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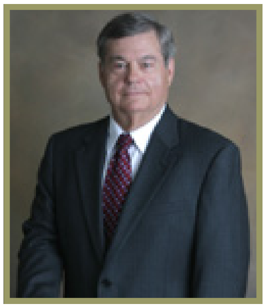

Martin V. Lavin

Inside this issue:

"THE OCTOBER SURPRISE"

Marty's News & Notes

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

DATELINE: TUCSON, ARIZONA

Even before the beginning of the MHI Annual Meeting in Tucson Arizona, October 28-31, there was a harbinger of unfolding events and even some expectations of bombshell announcements.

First, various chairmen of Divisions and Councils had terms ending, with new, fresh faces taking over. In addition, **Dennis Jones**, the witty North Carolinian of **R-Anell Housing** was exiting as MHI chairman, replaced by **Barry McCabe, Hometown America Enterprise's President**, headquartered in Chicago. Jones allowed that the end of his term was a big weight off his shoulders, any leadership position, especially association chairman, being time consuming and trying. Dennis was relieved his day had come, though I doubt if he can escape new MHI assignments. There's still much to do.

Additionally, with the resignation of **Chris Stinebert** as MHI President, **Michael O'Brien**, MHI Executive Vice President, was interim leader at Tucson, even as a search committee was formed to seek Stinebert's successor, with O'Brien amongst the candidates. Chris was in attendance the last meeting day and I spoke with him several times. Chris is a pleasant man and always accommodating for conversation. He's already well engaged with his new association (American Financial Services Association, **www.ddfsaonline.org**) and says that he has a full plate there as well, especially with the multitude of states, with numerous products, where his members engage in lending. Lending is a "gotcha" endeavor today, every transgression, real or imagined, purposeful or inadvertent causing regulatory enforcement with sometimes crushing results. If he didn't have a rocking chair at his MHI office, it appears he will not need it at his new one either.

Parting Advice?

I asked Chris if he would give MHI some candid parting advice in his final speech there and was advised that **The Journal's** November issue would carry an opinion piece by him with eight areas where he thinks the industry should concentrate in the future. Chris burns no bridges behind him so I expect a well-considered, measured piece. I can hardly wait.

Bombshell

Ostensibly, the featured industry event at Tucson was to be the release of data and details by **J. D. Power**, of the **Consumer Satisfaction Index (CSI)** for the 12 MHI builders involved. Being a strong supporter of this initiative, I was very much interested in this event and I discuss my thoughts on the CSI later.

But the underlying suspense, partially hinted at by some, gave me notice something **even more important was to occur.** I asked several very tight-lipped leaders whom I knew would know, but **Jones, McCabe** and others left tantalizing smiles in between their "no", which told me everything I needed to know. Something was up. I circulated with my suspicions, chatted with many about it. Some scoffed, others blinked, but a mood of anticipation arose.

It didn't take long. **Kevin Clayton, the Big Guy at Clayton Homes** and MHI Secretary, and the aforementioned **Chairman McCabe** strode the stage and confirmed the stunner: MHI and **Manufactured Housing Association for Regulatory Reform (MHARR),** the other industry association, were deep in merger talks and while details were not finalized, the persuasion of MHI and response alacrity of MHARR were proposed to be combined, with the strengths of each melding like Spock's Brain to create an advanced association. (So, I had guessed the big announcement right! Figured.)

One Voice

I only heard one thing: with any luck at all the manufactured housing industry would be considering all industry matters under one roof and then advancing the industry cause, as deemed necessary, with one voice, without a public discordant note ever sounded. This is a subject I've covered in clear terms several times in the past and the short answer is that I **heartily approve** of this merger, and applaud all on both sides who are nurturing it. I clearly stated to **Kevin** and **Barry** that I personally have every confidence that they will negotiate a reasonable merger and I have committed to give them such assistance as they may need from me and **urge you to do the same.**

Lobbyists

Will we get everything we want for our side from the merger? Probably not, but so be it, it's that important. My major cautionary note? The two associations now and the resulting merger, should it occur, are located in Washington, D.C. for one reason. They must be near the seat of legislative power as they are **lobbying** devices. Otherwise we could be in San Diego for the weather, beach and golf or in St. Louis for a central location.

We deal with regulators and legislators. In my opinion lobbying is the art of negotiation and persuasion, a give and take. Lobby is not a lawsuit to hammer the other side into submission. And while I urge the resulting association not to be a punching bag without backbone, in the main it is good to be a compromising negotiator, accepting some bad to get the good. Somewhere between Jacques Chirac's French style "Outright Capitulation" and Kim Jong Il's, North Korea's "Unreasonable Intransigence" is a middle course that has us viewed as authoritative, reliable, pleasant, stalwart and reasonable by our regulators, legislators and desired partners. Any other course is fatally flawed, our needs too often frustrated by our "enemies", of which we've created many. We do not need more.

