



**HAPPY HOLIDAYS FROM ALL OF US  
AT BEAR CREEK LUMBER**



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## Small Town Success Story: The Country Clinic

The Country Clinic, headed by Dr. Anne Diamond, recently moved into a new home on Highway 20. The Clinic offers services for everyone, including free medical checkups for needy children every first Friday. Working with the local school's athletic department, they also offer free physicals prior to the sports season, for children who may not be able to afford them. We salute not only the beauty of the building, but also their commitment to the community. Their superior services, and attention to medical needs in a small town are what we all wish the health care community in the U.S. would emulate.

The Country Clinic was built by Jerry Laverty Construction, a longtime customer, who appreciates the fine quality of Bear Creek Lumber's material. The wood siding shown in this picture is select tight knot cedar channel, with old growth trim, selected for color. Cedar timbers and decking compliment the country feel of the design. The interior trim shown below is clear Douglas fir.



photos by Omaste Witkows-

## Bear Creek In Winter



photo of North Cascades Mountains by Merle Kirkley

As another year draws to a close, we would like to thank all our customers, and faithful readers, for their support. 2003 was a very good year for Bear Creek Lumber. None of us have ever experienced the volume that we saw month after month this past year, and yet everyone has acted professionally, working as a team. As the company's owner, I am very proud of our staff's performance.

We hope that 2004 will be as good to you as 2003 was to us. We look forward to helping you throughout the coming year with all your lumber needs. Happy Holidays! Ela

### 2003-2004 Holiday Schedule

November 27- Dec 1 Closed/Thanksgiving  
December 1-15 Open 8 AM - 4 PM  
Dec 15-January 5 Open 8 AM-4 PM Limited Staffing/Voice Mail will be turned on and checked regularly. Closed altogether for Christmas Day and New Year's Day  
January 5 Open 8 AM-4 PM General Staffing  
January 19 Bear Creek Lumber closed for MLK Holiday  
February 16 Bear Creek Lumber closed for President's Day



## More Customer Pictures



Merle, this is my project on the first floor, with the tight-knot DF 1x6 T&G (on left). I put this down, with only light sanding in some of really ugly places. I wanted a 1930's look to the flooring. The floor has a tung oil finish. Also, the house is timber-framed with 10' ceilings on the lower level, 16' 4-way vault with exposed rafter on the upper level, lower has a 3 car garage (with 2 doors) and a horse stall /grooming room and tackroom with door and window into the horse stall. Outside is 1x6 pine T&G on the lower and 1 x 10 Board & Batt siding on the upper, as seen below.

Dirk Eide  
Leavenworth WA



## First Solar Subdivision

Just as the lights went out in New York, and discussions centered on weaknesses in our national power grid, GreenWood Ranch Estates, a 487-home community near Kingman, Ariz., announced that it is grid-independent. The neighborhood claims to be the first and only solar- and propane-powered subdivision in the country. Propane will be used for heat and hot water. Lights, refrigerators, and computers, among other devices, will use solar power. The \$99,900 modular homes will come with basic solar equipment, which PerfectPower Inc. president John Balfour says is sufficient for a seasonal home. The Arizona Republic reports that year-round residents should install additional solar devices.



I promised you pictures of the maple floors, once finished. I attached a couple pictures of the stone floors in the sunroom.

Thanks,  
Charlie Evans  
Winthrop, WA



Hi Merle  
Siding is still going on but the details are worth the outcome. Almost done with the front and eats side, and half the garage. Love the yellow cedar; its a lot stronger than white cedar. And the vertical grain lap siding is perfect!  
( Pictures above and below)  
Glen Vermette  
Long Creek Timber Framers  
Mt. Zion, IL 62549



# Industry News

**A year ago, economists connected to the housing industry said that the housing boom had to be coming to an end in 2002.** Instead, records have been broken, most notably in September, when 6.69 million existing homes were sold. Construction spending, in September, posted its best month on record as the value of residential projects by private builders also reached a monthly high, underscoring the role the red-hot housing market played in the economy's strong performance last quarter.

