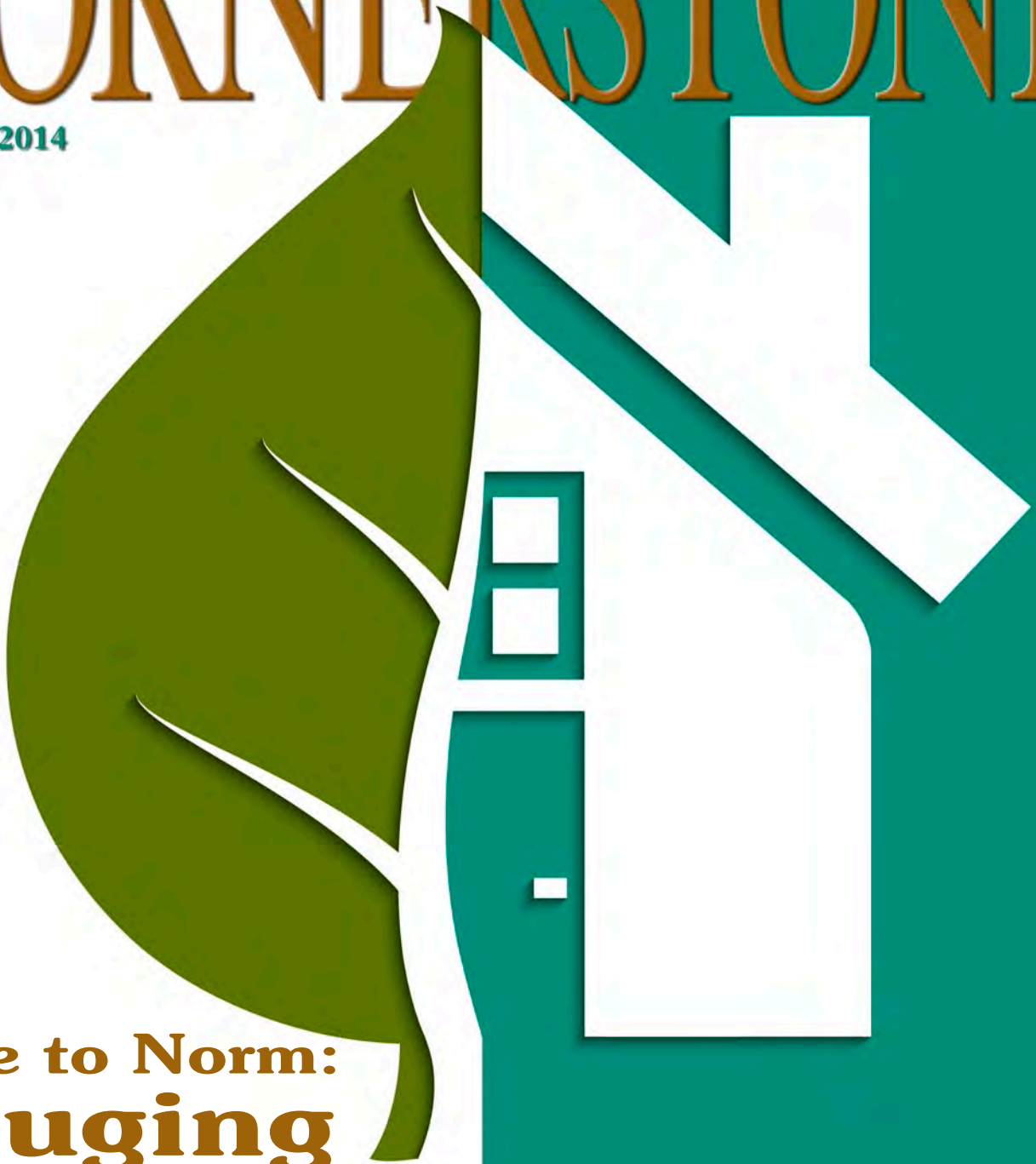


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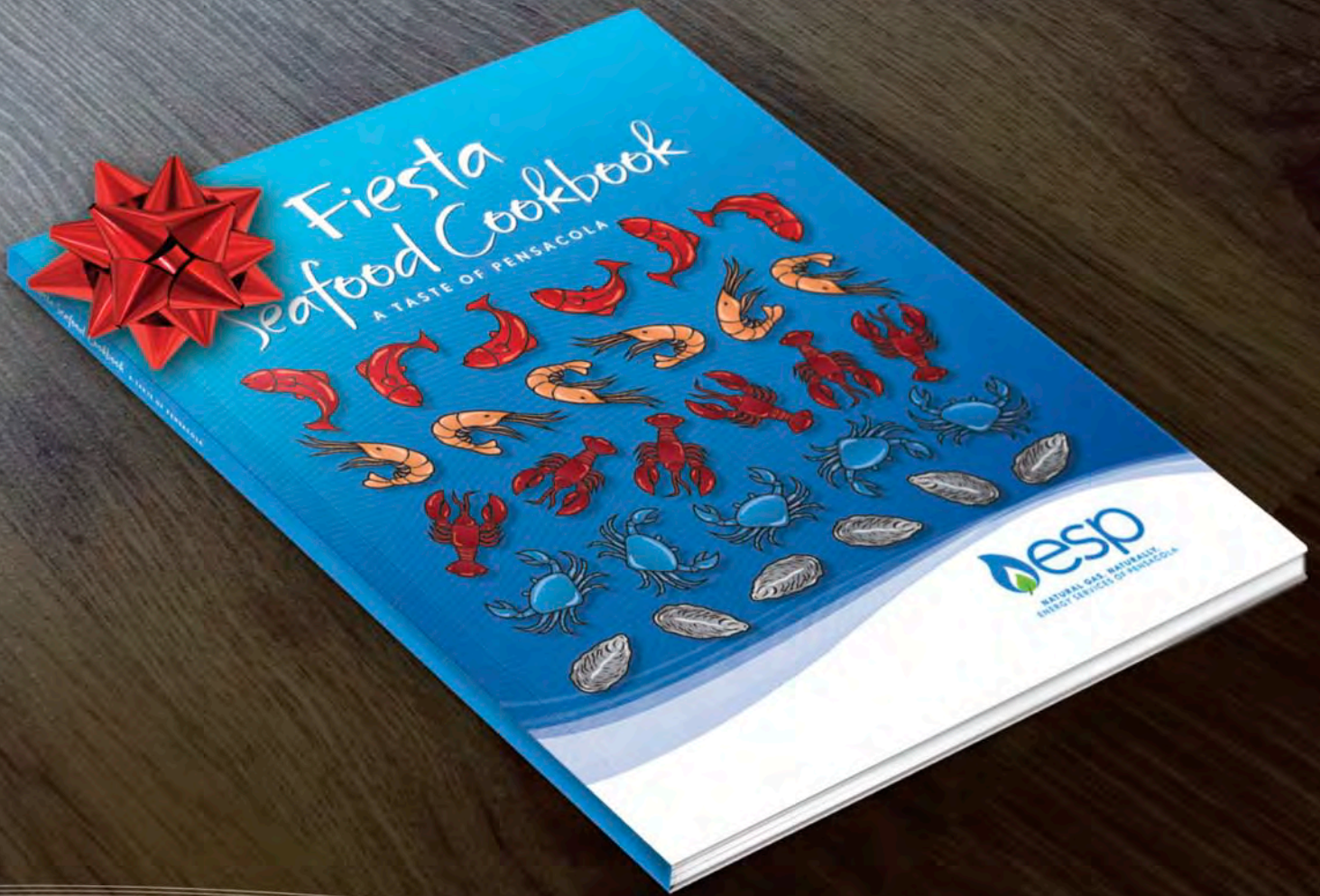
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November 2014



Niche to Norm: Gauging Green's Growth

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President's Message



NEWMAN RODGERS

Excessive Lending Standards Still Affecting Home Sales

Tight mortgage lending standards continue to affect sales for single-family builders across the nation, according to a survey released by the National Association of Home Builders (NAHB). Well over half of the single-family builders surveyed indicated that lending standards were “tight” or “very tight,” while only 11 percent indicated that standards were “somewhat easy” and no builders described them as “very easy.”

“While housing has seen some positive growth throughout the year, there is no denying that tight credit conditions are hindering a full, healthy housing recovery,” said NAHB Chief Economist David Crowe. “These persistently tight mortgage credit standards continue to limit the number of creditworthy borrowers, particularly younger families and first-time home buyers, from entering the housing market.”

The survey also asked builders if they had lost any sales over the last six months due to buyers not qualifying for a mortgage. Eighty-three percent answered “yes,” and of these, the average share of sales lost was 9.7 percent. NAHB estimates that this 9.7 percent translates to 18,700 new-home sales lost because buyers were unable to qualify for mortgages.

“NAHB advocates for prudent lending standards, but we’ve seen banks and regulators swing the pendulum too far and create an environment where lending standards are too restrictive,” said Kevin Kelly, NAHB chairman and a home builder and developer from Wilmington, Del. “We want a return to reasonable lending standards where qualified borrowers are able to obtain a mortgage and create the American dream for themselves.”

NAHB has supported many housing finance reform policies that would help reverse tight lending conditions, including:

- Improved credit scoring models
- A reduction of guarantee fees – known as g-fees
- Passage of the Housing Finance Reform and Taxpayer Protection Act of 2014 (Johnson-Crapo)
- FHA and FHFA to continue and expand their efforts to reduce lender concern over mortgage insurance denials and forced loan buybacks

A tight lending market for potential home buyers is just one of the headwinds impacting the housing recovery today. Builders also report that rising costs for building materials and shortages of finished lots and labor are problems they are facing.