We saw that clearly in our attempt to get Title I lending reform. Sailing through the House, passed to the Senate, where after much positive testimony for us, a short appearance by **Consumer's Union**, the consumer advocate, benched the bill for another year as the Government Accounting Office (GAO) studies the allegations made by Consumer's Union. Think what you will about CU, but they are no fools. I wonder what the GAO studies will reveal about the allegations made about us by CU? Just wondering....

I will cover CU and their ilk in some detail later.

Give and Take

Again; diplomacy over intransigence, accommodation over obstinacy is the only style likely to gain positive results for the merged association. That will often force us to bend to the will of others, giving up something dear to us, to achieve something even more desirable for us.

That doesn't mean that at certain times we shouldn't be prickly. But that stance is subject to over-use, losing its effectiveness, branding you "unreasonable". And as we found with the water metering lawsuit against the EPA, we seldom win. (I called that one!)

In general, the reception accorded the merger announcement was extremely positive, with very few reservations about the wisdom of the merger itself coming to my ears. Those involved in the negotiations on both sides are to get my hearty approval when completed. **The Marty Approval Ranking: a *5*** on a scale of 1-5, being the highest I can accord it, for the proposed MHI/MHARR merger.

Builders, builders, who builds the house?

Then shortly after the main feature "The Big Merger" was shown, the matinee started and the **J.D. Power** consumer satisfaction study was revealed, with a detailed presentation of the facts and figures affecting the 12 MHI builders volunteering for the effort. At this point the data is for all 12 combined. While each affected builder received his own individual results, they are not presently to be revealed. That will come with time. But after the presentation I informally polled about half the companies involved, and with the exception of one, they all said the same thing when I asked how they viewed their individual results. The one was the clear leader in almost every sampled category and has little to fix. The others expressed that their results were below their expectation and belief in several key areas and immediately upon landing back at their office, they would assemble their team and go to work correcting the reported deficiencies.

What a perfect result! Builders learn of consumer-perceived weaknesses in their product and delivery and they immediately go to correcting the deficiencies. Isn't that what a CSI is meant to do? Yes it is, and so it has. What a splendid result. By the way, congratulations and my strong approval for all builders who participated and my desire that any other builder-laggards come on board with the next survey. Everyone must participate or you'll be left behind.

How'd we do?

Oh, the results you ask? **Bruce Savage**, MHI's media contact (703-558-0400) has a condensed result he can send should you care. My take? The sample compared our 12 builders against certain aspects of site-built housing and their results. I am not an expert in such matters and my first impression was that while the differences were usually in favor of site-built housing, they seemed far less dramatic to me than I otherwise would have guessed. But then a 5 category earthquake is not 25% more than a category 4. It is 100%, or some such dramatic figure more, the scale being different than pure numerical. It may be that J. D. Power works the same. And I was not alone with my reservation. Others expressed the same view.

Guess what? I don't give a damn! This is such a monumental step that I have no reservations about the program, none. In a watershed move the industry took a giant stride in favor of healing itself. My extreme disappointment would come only if we stopped the survey or "cooked" the figures. Otherwise, this very first baby step of industry rationalization (to make rational), is a giant Neil Armstrong step for the industry. **Marty's Approval Ranking: a solid *5*.**

Work in Progress

One of the works in process at the convention was the concentrated conversation occurring between **FannieMae**, the giant GSE loan investor and MHI, in an attempt to craft a "High End Conforming Mortgage Initiative" which would bring highly needed and much-desired financing for homes on foundations on owned real estate, the home having strong residential characteristics. It features aggressive pricing and enhanced underwriting, for that type of collateral merits a highly favorable program. Up to 25,000 loans annually (about), which could bring as much as $2.5 – 3 billion in highly desirable loan money. Wow!

This is a program endlessly touted by ex-MHI-chairman **Dan Rolfes** and his daughter **Carolyn**, past-chairman **Dennis Jones, Dave Roberson of Cavalier, Keith Holdbrooks of Southern Energy, Kevin Clayton, Steve Like of Patriot, B. J. Williams of Champion**, and many others. While I apologize if I leave anyone out, the aforementioned represents some real industry muscle. I think it fair to say MHI wants and needs this program.

Buzz

The halls were alive with its buzz, as negotiations continued with Fannie personnel at the meeting. It’s clear at this point this is still a negotiation, as was announced at all the meetings where it was discussed. It is also patently clear that this is a priority item for both sides and is presently “Fast-Tracked” by both.

