

AUGUST 2005



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Marty's News & Notes

Featuring news about the Factory-Built Housing Industry
And all the news that's fun to read...

Top People

In order to put the reason for the subject of this month's newsletter into perspective, let me quote a part of an email I got from a very intelligent non-industry former executive of high standing. He says to me:

"Marty, I read your 'industry poem', (quite good), and the logical actions the industry must take if they are ever going to gain a more favorable outcome.

"I assume there are times when you think of yourself as a modern day Don Quixote, with your repeated entreaties to adopt an MSRP, better warranties, superior customer service in setting up the home, etc., etc., and never have anyone take it seriously.

"I don't think the industry will fade away, but . . . I do think it will

continue to be a niche product until someone makes a radical change in the business model."

Nobody wants to hear me continue my harangue on industry problems. So in view of the above, this month's newsletter will focus on something everyone likes, The Top Ten industry people in four different categories.

An industry is not really about its products exclusively, it is about its people, those who grind it out daily, and make it happen. In factory-built housing the grind since 1998 has created plenty of challenges, and it is in adversity that the strong points of people can readily be seen.

As an observer of the scene, and having served on so many committees, and attended so many

meetings of the last 30 years, I have formed an opinion on many folks. The following is a positive eye's view of Marty's regard for outstanding industry participants in four separate categories. Again, this is as Marty sees it only.

By default, I am going to leave some people out I shouldn't or not know someone well enough to include them, even though they should be included. My apologies. While all of us rely on an individual's reputation, I have formed most of my opinions based on my personal interaction with and observation of the individual.

While the list is not meant to "rank" each member directly, you can consider that the number one person on the list generally has a

higher ranking in my eye, than the one ranking 10th in the same category. I took into consideration the power a person has, how they use it, their industry contributions, their sense of humor, willingness to serve, clear thinking, and persuasive power. And, oh yah, how they treated me.

While this industry is not a giant one, my lists are comprised of

only 40 people, a very small cross section of the people in factory-built housing.

Again, by no means does this comprise all the talented and powerful people in factory-built housing. Because of my experiences, I see mostly people who attend MHI functions, to a lesser extent MHARR members, and then the folks I run across

through trade shows or other means. Quite plainly, I do not know everyone and have not interacted with or observed many who I know have a reputation for high attainment.

With that disclaimer out of the way, let's get on to the first and most important list.

Pure Power

1. **Kevin Clayton**, CFO and President of Clayton Homes, Maryville, Tennessee, and its various subsidiaries and sister companies. Very bright, very engaging son of an industry legend, Jim Clayton. Since his ascension to the "big chair" at Clayton, the industry has buckled and Warren Buffett replaced Daddy as the "owner" of Clayton. Tremendous power in the industry, currently without peer. On top of that, he is well liked by most. Bright and attentive, he is the best listener of any powerful person I've ever met.
2. **Larry Keener**, President and CEO of Palm Harbor Homes, of Addison, TX, protégé of another industry legend, Lee Posey, the founder of PHH. Keener is extremely well spoken, respected, speaks with authority, and again, widely admired. Has great physical presence and is courteous. This is a widely admired man building admired homes.
3. **Dennis Jones**, CEO and President of R-Anell Housing Group, of Denver, NC. Currently MHI Chairman, making strong recovery after terrible motorcycle accident. Very quick mind. Keen sense of humor. Don't let that southern drawl fool you. He is quick witted and highly experienced. On his ample shoulders falls tremendous responsibility as the industry, and MHI in particular, triangulates to a better, more successful model.
4. **Keith Holdbrooks**, President and CEO of Southern Energy Homes, in Addison, Alabama. Very charismatic guy, with dry humor and mischievous grin. Pragmatic mind with good understanding of industry challenges. Credited with singular turnaround at Southern Energy. I was a little surprised some big MH positions at large companies didn't court him, after a very complimentary Barron's article. Top tier guy.
5. **Barry McCabe**, COO of Hometown America, Chicago, IL. The "front face" of a talented "gang of three" at Hometown. Pulled off brilliant sale of large group of the more "burdensome" properties acquired from Chateau Estates, when Hometown bought them. Very experienced in the community business and recently donning a lending hat. Will follow Jones to the MHI chairmanship next, where he will take over for a long line of highly experienced operators, then he will have the industry challenges to deal with.

Pure Power—Cont.