“While housing has seen some positive growth throughout the year, there is no denying that tight credit conditions are hindering a full, healthy housing recovery...”

NAHB Chief Economist
David Crowe

NICHE TO NORM: GAUGING GREEN'S GROWTH

A new Smart Market Report shows that green building is growing at light speed, with no signs of slowing.

Here's a game: Rank the following features in order of their prevalence in new homes, highest to lowest:

- Two-story foyer
- Vinyl siding (primarily)
- Green building
- Brick exterior (primarily)
- Deck
- Three-car garage

OK, maybe it's more of a trick than a game since they're already in order.

If you're surprised that "green" homes may be more prevalent than new brick homes these days, you'll be more surprised to learn that, if projections from the latest Smart Mar-

ket Report from McGraw-Hill Construction and the National Association of Home Builders (NAHB) hold true, green could jump to second or even first place on this same list within just two years.

Sustainability trend spotters and building industry professionals alike have come to rely on McGraw Hill's ongoing collaboration with NAHB to measure green market growth and related trends. Released in June 2014, the Smart Market Report compiles responses from across the broad NAHB builder and remodeler membership. This year the scope was expanded to explore the multifamily sector in greater detail. The report is backed by proprietary research surveys and McGraw-Hill Construction's Dodge database. This is the fourth edition of the study, which has been conducted roughly every other year since 2006.





Marketing Messages, Brand Awareness, Preferred Features, and More

- Growth projections are just the beginning of the report's discoveries. It also explores:
- The perceived costs to build or remodel using "green" material and methods
- The external factors both driving and obstructing growth in green building
- The correlation between engagement in green building and the perceived ease of selling green homes
- The most effective green home marketing messages
- The green practices and features preferred by industry practitioners
- The use of renewable energy technologies
- Green building product brand awareness
- Green building rating and certification programs

For example, the inconsistency between awareness and use of the leading national green certification programs is another interesting fact to emerge from the study. While LEED® certification maintains higher awareness levels than the ICC-700 National Green Building Standard (NGBS)

among both multifamily and single-family builders, usage rates for NGBS standards are twice those of LEED standards among single-family builders surveyed. Use of each program is roughly equal among multifamily builders.

Whether a builder has made the business decision to "go green" or not, the Smart Market Report should put any doubts about the sector's remarkable growth to rest. It confirms what many industry watchers have been predicting: As housing emerges from the downturn, expect a much greater focus on sustainable building practices.

For those building and remodeling practitioners, product suppliers, lenders, realty professionals and others firms who are currently engaged in the green market or are eyeing it as a possibility, this Smart Market Report should be a useful tool in weighing options and developing strategies to leverage a fast-growing market.

The full Smart Market Report can be downloaded for free at: www.nahb.org/2014smartmarket

Past Smart Market Report forecasts have proven very accurate, which is why the latest iteration is raising eyebrows throughout the housing industry and elsewhere. If green homes are soon to be as common as bonus rooms and other familiar features, then green construction can't seriously be considered a niche any longer. Is green finally mainstream?

Here's what the numbers in the Smart Market Report say: The green home share of the new residential market jumped to 23 percent in 2013. That's a \$37 billion opportunity within an estimated \$160 billion overall market. In 2011, the estimate was 18 percent, or \$17 billion of a smaller \$97 billion market. That equates to a 117 percent opportunity increase for green builders in just two years, comfortably outpacing the increase in the recovering overall market during the same period, somewhere around 65 percent.

And the growth is expected to continue: 24 to 27 percent of new homes this year will be green and 26 to 33 percent by 2016. To put these figures in perspective, compare them with NAHB tabulations of the U.S. Census Bureau's 2012 Survey of Construction, which estimates the prevalence of common residential features. Green homes, are or will soon be, about as common as two-story foyers (33 percent), vinyl siding (32 percent), full basements (29 percent), and brick exteriors (26 percent), and they are already more prevalent than decks (22 percent) and three-car garages (20 percent).

If the speed of the green sector's predicted growth over the short term is surprising, the pace of its reported growth over the last decade is simply astounding. In 2005, when the housing market was a robust \$315 billion, the green share was a scant \$6 billion, or about 2 percent of overall. (That's just slightly higher than the proportion of homes built with no laundry facilities whatsoever.) If estimates hold true and housing rebounds to about \$313 billion by 2016, the value of the green segment will have increased somewhere between 1,250 and 1,600 percent in just over a decade--a staggering pace by industry standards.

NEXT CORNERSTONE ISSUE

December 2014

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There is a growing trend in Northwest Florida. More and more homeowners are embracing Sustainable Building and Renewable Energy products. One of the most significant developments in Green Building is the incredible drop in the price of Solar over the last five years. The solar industry has globalized and is now mass producing Solar Panels. The resulting economy of scale has had a tremendous impact on lowering the price of Solar Systems making them an affordable investment with attractive double digit returns. In addition, Net Metering laws in Florida allow energy producers, i.e. owners of solar power systems, to sell the power they produce back to the utility.

