



PIONEER PRESS PHOTOS: SCOTT TAKUSHI

Jodi Ertmer, of Orono, checks out the master bedroom in Dream Home No. 125 on the 2009 Parade of Homes, at 3285 Graham Hill Road in Orono. The developer built the 7,305-square-foot house with no buyer lined up. But the house sold about halfway through the building process.

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> Parade of Homes

they build and when they buy.”

The Builders Association — an organization comprising builders, remodelers and companies that do business with them — has been trying to adapt with the times, including getting onto Facebook, Twitter and YouTube, as well as adding mini-lifestyle niche tours to the parade, its biannual promotional event.

The association also has combined events. This year, the Fall Preview of new homes included the fall Remodelers Showcase. The remodeling event usually is held in mid-October, after the Parade, but this year it ran earlier this month in conjunction with the start of the Parade.

“This was a hard one — there was a lot of resistance. Change is very, very difficult,” said Wendy Danks, the association spokeswoman. “But our revenue is down like anyone else in this industry or other industries — we are struggling to do more with less, or just as much with less. We have to find a way to save dollars, and promoting it once instead of twice saved some good dollars.”

In the Spring Preview, the remodeling showcase will be the last weekend of the Parade instead.

“It costs more to put it at the end, in terms of promotional needs,” Danks said. “If it’s at the beginning, we can promote an event, bulking up at the beginning and then put out reminders for the next three weeks. If the remodeling event is held at the end, we’ll need to do some extra push at the end. This is our test opportunity, to see what will work best for our members and Twin Cities residents.”

In these times, promoting remodeling makes sense, Danks said.

“Families in the Twin Cities who have changes in lifestyle, household shape, household size — the options for them include a new home or remodeling,” she said. “New construction and remodeling have to be a one-stop shop because of the reality of today’s marketplace.”

Apparently there are plenty of potential homebuyers — or at least the curious — out there. Although the early remodeling show date created confusion, initial reports indicate the combined events have had good traffic, Danks said. Actual numbers will be available later.

What are these Parade-goers looking at, in terms of new homes? Some of it is lingering inventory, but others are new models — changed for the times.

“They’re smaller, more compact,” said Mike Swanson, president of the builders association and vice president of Rottlund Homes, of his company’s and other builders’ new homes.

“At Rottlund, we’re open every day of the week, unlike some of the smaller companies, and we track our traffic every single day,”



The staircase in Dream Home No. 125.



Melissa O'Donnell and Matt Briggs, both of Hudson, Wis., check out the spaces in parade house No. 125.

Swanson said. “Historically, we want to see three to four times the normal amount of traffic during the Parade, and we have seen that — we took 16 lot holds out last weekend, and six have converted to sales this week.”

Swanson said other builders have similar stories.

Cudd De Novo built the Dream Home model to attract buyers for a new development, Graham Hill Preserve.

“Well, ‘nervous’ is a good word,” Denman said about the decision to build a house without a buyer.

But he’s also hopeful. A family of four, new to the area, bought the 7,305-square-foot home about halfway through the building process. “Which is always good,” Denman said.

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ple by debiting large transactions before small ones, exhausting available funds more quickly.

Moebis Services projects the industry will make \$38.5 billion off the fees this year, up from \$18 billion in 1999, in part because the average fee large banks charge for each overdraft has climbed by \$10, to \$35.

Because most overdrafts are now prompted by debit card transactions, consumer advocates argue that the industry in effect has created a new kind of unregulated credit card. But the Federal Reserve ruled in 2004 that banks were providing a service rather than a loan, and therefore the customer’s decision to spend the money was sufficient to indicate approval. The Fed did require banks to detail the fees on the customer’s next statement.

A survey released by the American Bankers Association last month showed 82 percent of 1,000 customers did not pay an overdraft fee in the previous 12 months. Of those who paid the overdraft fee, 96 percent said they were glad the payment was covered.

“Clearly, consumers who pay overdraft fees are the minority, and that number is shrinking,” Nessa Feddis, ABA senior federal counsel, said about the study. “More importantly, most consumers want banks to pay their overdrafts so they can avoid the inconvenience, embarrassment and potential

costs of having a payment or transaction rejected.”

An ABA spokesman declined Friday to comment on Dodd’s upcoming bill because the details were not yet available.

