

## Warren Buffett's Pledge to Kevin Clayton – 'You Can Access Plenty of Capital' for Projects – Quotes, Facts, Video, Transcript, and Implications for Manufactured Housing Industry

By [MHPProNews](#) / [Manufactured and Modular Housing News](#) / December 26, 2022



According to Kevin Clayton, “Literally every time when I would talk to Warren [Buffett, Chairman of Berkshire Hathaway] he would say, “Kevin, you and the team need to make that decision. Just rest assured you have plenty of capital to do so.” It doesn’t get much better than that.” That is straight from Clayton’s mouth as captured on the video posted in this report, analysis, and expert commentary with the [video transcript](#) provided below. Clayton remark came after Buffett’s statement per an annual letter by [Buffett to Berkshire Hathaway shareholders](#) that reflected upon the “cardiac arrest” of “the financial system” in “September 2008...” That year, per Buffett’s letter, “Berkshire was a supplier of liquidity and capital to the system, not a supplicant. At the very peak of the crisis, we [Berkshire Hathaway] poured \$15.5 billion into a business world that could otherwise only look to the federal government for help.” That year, as the markets largely melted down, Buffett’s letter said: “Our [Berkshire Hathaway] gain in net worth during 2009 was \$21.8 billion, which increased the per-share book value of both our Class A and Class B stock by 19.8%.”

There is no known indication that Buffett’s remarks to Clayton about access to capital have ever been rescinded. Indeed, experience has shown that Berkshire has directly or through

guarantees continued to supply Clayton Homes and their affiliated lenders with the capital or money supply they needed or desired. As Kevin says in the video/transcript below, “Not having to worry about capital and the public markets provides a lot of extra time to work on building a better home.”

There is obviously time to work on an array of other things beyond ‘building a better home. Kevin has invested in the “Company Store” and a restaurant chain, for example.



<https://www.manufacturedhomepronews.com/clayton-homes-ceo-kevin-clayton-makes-personal-appearance-at-company-store-planning-commission-spirits-meeting-lampoon/>

Why do those words about access to capital and the advantages it gives Clayton matter?

Consider other comments made by Clayton or Buffett or the array of possible ways that more capital access could be used to increase the output of the manufactured home industry in general, or Clayton and their affiliates more specifically.

Then consider that among other potential investors in the manufactured housing industry (a.k.a. MHVille) are large private equity giants, if they so desired. Hold those thoughts for the analysis and commentary portion of this report that follows the video transcript.

That said, note that Buffett’s remarks to Kevin, as the [report linked here documented in a systematic fashion](#), apparently *contradicted* a now infamous letter in 2009 from Tim Williams, President and CEO of 21<sup>st</sup> Mortgage Corporation.

Per that letter from 21<sup>st</sup>’s Williams sent to thousands of retailers, communities, loan brokers, and others, Williams said in part the following.



Because we are unable to obtain reliable and adequate source 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 1 financing for any brand homes subject to retailer meeting FHA requirements.
- 3) All other finance plans will only be offered for sales of the following homes:
  - a) *21<sup>st</sup> Mortgage repossessions*
  - b) New homes built by Clayton Homes, Karsten Homes, Southern Energy or any other Clayton Homes subsidiary. The dealership must be a 21<sup>st</sup> Mortgage approved retailer.
  - c) For any brand of home floor planned by 21<sup>st</sup> 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. ...”

A PDF of the full letter by Tim Williams reportedly sent to thousands via ‘the wires’ and the U.S. Mail is [linked here](#). An annotated copy of that Williams’ letter on 21<sup>st</sup> letterhead with relevant remarks is [linked here](#).

The [case has been made by a legal researcher that the Williams letter](#) was a *prima facie* example of the antitrust violation known as “tying.”

### **Tying and Antitrust Law**

According to the [U.S. Justice Department website](#): “1) A tying arrangement occurs when, through a contractual or technological requirement, a seller conditions the sale or lease of one product or service on the customer’s agreement to take a second product or service.” While it is common, as that Justice Department article stated in its closing line that “When the Agencies do identify anticompetitive situations, however, they will pursue them.” The DOJ is one of two federal agencies that are on point for antitrust enforcement.

The Federal Trade Commission (FTC) is the other federal agency tasked with antitrust legal enforcement. The FTC also cites tying as routinely being a violation of antitrust laws. The [FTC framed that as follows](#): “but the general rule is that tying products raises antitrust questions when it restricts competition without providing benefits to consumers.”

[Lending is the lifeblood of housing](#), noted [Eric Belsky](#) who was then a Harvard fellow with the Joint Center on Housing Studies (JCHS).

Given the ongoing U.S. affordable housing crisis the collapse of the manufactured housing market following that letter from Williams cutting off lending to thousands of independent manufactured home operations not selling Clayton Homes benefited that Berkshire brand but was clearly harmful to scores of competitors. It would therefore be difficult to argue that there was no consumer harm or that the 21<sup>st</sup> letter did not ‘restrict competition.’ While some may think that statute of limitations may apply, there are also legal arguments that can be made that allow for an extension of legal action beyond statutes of limitations. Note that the original version of this video on [YouTube has had the comments turned off and is no longer available for posting on other websites](#). Fortunately, *MHPProNews* captured that YouTube video interview in its entirety. Miles and Kevin Clayton’s remarks are unchanged in that video, which is posted below. There are facts and editorial comments added to the visuals that point to issues that ought to be of interest to legal and manufactured housing industry researchers. The case could be made that this video is therefore ‘better’ for researchers.

The impact of that 21st letter on the market can be measured in part by Clayton’s own words to Congress, although *he failed to mention that Williams letter* in his testimony which occurred about the same timeframe that this video (with related interview transcript) was produced.



**"Since 2005, the pace of new manufactured homes sold in the U.S. has declined by 65 percent (146,881 in 2005 vs. 50,046 in 2010) and there has been a decline of nearly 80 percent since 2000 (when 250,419 new manufactured homes were produced)."**

**"...the decline in manufactured home sales actually pre-dates the 2007 housing market crash.**

**"...the lack of liquidity and credit in the manufactured housing finance sector has limited financing options for our homebuyers..."**

**...which has accounted for more than 160 plant closures, more than 7,500 home center closures, and the loss of over 200,000 jobs. More importantly, thousands of manufactured home customers have been left unable to buy, sell or refinance homes. Without action in the**

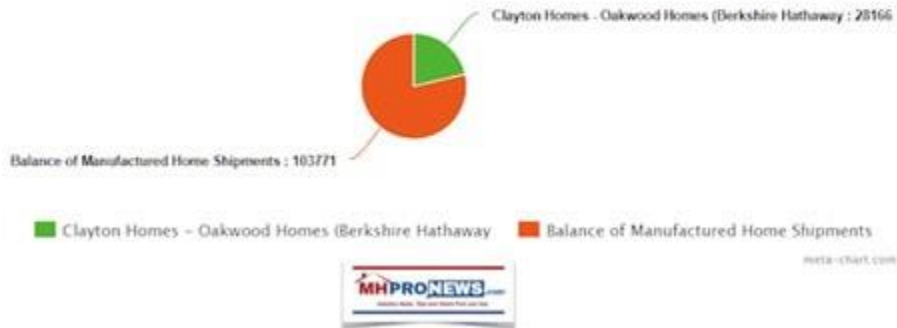
**following key areas, the people who live in manufactured homes and whose livelihood is connected to this industry are at significant risk."**

~ Comments per transcript of Testimony to Congress on behalf of Manufactured Housing Institute (MHI) delivered by Clayton Homes CEO Kevin Clayton. See the full context and report linked below.

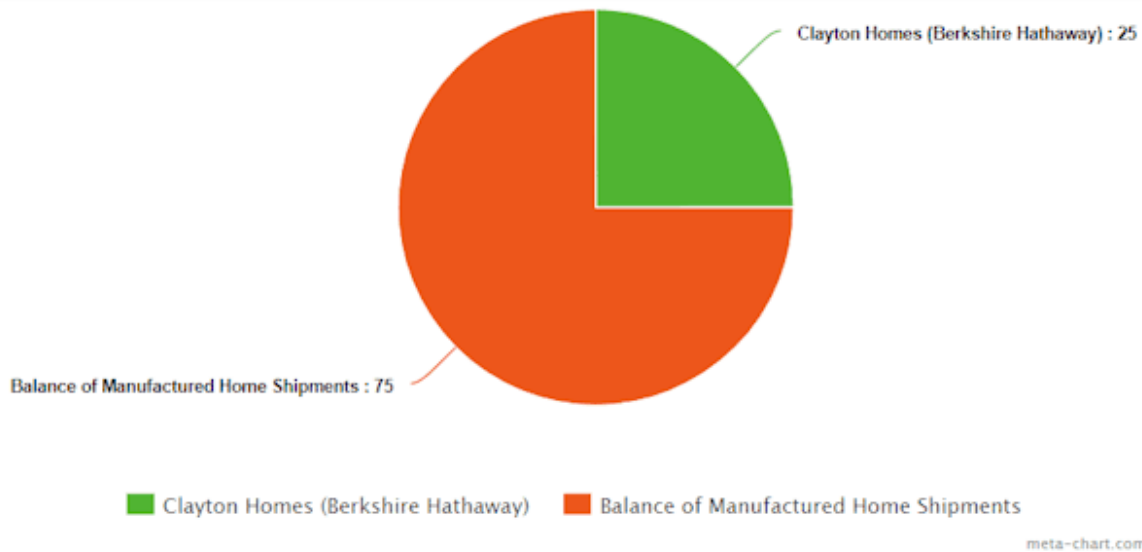
<https://www.manufacturedhomepronews.com/masthead/dems-provide-revealing-clayton-info-kevin-clayton-ceo-clayton-homes-federal-testimony-yields-apparent-agreements-with-mharr-concurs-with-manufactured-housing-institute-berkshire-hathaway-fhfa-and/> See also the 10,000 drop, as some sources say that between 10,000 and 20,000 manufactured home retailers have been lost in the 21st century, many since 2009. <https://www.manufacturedhomepronews.com/ken-corbin-the-10000-drop-points-to-industry-woe-causes-of-manufactured-housings-10-20-year-collapse/> Several of the illustrations shown in this report can be opened in many browsers to reveal a larger size. To open this picture, click the image once. When the window opens, click it again to reveal the larger size photo. Use your browsers back key to return to the article.

Putting the impact in market share terms, the following graphics are revealing. After the Berkshire effectively bought an interest in Oakwood Homes in 2002 and then purchased Clayton Homes in 2003 and 'rolled' Oakwood Homes into Clayton, the combined market share of those two brands was as shown in the first graphic below. The second graphic below reveals the market share at about the time of the Clayton interview with Robert Miles. The third graphic reveals the market share enjoyed by Clayton Homes circa 2018.

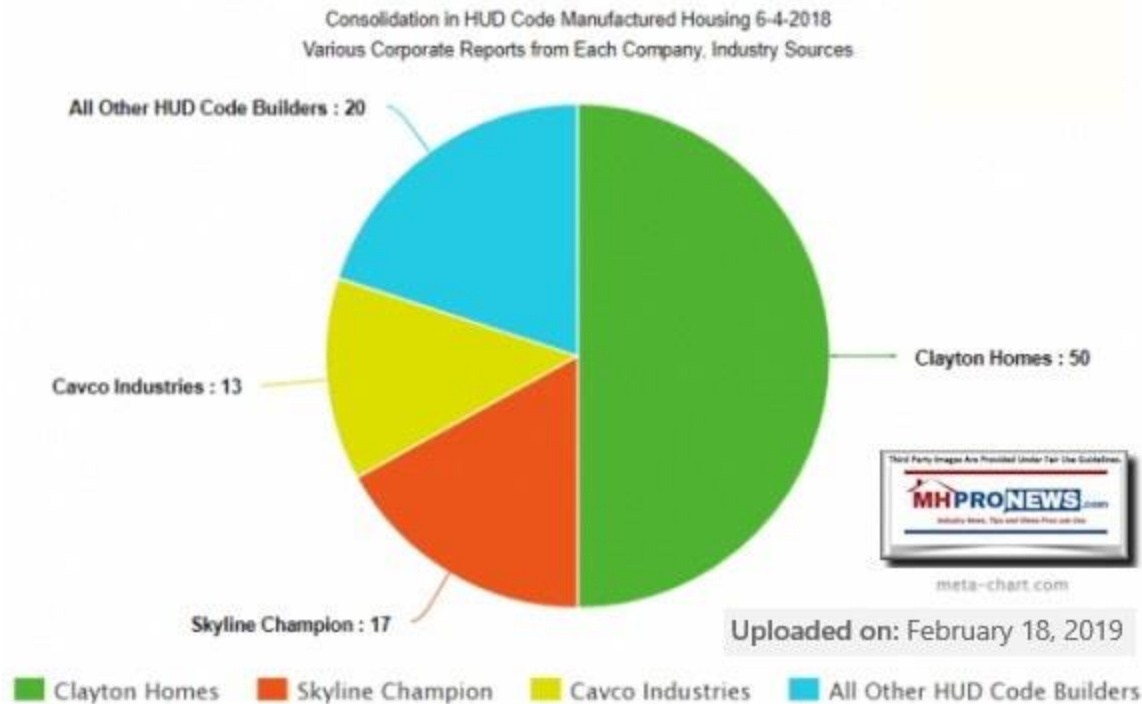
Clayton Homes - Oakwood Homes (Berkshire Hathaway) Market Share End of 2003  
Total Shipments: 130,937. Sources: HUD, Manufactured Home Merchandiser Magazine.



