



CONSTELLATION

HomeBuilder Systems

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Constellation HomeBuilder Systems

- Constellation is pleased to sponsor and welcome you to this event
- We are a strong and stable partner for over 1,400 home builders of all sizes in North America



<http://www.constellationhb.com>



Constellation Can Help

- As you plan to survive the downturn, don't underestimate the importance of your production and accounting systems
 - Good systems help you manage cash and give you the information you need to survive
- Is your software partner giving you the support you deserve?
 - Choose a partner that will be there when you need them



<http://www.constellationhb.com>



Constellation Products and Services

- Production and Accounting Systems for Home Builders
- Scheduling
- Business Intelligence and Reporting
- Land Development
- Vendor Portals
- New Home Sales and CRM
- Warranty and Service
- Homeowner Manuals
- Online Virtual Showrooms
- Design Center Software
- Mobile Device Software



Constellation HomeBuilder Systems

- Additional questions and feedback?
- (888) 723-2222
- sales@constellationhb.com
- <http://www.constellationhb.com>

- Cathy Kotsopoulos – Sales and Media Inquiries
 - ckotsopoulos@constellationhb.com, ext. 6140



NAHB's Business Management Department

- Solutions to difficult management challenges
- Tools and resources for business growth
- Guidance on increasing profitability
- Represent builder business interests

NAHB Online Tools

- BizTools
 - www.nahb.org/biztools
- Technology Solutions Directory
 - www.nahb.org/tsd
- Chart of Accounts
 - www.nahb.org/chart
- Work with Trade Contractors
 - www.nahb.org/trades
- Tax Assistance
 - www.nahb.org/taxes



Electronic Newsletters

- Business of Building e/Source
- Custom Home Builder Quarterly
- Small Builder Focus
- Building Leader



Education

- nextBuild Information Technology
- nextBuild Home Technology
- Computer Labs at International Builders' Show
- Custom Builder Symposium



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Online Archive of this Session

- This discussion will be recorded and archived for later viewing
- Please check <http://www.constellationhb.com/landing/chsbmitcoping.php>
- We will also send all attendees an e-mail with the archive location

Moderator - Ron Robichaud



Robichaud Financial
Services

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- Principal of Robichaud Financial Services
 - Advises homebuilders across the country on mergers and acquisitions, exit strategy development, strategic growth and maximizing company value
 - 40 years experience in senior management positions at homebuilding and development companies such as Arvida and Choice Homes
 - Serves on several homebuilder boards, is the Home Builders and Remodelers Association of New Hampshire State Representative and sits on NAHB's Executive Board.



<http://www.constellationhb.com>

Panelist – Randy Noel



Reve Inc.
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REVEDEV@aol.com

- Founder of Reve Inc.
 - Began his home building career at age 12 with a broom
 - Lived through the housing decline in the 80s with his father's business
 - Was president of the Home Builders Association of Greater New Orleans and the state of Louisiana.
 - Inducted into the Louisiana Builders Hall of Fame.
 - Currently serving on LHBA Self insurance Workers Compensation Board of Trustees, the LHBA General Liability Indemnity Trust Board, chairman of the Louisiana State Uniform Construction Council,
 - NAHB Life Member, serving the Board of Directors for 13 years
 - NAHB Executive Board member past 6 years



Panelist – Troy Taylor



Algon Group
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Atlanta, GA 30325
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- President and Founder of the Algon Group
 - Specializes in financial analysis, advice and execution in complex, challenging and/or distressed situations to help maximize stakeholder value
 - Advised numerous homebuilders on their options and is considered one of the industry's leading restructuring experts
 - Formerly President of GMA Partners, Inc., Managing Director at KPMG Peat Marwick LLP, Thomson McKinnon Securities, Inc., Oppenheimer & Co., Inc. and Morgan Keegan & Co., Inc.
 - Has successfully helped senior and subordinated lenders maximize their recovery in distressed and/or complex situations



Panelist – Harley Riedel



Stichter, Riedel, Blain &
Prosser, P.A.