The contours of the legislation remain undefined. The Federal Reserve has now proposed a requirement that banks must sign up customers for overdraft programs. That is the minimum standard under consideration by Dodd’s staff.

The House bill, authored by Rep. Carolyn Maloney, D-N.Y., would require banks to obtain permission from customers before each overdraft loan, but Rep. Barney Frank, D-Mass., chairman of the House Financial Services Committee, said he considered that idea unwieldy.

Sen. Charles Schumer, D-N.Y., also favors a requirement making the fee proportional to the amount of the loan.

The fate of the bill is intertwined with the broader debate over financial reform. Frank said new rules clearly are necessary, but if Congress votes to create a new consumer protection agency, it could write the rules. If the banking industry succeeds in its opposition to the new agency, he said, he would favor a strong overdraft bill.

“Banks should understand that they can’t have it both ways,” Frank said. “If that should falter, then we will pass a tough overdraft bill.”

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> Fall color

summer drought across much of the region, coupled with recent warm temperatures, lowers the chances for the vibrant leaf color that people enjoy.

“It’s been pretty brutal, pretty dry this summer,” Jones said. “By early October, if things turn around, we could have an average year of color. Right now I’m thinking we’re going to have a less-than-average year.”

Pete Boulay, a DNR climatologist, said overnight low temperatures have been higher than normal for the past two weeks.

“We’ll have to wait and see what happens,” Boulay said. “You never know how good the weather’s going to be. At this time of year, the place is not around the metro. You have to go farther north.”

And much farther north at Itasca State Park, Connie Cox, the lead interpretive naturalist, said the park is already seeing more visitors than normal.

Itasca escaped the drought, Cox said, but warmer-than-

FALL COLOR REPORTS

Minnesota: dnr.state.mn.us/fall_colors/index.html
Wisconsin: travel.wisconsin.com/fallcolor_report.aspx

normal temperatures are still affecting color.

“We always get the yellows,” Cox said. “But if we want those bright reds and the oranges of the sugar maples, we really need the cool nights.”

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> Globe Elevator

The eastern white pine, some of it already hundreds of years old, came out of the vast forests of northern Minnesota and Wisconsin. It was brought to the site in the Duluth-Superior Harbor and cut to specifications. Douglas fir, southern yellow pine and white oak also are found in the buildings.

The main building, three-fourths as long as a football field, is almost 150 feet high. Two other storage buildings aren’t as tall, but are twice as long. More than 2 million board feet of old-growth white pine were used in each. When they were finished, they made up the largest elevator complex in the world.

Collectively, the buildings contained 289 bins or silos that could hold 5 million bushels of grain. Until 1989, the grain was loaded onto large freighters docked next to the main building and transported to Europe and elsewhere.

THE PROJECT

The salvage project got off to an unlikely start.

When Hozza was an investment banker, he was approached by the former owner of the buildings, who wanted to develop the property into a marina and recreational vehicle campground. For the project to work, however, the buildings had to be taken down.

Seeing so much wood that could be resold and believing it might otherwise be headed for a landfill, Hozza quit his job to form the salvage operation, and secured rights to the main building.

“I thought we’d have the building down and the wood sold in one year,” said Hozza, who lived in the office trailer adjacent to the buildings for 14 months and has since acquired rights to the other two structures.

Eventually, Peres, who met Hozza through an online dating service, joined the operation.

Wisconsin Woodchuck dismantles the buildings and sells the timbers, mainly to timber framers. A subsidiary, Old Globe Reclaimed Wood Co., resaws the wood and mills it into handcrafted flooring and paneling.

“When we get an order, this gets loaded on a truck and taken to Rhinelander, (Wis.) where the (subcontractor’s) shop is,” Peres said, showing off stacks of timbers that have been cleaned of nails and labeled.

THE WOOD

The wood is especially appealing to woodworkers for its “green” qualities and for its character, which includes a polished erosive effect from years of grain flowing across it, according to Caspar.

“First, new trees weren’t felled to obtain the wood,” Caspar said. “Second, it shows quite a lot of character that you wouldn’t get from freshly cut wood — all the nail holes and some of the weathered surfaces inside the grain silos. As grain fell down inside the silos, it wore away the wood much like water does on rock and created patterns unlike any I have ever seen before. Where there’s a knot or a nail, the wood is not worn away. You have this incredible sculptured effect you can’t create yourself.”

Tom Schoeller, owner of St.