A Solar Panel System is one of the few investments with a definable return. Understanding the up-front cost and how much power it will produce over a 25-30 period (the warranty period of most systems) is important. The yield is

measured in Kilowatt hours which have a dollar value based on the current cost of electricity. The only variable is the cost of electricity which historically is on the rise. Investing in Solar today levels the cost you will pay for electricity in the future. As the cost of electricity rises, the value of your investment increases.

The science of Solar "photovoltaic" or PV is really quite simple. Photons of light from the sun are converted to electricity by exciting electrons in the cells of the panel. The power created is DC which is then converted to AC by an inverter and fed into the Main Service Panel of your home. Even though the panels slightly degrade over long periods of time (less than 20% in 25 years) they essentially don't wear out. There are no moving parts on the panels. The electricity produced is either used on site or sold back to the utility. Anytime there is visible light, even on cloudy days, your system will be producing electricity.

SunFarm Energy specializes in the design and installation of Solar PV Systems. Customers choose the size of

the system by how much they want to reduce their power bill. Most mount the solar array on their roof, but some choose a ground mounted alternative. Variables include the amount of available roof or ground area, shading from trees and buildings, and southern exposure. All systems are wind-load engineered to meet the strict code requirements for our area. An average residential system is five to ten kilowatts and only takes a few days to install. Once the system is inspected and a net metering agreement with the Power Company is accepted, the system can be "Grid-Tied" to produce power. Permanently installed systems are normally covered under your existing insurance.

One of the main challenges to the consumer is the up-front cost of installation. The \$2 per watt rebate that was offered by Gulf Power in the past is no longer available. The program funding was exhausted at the beginning of 2014. Even though this was a fantastic benefit for first time solar customers, there was never enough funding for more than a very limited number of systems. Currently, there is a Federal tax incentive that is available through 2016. Any investment into solar and other renewable commercial or residential energy upgrades qualifies the customer for a 30% tax credit.

Information on state incentives for renewable and efficiency can be found at <http://www.dsireusa.org/>.

SunFarm Energy is locally owned and operated by Douglas Herrick and Donald Long. We pride ourselves in professional installations and complete customer satisfaction from all of our clients. If installing a Solar PV System seems like it could be a great fit for your home or business, please give us a call to speak further. All signs are that the future is bright for Solar in Northwest Florida. After all, Solar makes sense in the Sunshine State! For further information, call (850) 472-0341.



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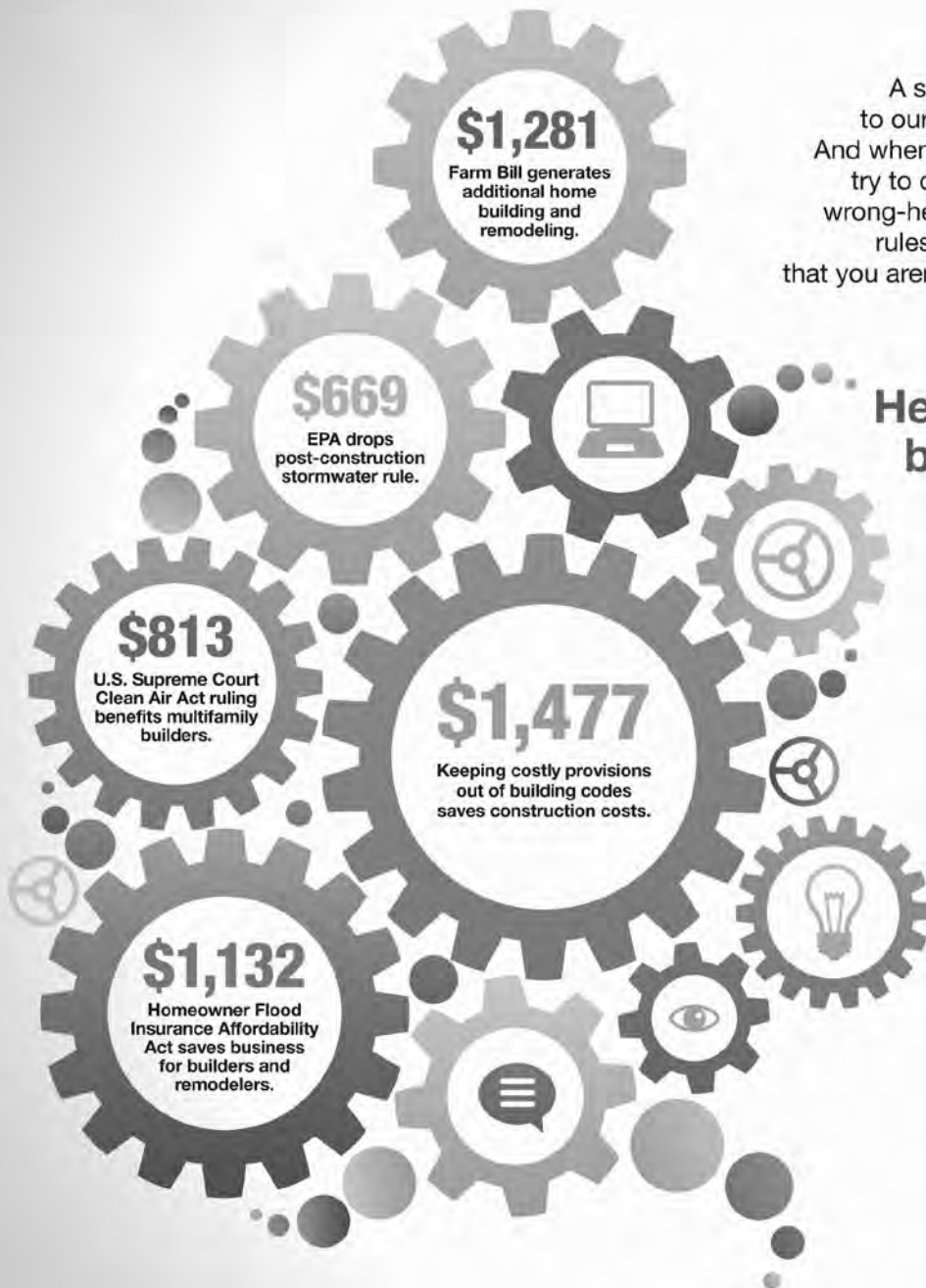
NAHB Keeps the Wheels Turning