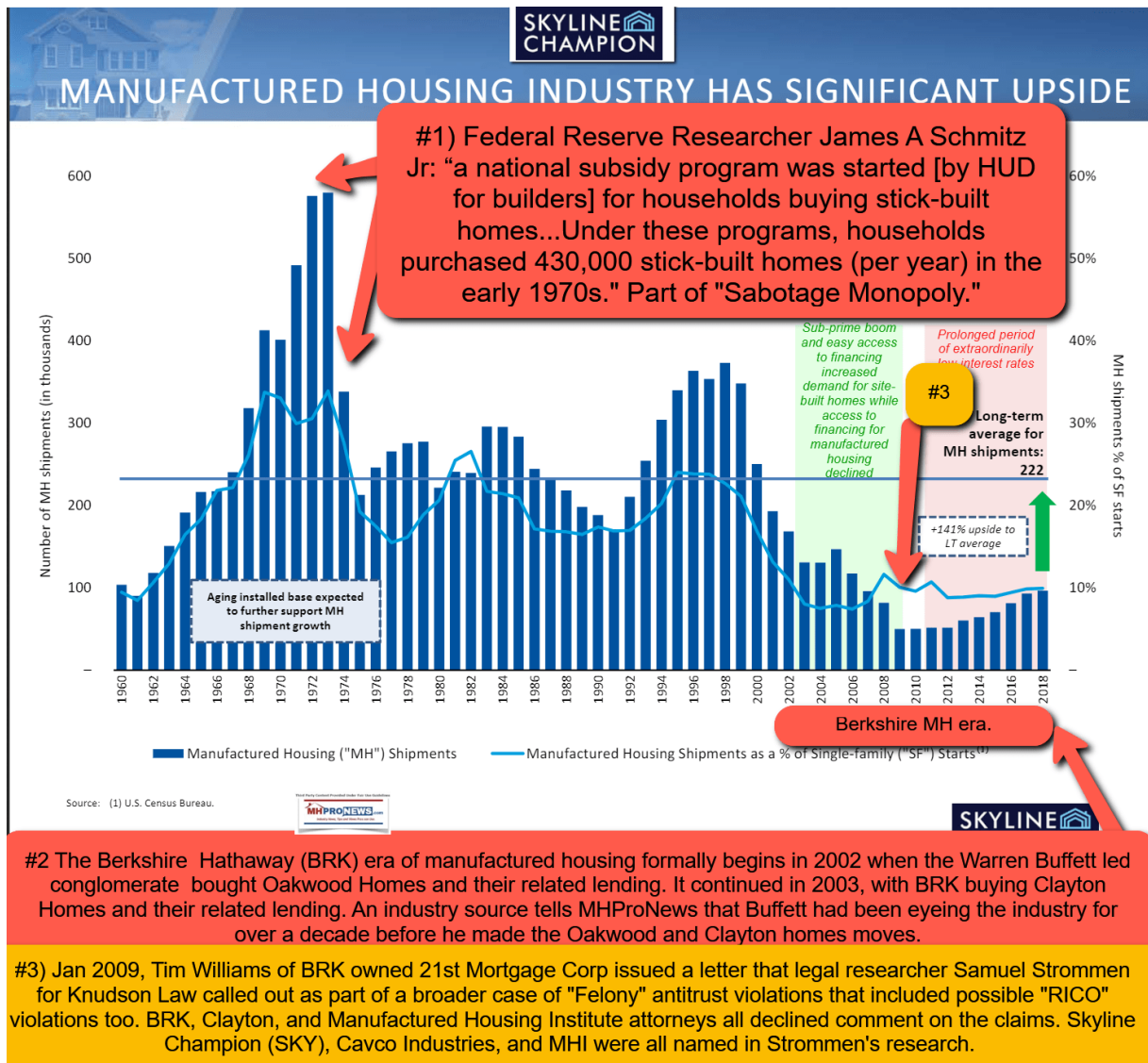
Clayton Homes (Berkshire Hathaway) 25% Market Share in 2011  
Total 2011 Shipments: 51,618. Sources: Manufactured Housing Association for Regulatory Reform (MHARR).







The evidence and the facts provided herein, when carefully examined, routinely point in a direction of several apparent legal issues that routinely go back to certain MHI dominating members and some select and apparent allies. This is similar, in hindsight, to the different but still insightful pattern that was discovered when investigators examined why the Madoff scandal was not exposed sooner. Madoff's scam and that of those apparently monopolizing manufactured housing are obviously different. That said, among the similarities is this. In both instances, some of those not directly involved in the primary offending company were benefiting. Those secondary benefits shed light on MHI and what has been occurring since the dawn of the Berkshire era.



*Ironically, Skyline Champion's own investor pitch-deck provides ample evidence for manufactured housing industry underperformance. That same pitch-deck further provides evidence that Mergers and Acquisitions are a key part of their business model. What is there in such revelations that Birch and Williams miss? Bear in mind, that they are mere stand-ins who voluntarily raised their hands in defense of Berkshire and MHI firms like Skyline Champion. Notice: Several of the illustrations shown in this report can be opened in many browsers to reveal a larger size. To open this picture, click the image once. When the window opens, click it again to reveal the larger size photo. Use your browsers back key to return to the article.*

There are any number of insightful, stunning, and revealing statements by Kevin Clayton in the video posted above with the reported transcript shown below. Don't let the casual,



seemingly good-natured softball interview of Kevin by Miles lull you into complacency. For instance, keep paltering in mind.

When the facts and nuances about the manufactured home industry and market conditions at that time are clearly understood, some of Clayton's comments are more subtle while others are rather brazen in nature.

For example. Clayton made it no secret that "Warren" disliked competition. Kevin described the moat methodology as preached by Buffett was also repeated by Clayton management to their staff members. Tom Hodges, general counsel for Clayton Homes and prior Manufactured Housing Institute (MHI) Chairman who still serves on the MHI "executive committee" has also used the moat language in his communications.

**SANDY GARRETT, J.D., CHIEF DISCIPLINARY COUNSEL TBPR.ORG SUPREME COURT OF TENNESSEE-TOM HODGES, J.D.;**

**HOW MANUFACTURED HOUSING COULD ACHIEVE HIGHER SALES, PROFITS; SUNDAY WEEKLY HEADLINES RECAP**

<https://www.manufacturedhomepronews.com/sandy-garrett-j-d-chief-disciplinary-counsel-tbpr-org-supreme-court-of-tennessee-tom-hodges-j-d-how-manufactured-housing-could-achieve-higher-sales-profits-sunday-weekly-headlines-recap/>

<https://www.manufacturedhomepronews.com/sandy-garrett-j-d-chief-disciplinary-counsel-tbpr-org-supreme-court-of-tennessee-tom-hodges-j-d-how-manufactured-housing-could-achieve-higher-sales-profits-sunday-weekly-headlines-recap/>

Approaching 14 years since Williams' notorious letter led to the collapse of thousands of street retailers or 'dealers.' The apparently deceptive nature of that letter by Williams was illustrated by Buffett's pledge to Kevin that they have plenty of capital. The natural and logical conclusion to be drawn is that Buffett-Kevin-Williams wanted to put large numbers of competitors out of business.

And so, it occurred. That also fits the general [comments by Buffett ally and large Berkshire investor, William "Bill" Gates III.](#)

That harmful impact on independent retailers had ripple effects for manufactured home producers as well as manufactured home communities. Once giant companies in manufactured housing, such as Fleetwood or Champion were already struggling. They were apparently tipped into insolvency as were many others. This led to the subsequent era of the elimination or consolidation of the types of competitors that Buffett ‘hated.’

The effects of that episode are still being felt as the most proven affordable housing in U.S. history went into decline in the 21<sup>st</sup> century. What was once as high as 50 percent of U.S. housing starts in the early 1970s, per James A. “Jim” Schmitz Jr and other researchers into the pre-HUD Code mobile homes that transformed into HUD Code manufactured housing. Manufactured homes held over 20 percent market share of U.S. single family housing starts for much of the 20<sup>th</sup> century. But now, the current market share during an affordable housing crisis has hovered around the 9 to 10 percent mark for several years. That trend in manufactured housing market share for single family housing starts begs the question. Why did the manufactured home industry drop in the 21<sup>st</sup> century?

For several reasons, therefore, this video and transcript are provided as part of the 2022 manufactured housing year in review. As *MHProNews* has reported, there is anecdotal evidence that more legal research into the manufactured housing field is occurring. Few items have had more impact on modern manufactured housing than this troubling and seemingly illegal episode when capital access was cut off to large swatches of manufactured housing. A range of failures followed. That has direct and indirect impacts on all housing, on taxpayers, on affordable housing seekers, investors, and others. Following this letter will be *additional information with more MHProNews analysis, additional linked reports, and an MHProNews expert commentary* in brief. Note that this video is from 2011, and facts have obviously changed. But the value of this video is precisely because it is a snapshot of that moment in time as told by Kevin Clayton. The case can be made that this video has more meaning today than when it was first broadcast, streamed, or posted on YouTube.

## **Warren Buffett CEO: Kevin Clayton with Robert Miles Video Interview Transcript**

Robert “Bob” Miles:



Welcome. My name is Bob Miles. Joining us today is Kevin Clayton, President and CEO of Clayton Homes, a recent acquisition of Warren Buffett's holding company and conglomerate, Berkshire Hathaway. Kevin is uniquely qualified to share his thoughts and observations on growing up with a dynamic entrepreneurial father, succeeding him in a business, managing a publicly owned company in an industry that has had its share of failures, and selling to Warren the business, and now continuing to expand, develop, and produce industry leading sales and profits. Welcome, Kevin.

Kevin Clayton:

Thank you, Bob. It's nice to be here.

Robert Miles:

I'm wondering if you can describe just what Clayton Homes is.

Kevin Clayton:

We are a very large affordable housing producer. We currently have 36 manufacturing plants and each of those terrific general managers runs their operation. They're scattered across the whole US from coast to coast. Between all of those plants, we'll build almost 200 houses each and every day. We have 450 retail stores that we own and in addition to that, we have about 1,200 wonderful independent retailers that buy product as well from us. Then the finance company, around 450,000 customers paying monthly. We try to earn their mortgage business on each sale that we make out there. Then we write insurance as well. Being a Warren Buffet company, he particularly like the insurance and of course the financing.

So, it's five businesses in one.

Robert Miles:

It is.

How did you happen to get into the business?

Kevin Clayton:

Fortunately for me, my father was raised on a cotton farm in west Tennessee. They picked cotton every day, and his father had a dream for my dad, and that was to carve out five or ten acres. Dad would have his own land there and continue to be a sharecropper. My dad had some different plans, and fortunately for us, he moved to Knoxville, Tennessee and started selling multiple jobs, as you can imagine. Literally had three jobs at all times, got into the radio and broadcasting business. Started running some line ads while he was in the fraternity selling used cars and shortly thereafter, he had a used car lot and not too much longer after that, took a trade in of a manufactured home for a used car. Made more on the trade in of the mobile home and the story starts going from there. It wasn't long we were driving to Elkhart, Indiana buying new manufactured housing and started that segment of the business.

Robert Miles:

But how did you get into the business?

Kevin Clayton:

That was the question, right. I really grew up working around my dad night and day. All of my brothers and sisters too, we all contributed from setting up installing manufactured homes. It was a lot of fun growing up around that and watching the company grow. My mom and all of us worked to try to make it happen.

Robert Miles:

You sold the business to Warren Buffett, and it started after Warren was visited by students from the University of Tennessee. They gave him a book.

Kevin Clayton:

Correct. He fortunately read the book and placed a call into us. He called my father and dad was out snow skiing. My dad retired in 1999 so this was late '02 or 2003. My dad passed the call along to me and what an honor it was to, of course, call Warren. We talked for several minutes and before I knew it, he became very interested in our company. I sent a small package to him. Of course, I've heard that story from other people. You send a small package to Warren and he lets you know very quickly what interest he has.

Robert Miles:

Possibly for the first time in history, somebody's been phoned by Warren Buffet and he didn't call him back.

Kevin Clayton:

That's right.

Robert Miles:

Your dad instead gave the phone call to you because you were managing the business.

Kevin Clayton:

Correct.

