



620 Market Street, Ste. 100  
Knoxville, TN 37902

January 30, 2009

**All Manufactured Home Retailers and Mortgage Brokers**

It is with regret I announce the current economic environment and the capital markets in particular have taken a toll on our ability to continue serving the entire industry. The mandate to banks and Wall Street to deleverage their balance sheets coupled with institutional investors' fear of the uncertain times ahead has created a scarcity of capital for corporate America. Institutional investors are restricting their investment to the security of US treasuries.

Since November we have explored alternative funding sources to enable us to continue funding retail home sales at the level we did in 2008. We have met with large financial institutions including both Fannie Mae and Freddie Mac. Those talks are continuing but at this time we are not optimistic the government sponsored enterprises will be providing immediate relief for the industry.

Because we are unable to obtain reliable and adequate sources of funding effective March 1, 2009 we must limit our financing programs to the following:

1. We will no longer offer any of our programs to Mortgage Brokers.
2. We will offer FHA Title I financing for any brand home subject to retailer meeting FHA requirements.
3. All other finance plans will only be offered for sales of the following homes:
  - a. 21st Mortgage repossessions
  - b. New homes built by Clayton Homes, Karsten Homes, Southern Energy or any other Clayton Homes subsidiary. The dealership must be a 21st Mortgage approved retailer.
  - c. For any brand of home floor planned with 21st Mortgage prior to March 1 2009
  - d. For any brand of home sold from a retailer's inventory provided the retailer replaces the inventory with a home built by a Clayton Homes subsidiary.
4. Any loan application approved before March 1 must be closed before the loan approval expires.

We will continue to seek adequate funding so we can once again become an active lender meeting all your needs. You need to take appropriate action to apply for financing with alternative lenders, including CU Factory Built Lending, Triad Financial, and US Bank. Many retailers have found the FHA a viable alternative and I urge you to talk with your credit manager and become familiar with the terms available.

Finally, I urge you to contact your U.S. Congressman and Senator to ask them to [1] demand FHA immediately increase the maximum loan limit for manufactured homes and [2] insist Fannie and Freddie immediately provide funding programs for home only and land/home manufactured homes.

Sincerely,

Tim Williams  
President



**MHPRONews.com Notes:**

- 1) A close reading of the letter reveals a mix of accurate and problematic topics, disputable based on other info, even Warren Buffett's Berkshire Hathaway annual letter the same year.
- 2) In the wake of this letter, retailers switched their buying away from other independent producers and over to Clayton Homes or a Clayton related brand. Numbers of retailers ended up selling out for less, or failed. Some Factories sold out, or failed.
- 3) Was this a monopolistic ploy? Limit lending, to force people out, or over to Clayton?

<http://www.MHPRONews.com/blogs/daily-business-news/smoking-gun-3-warren-buffett-kevin-clayton-clayton-homes-21st-mortgage-corp-tim-williams-manufactured-home-lending-sales-grab>