A strong housing industry is key to our nation's economic recovery. And when lawmakers and bureaucrats try to chip away at your profits with wrong-headed or just plain expensive rules, NAHB is here to make sure that you aren't regulated out of business.

Here's what we've been working on so far this year.

These dollar values represent the **savings per housing start** a typical builder will see as a result of select NAHB advocacy victories in 2014. Some members will experience more of these benefits than others, depending on location and market segment.

Learn more at valueofnabh.org



A WELL-FRAMED APPROACH TO PROFITABLE ENERGY EFFICIENCY

Changing codes, growth in the economy and housing starts – how’s a builder to profit from it all? Well, a bottom-up switch to Norbord is a sound first move.


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Auxiliary Council raises over \$15,000 at October's Membership Meeting at Gene's Floor Covering

The October general membership meeting was held on Tuesday, October 21st at Gene's Floor Covering. Over 200 guests attended and enjoyed the home cooking of the Sluder Family, Gary, Cindy, Kevin and Kyle. Over 35 items were up for the highest bidder in the Annual Auxiliary Council Silent and Live Auction. The proceeds from the event enable the Auxiliary to support various causes in our local community throughout the year including the Lakeview Group Foster Home and Gulf Coast Kids House, just to name a few.

The HBA's Auxiliary Council, led by Chair Wilma Shortall, would like to thank all of those that participated in their annual Auction and Angel Tree. Without your support this event would not be possible.





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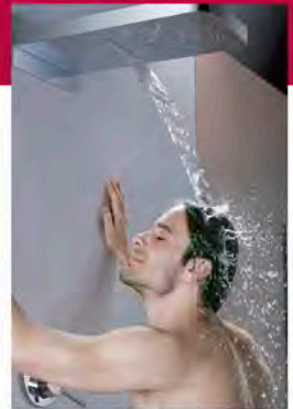


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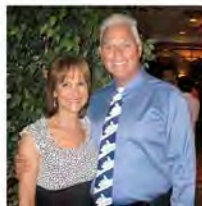
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WHAT'S UP WITH MATERIALS PRICES? GYPSUM, FOR ONE.

The latest government report shows that gypsum wholesale prices edged 0.1% lower in September from the previous month and are down from the most recent February peak. However, prices won't stay this way for long.

Two major drywall suppliers have announced price increases for 2015. National Gypsum will be raising prices by 20% for their entire gypsum wall-board product line effective Jan. 1, 2015 for the entire year. USG announced in September that prices would increase by 5% effective October 6, 2014.

This will be the fourth consecutive year annual price increases have been implemented.

In releasing its Producer Price Indexes (PPI) for September, the Bureau of Labor Statistics also reported that softwood lumber prices rose 1.3% in September but have moved mostly sideways since the beginning of the year. OSB prices slipped another 1.1% in September, bringing prices 8.6% below year ago levels.

The PPI measures inflation in prices received by domestic producers. It gauges

price changes from the seller's perspective, while the consumer price index (CPI) measures price changes from the consumer's perspective.