Robert Miles:

Pretty amazing. Even the Bank of England calls Warren, but your dad knew that you were running the business and let you handle the call.

Kevin Clayton:

Yeah.

Robert Miles:

Selling your business to Warren, you sent him a package of three years' financials?

Kevin Clayton:

No, it was very ... Being a publicly traded company, we had a current road show, which is 15-20 slides. Basically that and then any public information, a very small package. As you've heard, Warren keeps up with almost every publicly traded company out there and all the connections and contacts he has, it didn't take him long to size our company up.

Robert Miles:

Why sell the business?

Kevin Clayton:

At that time in our industry, financing ... Many of our competitors had really tapped into this Wall Street asset backed securitization process and some of those people's loan performances were terrible. The industry was plagued with foreclosures so we looked out, talked to the board, and ultimately the board came to a consensus. \$12.50 a share was the best thing for our current shareholders.

Robert Miles:

Which should be about a billion seven?

Kevin Clayton:

That's correct. We went through the process of getting a fairness opinion and looking at what other alternatives were out there and ultimately the board believes and it was in the shareholders' best interest. Certainly history now since then has shown that was a very wise decision because financing has literally dried up and changed forever for this industry.

Robert Miles:

Did it take you any time at all to realize that it would be a good thing to sell the business?  
Was there any hesitation on your part?

Kevin Clayton:

Absolutely hesitation. My father and I worked all of our lives building the company, and we knew we were owned by shareholders. We had to have their interest at heart. Of course, my father owned I guess between the family and my father, there's roughly 47% of the company so we had a strong vested interest into make sure that if we were going to sell the company to get as much for it as possible. Later as you know, the company was ultimately ... We had [inaudible 00:07:04] Blackstone, Cerberus. A group of people came in to pay more and ultimately decided that it wasn't worth more than \$12.50. There again was another check to see ... Ultimately, the board made the right decision.



Robert Miles:

What has changed since you sold the business?

Kevin Clayton:

I would tell you that nothing has changed. Certainly, some things have and every one of those are absolutely wonderful positive changes. Of course, my life is much more fun now to not be begging for capital. We were needing over \$1.2 billion in capital for mortgages each year. The cost of capital had continued to rise and rise. Not being able to do that and not having the public company pressures has given us all more time to spend on the business. The best thing, of course, is that having capital in an industry has opened up many more opportunities for us.

I love to tell this story, and people don't believe it, but we've made a lot of acquisitions over the last 24-36 months. Literally every time when I would talk to Warren he would say, Kevin, you and the team need to make that decision. Just rest assured you have plenty of capital to do so. It doesn't get much better than that.

Robert Miles:

It's been rumored that when Warren makes an acquisition, he doesn't visit. Some people think that he doesn't do his due diligence because he doesn't visit. What's your take on ... Is it true that he did not visit you before he acquired you?

Kevin Clayton:

That's exactly right. We sold the company. Of course, my father being the chairman, having built this company, sold the company without ever talking to Warren or certainly Warren ever visiting us, we were fortunate enough to have him come afterwards. What a great experience that was. He's so intelligent that it doesn't take him long to do due diligence. He literally stays current, I think, with most companies out there in most industries. With all the contacts he has, he sized up our industry very quickly.

Robert Miles:

How long did it take you to realize how much of a knowledge base Warren had about your particular industry?

Kevin Clayton:

Instantly. I've never been around anybody that ... For instance, he sized up our industry problems that you could write a book about easily, he sized it all up in one sentence. He says, Kevin, it seems like the problem with your industry is resale. Every part of our problem at that time in the industry stems right back to that. We're doing a lot of things to address that now.

Robert Miles:

Then on the time you sold the business, you had about \$100 million in earnings and now about five times that?

Kevin Clayton:

That's right. We had definitely a triple back in I think '98 was our most profitable. We were 200 plus pre-tax and we looked to zero in on 500, north of 500 this year.

Robert Miles:

Wow. Congratulations.

Kevin Clayton:

Well thank you. Of course, Warren has invested billions of dollars in our company since he spent \$1.7 billion. I take great pride in telling that story because here's a company paid \$1.7 billion for and within 12 months, he was investing north of \$2-3 billion annually. Since the purchase, it's north of \$7 billion. The confidence and faith he has in our team and the faith he has in this industry is so obvious from that.

Robert Miles:

That money is being used for you to buy up other people's mortgages?

Kevin Clayton:

That's correct. The majority of that capital was used to buy ... We've literally bought most manufactured housing loans out there at nice discounts. We have such a fine team of people that service those loans well. We're great collectors of the mortgages and then we

have the ability to bring the homes back in the event of a foreclosure. Order the materials from our plants at wholesale, recondition the home, and resell it, and have the refinancing to resell the home. In addition to that, we've got a great team that we purchase the Oakwood, Fleetwood Retail, Karsten Manufacturing recently.

Robert Miles:

I think in your dad's book he talked about one of the best things about joining up with Warren was that he got you a front row seat at many of these auctions as well as a AAA credit rating.

Kevin Clayton:

Yeah, there's not many companies that have a AAA credit rating, as you know. When you do talk to a potential seller and they know that there's no financing contingency and AAA rated, the capital that we have, it absolutely opens up doors that we would've never had otherwise.

Robert Miles:

Your dad started the business in 1966, if I read right, and ran it for about 50 years. He actually started the business about one year after Warren took control of Berkshire Hathaway, which I believe was 1965. In those years, and I realize you haven't been around for all those years, what do you think was the most pivotal moment in Clayton's history that was a tipping point? Can you point to one?

Kevin Clayton:

There's several. It was actually 1956. You said 50 years and that's right. This year we celebrate our 50-year anniversary. Started selling automobiles in '56 and shortly thereafter manufactured housing. There's been so many lessons along the way. I think that's what's special about Warren looks for companies with great cultures. My father started the company. We did go bankrupt in the early 60s, and that taught us some valuable lessons. We never really had any debt to speak of after that.

The lenders just decided to get out of the industry, pay everybody back in full, but also told us to have our own finance company. I really give a lot of credit to that happening because we created our own finance company in 1972 because we saw lenders continue ... It would

come in to manufactured housing and lend money too easy, trying to buy market share, and then they would over collect loans and literally move people out of their homes when they shouldn't have. That forced us to have this finance company, and that has served us very well. Most years after that, over half of our income generally is from financing.

Robert Miles:

Let's talk a little bit more about the business. The economics of a site-built home versus a factory-built home, what's the cost per square foot difference?

Kevin Clayton:

It depends on where we're talking about geographically. I'd love to use the example right here in Omaha. I just left the Berkshire shareholder meeting over here where we're setting up two manufactured housing units. One's \$89,000, one's \$79,000. By the way, we call one of them Charlie's Crib and Warren's Pad on the other one. We just sold Charlie's Crib before we got it set up. That was a lovely couple that had been saving money. Their plan was to save money for another three years and build up to have a sizable down payment and purchase a home. They were planning on spending well north of \$130 a square foot. They just bought this home that was equal in square footage size, and they really think it was aesthetically on par or better, and they paid \$50 a square foot, and they're gonna go ahead and buy it today. The home will literally be set up and installed within the matter of two or three weeks from now.

We're also in the fast housing business, particularly in parts of the country where weather is an issue. Many developers are using factory-built housing now to do more homes, tie their cash up for less time, and now that the homes are on par with site-built housing aesthetically, and they've always been built very well. Most people don't realize this, but since 1994 when we made the wind zone standard changes, there literally has not been one home found that has been severely hurt after all the hurricanes that have happened. That's a message that we've got to do a better job as an industry getting out there.

We now have JD Powers in the industry measuring customer satisfaction. We're doing a very good job with that. These are the things that are propelling factory-built housing to be a much larger player in the overall housing market. That couple is a great example. There still is a great shortage of affordable housing in America right now, and we hope to continue to get better to serving it.

Robert Miles:

What percentage of the overall market, Kevin, is manufactured in the factory versus site-built?

Kevin Clayton:

It's around 10% today.

Robert Miles:

Factory built?

Kevin Clayton:

Factory built. We use the work terminology "factory built" which would include everything, mobile home, manufactured housing, and modular. We do all of the above, manufactured housing and modular units.

Robert Miles:

I was gonna ask you what you've done with the image. There's many jokes about trailers and hillbillies. Is there anything that Clayton homes is doing in terms of the image?

Kevin Clayton:

As an industry, we're ready to launch a national campaign to dispel those myths. As I mentioned, hurricanes, that's not an issue anymore. Now every home has to be inspected by a licensed installer, an inspection process. The tie down systems and all that are very adequate as evidenced by the hurricane issues. JD Power, CSI, all those things now give us a great message to go public with. There's plans for that underway now.

Robert Miles:

Where do you see Clayton Homes, say, 20 years from now?

Kevin Clayton:

It's gonna be a lot of fun being a part of that. It's exciting to see our product now. We build homes as large as 5,000-6,000 square feet. In downtown Detroit, I was in a home recently, a large colonial home there. We build multi-story homes, we build some multi-family units. The potential is enormous and with the capital that Warren provides, we should be able to do on par financing. I think we'll excel site-built housing from a quality standpoint. Every

one of our homes is inspected by federal inspection through HUD all throughout the building process. That's not done with site-built housing. Particularly, material costs have gone up and land costs. It really makes us even much more compelling.

Robert Miles:

It seems to me that it's not an industry where you have to worry about outsourcing where some other country might be able to manufacture homes cheaper and then ship them.

Kevin Clayton:

That's very accurate. We're very fortunate. Of course, Warren looks for companies that have that enduring competitive advantage. That's part of our moat, and we intend to deepen and widen that part of our moat. We've shipped units overseas before, we continue to look at opportunities overseas, but it would be very difficult for someone to compete. People don't realize in America with the availability of lumber and raw materials is terrific here compared to most places overseas.

Robert Miles:

Just as foreign competition is not likely to manufacture offshore and import, is Clayton homes not very likely to manufacture here and export for the same reason?

Kevin Clayton:

We have shipped some units, but more likely it would be us taking our expertise and lending it overseas and building over there. That's a possibility, but such opportunity here domestically, I think that's a ways off.

Robert Miles:

Warren likes to say that there's two types of competition that he doesn't ...

Kevin Clayton:

Well, Warren likes to say that there's two kinds of competition that he doesn't like, foreign and domestic.

Robert Miles:



Right, and it seems like you've eliminated the foreign. What about your domestic competitors? How are they holding up?

Kevin Clayton:

We have some good competitors. I mean, everybody's trying to carve out their niche, and Warren is very competitive. It's just amazing, his personality, to be such a genius. He's also the greatest leader I have ever worked for, the greatest people skills, but again, he paints such an image in each of our manager's minds about this moat, this competitive moat, and our job is very simple and we share this. It's so fun sharing some of the things that he passes along throughout our organization, and we challenge every one of our team members, every department. Who is your customer? Deepen and widen your moat to keep out the competition, whether it's the next department over. How can you serve them better?

But some of our competitors do a good job, but our plans are to make that difficult for them.

But ultimately, it's providing very affordable and the highest quality of affordable housing. If we do that and we get better every day, we should have a very bright future.

Robert Miles:

And you're currently the leader in sales and in earnings in the industry?

Kevin Clayton:

That's correct.

Robert Miles:

What percentage of the manufactured home market does Clayton own?

Kevin Clayton:

Of units shipped, we're closing in on 25% of ... shipped meaning built. We are the largest retailer of factory-built housing also through the 450 company owned stores. But the mom-and-pop operator out there, and there's plenty of those, they will always be the dominant selling organization, and we rely on, again, almost 2,000 of those independent retailers to sell our product. They're very, very competitive and do a great job for us.

Robert Miles:

I wanted to talk about your management style, philosophies, the culture at Clayton. How would you define your core philosophies or your core values at Clayton Homes?

Kevin Clayton:

Well, we have a leadership model in our company and it's the inverted triangle. We call it the servant leadership model, and it's become more popular recently. But we ask every manager to take that servant mentality which just clearly says that their job is to make sure every team member has every tool and resource on their team to be successful, and that's each of our jobs. If we do that and make sure they have everything they need, then it takes a lot of a pressure off the manager. Their job is not to have every answer, but to team with everybody else in the company and find the right answer.

So that gets into this self-awareness and self-confidence and each of those leadership characteristics that helps create our culture. Our culture was created from Jim Clayton, day one. That's the work ethic, results oriented, no matter where we are today, there's a better way to do it tomorrow, so we're challenging every process throughout the organization, and that's what keeps it fun. That's why my job will always be fun. I'm so excited. At this moment, I realize we've got a long ways to go, and that's what keeps it so fun.

Robert Miles:

So, the culture from Jim Clayton to Kevin Clayton, has it changed?