6. **Randy Rowe**, President and CEO of Green Courte Partners, of Chicago, IL. Very bright, ex-Wall Streeter. Has flair for start-up ventures and great ability to acquire patient investor funds. Trained with Sam Zell, moved on to help form Hometown America. Has recently formed a new council in Urban Land Institute, the highly prestigious commercial real estate association. Strong willed and very persuasive, he can create large ripples in the water.
7. **Chris Stinebert**, MHI President of Washington, DC. Smart, articulate and likeable man. An association president has many bosses to please, which he does well. He must feel somewhat "shell-shocked" as industry started steep decline not long after his arrival, which he had little to do with. He will continue to need all his patience to herd the "HUD cats" he works for. A sound, decent man, honored with the Chairman's Award last year.
8. **Ed Hussey, Jr.**, President and CEO of Liberty Homes of Goshen, IN. A man from a factory-built housing family. Company constructs good product. Is chairman and has substantial influence in the "other" trade association, the Manufactured Housing Association for Regulatory Reform (MHARR). Has strong feelings about future industry direction and expresses them well. Involved in Industry discussions relative to future industry direction.
9. **Danny Ghorbani**, Director of MHARR, and often found at Ed Hussey's side during industry dialogs. Pit bull mind for laws and regulations affecting the industry. Generally conceded to be the best at understanding beauracratc impulses and trying to fend them off. Has been fighting an endless effort to rationalize the new "installation" law to take effect at the end of 2005. Encyclopedic knowledge of regulations affecting HUDCodedom.
10. **George A. Allen** of Indianapolis, IN, industry consultant, pundit, and author. George has very large and impressive client list. Has authored several major works pertaining to landlease communities (LLCs). Widely regarded as leading expert on the subject. Writes several "industry insider" newsletters. Absolutely fearless critic who will take on anyone he deems as unfair to the industry, and more than one has felt his barbs. Industry owes George a debt of gratitude for his research and writings on many subjects. He has contributed greatly to the conversation.

Those are the "power guys" as I see them today. Sorry some females didn't make it, but after Phyllis Knight, CFO at Champion Homes, not many have risen to top drawer prominence.

Looking for Access to Factory-Built Housing Leaders & Businesses?

Marty Lavin has excellent contacts throughout the industry to facilitate your business or your industry studies.

Call him to discuss it. 802-862-1313 mhlmvl@aol.com

Wise Old Heads

The next are people who have served in high positions in the past, have contributed to the industry at high levels for many years, and while some seem less involved recently, all are still super effective people, with tremendous experience.

1. **Gary McDaniel** of Denver, Colorado, with BaseCamp Capital. Former chairman of MHI, former President of ROC Properties which became Chateau Estates. Got big slug of capital when Chateau sold to Hometown America. Extreme experience in LLC's, was early to identify the coming challenges of "blue collar" communities. Straight forward guy with quick mind to channel the experience.
2. **Howard Walker**, of Equity LifeStyle Properties, of Chicago, IL. Longtime attorney and confidant of Sam Zell. The word "gentleman" was coined for Howard, who can disarm you with charm, and with an apropos quip when least expected. Knows how to get to heart of a matter. Retired now? I can't tell, although he spends lots of time at his ski house in Colorado, but still is in the mix daily, pulling strings. Charming man.
3. **Lad Dawson**, CEO and President of Guerdon Enterprises of Boise, Idaho. Former MHI chairman. Smart, his eyes twinkle when he talks, and is insightful. Demonstrated one of the truly class acts at MHI conference, when notified he had been relieved of his job at his former employer, while presiding over the meetings. Good understanding of the industry and articulates it well. Is taking Guerdon in interesting directions. He makes for pleasant conversation.
4. **Dan Rolfes** of Holiday Group, Cincinnati, OH, the one-man conglomerate of various MH and non-MH assets. Former MHI chairman from last term. Presided over industry during very slack time. Very quick wit, with the ability to get off memorable one-liners, which seem to encapsulate the moment. Wide ranging industry experience in the industry. He tries many avenues to see what works best.
5. **Gub Mix** of Sun Valley, Idaho, consultant and director of the Idaho, Utah and Nevada associations. Writes the highly influential "From my Soapbox" column in the association newsletter. Founder and operator of the giant Las Vegas Congress which dwarfs any other industry conference. Well organized mind with far-reaching influence in the industry. Class act. We all want to be Gub when we grow up.
6. **Herb Tieder**, publisher and editor of the Manufactured Housing Merchandiser, of Chicago, IL. The man has seen it all for 30+ years, has written about it, and given endless speeches about it. Humorous, gentlemanly, knowledgeable, Herb is a true industry legend. Everyone knows Herb, and he knows everyone. The numerous awards and plagues earned for his excellence over the years, are ample testament to his length and quality of service to the industry.

