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From: Express Email Marketing [mailer_response@emailcounts.com] on behalf of Chinese Drywall Screening LLC [Howard@chinesedrywallscreening.com]
Sent: Monday, October 18, 2010 4:37 AM
To: Howard@chinesedrywallscreening.com
Subject: Chinese Drywall Newsletter - Knauf Settlement, News, Conference

Chinese Drywall - Knauf Settlement, CPSC update, IRS, Conference



Note from the sender:

Greetings,
The big news is that the settlement agreement is out for those with Knauf. Click [here](#) for a copy. However, myself along with many others don't qualify or have other types like Taishan, Dragon, Taihe, etc. I have Taishan and they were unwillingly to negotiate or participate so it will be a bit longer but there is hope they will follow suit.

I also want to remind everyone that 2 good sources for current cdw news and info are the Twitter box on the bottom of my [home page](#) and www.chinesedrywall.com. If you haven't already, I also recommend setting up Google Alerts with specific search criteria that meet your preferences.

If your like me, you're probably overloaded with information or email in general so I created a brief list of topics/links below I felt worthy of sending. Details for some of the itmes are to the right. Scroll down to find the number and bold font for the topic.

News and Information:

1. Knauf Settlement

Sarasota Herald-Tribune by Aaron Kessler:
<http://www.heraldtribune.com/article/20101015/ARTICLE/10151032/2107/BUSINESS>

Bruce Steckler of Baron & Budd, P.C. Supports Pilot Remediation Program For Homeowners with Chinese Drywall Problems
http://baronandbudd.com/pressroom/pilot_remediation_program

Overview of settlement from Chinesedrywall.com
<http://www.chinesedrywall.com/>

2. CPSC Press Release on Knauf Settlement

From Chris Day of CPSC
Judge Announces Breakthrough Settlement in Chinese Drywall Litigation

NEW ORLEANS, OCTOBER 14, 2010 - The Plaintiffs' Steering Committee in the Chinese Drywall multi-district litigation and Knauf Plasterboard Tianjin (KPT) today announced a breakthrough settlement to remediate homes impacted by KPT's drywall. The agreement establishes a demonstration remediation program, funded by KPT and a number of builders, drywall suppliers and their insurers. The program includes the removal of the problem drywall from up to 300 homes in Alabama, Mississippi, Louisiana and

1. [Knauf Settlement](#)
2. CPSC Press Release
3. [CPSC Investigation Update](#)
4. Clarification on IRS "help"
5. Forbearance - Most banks are providing break from mortgage payments (but with heavy terms). Website for help www.helpwithmybank.gov
6. [BESI](#) conference on cdw.(I'm speaking on inspections including XRF and label ID'ing)
7. [Photo exhibit](#) of poor cleaning regarding cdw remediation (photos to create awareness of what to watch out for)

As always, I try my best to provide the most unbiased and helpful information as possible. It's always a challenge to share the best information without promoting any private agenda's, including my own. Any information I am providing is for convenience and awareness and I don't attest to the validity or accuracy. However, I will stick my neck out a little by saying I obviously filter out anything that either doesn't make sense to my understanding of the issues or does not have some basic credibility or decent track record.

I hope this helps those struggling with cdw issues. I'm still struggling with my condos personally and as head of a condo Association with it.

Feel free to contact me if there is anything I can help you with or to collaborate on some specific issues.

Sincerely,

Florida.

Among the participating builders, suppliers and insurers are Interior/Exterior Building Supply, the Louisiana Homebuilders Indemnity Trust, QBE Insurance Group and State Farm Insurance. The Louisiana-based supplier Interior/Exterior Building Supply was an integral component in reaching this agreement and the company has agreed to help fund this pilot program. Other Knauf entities are signatories to and participants in the agreement.