HIRING UPTICK GOOD NEWS FOR HOUSING

Good employment data offer a positive for housing as the market transitions from summer to fall. According to the **Bureau of Labor Statistics**, 248,000 net jobs were created in September. August gains were revised from a disappointing 142,000 to a slightly better 180,000, while July's tally was also revised from 212,000 to 243,000. A separate bureau household survey indicated that **the unemployment rate declined from 6.1 percent to 5.9 percent** in August, although a quarter of the decline was due to a drop in the size of the labor force. Nonetheless, brighter job market conditions are a hopeful sign for both rental and owner-occupied housing demand. **September was a promising month for residential construction employment.** The national data reveal that home builders and remodelers added 11,800 positions last month. Over the last year, residential construction employment has expanded by 129,000 jobs. **Current employment now stands at 2.307 million** (678,000 builders and 1.63 million residential specialty trade contractors). Since the low point of industry employment after the Great Recession, **323,600 jobs have returned to the sector.** Open jobs in the overall construction sector declined in August due to an increase in hiring during the summer. The three-month moving average open position rate (open positions as a share of total employment) held constant at an elevated 2.2 percent. **A rising open jobs rate for construction** over the last two years is consistent with reports of labor shortages.

NEW STUDY SHOWS

REGIONAL DIFFERENCES

A recent study from the **National Association of Home Builders (NAHB)** revealed significant regional differences in new single-family home characteristics, ranging from price, design features, building materials and even financing. The new findings come from

analysis of the 2013 Census Bureau Survey of Construction. Of the homes built for sale, **the most expensive homes are in New England** where the median sales price of new single-family homes started in 2013 reached \$400,000. The least expensive homes are in the East South Central and West South Central divisions with median sales price reaching \$221,000 and \$223,000, respectively. Regional home design differences include variations in siding preferences, the number of floors in a home and the type of foundation used. Nationally, **vinyl is the most common primary siding material**, used in close to 31 percent of new single-family homes started in 2013, with brick following at nearly 24 percent. **Regional variations in home siding** are significant however, with vinyl dominating in the Northeast and Midwest, brick in the South, and stucco was the top choice for new single-family homes in the West. The data also showed that **58 percent of the homes built nationwide last year had two or more stories.** Similarly, most of the homes built in the Northeast are two stories, and more than half of the homes started last year in the West have two or more stories. **The South region varies within division but ranges from 47-65 percent of homes built with two or more stories.** In contrast however, more than half of new homes started in the Midwest have only one story. Among outdoor features, **porches ranked as the most popular feature nationwide.** Patios dominate the new home building in the West South Central division and are as common in the West. Despite a decline in popularity nationwide, decks remain a top choice for single-family homes built in New England where 63 percent of new homes are built with the feature. The full study, **Regional Differences in New Homes Started in 2013**, can be found at www.nahb.org/regionaldifferences.



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Nationwide Housing Starts Top One Million for Third Time this Year

For the third time this year, nationwide housing starts surpassed the million-mark, according to newly released figures from the U.S. Department of Housing and Urban Development and the U.S. Census Bureau. Total housing production in September rose 6.3 percent to a seasonally adjusted annual rate of 1.017 million units. "These numbers show starts returning to levels we saw earlier this summer, where they hovered around one million units," said NAHB Chairman Kevin Kelly, a home builder and developer from Wilmington, Del. "We are hopeful this pattern of modest growth will continue as we close out the year."

"September's uptick reveals that last month's dip in production was more of an anomaly than a market reversal," said NAHB Chief Economist David Crowe. "I expect we will see a continued recovery as job creation grows and consumers gain more confidence in the housing market."

Single-family housing starts were up 1.1 percent to a seasonally adjusted annual rate of 646,000 units in August, while multifamily production climbed 16.7 percent to 371,000 units.

Combined housing starts increased in all regions of the country. The Northeast, Midwest, South and West posted respective gains of 5.3 percent, 3.5 percent, 4.2 percent and 13.9 percent.

Issuance of building permits registered a 1.5 percent gain to a seasonally adjusted annual rate of 1.018 million units in September. Multifamily permits rose 4.8 percent to 394,000 units while single-family permits decreased 0.5 percent to 624,000 units.

Regionally, the Northeast, Midwest and West registered overall permit increases of 12.3 percent, 8.2 percent and 5.9 percent, respectively. The South posted a 4.7 percent loss.

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Living like the Jetsons is not quite so far off anymore. In fact, fully automated homes may soon become the norm in home construction, especially if consumers have anything to say about it. And they do.

According to recent surveys on home automation, home buyers expect smart-home technology like voice-controlled lights and appliances, heating and cooling systems that adjust based on who's home, and refrigerators that can track and make grocery purchases, to be standard features within a decade or so.

In fact, more than half of respondents to the 2014 State of the Smart Home survey estimated that within the next 10 years home owners will be able to use a single remote to control their entire house. (This survey was commissioned by Icontrol Networks, a smart-home technology software and services company.) Although a little more than 70% of home owners currently have at least one smart-home feature, many would like to see more in their next home purchase, according to NAHB's most recent What Home Buyers Really Want survey.