Kevin Clayton:

My father created the company and took it to one level. He was able to literally be hands on with every process and know every person in the company intimately well. The company grew to a size where, and I was fortunate 'cause my leadership style really wants to encourage team members to make sure they have every tool, again, and resource they can to make good decisions and then to ask for support and help, and also won't hesitate to jump in and help micromanage when the process needs it. But at the size the company grew to, I have had to absolutely rely on the team, and what a team we have.

Robert Miles:

How many employees, you call them team members?

Kevin Clayton:

Correct.

Robert Miles:

How many?

Kevin Clayton:

We're 15,000 now.

Robert Miles:

Wow. Wow.

Kevin Clayton:

Yeah.

Robert Miles:

Now, in your father's book, he talked about the difference between ego and confidence, and he also talked about you having a lot of confidence. Can you comment on your dad's perception of those two personality traits?

Kevin Clayton:

Dad had created so many good analogies for us, one of which is this 90-10 rule, and all of us have these great core competencies, and we're very comfortable making 90% of the decisions that come at us. But we ask our team members to realize, chances are they're going to have some things that they have not had a lot of experience in, which is those 10 percenters, if you will. So, create an environment where your team members are comfortable coming and asking for help on those 10 percenters, and then all of us, no matter what position we're in, including me, should be very comfortable asking for help on those decisions.

We always talk about always play for the name on the front of the jersey and not the back of the jersey. It's this keeping the ego totally out of it, attack the process rather than the person. These are all these cultural things of what makes Clayton Homes so great today, and we work smart. We work hard, smart, and together. We've got acronyms. Our lives work only to the extent we're willing to keep our agreements. I love that one that my father started, and then something that I kind of take from that to another level is that really there's four major areas of all of our lives that we need to keep our agreements in, and our lives work only to the extent we're willing to keep those agreements, but that's work, health, spiritual, and family. We really promote that throughout the company.

We closed all of our locations on Sundays a year ago, and we did it for all four of those important areas of our lives, and often you'll find team members that are overdosing in particularly that work quadrant, because literally, when you're on one of our sales centers selling homes to families that never dreamed they would have a home of their own and they're crying across the table, it's easy to overdose at work. Our lives work best when we pay some attention to all those other areas.

Robert Miles:

I also thought it was pretty interesting on your headquarters and how that may be different than most headquarters?

Kevin Clayton:

Well, was very pleased to have the opportunity to build a new office. We did that in 1998, and we built it with no offices, so it's a totally open atmosphere, and we always promoted this open book concept. It's served us so well. I mean, the only offices that ... there's no offices, but there's some private rooms for teaming rooms, but everybody, including me, we're same sized desks.

So, the good news is we don't have to move desks around anymore. We just move around as we grow different areas of the company. But that's, again, a cultural thing that makes us a little bit different.

Robert Miles:

So, you have a cubicle just like everyone else?

Kevin Clayton:

Absolutely, yeah.

Robert Miles:

Your management style, how do you spend your time?

Kevin Clayton:

I spend it working on people, supporting the troops. I have an all-star management team that run each of those five businesses, and they're dynamite. They're the best in the industry in each of those areas, so I'm often amazed at how little they need me, and that tells me we're doing a better job. But seeing where the industry's going and making sure that we're doing the very best job we can in each of those areas, that's ... We open communication frequently and often with that leadership team.

Robert Miles:

You've got five businesses in one. How do you balance the different, unique demands of each one of those businesses?

Kevin Clayton:

Well, my father started this discipline in our organization, and it has led probably to more of our success than any one other thing, and that is we always said we would never allow one part of the company to prop up another one, which would make ultimately that entity weak. So, we're never going to give away financing to sell more homes at retail. We're never going to make our [retail] store managers buy Clayton [Homes, CMH] products. See, those store managers can buy from lots of other manufacturers, and they do, and that keeps our plant managers, and if they're not the best on value, cost quality, and style, then our stores and certainly those independents will buy from other people.

So having that discipline, which is really what led to a lot of the failures of the other companies in our industry, we'll never compromise that, and I think that will continue to make us a stronger company. Make sure every one of those have to compete independently.

Robert Miles:

What about people and your selection of people, Kevin? It seems as though that's got to be the key of your business as well as any other business.

Kevin Clayton:

Absolutely. We have great [retail] stores and great [factory building center] plants. What Clayton Homes really has is the very best people in the industry, and we just keep trying to raise that bar. Retention, our turn over is low as it's ever been in the history of the company. We keep trying to drive that down further. Again, and great cultures attract great people and retain people. We try to put the great incentive programs in place where the performers make a lot of money, and they stay with us. So that's the thing I'm most proud of, of course, is the people that we have.

Robert Miles:

Now I understand through my research that you've adopted some Japanese management philosophies, a word I'm not sure how to pronounce, kaizen? Kaizen?

Kevin Clayton:

Kaizen, yeah.

Robert Miles:

Kaizen. What the heck's kaizen?

Kevin Clayton:

Well, Deming, statistical process control, these are things of course the Japanese learn very well, and many companies in the U.S., too, now deploy those. But I was fortunate enough to the University of Tennessee in the graduate school there, and I was so anxious to get back into work and try to put some of those in place.

Well, it took a long time, and not until I did one thing that really propelled it along, and that was I changed the pay program within our manufacturing plants. When I was in Waco, Texas, a great place to live. I'm not sure what I did to deserve to get shipped off there, but no, it was a great experience. We started up our first plant there in Texas, and it became obvious to me that most people, the management in the plant was incentivized on total profitability, and whereas the line worker who had all the information about how to make a better home and was really ultimately the best person there to ... Then they were paid on how many units they shove out the door, which is how a lot of production people pay.



Well, we started including our team members and we pay our team members now 20 plus percent of the pre-tax profit at that plant. So, we get together monthly and talk about the good and the bad. The walls are covered with all the profit loss and the information that they need to know how to build a higher quality home, 'cause every scrap and waste comes right out of their pocket now. Every quality item defect, scrap waste, so they're incentivized now for the same thing that management is, and that's to build the best house possible.

No longer is, number one, it's not important how many units you build, so that, we literally build wiring harnesses now so there's not two inches of extra wire laying around, because 20 plus percent of that is the team members. It's those kinds of things that really have propelled quality throughout the company.

Robert Miles:

Have the Japanese taught you anything else in terms of managing your business?

Kevin Clayton:

Well, this whole open book and sharing of information and measuring every process, step along the way, and improving it all the time. That's the basics of what most of those philosophies come back to.

Robert Miles:

So, you're not only team member centric, but you're also customer centric. Can you explain that?

Kevin Clayton:

Well, we rely so much on repetitive business and reputation. Reputation, to my father and this company, was always number one. Warren Buffett, of course, takes it to a whole 'nother level, and taking again some of what he continues ... There's not a lot of things that Warren is constantly communicating to us managers, but there are a couple. The moat and the competitiveness, but reputation. I honestly believe what he says is true. We could lose hundreds of millions of dollars tomorrow and that would be fine. Don't lose a shred of reputation. Never contemplate any act, and we share this, have so much fun with our team members because it ... Again, protect our reputation every day. Never even contemplate an act unless you're totally comfortable with it appearing on the front page of the paper written by an informed reporter.

You're heard all of these so many times, but it paints that image about how serious we are about taking care of every customer. And then we've always, we call every customer if they're lived in the home six months and ask them, "Would you buy from us again?" So, we incentivize and measure every aspect of the business based on what the customer is telling us.

Robert Miles:

Is your management style, Kevin, much different than the management style you and your father had?

Kevin Clayton:

Not really, because we're both very driven to do better and make it a better company every day. I think that the main things, again, are just the size of the organization. It requires a different skill set and to depend much more so on your successful people out there.

Robert Miles:

To your childhood, when you were growing up, what was your dream? Was your dream to run Clayton Homes?

Kevin Clayton:

No, it never was, and I'm glad you mentioned that, because I am forever grateful to my father for never insinuating at all that I want you to run this company. He had the intelligence to never do that. There's no telling how it would have turned out, I'm afraid, if he would have kept hitting me with that, or maybe more importantly, kept telling people that that was important to him. We always knew that we wanted the best person to run Clayton Homes that we could find, and that left all my options open, and had a dad nice enough, too, to leave me in each position a long time to make sure I could make it and to get promoted and learn each of the areas.

Robert Miles:

But what was your boyhood dream?

Kevin Clayton:

Well, I like to fly airplanes, as you do.

Robert Miles:

Right.

Kevin Clayton:

So, there's many times when my dad and I are flying around opening up a mobile home lot. At that time, he would take a catnap, 'cause he was working around the clock, and tell me to hold that heading and that altitude. So, I've always enjoyed flying, but beyond that, it doesn't get any better than selling a home to somebody that never dreamed that they could have a home, in many cases. So, I was always very interested and wanted to stay in a business. Worked a couple of places, but not for very many years, and always came back.

Robert Miles:

Beside your father, who was one of your boyhood influences? Who did you really admire? Who were some of your heroes?

Kevin Clayton:

I would say my mother. Mother has a great sense of humor, values. She is a very hard-working person just like my father, and I'm very blessed. The two of them were an incredible influence on me and encouraged me to school. We worked after school every day, and they were both there for many of the sports activities as well along the way.

Kevin Clayton:

Anyone non-family related? Superman?

Robert Miles:

No, no. Nobody jumps out at me really. All along life I just tried to take advantage of every opportunity that came along.

Robert Miles:

And your first job at Clayton Homes, 75 cents an hour, what were you doing?

Kevin Clayton:

That would have been on one of the sales centers, cleaning the sales center, working on homes, installing homes. It was a lot of fun. It really was.

Robert Miles:

What was the worst job you've had at Clayton Homes?

Kevin Clayton:

Often, I had the opportunity to go in behind some managers where we had locations that were in tough markets. I know I got shipped off down to Georgia after we bought a distressed mobile home loan portfolio of loans that I was charged with cleaning up, and running multiple sales centers down in that area, traveling six days a week. Those were some tough times, but those were lessons that I wouldn't trade for anything.

Robert Miles:

And the hardest thing you have to do now?

Kevin Clayton:

That's a good question. There's not a lot that I don't really enjoy right now. Seeing a plant or a facility that's not taking advantage of all the programs that we have to offer, those are painful to see, and I try to encourage those people along.

Robert Miles:

I thought you would say possibly firing somebody might be the hardest thing you have to do.

Kevin Clayton:

It always is. It always is. My father shared a lesson with me that we share throughout the organization that's, again, a piece of that culture. We never let a team member go in our company in such a manner that they wouldn't still recommend we're a good place to work and that we're a good place to buy a home from. What that makes us all do is it shouldn't ever be a surprise to you if you're not a fit with our company any longer, and we're always going to do it in such a manner that we can part friends

Robert Miles:

In terms of succeeding your father, what kind of preparation did you put yourself through?

Kevin Clayton:

Again, Dad was smart enough to leave me in different roles in the company for a long time, and I've worked in the factory floor, ultimately ran a region of our manufactured housing retail locations, and then a plant, and got to run each of the different five business units before 1999, when I became the manager. So that was good preparation, because again, back to each one of our companies, if we've lost control or gave away one part of the company, it could benefit another, well. So it's important for who leads this company in the future to have the knowledge of each of those organizations because each are important to each other, but they do have to stand on their own and compete.

The challenges of being the son of the founder, the son of the leader of the business, I think Don Graham at the Washington ...

[About 00:40:04 time mark]

...Post, who succeeded his mother, said that most people didn't think he was quite as smart as he really is, and he kind of liked that.

Robert Miles:

What are your thoughts or what do you wish more people understood about being the son of such a dynamic entrepreneur like your father?

Kevin Clayton:

There's days where you could let that bother you that someone assumes that you were propelled into this position. That's back to what I said. I was so fortunate that my father never told people that he wanted me to run it. People that have been around a long time understand that hopefully that I was able to work through the organization and earned each

of the different positions. I wouldn't want it any other way. You always wish that, but I would agree. I'd rather have it where people underestimate you. My father always said, and I believe it to be true, the most dangerous people are people that don't know how much they don't know. We really encourage a very humble style because that's the dangerous person that thinks they have all the answers.

Robert Miles:

You've gone through several transitions from a family business to a publicly traded business, and now from a publicly traded business to being a subsidiary of a very large conglomerate. What are some of the advantages to being a subsidiary of a very large company?

Kevin Clayton:

To have a mentor and a boss, that it doesn't get any better than the example that he sets from all aspects of life. It's true that nobody believes this, but he literally says, "Don't send me anything monthly except stuff you would produce normally." We literally don't package up anything. Ultimately, Berkshire Hathaway consolidates the numbers, but it's the normal financial package we would've prepared anyway. People don't believe it's fun sharing. The common question is, "What's it like working with Warren?" We talk. Fortunately, we're still averaging about once every two weeks. We're usually talking about an acquisition. Those are wonderful questions. He's always there. He answers the phone, normally on the first ring or two. He always talks about that most people find him a lot more boring of a person because he really sits around like a professor and studies. To have a person like that you could bounce things off is wonderful. Not having to worry about capital and the public markets provides a lot of extra time to work on building a better home.