The demonstration program, involving the remediation of homes containing all or substantially all KPT drywall, will include:

- Removal of the drywall;
- Replacement of all electrical wiring, including switches and receptacles;
- Replacement of fire safety and home security equipment;
- Replacement of fixtures damaged by the problem drywall;
- Restoration of the home to the same construction quality and finishes that existed prior to the start of the remediation work;
- Compensation to the homeowner for alternative living costs during the remediation, moving and storage and personal property damage;
- The reservation of rights for bodily injury;
- Attorneys fees and expenses to be negotiated by the PSC and KPT and to be paid by KPT.

Under the agreement, KPT will retain and supervise contractors to do the work on a cost-effective basis. The completed homes will be inspected by environmental engineers, who will certify to the homeowner that their home is free of problem drywall odors and contamination.

The members of the Plaintiffs' Steering Committee involved in

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negotiating the agreement were Russ M. Herman of Herman, Herman, Katz & Cotlar, L.L.P., Arnold Levin of Levin Fishbein Sedran & Berman, and Christopher A. Seeger of Seeger Weiss, L.L.P.

"We especially acknowledge the coordination of MDL Judge Eldon E. Fallon of the United States District Court in New Orleans and for his direction to the parties, after trials in his courtroom, to negotiate a demonstration program," said the PSC negotiators.

KPT is standing behind its product and is working with homeowners, builders, suppliers and their insurers to repair homes containing its drywall.

"The purpose of the demonstration remediation project is to establish a model for the resolution of the KPT drywall issue," said Gregory J. Wallance of Kaye Scholer LLP, who represented KPT with Kerry J. Miller of Frilot, LLC. "Ultimately the drywall problem should not be solved in the courtroom. It should be solved by a collaborative effort involving KPT, the homeowners, their attorneys, and the various suppliers, builders, and their insurance carriers. This is a very positive first step towards a solution."

Both sides acknowledged "the contribution of the Consumer Product Safety Commission, whose remediation and inspection guidance, were invaluable in creating the remediation program."

For further information from the PSC, contact:
Russ M. Herman, Esq.
Herman, Herman, Katz & Cotlar, LLP
(504) 581-4892

For further information from KPT, contact:
Gregory J. Wallance, Esq.
Kaye Scholer, LLP
(212) 836-8878

Kerry J. Miller, Esq.
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(504) 599-8194

*****!!! Unless otherwise stated, any views or opinions expressed in this e-mail (and any attachments) are solely those of the author and do not necessarily represent those of the U.S. Consumer Product

Safety Commission. Copies of product recall and product safety information can be sent to you automatically via Internet e-mail, as they are released by CPSC. To subscribe or unsubscribe to this service go to the following web page:

<https://www.cpsc.gov/cpsclist.aspx> *****!!!

3. CPSC Investigation update

Below is an email from Dee Giordano regarding the forum in Sarasota with U.S. Rep. Vern Buchanan (FL-13) and Chris Day of CPSC.

Attached is the [presentation](#) given by the CPSC at the town meeting last evening. There were many questions about obtaining financial help until lawsuits are settled. Congressman Buchanan eluded to the fact that although there are members of congress who realize the severity of the situation, they are in a minority in Congress. Rich Kampf stated that the last time homeowners were invited to attend the drywall caucus meeting they were not allowed to speak. He requested that in the future the caucus should listen to their statements so they can understand from the homeowner's point of view. Many homeowners have very real concerns over the health implications. Rep. Buchanan asked the CPSC if they would be looking into the health affects since their website state that the levels of hydrogen sulfide in the CDW homes do not present long term health issues. Jay Howell of the CPSC answered that although the levels may not be high enough, there could be adverse effects on health due to the mixture of other chemicals present in the homes. Buchanan asked if they would look into that and was assured they would. After the meeting I asked why the statement could not be removed from the website and simply state that the long term affects are not known at this time. He said that was placed on the site by the CDC and they couldn't change it. I asked if they would be following up with tests in the home and he stated that they were not responsible for the health issues and this would need to be addressed by CDC or the individual state's health departments. That was quite different from what he told Rep Buchanan when he was present at the meeting.

4. Clarification on IRS "help"

Original news release:

[IRS Provides Relief for Homeowners with Corrosive Drywall](#)

IR-2010-102, Sept. 30, 2010 — The IRS today issued guidance providing relief to homeowners who have suffered losses due to the effects of certain imported

drywall.

