



August 26, 2020

Dear Valued Partner:

On August 11, we informed you of a change in our pricing policy to fairly deal with the unprecedented inflation in forest products. The intent was to adjust order pricing more frequently based on weekly Random Lengths (RL) publications which tie directly to the spot market and contract pricing to avoid larger price increases less frequently. Unfortunately, the markets have continued their unprecedented inflationary trajectory.

Mills are now running near 100% capacity but face rolling shutdowns due to COVID outbreaks. We are making all efforts to purchase larger quantities of forest product raw materials to increase production and lock in prices, but the supply is just not there. We have traditionally had supplier arrangements with four to eight-week pricing and lead times. Due to all the challenges mentioned above, we no longer have this availability and are now working with weekly supply and pricing from our traditional suppliers and other sources. We are fortunate to have approximately four weeks of inventory on hand at most plants today. In order to acquire materials to supply homes for future deliveries with our longer than normal backlogs, we are adjusting prices of homes in the backlog for cost inflation and to better help assure supply.

Due to the continued increases and weekly price changes, we will be making the following pricing policy changes:

1. Orders in the backlog that go online (start production) by the end of business on Friday, September 25th, will be subject to the local plant's pricing policy currently in place.
2. Orders in the backlog that go online (start production) after September 25th, 2020, will be subject to that plant's current base, options and surcharge pricing. All orders will be treated equally including presold orders, stock units and spec homes. The pricing and surcharge quoted at the time of order will be adjusted to reflect that plant's current pricing as of today. Plants have begun the process of calculating the price changes of all orders scheduled to be produced beginning the week of Sept. 28th and will be reviewing the impact with you in the coming days.
3. This means orders scheduled to go online on or after September 28th, you will have the following options:
 - a. If you wish to keep the original production slot, we will need to reconfirm the adjusted price immediately and process the appropriate change order and new order confirmation
 - b. If you wish to delay the order for later production when we expect lumber prices to decline, we will work to accommodate, but be advised that prices could also trend even higher
 - c. If you wish to cancel the order, you must do so within 14 days prior to production start
4. We will continue to monitor inflation, including additional impact from Hurricane Laura, and inform you as soon as possible as to how it affects future surcharge changes.

We regret having to take these unprecedented actions and understand the difficulties this may cause in working with your retail clients. We hope you understand the situation and thank you for working with us through these difficult times.

Sincerely and respectfully,

Handwritten signature of J. Wade Lyall in black ink.

J. Wade Lyall
Executive Vice President
Sales & Business Development

Handwritten signature of Joe Kimmell in black ink.

Joe Kimmell
Executive Vice President
US Operations