the disposal of it to Class I facilities which are equipped to handle the off gassing.

What does this mean to you?

It means if you are taking out any drywall, tainted or not, you need to make sure in advance that the facility you are taking it too will accept it. If your contractor is demolishing it, it will be his responsibility to do so and alert

you if there are any additional fees due to longer trucking times or distances. This is good news though – as long as it is not declared hazardous, your cost of demolition will not skyrocket.

CONSOLIDATION ON DRYWALL LITIGATION IN NEW ORLEANS

The Multi-District Litigation Panel has agreed to consolidate litigation cases on Chinese drywall to the New Orleans district. The case has been assigned to US District Judge Eldon Fallon.

I am sure there are some very disappointed attorneys as well as the entire Fort Myers area that stood to gain from bookings in hotel rooms and visitor services when hearings were scheduled.

JURY STILL OUT ON INSURANCE POLICY PAYMENTS...

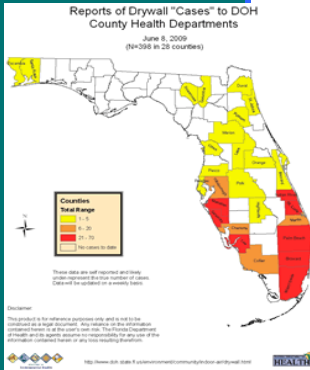
The jury is still out, literally and figuratively, on whether insurance companies will pay for remediation of tainted drywall. Ron Kammer, a South Florida based attorney who represents insurers, is quoted in an article on June 10th by Duane Marsteller, Bradenton Herald reporter, that homeowner policies in Florida have provisions in them that do exclude coverage for construction

and pollution defects. The article suggests that the best remedy under insurance claims is to go after the builders and sub contractors for construction defects or product defects.

The Florida Homebuilders Association has been hosting meetings throughout the State of Florida called "Road to Recovery". Jay Carlson, Executive Director of the

FHBA, stated at the meeting in Port St Lucie, Florida on June 18th that home builders appear to be "just as caught between a rock and a hard place" as the owners of the homes they built. According to Mr. Carlson, Florida home builders who want to assist their clients are being warned by their insurance brokers that the carriers might not have an obligation to reimburse or assist

INSURANCE POLICIES CONTINUED...



27 Counties in Florida now reporting in, 16 States across the US

“often policy exclusions that seem to close the door on an insurance claim can be dealt with...”

Sally Voorhees

them. Since many firms are suffering due to the current recession, the builders might not have the cash reserves to assist while fighting it out with their carriers.

Mr. Carlson also told the group of contractors attending the meeting that there is a current lawsuit in Virginia that needs watching. This is the one where Builders Mutual Insurance Co. has asked a judge to declare it does not owe coverage to Dragas Management Corp., a homebuilder facing numerous drywall claims.

Keys Claims Consultants, a leading public insurance adjusting firm in Florida, is not convinced that insurance will not assist homeowners in the future. Keys Claims Consultants expertise is in dealing with difficult property insurance claims.

Sally Voorhees, who we met recently at one of our Chinese Drywall Seminars in Naples, took some time to give us their view on this.

“People with tainted drywall in their homes face difficulties ahead and need expert advice

to develop and implement a comprehensive plan in order to explore every opportunity for recovery”, stated Sally. “We believe that both homeowners and builders need to closely examine the provisions of their property insurance policies with the assistance of a qualified team as part of their recovery plan.

According to Sally her company works to assist the policyholder in the claims process to take advantage of any and all policy provisions and maximize claim recovery in the event of a loss. “Often policy exclusions that seem to close the door on an insurance claim can be dealt with,” according to Sally.

What does this mean to you? If you are impacted and denied by your insurance company or by your builder who is not getting satisfaction from their carrier, then attorneys and public insurance adjusting firms like Keyes can be a resource to provide assistance to you. They can help you wade through a policy of insurance “legalese” and provide you a professional and thorough review of your policy and its provisions for recovery.