Martin V. Lavin has interesting viewpoints on the **factory-build housing industry**, derived from long experience in it.

He gives speeches relative to the state of the industry, its future, and its challenges to groups, large and small. If you are looking for a dynamic speaker with an opinion, **call him**.

Wise Old Heads—Cont.

7. **Jim Shea**, CEO and President of Fairmont Homes of Nappanee, IN. Like Ed Hussey, Jr., he belongs to MHARR and is involved actively there, where the two of them often bookend Ghorbani. A serious student of the craft, he was actively involved at the Chicago 47, Strategic Planning meet, with interesting insights. I regret Hussey and Shea are not members of MHI, where they could add so much to the on-going conversation.
8. **Chuck Fanaro**, the President and CEO of High Tech Housing and Saddlebrook Farm, in Winnetka, IL. Chuck retired as a trader at the Chicago Board of Trades years ago. His giant LLC, Saddlebrook Farms, is a lifetime achievement of the first water. Bought a factory that became High Tech Housing so he could control his home production. Unique man with a unique industry model. There is much to admire here.
9. **Jess Maxcy**, President of the CMHI Foundation of California in Rancho Cucamonga, CA,. Extremely keen grasp of many MH subjects and writes and speaks skillfully about them. Helps guide a part of the industry in a state that may predict behavior in other states, therefore is treading new ground into the future. Excellent experience base, and a pleasant man.
10. **B. J. Williams**, President of Champion Homes, of Auburn Hills, Michigan and chairman of the heavyweight Manufacturers Division of MHI. B.J. is experienced in the corridors of HUDville in the extreme. His job duties seem to have distanced him some recently from his abilities to serve MHI affairs as he has in the past. A pleasant, attentive man, who has contributed to the industry conversation for years.

Luckily for us, the industry has lots of bright young people popping up in many places. I hope these folks will learn from some of the mistakes we've made in the past, and where appropriate, will take a different course.

Up And Coming

1. **Terry Decio**, Ex-VP of Skyline Homes in Elkhart, IN, and son of industry legend, Art Decio. Extremely pleasant and attentive manner. Skyline has excellent model going, with strong CSI results. Retailers and others tell me positive things about Skyline and Terry. He obviously has good things ahead of him. I'd like to see more of Terry in MHI leadership positions, where his input would matter.
2. **Austin Baidas**, CEO and President of Four Seasons Homes, of Middlebury, IN. Very well mannered and attentive man. Has clear goals of satisfying all stakeholders at Four Seasons. Rapid growth there under his leadership, where he continues to grow personally. I expect him to assume far greater industry responsibilities as he furthers his total understanding of where we are and where we need to go. This is a fine, young man.

Up And Coming-Cont.

3. **Steve Like**, Exec-VP and General Counsel for Patriot Homes of Elkhart, IN. With his guidance, Patriot is breaking some of its former constraints, doing some things I think builders need to do. He is quick, assertive, well spoken, and for a lawyer, fairly easy to get along. (Being a lawyer myself, that's a joke, son.) He runs fast and much of Patriot's activity is being orchestrated by him. Can rise to high MHI offices if he chooses to do so in the future.
4. **Nathan Smith** of SSK Communities, of Erlanger, KY. Currently NCC chairman, where his charismatic manner is infectious. Works hard and has a practical bent to succeed. His enthusiasm is ever present and his personality is downright likeable. Already at a high MHI position, expect more from this fine young man.
5. **Don Glisson, Jr.**, President and CEO of Triad Financial of Jacksonville, FL. Don is very dedicated to this industry. Triad, under his guidance, has survived during a time when literally dozens of other MH lenders departed, and continues to grow its originations. He is a particularly ethical young man who frets that as an industry we need a better CSI score, just as the Roper Report proved. Don is Vice-chairman of the Lenders Best Practices steering committee and continues to give his time and sponsorship to the industry. Great potential for leadership.
6. **David Rand, Sr.** VP of Origen Financial in Southfield, Michigan. Chairman of powerful Financial Services Division at MHI. Long experience in MH lending, including The Associates. Ambitious agenda to improve MH lending in the industry. Runs at frenetic pace, always on the move. Speaking of moving, just moved to North Carolina, where he lives not far from an airport. I've known him for years and his growth is highly satisfying.
7. **Brad Waite**, President of Land/Home Financial in Concord, CA. Very savvy, bright, good instincts, very experienced, and knows his way around MH lending. Has risen to position of responsibility at Financial Services Division. Extremely knowledgeable on conforming mortgages. I expect good things here.
8. **Ross Kinzler**, the Wisconsin Association director, of Madison, Wisconsin. Very funny man, which does not hide his obvious industry knowledge. Accepts plenty of leadership responsibilities within the industry, including interacting with the feds on MH affairs. I've served on various committees with him, and he has an inquiring mind. Has contributed greatly and will continue to do so.
9. **Ed Zeman**, CEO of Zeman MHC, of Chicago, IL. Very experienced for his age. Low intensity demeanor, with an easy-to-approach personality. Perhaps a little private, though I've found him to be pleasant and candid in his conversations. He is working a steady course to make his LLC's successful, doing some programs that should help with the present industry challenges. Has not served as much in the association as I'd like to see, but he's young.
10. **DiMarco and DiMarco**, Gerald and Anthony, of Security Mortgage, in Rochester, New York. I call these two terrific lads the "Rust Brothers", because like rust, they never sleep. They network and solicit

