

**Doug Carr**

**From:** Doug Carr At GLHB-RA [lacey@glhba.ccsend.com] on behalf of Doug Carr At GLHB-RA [doug@glhba.org]  
**Sent:** Monday, July 19, 2010 8:35 AM  
**To:** Doug Carr  
**Subject:** Hardest Hit Fund Only A "Band-Aid"

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# The Tool Box

*A Weekly Publication for Members & Friends*  
 July 19, 2010



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**Rebates For Builders & Remodelers On Commonly Purchased Building Materials!**

**Dear Doug,**

## Michigan Hardest Hit Fund Gives Relief, But Not the Real Answer to Jobs Problem

On June 23<sup>rd</sup> President Obama selected Michigan as one of five states to receive money designed to prevent foreclosures. At first glance, it may seem like a good thing. But when you dig a little into the details, it's really just another band-aid that delays a permanent solution.



Michigan is receiving \$154 Mil. The money will be allocated to those in need on a first, come first served basis. The need is defined by three categories. The first is a mortgage subsidy for those who are unemployed and will provide up to 50% of the mortgage payment for 12 months, or until the person returns to work.

The second category is a loan rescue program. It's designed to help people who are recovering from a one-time crisis, but are on the brink of foreclosure. This plan gives up to \$5,000 who can afford their monthly payments but need help catching up with other past bills. Catching up can mean recovering from unemployment, illness or even divorce.

The third category is referred to as a principal curtailment program. It provides up to \$10,000 to underemployed



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homeowners with severe negative equity in their homes. In those cases, the mortgage service provider must agree to match the funding to reduce the principal balance.

Like all government hand-outs, at first glance, it's a great benefit for those on the receiving end. And, it is a stop-gap measure for those in the worst situation. But it does nothing to address the real problem which is job loss. To learn more about the Michigan Hardest Hit Program, go to [www.michigan.gov/HardestHit](http://www.michigan.gov/HardestHit).

Yes, this will slow the foreclosure rate. But, in the long run we're only delaying the pain. We still have to figure out how to replace jobs that have permanently disappeared!

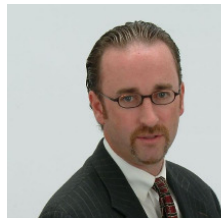
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## Perils of New RRP Lead Rules

The EPA's new Lead-Based Paint Renovation, Repair, and Painting Program (RRP) is a federal regulatory program that affects contractors, property managers, and others whose work may disturb painted surfaces. The RRP applies to those conducting renovation, remodeling, or paint removal activities on residential houses, apartments, and child-occupied facilities such as schools and day care centers built before 1978.

The potential legal liabilities created by the RRP include civil lawsuits, based upon work performed by the remodeler, as well as EPA enforcement actions for violations of RRP rules. Just recently, it was reported that the EPA brought separate actions against two replacement window companies for alleged violations of RRP. The potential fines reached nearly \$1 million for each company. Only compliance with the RRP rules can provide an adequate buffer from the EPA's stepped up enforcement of the new rules.



The RRP also opens the door to possible homeowner lawsuits for claims associated with lead-based paint renovations. As just one example, if an occupant of a pre-1978 home, including a child, were to become ill from lead-based paint renovation activities, the contractor could become an easy target for overly zealous attorneys and homeowners grasping for relief. These claims could exist for at least 6 years from when the work was performed and possibly longer if the affected person is a minor. You can bet that after the contractor is identified, it will be asked to produce all of its program records to determine whether each and every rule was satisfied. The catch here is that the RRP only requires that records be retained for three years; however, claims can be made several years later. In the event the contractor is unable to produce the RRP records, it will likely be hampered in its ability to properly defend

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the case.

In an effort to aid its membership, the National Association of Home Builders ("NAHB") has prepared a number of [sample forms and contract clauses](#) that should be implemented to meet many of the RRP requirements. In addition to the standard RRP forms, your contract terms should adequately disclaim responsibility for lead disturbance activities conducted by the owner or third parties, including subcontractors. Contractor's should also review their insurance policies to know whether these types of claims would be covered.

The RRP consists of numerous rules and requires that contractors maintain project records to verify the rules were satisfied. Compliance with the rules is not optional. You should contact your attorney or consult the NAHB to ensure your contract documents and RRP records do not violate the rules and provide you with the greatest possible security from homeowner lawsuits and EPA enforcement actions.

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## Michigan Appliance Rebates Increase



The Michigan Appliance Rebate program still has incentives available, but dollars are limited. To date, 49% of the program funds for refrigerators, clothes washers, and dishwashers have been spent, with approximately 50,000 rebates being issued to Michigan residents.

The furnaces and water heaters program has spent approximately 5%, with approximately 150 rebates being issued to Michigan residents. DOE has recently approved a rebate increase for this portion of the program. Rebate levels have increased for the following products: 1) Propane Furnaces-increase to \$500, 2) Propane Water Heaters-increase to \$300, 3) Oil Furnaces-increase to \$500, and 4) Solar Water Heaters-increase to 25%, maximum of \$2,500. Residents who already received a rebate will get an additional amount to raise them to the new levels. Go to [www.mirebates.com](http://www.mirebates.com) and [www.michrebate.com](http://www.michrebate.com) for more information.

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