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Tampa, Florida 33602

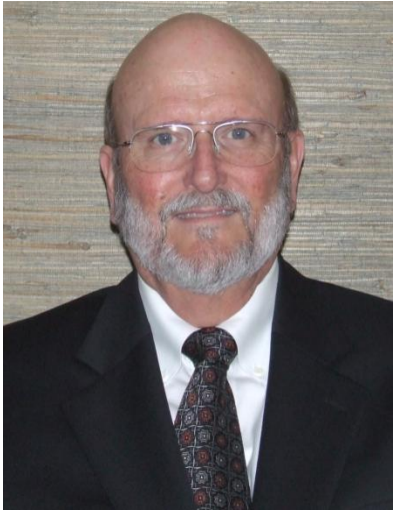
(813) 229-0144

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- An officer, director, and shareholder of Stichter, Riedel, Blain & Prosser, P.A.
- Lead counsel for the debtor in possession in many of the largest cases in Florida
- Tampa Bay Bankruptcy Bar Association (founder, past director, President and Chairman)
- Spoken and written on bankruptcy-related topics for the American Bar Association, The American Bankruptcy Institute, The Florida Bar
- Principal author of the section on Chapter 11 Practice in the Norton Handbook for Bankruptcy Trustees, Debtors-in-Possession, and Committees.



Panelist – Tom Flowers



4313 West 110th Street
Leawood, KS 66211
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tflowers392@yahoo.com

- 35 years of experience in commercial banking, mortgage banking, and homebuilding
- Frequent speaker and panelist with the NAHB
- Currently
 - Treasurer and Board Member of Kansas City's Housing Choices Coalition
 - Member of the Greater Kansas City Housing Foreclosure Task Force
- Previously
 - U.S. Navy veteran
 - Boise Cascade's Manufactured Housing Div.
 - Bank of America
 - U.S. Bank
 - President of the Mortgage Bankers Association of Georgia (1992-93)



Introduction – Economic Outlook and Forecast

- What is the reality of the current home building industry situation?
- What does this mean right now and in the future?

Introduction – Economic Outlook and Forecast

- The reality
 - Builders have run out or are running out of cash
 - Builder assets have been seriously impaired and in many cases continue to lose value
 - Construction & development debt is increasingly difficult to find and the cost is rising
 - Banks are experiencing severe capital erosion and are closing their doors

Introduction – Economic Outlook and Forecast

- Cash is KING!
- Know your Costs
- Know Your Margins
- Know your Buyers
- Leverage your software system and industry experts to understand and protect your cash position

Balance Sheets, Income Statements & Cash Flow

- What is the best financial advice you can give to builders today?
- How do I protect my assets?
- When should I use cash?
- When should I dip into my personal assets to fund company cash flow?

Balance Sheets, Income Statements & Cash Flow

- Financial advice
 - Maintaining a current six-month cash flow projection is critical
 - Cash is king
 - Builders must ensure that they understand the current value of their assets

Balance Sheets, Income Statements & Cash Flow

- Use the information your software system provides
 - Produce timely and relevant financial information
 - Build confidence with your lender. Show them you have the proper systems in place to manage your financial information

Banking Relationships

- Have banks lost their appetite for builder business?
- What will the banks do if the downturn continues?

Banking Relationships

- Improve relationships by understanding that ...
 - Banks are facing a serious erosion of capital
 - Banks will have difficulty providing sufficient debt to homebuilders for several years
 - Banks have a methodology for scoring credit worthiness (personal experience matters)
 - The bank's workout options diminish as client falls into default – be proactive

Banking Relationships

- Leverage your software provider as needed to get relevant information
 - You will need the best information for your banker
 - Understand how to use and protect this information

Business Practices & Legal Considerations

- What is the first step that builders should take?
- What are the options that builders should consider today?
- Should I sell my land or hope the market improves before my loans are due?

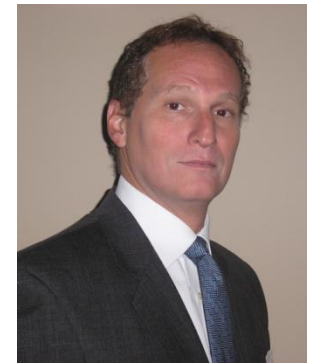
Business Practices & Legal Considerations

- Consider the following...
 - Builders can benefit greatly from an objective financial review by experienced advisors
 - Address your land situation now
 - You don't want to be competing with someone that has lower land values on their books
 - Non-recourse debt makes negotiation easier with lenders than debt with personal guarantees
 - Understand your bargaining position ASAP

Business Practices & Legal Considerations

- Know your data and share it with your partners
- Figure out how your partners are looking at financial information and produce it yourself
- Use your software system to make life easier

Panelists



**Banking
Expert**

**Legal
Expert**

**Building
Expert**

**Financial
Expert**

**Restructuring
Expert**

Tom Flowers

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