



March 6, 2009

The Honorable Ben Bernanke
Chairman
Federal Reserve Board
20th and C Streets, NW
Washington, DC 20551

Dear Chairman Bernanke,

The Manufactured Housing Institute (MHI) is the national trade association representing all segments of the factory-built housing including manufacturers, suppliers, lenders, owners of land lease communities and retailers who sell homes at sales centers.

As we stated in our letter to you dated November 19, 2008, the lack of adequate floor plan lending available to industry retailers continues to be a major concern. Until the fall of last year, the non-bank lending institutions had provided the nation's manufactured home retailers with a reliable and consistent source of inventory finance. However, due to major contractions in the credit markets, all of the key non-bank lending institutions—which had collectively provided the majority of the industry's inventory financing—announced that these programs for manufactured home retailers were being suspended or curtailed. We fear that a prolonged period without access to inventory finance will force many of the thousands of small business owners that operate manufactured sales centers and employ tens of thousands of Americans to permanently close their doors. This response would cause significant adverse ripple effects throughout the nation's economy.

We understand that the Term Asset-Backed Securities Loan Facility (TALF) was recently launched on March 3. The Press Release announcing the launch mentioned that beyond auto loans, credit card loans and student loans, additional classes of asset-backed securities (ABS) will be eligible for inclusion in the TALF program such as small ticket equipment and agricultural equipment loans. The Press Release also mentions that other types of securities are under consideration, including ABS backed by non-auto floor plan loans.

Because of the importance of manufactured housing to affordable housing and the recovery of the overall housing market, we respectfully request the Federal Reserve Board and the Treasury Department to include ABS backed by manufactured home dealer floor plans under TALF.

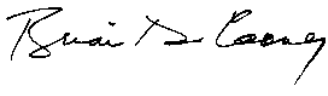
Prior to the current credit crunch, manufactured home retailers endured a protracted period of declining sales – experiencing nearly a 75% decline in home shipments over the past 10 years. This decline persisted throughout the duration of the site built housing boom, as manufactured home lenders did not resort to the lax underwriting practices of the mainstream mortgage lending community to stimulate loan approvals (e.g. stated income loans, ARMs with teaser rates, zero-down payment programs, etc.). As a result of this disparity in lending practices, thousands of Americans chose to purchase more costly site-built homes financed by loans underwritten with such loan terms rather than an affordable manufactured home financed with simple, fixed-rate loan terms.

Between 2004 and 2007, it is estimated that more than one in four manufactured home retailers lost their businesses. The industry can ill afford to lose its small business retail sales force providing the most affordable housing to Americans during these trying economic times. For example, the average new home price of a manufactured home in 2007 was \$65,100, relative to \$313,600 for a site-built home.

Until recently, manufactured housing provided approximately 35% of this nation's new home sales—serving those most in need of affordable housing. That share of total new home sales has dwindled to approximately 14% due to the lack of available credit. The ability of the industry to continue meeting this important need is contingent upon the ability of its retailers to secure financing for their inventories. Failure to secure such financing could result in a further downturn in an industry that employs over 70,000 people in its factories and retail sales centers alone.

MHI looks forward to working closely with the Federal Reserve Board and the Treasury Department to ensure that manufactured home retailers can continue to secure inventory financing.

Sincerely,



Brian D. Cooney
Senior Vice President, Public Policy and Government Relations

cc: The Honorable Timothy Geithner
Secretary, U.S. Treasury

Patrick Parkinson
Deputy Director, Research and Statistics
Federal Reserve Board