



## GE Capital Solutions

Commercial Distribution Finance  
Diversified Products Group  
2300 Windy Ridge Parkway  
Atlanta, GA 30339

November 3, 2008

Re: Credit Facility on Approval Hold - Manufactured Housing Industry

Dear Customer:

These are extraordinary times. In the past few months, liquidity concerns have escalated and many governments in the world are in the midst of massive bailouts to contain the economic damage. This incredible series of events has put unprecedented pressure on the capital markets. Accordingly, GE Commercial Distribution Finance Corporation ("CDF") must take the following precautions.

Under the terms, conditions and provisions of financing agreement between CDF and your business (the "Agreement"), any and all extensions of credit by CDF were and are at CDF's sole discretion. CDF also has the right, pursuant to the terms of the Agreement, to terminate your credit facility under the Agreement upon 30 days prior written notice. In lieu of the aforementioned, CDF hereby notifies you that effective December 6, 2008 CDF is placing your credit facility with the Diversified Products Group - Manufactured Housing of CDF ONLY on approval hold. This approval hold does not affect any other financing arrangements that you may have with any other divisions of CDF, which financing arrangements will continue to be governed by their existing terms until such time as you are otherwise notified of changes by CDF.

We sincerely hope that this action is temporary, but until further notice the CDF Diversified Products Group will not issue any further approvals after December 5, 2008.

CDF will continue to exercise its discretion under the Agreement to extend or not to extend credit during the notice period. In order to facilitate credit requests during this period, it is important that your requests are consistent with current market conditions and past experience.

If there is any default by you under the Agreement, CDF reserves the right to exercise any and all of its rights and remedies under either the Agreement, or applicable law, immediately and without further notice.

CDF has over 20 years experience servicing the Manufactured Housing Industry and we understand that current market conditions are difficult. We value the relationship we have with your company and appreciate your understanding regarding these actions.

If you have questions please contact your account representative at 1-800-825-9300.

Sincerely,

Marvin Solomon  
President - Diversified Products Group  
GE Commercial Distribution Finance  
5595 Trillium Blvd  
Hoffman Estates, IL 60192

Mark Maniscalco  
Sales Director - Diversified Products Group  
GE Commercial Distribution Finance  
2300 Windy Ridge Pkwy  
Atlanta, GA 30339





620 Market Street, Ste. 100  
Knoxville, TN 37902  
Office: (800) 956-0021 Ext. 1157  
Office Fax: (800) 970-3755

November 12, 2008

Dear Retailer,

As you are well aware, the past few months have brought turbulence to the economy as a whole and more specifically to the credit markets. These events have forced several lenders to freeze and/or in some cases cease invoice approvals for manufactured homes. 21<sup>st</sup> Mortgage is not immune and must take steps necessary to stretch our available capital.

Under the Inventory Security Agreement executed by each Retailer, 21<sup>st</sup> reserves the right to grant or refuse to grant credit in its sole discretion, and further to alter or terminate the agreement upon written notice to the Retailer. Therefore, please take notice that effective December 15, 2008, 21<sup>st</sup> will only issue floor plan approvals for manufacturers who commit to one of two alternative programs.

**Manufacturer Participation Program:** Simply put, manufacturers will lend to 21<sup>st</sup> Mortgage an amount equal to 2/3<sup>rd</sup> of the funds required to floor plan a home. 21<sup>st</sup> will not pay-off the floor plan balance with another lender. Manufacturers who participate in this program will not need the retail sold program as retail sold orders will be floored as normal.

**Retail Sold Program:** We will continue to floor retail sold units for existing retailers with an outstanding balance with 21<sup>st</sup> Mortgage as long as the manufacturer pays a 1% discount on each invoice. For example, on a \$50,000 invoice, the manufacturer will pay 21<sup>st</sup> \$500 at the time the unit is placed on floor. A requirement of the Retail Sold Program is that 21<sup>st</sup> Mortgage receives a copy of the executed purchase agreement and a copy of the retail homebuyer's permanent loan commitment. In addition, 21<sup>st</sup> Mortgage must receive a pay-direct letter signed by the lender and the lender must be willing to send the invoice payoff directly to 21<sup>st</sup> Mortgage at loan closing.

Over the last 24 hours all of our manufacturers with more than \$2 Million outstanding on floor plan have been contacted. We will contact the remaining manufacturers before the end of today. Manufacturers are considering the alternatives and will be confirming their commitments over the next week. As you might have assumed, Clayton Homes will participate in the Manufacturer Participation Plan. Champion will participate in the Retail Sold Program.

We hope this situation is temporary and look forward to returning to our traditional plans and programs. Should you have any questions or concerns, please contact me, Matt Webb, Beth Koella or your Business Development Manager at 1-888-810-3538.

Sincerely,

Tim Williams  
President