Robert Miles:

One CEO told me that he used to be publicly traded, Ralph Schey of Scott Fetzer. After he sold the business to Warren, he reported to me that there were 50 days a year that he now had to spend inside the business and no longer had to meet with analysts, no longer had to meet with bankers.

Kevin Clayton:

Without question, that's true.



Robert Miles:

Can't you quantify?

Kevin Clayton:

That is a good number. I've tried to quantify it, and it would certainly be around that number. You could add to that, even though you may not be spending any time on it at that moment, it's certainly in your mind and a big part of your thinking process all the time. Warren is an absolutely the way it should be, very, very long-term horizon. You're able to make investments that are going to yield rewards. Even if they don't yield a reward for the first five years, it doesn't matter. Next quarter never matters. Really, if you're preparing for five years out and you're going to compromise the next two years to do it, that's a good decision.

Robert Miles:

Warren likes to say that he requires no meetings of you as a CEO. He requires no budgets. What is his standing order to you? What does he want you to do?

Kevin Clayton:

Everything you just said is exactly true.

Robert Miles:

No meetings?

Kevin Clayton:

No. Once a year there's an optional invitation. I was fortunate enough to get invited to come and actually be around the board at a recent board meeting. That just even gelled my thinking. The culture of Warren and what's he's created, I think, will go on a long, long time after Warren as well. Everything's optional, and there's nothing mandated whatsoever.

Robert Miles:

You send financials monthly to headquarters.

Kevin Clayton:

Correct.

Robert Miles:

You call Warren whenever you would like to, but does he ever call you?

Kevin Clayton:

Occasionally. It's something he's heard or has an inquiry about. There's never directing the business.

Robert Miles:

Warren doesn't like to talk about synergy, but what have been some of the Warren Buffett effects or the Berkshire Hathaway effects of joining a large conglomerate?

Kevin Clayton:

People find it hard to believe that we're not mandated to buy Johns Manville insulation for our homes, MiTek gang nails, Shaw carpet. The list goes on and on. We're not whatsoever. Circling back to what I said earlier, not making one of our businesses prop up another one, it's the same philosophy. If we're mandated to start buying those materials, they could not be as competitive as we could get on our own. Really, management would lose some accountability if Warren is dictating these things down. I think he's very, very wise in the way that he does things. The synergies that are there, of course, is that each of the managers, all things being equal, we would rather sell to a sister Berkshire company, and we look for those. One example that I just spent some time on recently, Home Services of America is the large brokerage-

Robert Miles:

Second largest home brokerage company in the United States.

Kevin Clayton:

...In the country. You can certainly paint a picture how five years from now these subdivisions that we're building with beautiful factory-built housing could be part of their supply of housing ultimately and handling of the remarketing of some of those. There's things like that that will certainly come to fruition.

Robert Miles:

Kevin, when I think of Clayton Homes, I think of home manufacturing, but Warren lists Clayton Homes as a financial subsidiary or a financial services. Why do you think you're classified in that category in the annual report?

Kevin Clayton:

When Warren purchased us, I think financial services was north of 60% of our income. Today it's 70%, total income, having purchased those portfolios. It certainly is a wonderful recurring income aspect. We deploy a lot of capital in financial services. That is the capital requirement. The rest of the businesses typically generate cash. We're very fortunate to be in that part of the business, particularly because lending comes and goes in this industry and site-built housing.

Robert Miles:

On to succession. It seems like the Clayton Home model of how your dad selected you as the successor, and prepared you, and then gave the reins to you is a model that other companies should possibly consider. Your thoughts on Berkshire Hathaway and Warren's succession plan, different than Clayton's, but do you have any thoughts?

Kevin Clayton:

Total comfort with that because you've heard Warren say too that the person who is managing the companies of Berkshire Hathaway, their job will be to primarily stay out of their way and to keep letting them manage their businesses. That's the message that Warren has shared with the board, and I have total confidence in them. I think there will be a great succession plan. Certainly, the people that I see Warren surrounding himself with are very, very capable people.

Robert Miles:

Berkshire post-Warren, will it look much different than what it looks like today?

Kevin Clayton:

I don't think it does look any different. I think it's an amazing machine that Warren has created that will outlive us all.

Robert Miles:

In analyzing some of the CEOs that make the Berkshire Hathaway team, it seems as though they're going to look for somebody in their 40s, somebody who's already running a very successful subsidiary, somebody already in the business, not bringing anyone in from the outside. It seems as though Kevin Clayton would be a candidate of three or four CEOs that I could think of that would fit that role. If the board selected you as a successor to Warren, what would you do?

Kevin Clayton:

That's quite a pipe dream that you've painted there. I would jump for joy. Any way that you could be associated with Berkshire Hathaway would be an incredible honor. Again, just as I was growing up in my father's business, I would want to make sure they chose the best person. That's the most important thing beyond who it is.

Robert Miles:

How would you manage the other CEOs?

Kevin Clayton:

The same that Warren does, understanding that philosophy of there's certain obviously ... He says the right thing. It's reputation, protect the company and the entities that we have, be as competitive as you possibly can be. Deepen and widen that moat every day, but not dictating down to managers how to accomplish the results that they need to because I genuinely believe they start losing accountability when you do that. It is real clear that if I mess this company up, if it gets messed up, it's clearly my doing and not his.

Robert Miles:

In terms of corporate responsibility, corporate charity, and your own personal philanthropy, I've found that most successful, if not all successful business people that I've interviewed all have a mission outside of their own business. What's the Clayton Home corporate charity?

Kevin Clayton:

Twofold. We try to be very active philanthropically in a lot of areas, but the two primary focuses that we have, one is we think in the future that factory-built housing will play a larger role working through non-profits, providing housing to particularly in urban infill and in housing of all types to people that couldn't afford it otherwise, rebuilding some downtown areas, all that. We really have a great product for that, and we're getting better at that. Ford Foundation right now is spending \$10 million showing the non-profits how to use factory-built housing for that. We're following their lead in that area. We've got a ways to go.

Second of all is education and working with schools. We're watching Bill Gates and the lead that he's taking there, he and Melinda and that [Gates] foundation. They work through a lot of organizations, one of those which, Daggett, does this model school conference and symposium.

We're working with several high schools in our area and middle schools, sending them to that conference, getting them involved in that network. It's really sharing best practices and trying to start teaching more of what's relevant, having people come out of high school that are ready to go to work at Clayton Homes and many other jobs, and keep them in those towns where they were raised, make sure there's good jobs there because ultimately all the data shows that to build a great community, they have great schools. If you've got great schools, the rest of the things usually come right behind that. We're having a lot of fun being involved in that.

Robert Miles:

What about the Clayton Family Foundation?

Kevin Clayton:

Very similar, too. They support both to of the initiatives that I just mentioned. My father has control of that foundation, and it's getting quite large. He's tended to give money where we, Clayton Homes, have been successful and have team members. We hope some of these initiatives we're working on we'll be able to take out to the communities where we do business in other places.

Robert Miles:

Your father's book, ***First a Dream***, the proceeds go to the Tennessee Theatre restoration.

Kevin Clayton:

That's right, great project. It's really complete now, and they need to pay down a little more of the debt. Ever since the book was introduced, every dollar out of the purchase price, every dollar of it goes towards that and some other philanthropic initiatives. Particularly the new eight chapters that were added recently, they're wonderful and go through the whole merger and the litigation, which Warren described as one of the ugliest litigation being around one of his mergers. That was a tough process that took almost a year.

Robert Miles:

What do you like to do for fun? I know you like to pilot airplanes. You flew yourself here today to the University of Nebraska at Omaha.

Kevin Clayton:

Yes, I like that. I take it very seriously, go through the simulator training several times a year.

Robert Miles:

Flight Safety, I hope?

Kevin Clayton:

Flight Safety, absolutely. What a great company that that is. Fortunately, we put enough hours on our planes annually that we don't use NetJets, but we would if we weren't putting the kind of hours we were trying to grow the business. I'm very blessed to have a new three-year-old in our life, our only child. She is a ton of fun. My wife and I like to snow ski occasionally. We have a lot of fun. I'm very blessed.

Robert Miles:

If you had anything to do over again, what would you do over?

Kevin Clayton:

No, to have a beautiful, wonderful wife, and a three-year-old, and work for Warren Buffett, it doesn't get much better than that.

Robert Miles:

We're on campus here, and wondered if you had any other advice to college students, young people in general.

Kevin Clayton:

Don't sweat. A lot of people think coming out of school that, "How will I ever be at a level where I'm able to compete and have a job like many other people out there?" Don't worry about it too much. We're not near as smart as some of you make us out to be. I can assure you, it's just taking advantage of every opportunity to gain experience. Gain all the experience you can along the way, and you will be shocked at the doors that will open and the opportunities out there.

Robert Miles:

Kevin, thanks for sharing your time, your business success, your insights into what it is like to manage a family business, a publicly traded company, and to sell to one of the world's most famous and successful financiers, and now what it is like to manage a subsidiary within a large conglomerate. Thank you very much, Kevin, for your time.

Kevin Clayton:

Bob, thank you. Enjoyed it.

*To learn more about Clayton Homes and all of its five businesses, and to order Jim Clayton's book, **First a Dream**, visit [clayton.net](http://clayton.net). I'm Bob Miles, and thank you for joining us." ##*

### **Additional Information with More MHPProNews Analysis and Commentary in Brief**

There are times *MHPProNews* highlights a transcript in yellow and/or aqua to call attention to some remarks, for example, in a corporate earnings call transcript. For those who truly understand the big picture and the nuances of manufactured housing, there is so much in the above it might look like a colorful Tijuana taxi and thus the usefulness of such highlighting might be diminished as a result.

That said, consider the following broad topics. In no particular order of importance are the following themes.

- **1) Manufactured housing is misunderstood.** Those misunderstandings include, but are not limited to, terminology. Is it a mobile home? Trailer house? Manufactured housing or manufactured home? At the time Kevin cut this video, an alternative term used that included manufactured homes, modular homes and other kinds of prefabricated home building was “factory-built housing.” Since then, Clayton has opted to use “off site built” housing. Where is the educational and informational marketing effort that might mirror the growth that the RV industry experienced with their GoRVing campaign? Clayton spoke about it above, but there is no evidence of anything akin to that, despite periodic talk about doing it.
- **2) Manufactured housing still has a lack of competitive lending.** That has ripple effects that Pew and the Urban Institute, among others, has explored. The argument can be made that this is intentional, not accidental. The Williams/21st ‘tying’ letter is not, in that view, a one and done scheme. Pro-Berkshire author Bud Labitan in his book “Moats” specifically explores the financing moat that Clayton enjoys which means that others are harmed.



<https://www.manufacturedhomepronews.com/behind-the-scenes-facts-insights-reams-of-3rd-party-research-on-manufactured-homes-and-mobile-home-controversies-mhlivingnews-to-mhi-data-mhville-2022-in-review-i-plus-mh/>





<https://www.manufacturedhomelivingnews.com/puzzling-facts-explored-with-14-year-highest-production-levels-why-relatively-few-manufactured-homes-sold-urban-institute-manufactured-housing-redux-march-2022-data/>



**"This [capital access advantage held by Clayton Homes] is likely why it and the Manufactured Housing Institute — the industry's trade association — have been unwilling to criticize the exclusion of chattel loans from the rule, even though including such loans could bolster manufactured home sales by attracting new lenders."**

- Doug Ryan  
Prosperity Now via op-ed  
in *American Banker*.



See

his context and the full 'debate' context in the report, linked here. <https://www.manufacturedhomepronews.com/epic-kevin-clayton-moat-rant-analysis-lesli-gooch-debate-defense-doug-ryan-charge-end-clayton-monopoly-over-manufactured-housing-breaching-buffett-berkshire-clayton-monopolistic-moat-method/>



<https://www.manufacturedhomepronews.com/berkshires-buffett-quote-on-clayton-homes-and-manufactured-housing-finance-surfaces-new-light-on-manufactured-home-lending-fhfa-gses-and-related-woes-plus-manufactured-h/>

- 3) The Manufactured Housing Improvement Act (MHIA) of 2000 was enacted at about the same time as the Government Sponsored Enterprises (GSEs) of Fannie Mae and Freddie Mac pulled their support for manufactured housing around the turn of the century. Clayton mentions that manufactured home lenders left the industry, but he doesn't directly connect the dots to the GSEs withdrawing the path to the secondary market for manufactured homes. The MHIA and its reforms and consumer guarantees also included what is commonly called "enhanced preemption" of local zoning. Why hasn't Clayton-Berkshire-their lenders pressed through litigation the full and proper enforcement of the MHIA? After all, Buffett told Clayton there is 'plenty of capital' for Kevin to do what he wants. That implies that Kevin and 'the team' do not seriously want the MHIA's enhanced preemption clause enforced.
- 4) The use of nonprofits in a philanthro-feudalism (a.k.a. philanthro-capitalism or philanthropic industrial complex) fashion in MHVille. One example is the indirect funding of MHAction by a Warren Buffett funded foundation through the Tides.
- 5) There are fewer manufactured home street retailers now than in 2000 or the start of 2009. Even Clayton Homes has fewer retail centers today, per their own annual report, than what Kevin said they had at the time of this video. Fewer retailers implies fewer manufactured homes sold.