I had dinner with **Kevin Clayton**, incoming MHI Vice-Chairman **Keith Holdbrooks** and others, to discuss some of the finer points and ramifications of the various provisions under consideration. One thing that has come through strong and clear is that the industry must help protect Fannie at all costs, another program missing the desired performance levels sought by both sides will lead to unneeded dislocations in the consistent flow of money. Every money investor considering future investment in MH lending will monitor this program’s results with extreme interest. It must be right. **Marty’s Approval Ranking for the on-going MHI-Fannie negotiations: a strong *5*.**

(**Disclosure:** In spite of the fact I am paid to assist Fannie with industry affairs, I do not speak for Fannie nor have any such authority. Everything revealed herein was easily available to anyone listening at the conference without an ipod blaring in their ear. No secrets here, pal.)

Quick Response

Oh, that **Tim Williams and Rich Ray, of 21st Mortgage!** They gave a splendid party at the Awards Banquet Monday nite and announced a new financing program, available <u>now</u> which is similar, but not identical to the MHI-Fannie initiative. Those boys do not allow mushrooms to grow under their posterior!

The 1950’s industry in 2006

I don’t know if the word “harp” is the proper term to describe my on-going effort to direct the conversation towards a better industry end, but strong and constant opinions, drawing conclusions from observation and deduction, have been my style. When I put out this newsletter, the first issue being in December of 2000, I was an angry man. That anger stemmed from laying off 177 people on April 21, 2000, closing a company which had originated as much as $188 million in MH paper in one year, and pushed a billion over a 10 year period. When you work most of a lifetime building something and then flush it down he crapper for no fault of your own, it is especially disheartening. We originated good loans and were held in high esteem by both our borrowers and investors.

Money dries up

But as the money spigot for lending stopped, the Zero Sum game reached us and no amount of cutting overhead would save us. The only option was to close, and we did. I spent the next six months clearly analyzing the industry affairs, and while I made glum conclusions as to the future, I was still far too optimistic. I determined a support level of about 138,000 HUDs at the lowest level, and even when I discussed that in one of my MH Merchandiser articles, (June 2001), I did not predict it. Well, we now know that whatever support level exists for HUDCode housing may be under 120,000 homes annually and without any catalyst for change and improvement may have an ever- lower floor. Disheartening. (Read on!)

In the interim, I saw friends lose their jobs, companies close, the industry contract, even as far too many waited for the return of Stupid Lending Money, a term and concept I popularized. And to this day, many still wait at that station, for a money train now about 8 years overdue. Curious.

You’ve heard me say many times, I am trained to observe events around me, and the chatter of children hoping the bogeyman will go away, do not distract my gaze. You know **Marty’s First Rule**. Therefore, I have clearly championed substantial industry change believing that in so many ways the lure of stupid money for such a long period, set up an industry model that over time could not operate without it. Once permanently withdrawn from the market, save for a small slice of survivable and profitable retail lending, the rest of the money disappeared, taking with it 150-200,000 homes of capacity. That is more volume than remains.

And in spite of allegations that I have the power to choke off the flow of money to the industry, my rantings would be meaningless without the terrible losses resulting from industry lending. If we are going to return to a growth mode, and if stupid lending money doesn't return, we must attack the causes for the decline. Lack of retail lending money is not the cause of the industry problems, it is a result of industry problems, in spite of what many believe. Want money to return? Correct the well-known problems. Not easy, to be certain, but shouldn't we try?

Our Image

One of the well-known problems is that as an industry, for a variety of reasons, our public image and acceptance ain't too good. Don't believe me, just review the Roper Report (again, ask Bruce Savage for a copy) and it isn't just our customers who are skeptical of our product, consumer value delivered, and methods. It also extends to many others not our customers, who hold our future in their hands. You know, like HUD, zoning boards, consumer groups and our regulators and investors, and yes, our friends in the media, who have had an ongoing HUDCode housing image campaign for years. A negative one.

I have advocated an Image Campaign for so long and so consistently that I may have bored my readers. (Sorry about that, Chief.) Imagine my surprise then, (well, no, not surprise but glee of approval) when **Chairman McCabe** stepped up to that podium in Tucson and started talking about an **"Image Campaign"** for 2007, with an immediate discussion to start outlining how it's to be funded and its goals.