TAX POLICIES QUESTIONED...

Sens. Mark Warner, D-Va.; Jim Webb, D-Va.; and Bill Nelson, D-Fla., along with Rep. Glenn Nye, D-Va., wrote to Floyd Williams, national director of legislative affairs at the IRS, to ask for clarification under Section 165(H) of the tax code which covers casualty loss deductions to see if this could provide some relief for struggling homeowners impacted with Chinese drywall. This section of the tax code covers casualty losses as a result of an unexpected event such as fire, storm or theft.

What does this mean to you? The key to this will be if the IRS reacts and decides to treat remediation costs as a large casualty loss such as a massive hurricane and if they remove any special thresholds or limitations on repair. Do not make any financial assumptions about the cost of remediation and tax deductions without talking to your accountant or qualified tax consultant first.

About us...



**ASSET
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AND
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“We are expert advisors and managers providing hands on consulting and owners representation assistance to banks, investors, receivers, absentee landlords and new business owners needing outsource solutions”

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MORE IN THE NEWS SNIPPETS...

CURRENT VIDEO POSTED TO FLORIDA DEPARTMENT OF HEALTH

Dr. Krause, State of Florida DOH toxicologist is on camera discussing Chinese drywall. While for many of us following this for awhile there is not any "new" info, it is still a very informative presentation and worth the 20 minutes it takes to watch it.

Two things of interest I did pick up from listening to Dr. Krause – there is evidence that copper is being impacted further inside its plastic sheathing than we have realized and there is a house with Chinese drywall and no corrosion. Here is the link: <http://vimeo.com/5168727>

IMPACT OF CHINESE DRYWALL ON FORECLOSURE MARKETS

Shannon Behnken quotes real estate research expert Jack McCabe, McCabe Research & Consulting, LLC, in an article on housing prices in Tampa in an article in The Tampa Tribune published June 19, 2009. In the article Mr. McCabe states lenders will have problems selling houses with Chinese drywall brought back as foreclosures. He also stated that he thought that homeowners might just turn the keys over to the lenders so that they do not have to deal with the Chinese drywall themselves. "Even if you tear everything out, you can't remove the stigma," McCabe said. "And that stigma definitely affects pricing."

INTERESTING ARTICLE SPECULATING ON WHY CHINESE DRYWALL IS TAINTED

Duane Marsteller from the Bradenton Herald posted an interesting article on June 14 on the various reasons why Chinese drywall is "tainted". No conclusions yet but interesting theories. Here is a link: <http://www.bradenton.com/847/story/1507955-p2.html>

CHINESE REACTION IN WALL STREET JOURNAL ARTICLE

Here is an interesting quote from an article in the Wall Street Journal by Michael Corkery on April 17. According to Mr. Corkery, Chinese industry officials are defending the quality of the exported sheetrock and implying that US trade protectionism is to blame. Here is an excerpt...

"The U.S. credit crisis has caused the real estate market to collapse, and as a result domestic drywall manufacturers have seen their sales suffer and their product is relatively expensive compared to the Chinese-made drywall, so we should also consider these issues..."

Xu Luoyi, National Building Materials Industrial Technology Supervisory Research Center

UPCOMING SEMINARS AND LECTURES

Karen Scott is presenting "Chinese Drywall, Facts and Fears" at Indian River State College this Thursday, June 25th. To register please go to <http://www.cctiirsc.com>

A discussion group for design and construction professionals interested in using already established green building remodeling programs as the basis of a "Green" protocol for remodeling for homeowners impacted by Chinese drywall is forming. These programs are already available through the Florida Homebuilders Associations Green Building Council and the USGBC's LEED home remodeling program. The discussion group will meet July 7 at The Crexent Office Building in Abacoa, Jupiter from 9 to 11. There is limited seating so if you are interested in coming please email Karen at Karen@Asset-A-M.com.



CHINESE DRYWALL | SCREENING LLC

A trustworthy advocate for the concerned homeowner

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