Here copies of an email sent to IRS and their response:

After taking the time to carefully read IRS Revenue Procedure 2010 and speaking to my accountant for almost an hour I am confident in letting you all know that although we have waited for this for 18 months this ruling is in no way going to help 99% of the families devastated by the Chinese Drywall disaster.

1) In order to take this deduction you have to be wealthy enough to have already paid for the \$86 sq foot (correctly executed, or you may have future complications return) remediation. This only works for the few Sean Payton's of the world (or does it? See the 10% of AGI statement below!). This reminds me of the CDBG that were originally suggested 18 months ago and none of us fit into that category for HUD assistance either!

2) You only get 75% of the reimbursement if you are involved in a lawsuit. Even though there is no guarantee that years down the line we stand to recover anything from the lawsuit against China because our government is not standing up to "hold them accountable" as they did with BP, Trans Ocean and Halliburton!

3) If you do get reimbursed from the lawsuits in the future that will be taxable income when you get it (could end up paying more taxes than what you save when the tax rate goes up).

4) This is an itemized deduction so you may not even get a full deduction. "Taxpayers are subject to the \$100 (\$500 for taxable years beginning in 2009 only) limitation imposed by 165(h)(1) and the 10% of AGI limitation imposed by 165(h)(2)." Wasn't this waived by the IRS for the Katrina victims? Why not waive this for the Victims of Chinese Drywall?!

5) This Revenue Procedure talks about the replacing of "appliances". What about everything else that needed to be replaced from these homes? Most homeowners did not take beds, comforters, couches, anything with fabric and foam and had to put out the money to replace these items. No less anything silver, brass or copper that was destroyed as in Jewelry, pianos, utensils, picture frames, etc. Are they deductible? Does deduction also have to meet the 10% of AGI?

Never did I think I could be this disappointed in my country and my government.

Please take the time to answer the few questions above.

Response from IRS:

It is important to note that Revenue Procedure 2010-36 is a "safe harbor" and does not preclude a taxpayer from claiming deductions under the normal casualty loss rules. The primary benefits of using the safe harbor is that it provides a simple rule for determining the amount of the loss (cost of repairing damages to personal residence and appliances), the loss is deductible in the year the repairs are made (under the normal casualty loss rules, the loss is deducted in the year in which it is discovered), and the taxpayer doesn't have to prove that the loss is "sudden and unexpected."

(1 If a taxpayer cannot afford to make repairs, then the taxpayer can claim the loss under the regular casualty loss deduction rules. The loss in that case would be the difference between the fair market value of the home before the casualty and the fair market of the home after the casualty. (Of course, in this case, the taxpayer will have to prove that the loss was sudden and unexpected and will have to show appraisals before and after the casualty.)

(2) The provision allowing 75% of the loss to be claimed where the taxpayer has a pending claim (or intends to pursue reimbursement) is a benefit because it allows the taxpayer to claim a loss in the year of the payment for repairs or replacements. Under the normal casualty loss rules, no deduction is allowed when the taxpayer has a pending claim.

(3) If the taxpayer is reimbursed in the future for something for which he/she has already taken a deduction than the reimbursement must be included in income in the year in which it is received. However, the reimbursement is only included in income to the extent of the prior year tax benefit. (For example, if the taxpayer deducted \$20,000 due to the 75% limitation and the 10% AGI floor on deductions and received a total reimbursement of \$40,000, then \$20,000 of the \$40,000 would have to be included in income in the year of receipt.)

(4) The per-occurrence dollar limitation and the 10% AGI floor cannot be waived by the IRS. Only the Congress, through legislative change, could waive those limitations.

(5) The Revenue Procedure allows a deduction for the cost of repairing damages to the personal residence and replacing appliances. If the taxpayer has suffered damages to other personal property (furniture, artwork, jewelry, etc.), then the taxpayer can claim a loss under the normal casualty loss deduction. The taxpayer would have to prove the cause of these damages and the deduction would be subject to the 10% floor.

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