in the finest fashion of professional lenders/salesmen, very likeable in demeanor, and apt students of their trade. The industry is better for having these two young men involved.

And finally, one I'd like to see on this list. **Brad Blevins**, CEO of Blevins, Inc., of Nashville, TN. A very appealing young man with a likeable nature. A recent addition to the MHI membership ranks, I hope he gets more involved as one of the vanguards of the "Up and Comers". He has the goods to do it.

The Brainy Set

Now let's move on to the final compliment of people who work hard to understand the industry, the role of their company in it, and how the inter-related pieces mesh. Obviously some of these folks could be in other categories, but their grasp for insight and understanding forced me to place them here.

These are the folks who have not only excelled at their businesses, but show unusual ability to understand their business and the industry.

1. **Jeff Wick**, CEO of Wick Homes, of Mazomanie, Wisconsin, and past chairman of MHI during happier days, when we thought the flow would never end. Jeff has consistently demonstrated a desire and an ability to grasp the causes of our industry unhappiness, and makes a valiant effort to create a rational approach to overcoming our defects. He is intelligent, well educated, perceptive, and a fine man as well. I sense an even greater commitment presently, to serve the industry on his part.

2. **Paul Zlotoff**, CEO and President of Uniprop, Inc., the large community owner of Birmingham, Michigan. Paul is a long-time community owner with deep experience. He has no difficulties making decisions and like most self-made men, makes more good ones than bad. He is a student of his industry niche and works diligently to make his model work. His work schedule keeps him less involved in general industry affairs than others on these lists. He is not an idle man of idle thoughts, and knows how to get to the point.

3A. **(Tie) Ron Klein**, President and CEO of Origen Financial of Southfield, Michigan. An attorney brought in to lead the Origen group. Quick study, caught on quickly, built Origen into one of the leading MH lenders. Frequently asked to give speeches and roundtables on chattel lending, where his knowledge is extremely refined. Big industry contribution? Almost single-handedly kept the Wall Street money window open, making endless trips to analysts and investors to tout the ability of MH chattel paper to perform as represented. If the window opens on Wall Street again, which it partially has, the credit must go to this man.

3B. **(Tie) Tim Williams**, President of 21st Mortgage Corp. of Knoxville, TN, a subsidiary of Clayton/Vanderbilt Mortgage. Long-time chattel and land/home lender. Credited by the Claytons with making Vanderbilt Mortgage the powerhouse it is. On his own for several years at 21st, and sold company back into the Berkshire/Clayton family. At present, successfully lending deeper into the chattel credit profile than others. Former chair of Financial Services Division, serving on endless committees. The father of the improved TIPS (Truth in invoicing) program at MHI. Very tough, plain spoken and knowledgeable, with an occasional twinkle of mirth in his eye.

The Brainy Set –Cont.

5. **Rick Rand** of Great Value Homes of Milwaukee, Wisconsin. Rick is a long-time community owner and past chairman of the large NCC (community owners) at MHI. Oversaw the formulation and approval of The Community/Lender Agreement, Community Attributes System (CAS), The Freddie Mac long-term lease, and various other measures. Has served in many ways for years. Currently negotiating the Fannie-Mae long-term lease. Excellent grasp of industry realities, and has the ability to communicate his thoughts.

6. **Dan Rinzema**, President of Datacomp Appraisal Services of Grand Rapids, Michigan. Leading industry expert on home valuations and appraisals. Keeper of several computerized databases, most in conjunction with MHI. Leading the charge to bring industry information into the 21st century, although many in the industry still think cuniform writing on clay tablets is OK. Expert on the causes and potential cure of MH home depreciation. Leading proponent of MLS and other "realtor" type systems. Excellent writer on industry subjects, including the resale home marketplace and its importance to the industry.