COURTESY ALPENA (MICH.) COUNTY LIBRARY

Grain from the throughout the Midwest came to the Globe Elevator in Superior, Wis., for loading aboard cargo ships. This is the main elevator structure, circa 1900.



PIONEER PRESS: JOHN DOMAN

Supervisor Annette Tracy moves a slab of grain-eroded bin wall to a work-yard location where nails will be removed and boards separated. Elevator No. 1, in the background, is the first of three being dismantled.



PIONEER PRESS: JOHN DOMAN

Leo Potter pounds a wedge with a sledge hammer to separate boards and beams.

FYI

For more information about the Globe Elevator project, go to wisconsinwoodchuck.net or oldglobewood.com.

Paul-based Mendota Mantels and Old Growth Woods, makes fireplace mantels, tables and other furnishings out of reclaimed timbers and likes working with the wood. Because it has been air-drying for so long, he said, it’s more stable and less likely to twist or crack. “It didn’t take long to realize this wood is so much nicer to work with than new wood because of that stability issue,” he said.

It’s also not easy to find. “In the reclaimed-timber business, white pine is not easy to come by,” he said.

Phil Bjork, owner of Great Northern Woodworks in Cambridge, Minn., uses the wood in homes he builds and said it has “a very nice patina luster that goes deep into the wood.”

But it also has two other characteristics he likes.

“It’s historical,” he said. “Literally, some of these trees were alive in the early 1700s.”

“It’s also a great use of recycling. What typically has been bulldozed down in the last 30 years is being cleaned up and dressed up and put to an appropriate use.”

Hozza said the wood often is denser than today’s pines.

“The knots and the character of the wood are much more intricate than the stuff you would get today, which is almost like white bread or plain vanilla,” Hozza said. “You don’t have the complexity in the grain and the color. Because of the aging and humidity, the wood has taken on a honey hue, almost a light golden that, again, you don’t find in new white pine.”

THE WORK

The work has been more labor-intensive and expensive than Hozza ever envisioned. Not only was it difficult to

remove heavy machinery from the upper floors, but there were many more interior walls, as well as more wood, than he expected.

“It’s like a box of Cracker Jack,” Hozza said. “There is a surprise in every bin.”

A huge crane was used to haul down machinery from the upper floors of the main building. Then crews took on the task of disassembling the building one bin at a time.

With each, workers using chainsaws cut through slabs of boards that have been nailed together to form walls. A crane lowers the slabs to the ground, where other workers take out the nails. All of the wood is kiln-dried to kill any harmful organisms.

Buyers can choose wood ranging from 12-by-14-inch timbers to flat tongue-and-groove products. The price for white pine goes up to \$4 a board foot, with white oak up to \$7.

The company could continue taking down the building without interruption, but then would be stuck with a huge supply of exposed wood. Hozza said the most efficient system seems to be to have 200,000 board feet available, enabling more dismantling when demand requires it.

“We can’t afford to go any faster than we can sell it,” Peres said.

“My guess now is we’ll finish Building One in six months, then take down Two and Three as demand dictates,” said Hozza, adding the company is mildly profitable and current on its bills, but in a holding pattern.

So far the company has spent about \$2 million to buy the buildings and to dismantle half of the main one. Hozza said he expects to spend another couple million dollars for the entire project, but it’s difficult to predict what factors — time, demand, weather and other unknowns — will come into play.

“If I was a younger man, this would all make sense,” said the 64-year-old Hozza, who estimates the entire project could take another five years to finish.

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> Congress targets banks

4 percent this year, according to Moebis Services, a financial research firm.

Industry groups argue that customers are responsible for monitoring their account balances, that overdrafts should not happen unintentionally and that overdraft loans — the money advanced automatically to cover the overdraft — are a service that banks offer.

The issue has been simmering for years. In the age of handwritten checks, banks rarely made overdraft loans, but as the rise of debit cards vastly increased the volume of transactions, the industry gradually perfected a new strategy. Banks began to honor transactions, up to a preset limit, and then charge a fixed fee on top of the amount of the loan.

Most banks automatically offer the loans to all account holders, according to a study by the Federal Deposit Insurance Corp. released last year. They also do not notify customers when an overdraft is about to occur, nor offer them a chance to cancel the transaction. Furthermore, many banks process transactions in ways that increase the number of overdraft charges, for exam-