

ATTACHMENT 4

INFLATION FACTOR

MSI INFLATION FACTOR

YEAR	INFLATION FACTOR
1999	1.50%
2000	4.10%
2001	2.30%
2002	1.58%
2003	2.92%
2004	6.50%
2005	7.40%
2006	4.80%
2007	7.17%
2008	4.50%
2009*	1.90%

Projected Inflation Factor for Calendar Year 2009* Calculation					
10/31/2008		10/31/2007			
2652.8	-	2604.5	x	100	= 1.90%
		2604.5			

The "Projected Inflation Factor for Calendar Year 2009" was calculated using the most recent twelve month cost index data available from the Marshall and Swift / Boeckh Index, the cost index selected by the MSI Board for inflation factor calculations. If more recent data is available prior to December 31, it will be used to recalculate the inflation factor. The new factor will become effective in the computer system that generates payment notices at midnight on December 31.

*Note: The particular Boeckh Index historically used to calculate the MSI Inflation Index, National Residential Building Costs, is no longer provided with the standard Marshall & Swift/Boeckh Quarterly Cost Indexes and has been replaced with another Boeckh Index that is more location and building type specific, the Buildings-Eastern District Index for wood frame construction. It was used to calculate the MSI 2009 Inflation Index because it most closely tracked the National Residential Building Cost Index. A comparative analysis of inflation factors using last year's National Residential Building Cost Index and the Eastern District Index follows:

2008 National Residential Building Costs					
8/31/2007		8/31/2006			
2821.3	-	2699.8	x	100	= 4.50%
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2008 Buildings-Eastern District					
7/31/2007		7/31/2006			
2584.9	-	2473.5	x	100	= 4.50%
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