The funding question has been and will be an important factor and the actual start date also has variables. Again, study will be needed to proceed and to arrive at the best answer (but, Barry, not too much study). I suggest to those who will be directing this effort that a lengthy conversation with **Tracy Burleson of the Propane Education and Research Council** (PERC), an MHI member and an association quartered in D.C., should proceed promptly. The Propane Council faced many of the same image concerns as we, and in the early 2000's started the popular "Propane Guy" campaign which Tracy says has just transformed their industry. Much of their experience is relevant and she has offered to discuss their experience with MHI personnel 202-452-8975 (tracy.burleson@propanecouncil.org .)

Oh, and for those concerned about the fact we haven't fully healed ourselves before starting the campaign, the experts advise to start ASAP and "fake it till you make it" otherwise, pressures to correct never seem to arise. Further, many of the perceptions which need correction have nothing to do with our weaknesses, they are just misperceptions.

I had spoken with **Chairman McCabe** several times in the past and he had assured me an Image Campaign was in the offing when he took office. He delivered the first step on his promise.

Back to 1950

Let's get back to the 1950's industry. We've just begun our computerized Internet-delivered MLS. Skepticism is everywhere on its utility and future, yet 40+% of our customers used the Internet to research their homes, according to J. D. Power. The Community Attributes System (CAS), an absolutely marvelous system carefully crafted to enhance in-community retail lending, remains heavily under-utilized and incomplete. While **21st Mortgage, Origen Financial** and **Datacomp Appraisals** have selflessly contributed to populating the data, most community owners have ignored it, failing to update the data. Not needed in 1950, so why now?

And every other industry lender other than **21st Mortgage** is failing to use it. Doesn't have enough data to be useful and never will unless used, and data populated and used some more. Hell, I didn't even have a computer in 1950. No, haven't even heard of one. Who cares about an MLS? (Ask the Realtors.)

Home Identification and Value

And we struggle to identify resale homes with certainty, unable frequently to gain true home value, which without an Invoice Database or other easily accessible, and inexpensive home identification method continues to create home depreciation caused by failure to properly identify the house. We thus are forced to use a standard valuation table which values the **cheapest** home of that size and type. In most cases the true model, if known, would have greater value, often substantially greater.

Who cares? It's just a freaking rat crap trailer in a dump turd mobile home park and in 1950 we didn't even finance "used" homes. When resold, they were used for chicken coops and hunting camps. Can't we do that again? Yah, as though you can restart new home sales even as consumers are fully aware that they will be dealing with 1950-style "trailer" depreciation as they purchase that 2006 HUDCode Wonderful. (Where is that stupid lending money?)

Well, I'm just not going to have an Invoice Database so we can properly identify homes to gain the correct value! Although there are some laudable industry companies like **Fleetwood Homes**, who are just the **best** when it comes to this, they are balanced off by other builders, who **charge** consumers $250 for that model information or who simply do not provide it. Who cares? We already sold that home once, son, and we found out as early as 1950 you can sell the same home new only once (usually). Yes, and in 2006 they are finding out they can't sell that new home even once. Now we know who cares, don't we?

Pricing Flexibility

Posted prices? Ridiculous! I won't do it! MSRP? Over my dead body, it ain't needed. See Marty, I want to save my "pricing flexibility" so that as I size up that "up" in front of me, I can decide what the asking price will be at that moment. Learned that in 1950 and even today, as only 1,850 retailers nationwide sold as many as 20 HUDCode homes or more, in all of 2005, I still think it works, even if not well.

Oh yah, then call **Doug Gorman**, (918-835-0500) the popular Oklahoma retailer and find out why posted prices have been his staple for 15 years in **every home** and he is selling as many homes as the top 5% of all retailers in the country. Say, what?

Typewriters

I'm tiring here, gang. This has already been done by me, but I propose the thought that we need to set about getting our quality, value, distribution, information, siting, lending and entire model into 2006. Thinking an IBM typewriter is the cat's ass for technology, that's where we are. No one "out there" knows anything real good about us and we have precious little data. We can't convince, document or excite investment and productivity with 1950's technology and even more importantly, a 1950's industry culture. Take that one to the 2006 bank.

Optimism

McCabe stood on that stage and outlined his three-stepped program for change in the association, **all needed and all exciting**. In ascending order towards the more important, he wants to:

3. Create an effective merger with MHARR;

2. Effect an MHI reorganization;

1. Pursue a one-minded passion dedicated towards enhancing the consumer experience. (all my words).

Ain't too much there Ole Marty can quibble over. **Marty's Approval Ranking of the McCabe Agenda at MHI: a hearty 5.**

Sidelite. McCabe is a plainspoken man. He is pretty savvy in the art of negotiation and persuasion, and he does not use three half walnut shells being twirled on the table with the pea hidden in his hand when speaking. You know exactly what he means, with that wry twinkle in his eyes as he says it.