Consumers overwhelmingly agree that security is the most important feature of a smart home. In fact, a wireless home security system tops the list of most desired technology features for 50% of home buyers. Right now, only 15% of home owners currently have this feature in their home.

New NAHB Study Shows Substantial Regional Differences in New Single-Family Home Characteristics

A recent study from the National Association of Home Builders (NAHB) revealed significant regional differences in new single-family home characteristics, ranging from price, design features, building materials and even financing. The new findings come from analysis of the 2013 Census Bureau Survey of Construction.

Of the homes built for sale, the most expensive homes are in New England where the median sales price of new single-family homes started in 2013 reached \$400,000. The least expensive homes are in the East South Central and West South Central divisions with median sales price reaching \$221,000 and \$223,000 respectively. Regional differences in home size however do not seem to correlate to home prices. The nation's most expensive homes in New England also ranked as some of the smallest with the median size of 2,240 square feet. "This recent analysis really illustrates the many different types of homes built throughout the country," said NAHB Chairman Kevin Kelly, a home builder and developer from Wilmington, Del. "It is fascinating to see how newly built homes can vary significantly not only in design features and building materials, but also in terms of lot size, home prices

Home buyers also want smart-home technology to help them save money and be more environmentally-conscious. Seventy-eight percent of respondents to the 2014 State of the Smart Home

survey ranked energy management, such as programmable and remotely-controlled HVAC, outdoor water and lighting systems, as a top smart home feature.

Nearly a third of home buyers surveyed by NAHB also want remote-controlled and/or automated home audio and entertainment systems. Home owners who already have these types of systems rank in the single digits, so there is potential for growth in this market.

A majority (51%) of those surveyed by Icontrol Networks indicated that they would pay up to \$500 for a fully-equipped smart home; a third would be willing to pay between \$500 and \$3,000.

and financing methods used, simply based on where a home is built."

Regional home design differences include variations in siding preferences, the number of floors in a home and the type of foundation used. Nationally, vinyl is the most common primary siding material, used in close to 31 percent of new single-family homes started in 2013, with brick following at nearly 24 percent. Regional variations in home siding are significant however, with vinyl dominating in the Northeast and Midwest, brick in the South, and stucco was the top choice for new single-family homes in the West.

When it comes to home foundations, most homes in colder climates such as the Northeast and Midwest have basements, unlike new single-family homes in the South that are more typically built on a slab. The data also showed that 58 percent of the homes built nationwide last year had two or more stories. Similarly, most of the homes built in the Northeast are two stories, and more than half of the homes started last year in the West have two or more stories. The South region varies within division but ranges from 47-65 percent of homes built with two or more stories. In contrast however, more than half of new homes started in the Midwest have only one story.

Among outdoor features, porches ranked as the most popular feature nationwide. Patios however dominate the new home building in the West South Central division and are as common in the West. Despite a decline in popularity nationwide, decks remain a top choice for single-family homes built in New England where 63 percent of new homes are built with the feature.

The full study, *Regional Differences in New Homes Started in 2013*, can be found at: www.nahb.org/regionaldifferences.

Consumers Expect Fully Automated Homes in the Next Decade

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Expanded online education
 through Building Media's Code College Initiative, designed to link industry professionals to experts in learning current practices.

Changed the Endangered Species Act
 to allow for speedier, less-costly development.

Unveiled marketing tools
 for membership recruitment to expand business contacts and leadership opportunities.

Pushed for solutions to the property and builders' risk insurance crisis while continuing to promote creation of federal and regional catastrophic loss funds.

Formed a Commercial Builders Council
 to help residential builders diversify into this lucrative market.

Partnered with the Florida Green Building Coalition to create uniform, cost-saving green building standards.

Protected our future by endorsing pro-housing, pro-business candidates for cabinet and legislative positions.

Persuaded the Corps of Engineers
 to issue a regional general permit for Northeast Florida, streamlining the development process.

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Supported the Florida Building Commission's decision to uphold the wind-borne zone in the panhandle at 130 miles per hour instead of 120.

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Florida Home Builders Association

Sustainable Coatings and Standards for the Homebuilder “Going Green with Paint”

When we talk about “green” movements and environmentally conscious building and living there are many factors and one of them is paint. We covered how paint contributes to this process extensively and the changes that have been made in our industry and within our company to become an active member in this changing environment.

When we talk about “green” paint the first items to discuss are the components of paint. The number one component to pollution in paint are Volatile Organic Compounds (VOC’s). In a simple definition these are the emissions from paint that are harmful to both humans and the environment. Changes have been made that have



From left, Green Building Council Chair Jeff Hatch of Gulf Power with Gus Uebelsteadt and Carter Clements of the Sherwin Williams Company.



decreased or at least reduced the VOC emissions from coatings. There are products now that are zero VOC and almost all other products are considered low VOC or are very close to this rating. Other factors are changes in the ways that traditional products are made chemically. We now have products that are water-based that also have oil-based resin technology, so that we can still achieve the performance of oil-based coatings in a more environmentally conscious coating.