<https://www.manufacturedhomepronews.com/unpacking-berkshire-hathaway-owned-clayton-homes-2021-annual-report-facts-insights-viewpoints-beyond-claytons-official-claims-consumer-pushes-for-criminal-probe-of-clayton/>

- 6) The loss of street retailers led to the inevitable impacts on thousands of manufactured home land-lease communities. Untold hundreds if not thousands of older 'mobile home parks' or newer manufactured home communities were sold for less than their intrinsic value. UMH Properties, via their periodic 'case study' reports provided to investors, illustrates the apparent harm caused to former "mom and pop" or independently owned manufactured home communities. A lack of capital and a lack of retailers filling vacant sites has ripple effects that benefit those with deeper pockets while harming those with less robust capital access.



# Value-Added Acquisitions

## A Case Study - Countryside Village



◆ Located in Columbia, TN, 46 miles south of Nashville, TN.

Number of Sites:

Date of Acquisition:

Purchase Price:

Purchase Price per Site:

Capitalization Subsequent to Acquisition (including \$8.9m in rental homes):

Total Capital Investment (\$49,900 per site):

349  
June 29, 2011  
\$7,300,000  
\$21,000  
\$10,100,000  
\$17,400,000

|                            | At Acquisition | Today        | Increase |
|----------------------------|----------------|--------------|----------|
| Occupancy Percent          | 55%            | 97%          | 42%      |
| Number of Rentals          | 79             | 223          | 144      |
| Weighted Average Site Rent | \$302          | \$387        | 28.1%    |
| Rental and Related Income* | \$953,000      | \$2,462,000  | 158.3%   |
| Net Operating Income*      | \$497,000      | \$1,628,000  | 227.6%   |
| Value per site **          | N/A            | \$77,700     | 56%***   |
| Value of Community **      | N/A            | \$27,133,300 | 56%***   |



\*At acquisition - 2011 annualized; Today - June 30, 2020 annualized

\*\*Value calculated based on a 6% Cap Rate.

\*\*\*Increase from total capital investment.

- 17 -

**MHProNews has periodically raised concerns that certain practices by MHI member firms has caused properties to sell at less than their potential value absent purported market manipulation. This data from UMH Properties de facto illustrates that issue.**

<https://www.manufacturedhomepronews.com/umh-continues-to-achieve-excellent-results-despite-the-covid-19-pandemic-sam-landy-another-mhi-scheme-reveal-plus-manufactured-home-investing-stock-updates/>



<https://www.manufacturedhomepronews.com/flagship-communities-hypocrisy-mhi-industry-corruption-fragmented-industry-with-high-barriers-to-entry-and-imbalanced-supply-and-demand-dynamics-plus-sunday-mhi-weekly/>



<https://www.manufacturedhomepronews.com/masthead/rest-of-story-residents-media-complain-rhp-properties-on-evictions-discrimination-stiff-hikes-havenpark-communities-named-where-is-manufactured-housing-institutes-code/>



**ATTORNEY GENERAL WM TONG, 'IT'S CRIMINAL AND IT'S ELDER ABUSE,'**

**SUN COMMUNITIES IN LATEST PRIVATE EQUITY**

**MHVILLE DRAMA INVOLVING MAJOR MANUFACTURED HOUSING INSTITUTE MEMBER – FACTS ANALYSIS**

<https://www.manufacturedhomelivingnews.com/attorney-general-wm-tong-its-criminal-and-its-elder-abuse-sun-communities-in-latest-private-equity-mhville-drama-involving-major-manufactured-housing-institute-me/>

**FRANK ROLFE, GARY SHIFFMAN**

**5-POINT CASE**

**FOR**

**PROPERLY DEVELOPING MORE MANUFACTURED HOME COMMUNITIES—**

**PEOPLE, PROFITS, PERFORMANCE, PERSPECTIVES, AND AFFORDABLE MANUFACTURED HOUSING DONE CORRECTLY**

**IMPACT COMMUNITIES**

**MHU**

**MHPRONews.com**  
Industry News, Tips and Views from the Inside

<https://www.manufacturedhomepronews.com/frank-rolfe-gary-shiffman-5-point-case-for-properly-developing-more-manufactured-home-communities-people-profits-performance-perspectives-and-affordable-manufactured-housing-done-correctly/>



<https://www.manufacturedhomepronews.com/fixing-errata-lincoln-institutes-george-w-mac-mccarthy-corrects-manufactured-housing-industry-factual-record-on-manufactured-home-communities-plus-sunday-weekly-mhville/>

Each of the above are Manufactured Housing Institute (MHI) members. Coincidence? Or is it a coincidence that virtually every firm that HBO's viral hit on the industry misnamed *Mobile Homes* by *Last Week Tonight with John Oliver* have apparent ties to MHI? Additionally, numbers of those firms buy Clayton product. Those who retail homes now, because of the lack of street retailers today, may offer 21<sup>st</sup> Mortgage Corporation lending.

- 7) It is not necessarily a hit on the Biden Administration to note that despite the hoopla, first time homebuying is reportedly near or at all-time lows. As MHLivingNews detailed in the first linked report below, Democrats and Republican administrations alike have for years made housing promises that the elapse of time revealed were illusory. That noted, Berkshire has rare air level of access to movers and shakers in the federal government, Congress, or even the White House. Why hasn't Berkshire-Clayton either used that access to fix what is limiting manufactured housing? Or in the alternative, why hasn't manufactured housing giant Clayton led the charge for funding legal action to get the industry's rights under federal law enforced? Why didn't MHI, under Tom Hodges or Tim Williams respective chairmanships – given that both men were Berkshire unit leaders in manufactured housing – to press MHI to use its millions to sue as needed to get the industry's rights enforced?

The above is not exhaustive. But it is enough to make this point. Each of these could be a chapter in a digital book with hyperlinks to more research that explores each of these issues and how they overlap. All of these observations are fact-backed, evidence-based, and utilize common sense or 'logic.' Are manufactured housing professionals, related business owners, managers, investors, public officials, media and others to simply presume that highly seasoned and successful business and nonprofit leaders somehow missed what this report highlighted? Isn't it more likely that MHI and their corporate backers want the status quo, because it leads to consolidation and acts as a moat to keep potential new competitors out of manufactured housing?

That was an observation made by faithful MHI member Andy Gedo in his public 'debate' with this writer for *MHProNews*.





Andy Gedo



**ManageAmerica**  
Online Property Management Systems



**"So, six years before the conventional mortgage meltdown, MH chattel lending virtually disappeared for anyone with a flawed credit history..."**

**"Clayton's finance capability is a barrier to entry (what you [MHPRONews/MHLivingNews like to call a "moat") that limits competition. Barriers to entry can sometimes be exploited through unfair competition to gain monopoly power in a market..."**

To see this in context go to the original debate linked below.

Let's note that our publications call it "the Moat" because Warren Buffett, Kevin Clayton and others in that mindset call it "the moat." It is Buffett's term, not one we created.

That noted, Gedo is quite right in saying that **"barriers to entry can sometimes be exploited..."** Why is the Duty to Serve (DTS) manufactured home lending passed in 2008 as part of the Housing and Economic Recovery Act (HERA) still not being properly implemented? Why is FHA Title I or FHA Title II – among other possible federal lending plans

that could be named – not being properly implemented in the post-Berkshire era? Is it a coincidence? Or have they used their influence and resources to limit and divert those options and thus maintain their moat as a barrier to entry, and maintenance in the industry?



**Kevin Clayton, left, Warren Buffett, right.**

Photo credit:

Seattle Times expose portrays Warren handbill.us



**"Warren [Buffett] is very competitive ...he paints such an image in each of our manager's minds about this moat, this competitive moat, and our job is very simple and we share this..."**

**Deepen and widen your moat to keep out the competition...**

**But some of our competitors do a good job, but our plans are to make that difficult for them."**

- Kevin Clayton,  
President and CEO of Clayton Homes,  
a Berkshire Hathaway brand.  
Source – video transcript posted on  
[MHLivingNews.com](http://MHLivingNews.com).

<https://www.manufacturedhomepronews.com/debate-current-former-manufactured-housing-institute-members-battle-over-clayton-homes-mhi-other-key-member-activities-and-industry-performance/>

Outsider looking in and legal researcher Samuel “Sam” Strommen with Knudson Law bluntly observed that MHI appears to be part of a market manipulation scheme being executed by Clayton in conjunction with apparent allies Skyline Champion and Cavco Industries.

PROUD MEMBER OF



MONOPOLISTIC HOUSING INSTITUTE



THE NATIONAL ASSOCIATION  
SERVING CONSOLIDATORS OF THE  
MANUFACTURED HOUSING INDUSTRY



**"The Manufactured Housing Institute [MHI] acts not only as the public mouthpiece of the Big 3 manufacturers (in the name of the industry) but also appears to act directly on its behalf in its various lobbying endeavors.<sup>95</sup>"**



Samuel Strommen

Strommen said he **"submits that the MHI's conduct in obfuscation judicious decision-making by the [FHFA and HUD] constitutes a conspiracy to restrain trade under Section 1 of the Sherman Act, and by virtue of the misrepresentative nature of the conduct, should not be afforded *Noerr* protection."**



– Sam Strommen,  
**The Monopolization of the American Manufactured Home Industry and the Formation of REITs: a Rube Goldberg Machine of Human Suffering.**

*Strommen Manufactured Housing Institute Quote: MHI Mouthpieces of Big 3 Restraint of Trade Should Not Get NOERR protection.*





**"In 2002, prior to Berkshire Hathaway's acquisition of Clayton Homes, there were 88 manufacturers scattered across the United States.<sup>38</sup> Today, the number has fallen to less than half that.<sup>39</sup> A report from the now-defunct *Manufactured Home Merchandiser* publication indicates that in 2003, Clayton was the third largest manufactured home fabricator<sup>40</sup> in the United States, and at that time, the top twenty-five manufacturers accounted for 78% of all home production and sales.<sup>41</sup> Today, Clayton, Skyline-Champion, and Cavco, the top three, account for some 80% market share combined.<sup>42</sup> Clayton alone comprises about 51% of manufactured home production.<sup>43</sup> A series of mergers and acquisitions has made this industry increasingly consolidated."**

- Samuel Strommen
- Knudson Law research on
- **The Monopolization of the American Manufactured Home Industry and the Formation of REITs: a Rube Goldberg Machine of Human Suffering"**



*This is one of several evidence-based allegations that Strommen made in his seminal report. Williams and Birch apparently ignored the report which has this reference along with other claims that include MHI sources that made similar statements. These impact Ohio Manufactured Home Association members, but also those in dozens of other states. <https://www.manufacturedhomepronews.com/bombshell-buffett-berkshire-clayton-homes-21st-vanderbilt-specific-mhi-members-ripped-felony-monopolization-of-the-american-manufactured-home-industry/>*



## 1. Antitrust Allegations

**"In the American manufactured housing industry, a single company stands alone at the apogee of manufacturing, retail, and finance. Warren Buffett's Berkshire Hathaway maintains a commanding position over its competitors, the symbol of triumphant capital: arching, malevolent, resplendent. While there is competition in both the manufacturing and financing sectors, such competition is nominal, as through its principal subsidiary Clayton Homes, Berkshire Hathaway maintains an impressive filigree of smaller, subordinate institutions that account for exorbitantly high market share percentages of both sectors."**

- Samuel Strommen
- Knudson Law research on
- **The Monopolization of the American Manufactured Home Industry and the Formation of REITs: a Rube Goldberg Machine of Human Suffering"**



<https://www.manufacturedhomepronews.com/bombshell-buffett-berkshire-clayton-homes-21st-vanderbilt-specific-mhi-members-ripped-felony-monopolization-of-the-american-manufactured-home-industry/>



**"While claims that Berkshire Hathaway vis-à-vis Clayton Homes have violated American antitrust law have not been litigated in court, ample evidence that violations are taking place are myriad.**

**Buffett's own words on his business strategy provide valuable insight into Clayton Homes' strategy in this sector: "A good business is like a strong castle with a deep moat around it," Buffett said on a *CNBC* broadcast, "I want sharks in the moat. I want it to be untouchable."<sup>37</sup> In this analogy, the castle would be the business he has invested in, fortified and standing safe from outside attack. The shark-filled moat is representative of the litany of additional deterrents Buffett-led Berkshire Hathaway has at its disposal to ward off nascent competitors as well as regulators."**

- Samuel Strommen
- Knudson Law research on
- **The Monopolization of the American Manufactured Home Industry and the Formation of REITs: a Rube Goldberg Machine of Human Suffering"**



<https://www.manufacturedhomepronews.com/bombshell-buffett-berkshire-clayton-homes-21st-vanderbilt-specific-mhi-members-ripped-felony-monopolization-of-the-american-manufactured-home-industry/>

Researcher Donna Feir, Ph.D., after citing the Seattle Times report on troubling practices in Clayton Homes affiliated lending said that the issue begs more research.



minneapolisfed.org

**"We believe further investigation around the manufactured home financing market structure might be necessary if home loans are going to be made equally affordable for AIAN borrowers."**

- Donna Feir, Ph.D.,  
Research Economist



*Minneapolis Federal Reserve Researcher cited the Seattle Times, which named Clayton Homes and their lending, in pointing out the inequities that plague minority borrowers in manufactured housing.*

House Democratic lawmakers cited below referred these vexing issues to federal officials. What happened to those referrals?