**The Commerce Department reported that the total value of building projects under way came in at a seasonally adjusted annual rate of \$910.6 billion** in September, representing a 1.3 percent jump from the previous month. The \$910.6 billion level was an all-time monthly high, and the 1.3 percent increase exceeded analysts' expectations for a more modest advance of around 0.4 percent. **Spending by private builders on housing projects rose by 1.4 percent** in September to a rate of \$471.4 billion, the highest monthly level on record.



## From Fire to Flood

After 8 months without rain, a gully-washer obliterated parts of the North Cascade Highway about 15 miles from Bear Creek Lumber, effectively putting out the fires that had burned all summer. This record rainfall raised river flows by 10 feet in six hours. The highway westbound, seen above, will be closed until sometime next spring.

ever, if there is an complaint, regardless of whether you fixed it or not, be aware of the potential traps you may encounter. For example, the notice trap. A problem is brought to your attention, and you fix it, but don't report it to your insurer. Then five years down the line, the problem returns, and results in a lawsuit. You insurer can sue you for breach of contract. You'll get dropped and left to cover lawyer fees, and fix the problem by yourself. Most policies have notice provisions to report occurrences when a problem first emerges. If you do things behind the backs of your insurer, the insurance company can take you to court saying you breached these notice provisions. Eventually, you will end up with no coverage, paying aware fees for both the claim and breach of contract.

Insurance is something you can't do business without, but increasingly it is out of reach for many businesses. Take time to stay in a positive relationship with your insurer and stay ahead of the game.

## Builders Face Insurance Crisis

Insurance is an issue that, along with unemployment, hasn't gotten any better since the last recession. Many businesses, including construction, have seen tremendous increases in rates. Relief has been no where in sight. "The economy is cyclical," Joel Gregoire of Lockton Insurance said in an article in Design Business Magazine, "and right now, it's a hard market."

"Prior to the general liability issue, growth was the hot topic. Now with layoffs and closings, the economy has acted as a natural growth control," recalls Rob Nanfelt, government affairs director for the Colorado Association of Home Builders. Insurers are dropping out of the market, and those that are staying are raising their prices and excluding essential coverage. What can a builder do to cushion this blow? The first step to resolving this problem is to define the crisis; the second is to identify the possible solutions.

### The Crisis

"The high price for general liability, unfortunately puts builders out of the business because they can't afford the premiums. If a small residential builder only puts out a few houses a year, unless they are high -end projects, it's hard to add it on to cover the cost, so they can't stay in business," Nanfelt says. Many factors have been in motion contributing to the difficulty of keeping premiums low, while getting important coverage. According to Collen King, a Speaker at the 2003 International Builders Show (IBS) from a carrier that specializes in builder insurance, "The investment market is changing. Insurers aren't getting high returns on paid premiums." With interest rates decreasing, insurers are also losing out on gains, "passing this cost on to the builder." In addition, catastrophes have been more prevalent; for example, the insurance industry has paid out billions of dollars since Sept. 11.

In the immediate forefront of this crises, construction defect litigation has hit every state, and poses a constant threat to all general liability providers. "In the residential market, insurance losses are horrendous. Insurance carriers are drawing out from residential construction due to poor underwriting losses, which means (insurers) are paying out more in losses than they're taking in with premiums, reports Bruce Harell, CEO of HBW Insurance Services. Providers choose not to deal with the problem, but rather leave the industry altogether.

### Prevention

The best way to keep the confidence of your insurer, and your premiums low is by preventing problems before they occur. Make sure you're working with a reputable subcontractor who signs agreements with precise warranty and indemnification wording. Any of the inclusions listed are worthless if you're not dealing with a good, reliable subcontractor. Go with the best subcontractor you can afford. After a project is complete, it becomes your project as the subcontractor is exempt, and you are responsible.

### Customer Service

With any type of claim, be proactive. Being aggressive is cheaper in the long run. Put your best people on potential problems, so you know how things are going. Customer service is important even before a problem. Follow up to insure their satisfaction. Your concern assures your clients that you care, and they are less likely to nitpick later.

### Plan For The Worst

Builders are advised to take cost into account prior to a claim. Rather than accrue a loss for repairs, problems should be anticipated, not acknowledged in hindsight. How-

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