

IMPORTANT UPDATE ON MH FLOOR PLAN LENDING

During this past week, several state association executives including me have contact the Manufactured Housing Institute concerning recent developments regarding floor plan lending for our industry. On Friday morning I talked with Gail Cardwell, MHI President, about MHI's response to recent developments in floor plan lending.

SUMMARY: MHI Officers and staff met to discuss floor plan lending availability. MHI is exploring several options to improve the floor plan lending environment. As a result of all of our calls and the importance of this issue to the entire industry, MHI has outlined an immediate course of action (*Immediate Recommendations*) for members as well as other approaches (*Actions and Initiatives*) that MHI intends to aggressively pursue in the coming weeks.

A. IMMEDIATE RECOMMENDATIONS:

1. MHI strongly encourages retailers to make contact with their local banks to access financing and establish or reinforce relationships. To access a list of banks near you, contact the community bankers association in your state, a list of these associations is available at:

<http://www.icba.org/aboutICBA/index.cfm?ItemNumber=614&sn.ItemNumber=1738>.

2. The Small Business Administration (SBA) has a program that guarantees inventory acquisition loans made by commercial lenders, authorized under Section 7(a) of the Small Business Act, aimed at providing business loans to American small businesses. It is commonly referred to as "the 7(a) program." The SBA works with lenders who structure their own loans by SBA's requirements and who apply to receive a guaranty on a portion of the loan. The maximum loan amount is \$2 million of which 75% is guaranteed by the SBA. The interest rate and guaranty fee vary depending upon an array of factors. The link to the list of SBA-approved 7(a) lenders for most states is available online at: <http://www.sba.gov/localresources/index.html>, choose your state, then click 'financing.' For more information, contact the SBA at (800) 827-5722.

B. ACTIONS AND INITIATIVES:

MHI will work with other trade organizations whose members are comprised of smaller, inventory-based businesses to raise the awareness at the Treasury Department and in Congress about floor plan lending's role in providing jobs, preserving small businesses and contributing to the economic health of our nation.

1. MHI will petition the U.S. Treasury Department to meet with us to discuss a solution to the lack of credit availability for floor plan lending, underscoring its adverse impact on affordable housing and jobs. We will emphasize the importance of the secondary markets to accommodate the needs of floor plan lenders.

2. MHI will contact the Private Equity Council to identify potential sources of private equity financing for floor plan loans.
3. MHI will conduct a call with our state executive partners on Thursday, November 20th at 3 p.m. eastern to ensure we answer any questions they may have and to ensure a coordinated approach to tackling this issue.

MHI will be in contact with its members and we will be in contact with Arizona Housing Association members to update you on efforts to address this situation.

If you have any suggestions for resolving this issue, please contact me at 480-456-6530 or email me at bill@azhousing.org. Your input will be helpful in working with MHI and other State Association Executive prior to our conference call on November 20th.

Thanks in advance for your help. I'm looking forward to working with you, other state execs, and MHI leaders to address this issue as quickly and as effectively as possible.