U.S. House of Representatives Maxine Waters (D-CA), Emanuel Cleaver (D-MO), Keith Ellison (D-MN), Mike Capuano (D-MA). Image credits, Twitter, Wikipedia.

**"Clayton is the nation's largest manufactured housing company and has a "near monopolistic" grip on lending to minority borrowers seeking financing for manufactured housing reaching nearly 72% of African-American borrowers, 56% of Latino borrowers, and 53% of Native American borrowers."**



- Letter to Consumer Financial Protection Bureau, Department of Justice.



See the related

report linked here. <https://www.manufacturedhomelivingnews.com/coming-epic-affordable-housing-finance-clash-chair-maxine-waters-vs-warren-buffett-clayton-homes-historic-challenges-ahead/>



Warren Buffett - Wikipedia



**"I make *no apologies whatsoever* about Clayton's lending..."**

**- Warren Buffett,  
per Reuters on May 2, 2015.**

Buffett's response to questions about predatory and discriminatory lending and sales practices reported by the *Seattle Times* and the Center for Public Integrity.

<https://www.manufacturedhomepronews.com/masthead/affordable-housing-needed-investors-seek-returns-powerful-pro-insights-including-warren-buffett-no-apologies-whatsoever-manufactured-housing-truth-outs/>





**DOJ-CFPB-RECORD RACIAL DISCRIMINATION-REDLINING CASE SETTLED BY WARREN BUFFETT-LED BERKSHIRE HATHAWAY OWNED LENDER – CLAYTON HOMES AND THEIR AFFILIATED LENDING NAMED BY SEATTLE TIMES – CONVENTIONAL AND MANUFACTURED HOUSING CLAIMS**

<https://www.manufacturedhomelivingnews.com/doj-cfpb-record-racial-discrimination-redlining-case-settled-by-warren-buffett-led-berkshire-hathaway-owned-lender-clayton-homes-and-their-affiliated-lending-named-by-seattle-times/>



<https://www.manufacturedhomeproneews.com/masthead/cfpb-gives-new-evidence-of-predatory-iron-triangle-sabotaging-monopoly-racist-case-against-warren-buffett-led-berkshire-hathaway/>

Democratic lawmakers cited below asked then Bush-era HUD Secretary Mel Martinez to enforce the MHIA's enhanced preemption provision. MHI claims to want the MHIA enforced. But if so, why the lack of legal action to enforce the matter? The Manufactured

Housing Association for Regulatory Reform (MHARR), which represents independent producers of HUD Code manufactured homes that authentically do want to grow the industry, has highlighted these issues on their own platform and in interviews with *MHProNews*.

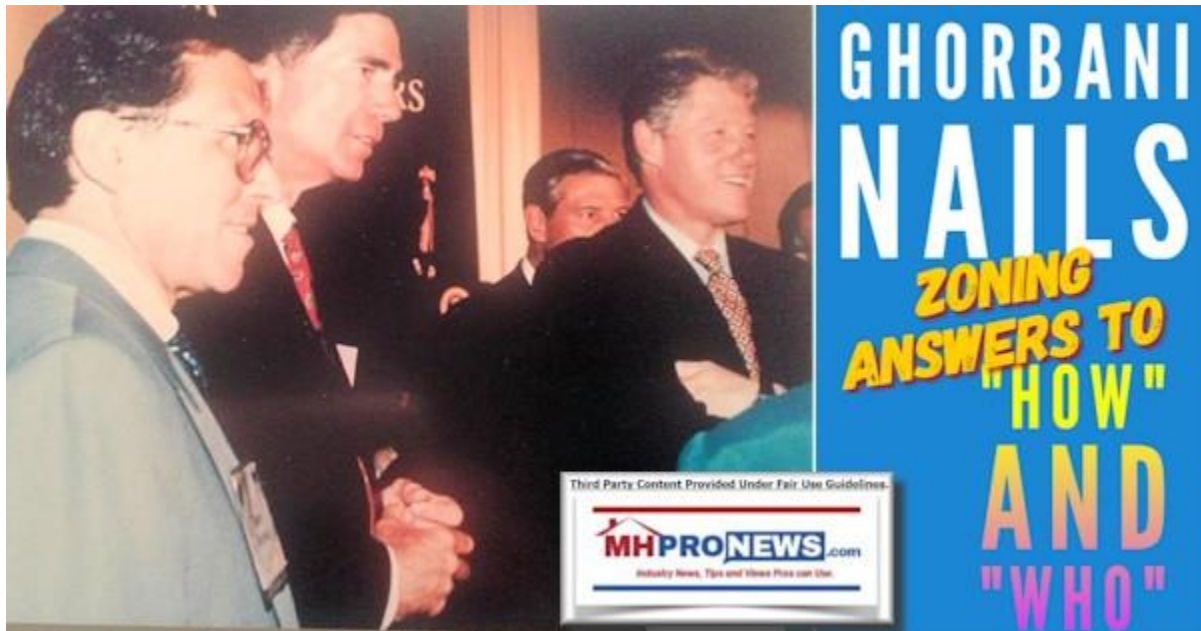


<https://www.manufacturedhomepronews.com/masthead/shell-game-affordable-manufactured-home-threats-on-steriods-exclusive-probe-into-manufactured-housing-industrys-twin-criSES-a-one-on-one-interview-with-mharr/>



<https://www.manufacturedhomepronews.com/masthead/shock-manufactured-housing-institute-boldy-gives-unforced-error-doc-after-favorable-court-ruling-mhi-charged->

[\*throwing-lifeline-to-doe-energy-rule-mhi-admits-harms/\*](#)



[\*https://www.manufacturedhomepronews.com/ghorbani-nails-zoning-answers-to-how-and-who/\*](https://www.manufacturedhomepronews.com/ghorbani-nails-zoning-answers-to-how-and-who/)

### **Silver Lining?**

MHProNews has noted that manufactured housing has become a target rich environment for legal action.

[\*Has the Manufactured Housing Industry Become a Target-Rich Environment for Plaintiffs' Attorneys? Facts, News & Views; plus, Sunday Weekly Manufactured Home Industry \(MHVille\) Headlines Recap\*](#)

The recent arrest of accused mega-scamster Sam Bankman-Fried (SBF) and his associated FTX followed on the heels of the felony convictions of two Theranos corporate leaders.

[\*How Long a Prison Term May Some Manufactured Housing Execs Get from Successful Prosecution? Law360 Clue-11 & 13 Year Prison Terms for Convicted Corp Criminal Fraud; plus MHVille REITs, Stocks Update\*](#)

Restated, it should not be thought that the status quo in MHVille will always be like it is today.



## Massive Investment Opportunities for “White Hat” Investors

A case can be made that visionary investors with chutzpah, sufficient capital, who are willing to employ legal, marketing, sales, and construction expertise as needed could quickly ramp up and surpass some of the staid companies that currently dominate MHI. Perhaps some outside investors with guts and vision who want to make a healthy and honest profit providing millions of affordable housing seekers with an affordable home could team up with existing independent(s). They could create a post-production trade group. They could deploy legal efforts to enforce the MHIA’s enhanced preemption or get other federal laws such as the Duty to Serve (DTS) properly enforced. They could use attorneys to thwart the looming DOE energy rule. To illustrate the potential for white hat investors, the modular builder’s announced plan ought to be of interest. The point of the report below isn’t that investors should put their money into modulars. Rather, the point is if a modular builder crafted a business plan to open dozens of factories in a few years, where is the manufactured housing equivalent of that bold vision?



*you are an independent retailer, community, or consumer and are told that you must tolerate 6-month delays or longer for getting a home, don’t just blindly buy that tripe. S2A – a builder of modular housing – are planning dozens of new factories. Other producers are adding factories too. If they can expand, why not HUD Code manufactured home builders? This is why MHProNews laces various reports together, to provide a snapshot that reflects reality based on facts and evidence. <https://www.manufacturedhomepronews.com/first-electrically-self-sustaining-theres-no-utility-bill-s2a-stunning-megafactory-plans-dozens-of-factory-built-housin/>*



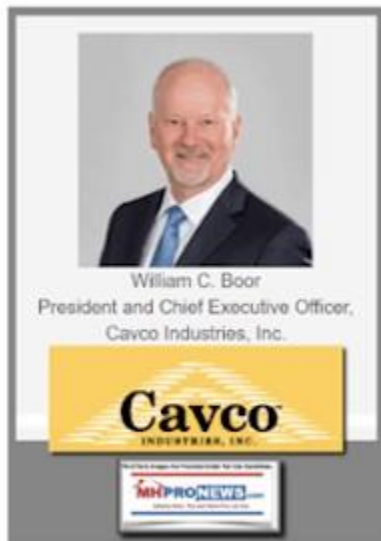
<https://www.manufacturedhomepronews.com/masthead/mhi-owes-the-manufactured-home-industry-an-explanation-and-a-lawsuit-the-need-to-stop-destructive-energy-regulations-of-manufactured-housing/>



<https://manufacturedhousingassociationregulatoryreform.org/mharr-launches-fighting-discriminatory-zoning-mandates-manufactured-housing-project/>

Some of this has not yet occurred, but that doesn't mean that it won't. Nature abhors a vacuum. The lure of tens to hundreds of billions of dollars in market share possible in providing affordable housing to Americans could prove to be enough to attract the money

and mentality needed to transform the now underperforming industry into a roaring giant that could surpass conventional housing.



**“But we've got a great opportunity here, I think as an [manufactured home] industry to catch-up with building.”**

- William C. Boor,  
President and Chief Executive Officer,  
Cavco Industries (CVCO).  
during Q2 2021 earnings call.

*Bill*

*Boor is correct in saying that the industry has an opportunity to ‘catch up’ – or even pass – conventional housing builders. But that opportunity existed 2 decades ago too. That means, that until the root issues are addressed, authentic progress will not be obtained. That noted, by addressing the root issues robust growth can occur.*



Manufactured Home Pro News  
(MHPProNews.com)

One of the images

provided in the EIN media release, linked here. For those who use the content without changes and including backlinks, this content can be used at no cost. Note 2: Note: depending on your browser or device, many images in this report can be clicked to expand. Click the image and follow the prompts. For example. Click the image and you may see an option to open the image in a new window. Click that option. Then, in the new window click the image to expand it to a larger or full size. To return to this page, use your back key, escape or follow the prompts.

It should be noted that among the most accessed articles on *MHProNews* and *MHLivingNews* are reports that explore the legal issues raised herein. For well over a year the article linked below was the runaway most read on either *MHProNews* and *MHLivingNews*.