7. **Vince Pulsipher** of NADA Appraisal Guide of Costa Mesa, CA. Vince is the editor of that orange NADA Manufactured Housing Appraisal Guide that is omnipresent throughout the industry and almost universally misused. While Vince does not sanction the misuse, quite the contrary, there can be no question that the "short hand" method often adopted by lenders and others for its use has greatly contributed to some of our problems. Vince understands home value appraisals well and there is no question his guide is a powerful industry presence. I have always found him knowledgeable and helpful.

8. **Doug Gorman**, the retailer of Home-Mart, Inc. of Tulsa, Oklahoma. Has served on endless industry committees and always contributed the retailer viewpoint. Presently leading the charge to a higher volume sales model. Very perceptive, experienced, and is respected for his contributions. Currently serves on the MHI Board of Directors, The Propane Council Advisory Board, and too many other committees to name. It's pretty hard not to bump into him if you travel the corridors of HUDville.

9. **John Diffendal** of B B and T Capital Markets in Nashville, TN, the leading industry analyst, following Fleetwood Homes and Champion Homes, amongst others. Wrote the highly influential research paper, "Tornado Alley: Staring at the Rubble of Manufactured Housing", which early on encapsulated the destruction wrought to the industry by poor practices. While he has struggled with finding and calling the industry bottom (and who hasn't), his contribution to the industry is pulling together lots of research, advising of industry related articles, and publishing a monthly report that students of the industry find very beneficial. He also happens to be a fine man of very even temperament, and one who really knows how to follow a story. His contributions are appreciated by many.

10. **Ken Cashin**, President of Florida Mobile Home Supply, Tallahassee, FL. Fast moving, quick-witted fund raiser for the MHI PAC (political action committee), raising money to "help" our friends in Congress. Treasurer of MHI in view of his abilities and sound advice. Involved in association affairs at the highest levels, in policy making position. Serves on the extremely powerful Executive Committee which

The Brainy Set –Cont.

really sets policy for MHI. There they are, the top forty people I see in the industry who impress me personally. The group comprises much of the decision making power in the industry, past, present and future. Are there people left off this list every bit as worthy and perhaps even more? You bet.

Many would say the “**missing list**” is headed by Warren Buffett. While I am an acknowledged admirer of the man, I just don't see him as part of HUDville.

Let me visit the question of outstanding females in factory-built housing. There are some outstanding ladies involved in the industry. I just do not tend to interact a great deal with them.

Coming to mind quickly are Jenny Hodge of American Modern Insurance, Paula Reeves of CIS Financial Services, Sheila Dey of the Western MH Communities Association, Nancy Geer of the New York MH Association, Mary Gaiski next door at the Pennsylvania MH Association, Charlotte Gattis at Tara's home state, of the Georgia MH Association and Brenda Westfall, the colorful and perceptive retailer from Oklahoma. I've dealt with all of them just enough to know they are fine people, of great abilities.

My personal thanks to each and every individual on this list for their contributions. My ending message is that after reading the MHL Corp Shipments Contest results (below), there is much left to do.

THE MHL CORP 2005 ANNUAL SHIPMENTS CONTEST This is reported purely factually. I will not editorialize as it speaks for itself.

I have reported to all my contacts that this summer's activity in the industry has been frighteningly slow. June was fair. July disconcerting, and August seems worse. Most I speak with, echo the same tune.

On August 23, at 3:24 PM, EDT, the home shipments flash report for July came via email. “Shipments of Manufactured Homes down 8% in July.” It sent a shudder through the industry.

In my July newsletter I had forecast an annual rate of 126,500 homes. The large drop in July makes it almost certain that equaling 2004 shipments of 131,000 homes will be very difficult. The July decrease was enough to have me believe we might drop the full 10,000 homes that were accounted for last year in the second half by hurricane homes and the large ARC (Affordable Residential Communities) orders for sale in their communities.

That would bring the 2005 shipments pace to around **121,000 homes**, which means **Ken Lipshultz**, the bright young front man of **Brookside Companies**, the large community owners in Birmingham, Michigan is exactly on. He has so far correctly predicted we will have no hurricane damage to increase our shipments this year. We'll see how the Broward and Dade County Hurricane affects this.

The last time we delivered shipments this low for “HUD” type homes was in 1962 when we shipped 117,900 homes at a time when the U.S. population was around 175 million. Today our population is around 300 million, making our actual 2005 shipments far weaker than the pure numbers indicate. By 1968 we were over 300,000 shipments and in 1969 over 400,000. **Will we see that again?**