A factor that is often looked over is the sustainability of a coating. This



GBC Pensacola
Green Building Council

means “how long will it last”. This is probably the most important factor when we talk about green coatings. Using high quality, longer lasting, and more efficient coatings is “green”. Using products of this nature mean that painting will occur less over time, which reduces manufacturing, transportation and raw materials needs. This lessens the footprint that our company and the painting industry leave on the world.

The changes that we experience in our industry relative to this topic are generated and driven by consumers. From the push to become more environmentally conscious there are regulatory agencies that monitor and impose restrictions. The EPA is the federal government’s arm of this type of regulation but there are many state, regional, and local agencies that contribute. It is important to look into regulatory agencies when working on projects in areas you are not familiar with or whenever you take on a “green” project.

LEED is the most commonly known set of guidelines for “green” building and is a vast, and at times overwhelming regulatory system. LEED takes into account the materials and practices used in building and is extremely detailed. LEED projects are designed to create high performing, sustainable buildings. When taking on LEED projects it is always important to know where to go for information and which suppliers can aid you in achieving LEED certification for a project.

Sherwin Williams has started many companywide initiatives in an effort to conform to the modern building practices. It also is our position that we act as a liaison to our customers when they are working to achieve completion of a LEED project or any “green” building initiative.



Emerald Coast Real Estate Photography

Emerald Coast Real Estate Photography provides professional real estate marketing services to the Emerald Coast of Florida including Pensacola, Gulf Breeze, Perdido Key, Crestview, Niceville, Ft Walton, Destin, Santa Rosa Beach, Seagrove and the communities of 30-A and Panama City Beach.



Jason Parker

We also service the Alabama cities of Mobile, Fairhope, and Gulf Shores, and Orange Beach.

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In construction, a spike is a steel object that is essential to making a building strong. As in construction, the HBA of West Florida sees a Spike as someone that works to keep our association strong. Spikes work on the recruitment and retention of members in addition to keeping members active with the association. Anyone is eligible for Spike status. On Spike credit is awarded for each new member recruited and an additional credit is awarded for that new member's renewal on or before their anniversary date. If you help to retain a member, you are eligible to receive a half point for each member.

Spike Club Levels

Spike Candidate	1-5 credits
Blue Spike	6-24
Life Spike	25-49
Green Spike	50-99
Red Spike	100-149
Royal Spike	150-249
Super Spike	250-499
Statesman Spike	500-999
Grand Spike	1000-1499
All-Time Big Spike	1500+

Spike Club Members and their credits as of 09/30/2014

Statesman Spike	500 Credits
Harold Logan	507

Super Spike	250 Credits
Rod Hurston	408
Jack McCombs	284.5

Royal Spike	150 Credits
Ron Anderson	200.5
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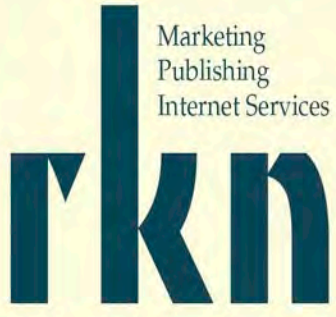


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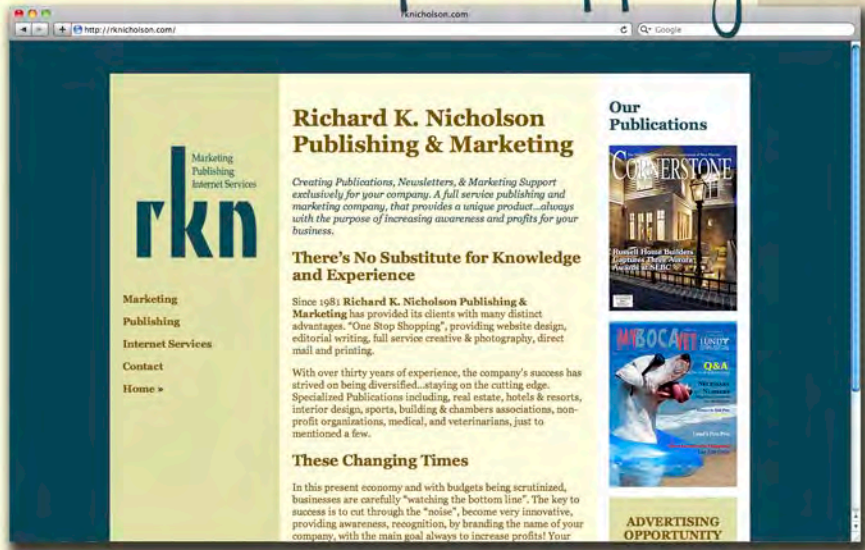


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