**Clayton homes**

**NIX PATTERSON, LLP**

**BigClassAction.com**  
Class action news consumers can use

**CASE AGAINST CLAYTON HOMES - YEARS OF LEGAL & REGULATORY CLAIMS**

<https://www.manufacturedhomelivingnews.com/case-against-clayton-homes-years-of-legal-regulatory-claims/>

**CASE AGAINST CLAYTON HOMES — YEARS OF LEGAL & REGULATORY CLAIMS**

<https://www.manufacturedhomelivingnews.com/case-against-clayton-homes-years-of-legal-regulatory-claims/>





<https://www.manufacturedhomelivingnews.com/cpo-chase-mcgee-clayton-homes-chief-people-officer-scanlan-recruiting-says-clayton-culture-legendary-editorial-eyes-ultimate-clayton-homes-resource-for-biggest-manufactured/>



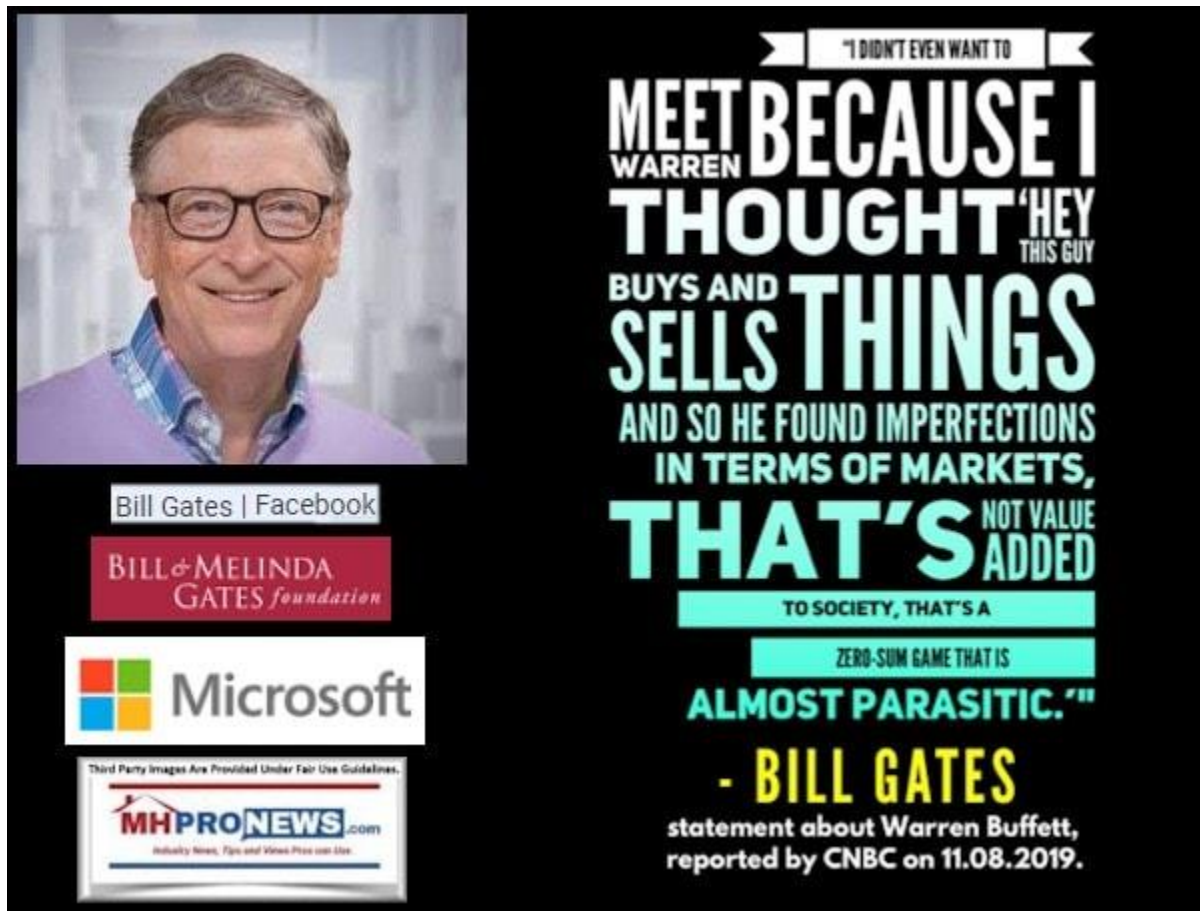
## Chair Maxine Waters vs. Warren Buffett – Clayton Homes - Historic Challenges Ahead

<https://www.manufacturedhomelivingnews.com/coming-epic-affordable-housing-finance-clash-chair-maxine-waters-vs-warren-buffett-clayton-homes-historic-challenges-ahead/>

Other related reports include, but are not limited to, those that follow, or which were previously linked above.

As a closing note, an observation should be made the Berkshire owned dozens of local and regional newspapers. Among those was the Omaha World Herald, see the photo at the top,

was one of those newspapers. If Buffett and Clayton wanted to create an educational campaign, one article a week in each of those publications could have in a year generated serious interest in the value of modern manufactured housing. That didn't occur. It is one more indirect piece of evidence that Gates was correct. Buffett has found weaknesses in markets – including manufactured housing. As Gates mused, Buffett and his henchmen apparently exploit those weaknesses in ways that are not value added. ##



**"I DIDN'T EVEN WANT TO**  
**MEET BECAUSE I**  
**WARREN**  
**THOUGHT 'HEY**  
**THIS GUY**  
**BUYS AND**  
**SELLS THINGS**  
**AND SO HE FOUND IMPERFECTIONS**  
**IN TERMS OF MARKETS,**  
**THAT'S** NOT VALUE ADDED  
**TO SOCIETY, THAT'S A**  
**ZERO-SUM GAME THAT IS**  
**ALMOST PARASITIC."**  
**- BILL GATES**  
statement about Warren Buffett,  
reported by CNBC on 11.08.2019.

Bill Gates | Facebook  
BILL & MELINDA GATES foundation  
Microsoft  
Third Party Images Are Provided Under Fair Use Guidelines.  
MHPRONEWS.com  
Industry News, Tips and Views From the Site

*This statement is revealing. A parasite feeds on its host. Bill Gates admits he thought ill of Warren Buffett. But they got together on numerous business, nonprofit, and political levels. Clearly, whatever held Gates back he overcame. What he didn't say in this quote is that Buffett changed. There is an inference that Gates learned from Buffett and embraced that parasitic business model.*



Michael P. Lebowitz  
CFA is an Investment Analyst  
and Portfolio Manager



## A Walking Contradiction – Warren Buffett

**“...In this article we look at a few recent statements and actions of Buffett’s to highlight some contradictions that lie in their wake. Our conclusion is that it is far better for investors to watch what “The Oracle” does as an investor rather than hang on his words.”**

- Michael Lebowitz’s article makes the case for two claims. One, that Buffett is known to speak in an apparently deceptive manner. Two, that Buffett and his moat strategy is nothing more than a method of creating and maintain a monopoly.

<https://realinvestmentadvice.com/a-walking-contradiction-warren-buffett/>



See



CFA Lebowitz's analysis at the link here: <https://realinvestmentadvice.com/a-walking-contradiction-warren-buffett/> and see how we've applied that in our inquiry to Berkshire board member and attorney Ronald Olson at the link found further below.

**"This isn't the first time Buffett's love of moats has been attacked. Berkshire Hathaway has been criticized for its business practices, which seemed to put profit over customers, particularly at its Clayton Homes division."**

- Rupert Hargreaves  
GuruFocus - May 15, 2018.

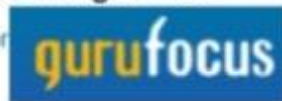
## Warren Buffett Can't Escape Unethical Strategic 'Moats'

Not all moats live up to Buffett's folksy image



Rupert Hargreaves

Author



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*These examples that span the left, right, independent, etc. niches reflect reality. Reality, not*

fables or nice sounding narratives, are what people operate in.

How Warren Buffett broke  
American capitalism

FINANCIAL TIMES

SEPTEMBER 12 2017



ROBIN HARDING

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"Growing up, I admired nobody more than Warren Buffett, the greatest investor ever...."

"But however much you admire the man, his influence has a dark side because the beating heart of Buffettism, celebrated in a thousand investment books, is to avoid competition and minimise capital investment in the real economy..."

"Mr Buffett is completely honest about his desire to reduce competition. He just calls it by a folksy name — "widening the moat". "I don't want a business that's easy for competitors. I want a business with a moat around it with a very valuable castle in the middle," he said in 2007. He tells Berkshire Hathaway managers to widen their moat every year.

The Buffett definition of good management is therefore clear. If you have effective competitors, you are doing it wrong..."

"Nor is there a simple solution. Better antitrust enforcement would help... Mr Buffett is brilliant at buying into monopoly profits, but he does not start companies or gamble on new ideas."

— Robin Harding, in the article cited at the left above which had the featured image below.

Yellow highlighting added for emphasis.



The graphic above and some others can be opened to a larger size in many browsers. Click the image once to open a new window, and then click that image again to see the larger size.





<https://www.manufacturedhomelivingnews.com/hbos-john-oliver-on-last-week-tonight-mobile-homes-video-manufactured-home-communities-fact-check/>



# WIND

WorldNetDaily-WND



## The solution to Big Tech and the oligarchs

*MHPProNews spotlights granular issues in manufactured housing, but also takes a periodic look at macro issues too. This is to set the concerns of our industry into a broader context. In order to solve our industry's problems, good existing laws must be properly enforced. There is no need to wait years for legislation that in the past has often led to little or no discernable benefit. <https://www.wnd.com/2021/05/solution-big-tech-oligarchs/>*

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*Our son has grown quite a bit since this 12.2019 photo. All on Capitol Hill were welcoming and interested in our manufactured housing industry related concerns. But Congressman Al Green's office was tremendous in their hospitality. Our son's hand is on a package that included the Constitution of the United States, bottled water, and other goodies.*

By [L.A. "Tony" Kovach](#) – for [MHProNews.com](#).

*Tony earned a journalism scholarship and earned numerous awards in history and in manufactured housing.*

*For example, he earned the prestigious Lottinville Award in history from the University of Oklahoma, where he studied history and business management. He's a managing member and co-founder of LifeStyle Factory Homes, LLC, the parent company to MHProNews, and [MHLivingNews.com](#).*

*This article reflects the LLC's and/or the writer's position, and may or may not reflect the views of sponsors or supporters.*

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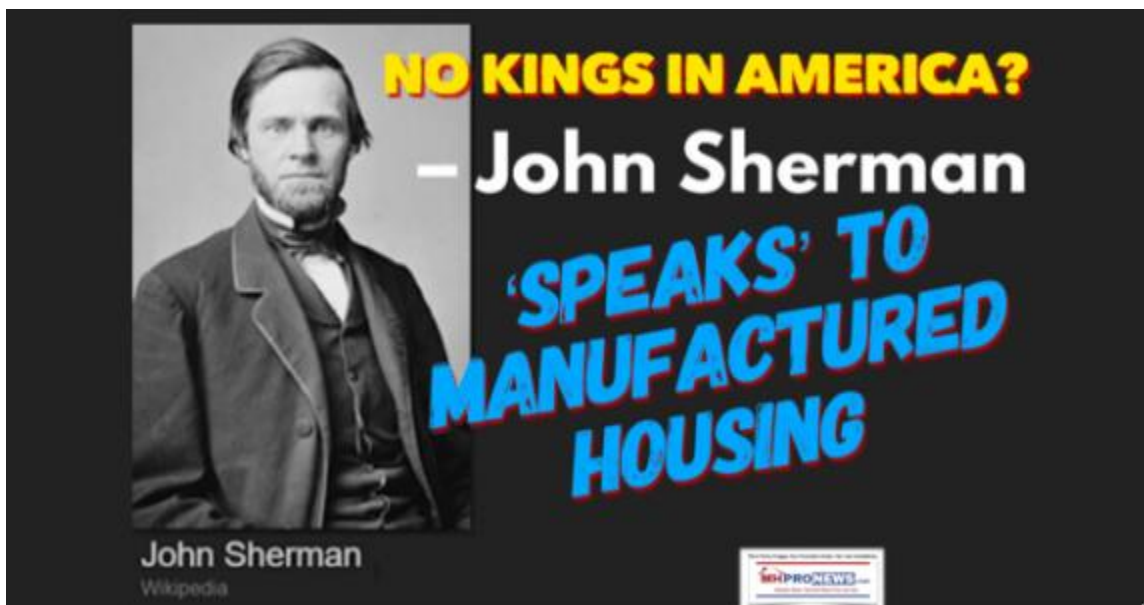


Regarding Gaslighting- ‘MHI News’ –Manufactured Housing Institute, Monopolistic Housing Institute, Machiavellian Housing Institute, Manipulative Housing Institute? Friday Facts, Follies, Stocks Update



**“Machine of Human Suffering” - Berkshire Hathaway’s Clayton Homes, Manufactured Housing Institute (MHI) Attorneys Response to Allegations of “Felony” Abuses - Knudson Law Legal Report by Sam Strommen**

<https://www.manufacturedhomelivingnews.com/machine-of-human-suffering-berkshire-hathaways-clayton-homes-manufactured-housing-institute-attorneys-response-to-allegations-felony-abuses-knudson-law/>



**NO KINGS IN AMERICA?**  
**- John Sherman**  
**‘SPEAKS’ TO**  
**MANUFACTURED**  
**HOUSING**

John Sherman  
Wikipedia

MHI PRONews

<https://www.manufacturedhomepronews.com/no-kings-in-america-john-sherman-speaks-to-manufactured-housing/>



<https://www.manufacturedhomelivingnews.com/strommen-felony-conspiracy-case-monopolization-of-affordable-manufactured-housing-and-manufactured-home-communities-rube-goldberg-machine-of-human-suff/>



<https://www.manufacturedhomeproneews.com/developers-moving-away-from-crossmods-manufactured-housing-institute-oddly-admits-plan-undercuts-99-percent-of-manufactured-homes-mhi-doc-facts-analysis-plus-mhvil/>

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**"Most men appear never to have considered what a house is, and are actually though needlessly poor all their lives because they think that they must have such a one as their neighbors have."** - **HENRY DAVID THOREAU.**

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