And he says he has a fourth goal during his tenure: he wants to turn Ole Marty into an optimist. I am an optimist already. No one should confuse my blunt assessments with a lack of desire for industry betterment. But I cannot distort what I've seen since 1972. It's not all good, and only acknowledgement of a new course can be cause for optimism. We've been lost, taking the same circuitous trail for 8 straight years since 1998, the ending point consistently being far from where we want it.

Deliver on promise

But as I listened to the developments in Tucson, the announcements, the new faces, new ideas, and new attitudes, I felt **fresh** air blowing through those giant halls. For the first time in many years I felt the excitement of possibility. Possibilities that we could deliver on our promise. **Deliver on the promise** of factory-built housing for a wide variety of housing uses, which is the first of our promises. And deliver on the promises we make to our consumers and others, which is our second promise. They are both important and continued failure to **deliver on our promise** portends continued desperate industry conditions.

I thought I detected a number of important and necessary steps proposed in Tucson. Now let's see if we can deliver on the promise to ourselves.

The new Committee and new course

This is not my idea. An individual who remains unnamed purposed that we set ourselves up at each meeting to invite and engage with one or more consumer groups at each MHI meeting. Let's sit down with them in a spirit of cordial exchange to see what they believe about factory-built housing. Let's see if some of the issues between us can be handled easily, and let's agree to continue dialog for the more difficult.

Maybe we can learn something, forge some friendships and get new allies in our desire for legislative and regulatory concern. You can avoid **AARP**, but their target member has the greatest industry sales potential for the next 20 years. Don't want to talk to your customers? Why?

Want **Consumer's Union** to show up at these Title One hearings to scuttle it, or to enter on our side as we forge a peace? Our attitudes with these folks just isn't working. Does that mean they become your friends with no pain on our part? Hardly. But again, in negotiation, by definition, you will give something up, often something you would prefer not to give up. Our present course relative to this does not work.

The Ford Foundation was in to see us a year ago. Have they been invited back? Why not? Why can't we get industry leaders opening channels of communications? What's to lose? Remaining at the status quo? Doesn't sound like much of a loss to me.

I urge that we open communication and dialog with these people. Let's negotiate. Let's see what they want. **AARP** wants long-term leases and posted prices. Is that so anti-diluvium? I don't think so. Let's **invite** them in. Let's get started either in the upcoming Austin conference in January or let's target a list and go see them in D.C. and introduce ourselves, and let's open dialog.

Marty's Approval Ranking

5. Hearty approval

4. Damned good stuff

3. Not bad

2. Underwhelming

1. Sucks

THEY STILL DON'T GET IT

The following thoughts were contained in a recent MH analyst's report. Read it:

"In our opinion, the greatest upside potential for the MH industry will likely occur in conjunction with the tightening of the traditional site-built finance market and/or greater availability of sub-650 financing for chattel loans. As stated in previous notes, we anticipate that site-built loans originated in the past 2-3 years (loans of questionable credit quality) will likely start to underperform over the next 12-18 months, resulting in subsequent knee jerk reaction tightening of credit standards in the site-built lending market. We believe that this opens up the opportunity for the MH industry as previous border line applicants no longer qualify for site-built loans. Just as a very hot site-built market helped to prolong the agonizing MH industry slide, softness in the site-built housing market and any subsequent credit tightening could provide a much needed boost to the MH industry."

Let me kindly advise the analysts that the above is so unlikely to happen that it has the same probability as government suddenly subsidizing HUD-Code home purchases.

Credit underwriting in MH lending is so much tougher than site-built housing and MH losses are so much higher than site-built losses within the same FICO tier, that only a naïve lender would resort to that product substitution. Analysts are paid to analyze, but this thinking continues the pre-1998 thinking that low credits can have their way in a GreenTree/Conseco financing world. That world is gone with the wind, but like the belief of a flat world, its remnants still linger in certain places.

PUTTING IT INTO FOCUS

Recently a compatriot from the lending game sent me a chart with the totals of ABS issuances for the first 9 months of '06. In the past the ABS markets were our lenders' bankers. It shows the number of securitizations and the dollar amount of each so far. Are you sitting down? Here is a selected chart of asset type, number of deals, and percentage of all deals to all ABS in the US in that period:

Rank	Type of ABS	Amt in Millions.	# of Deals	% share
1	Home equity loans	$308,455	358	46.8%
2	Subprime mortgages	73,708	99	11.2
3	Credit cards	56,142	88	8.5
4	Student loans	49,954	35	7.6
6	Auto loans (prime)	34,804	28	5.3
12	Insurance premium loans	5,151	9	0.8
18	Motorcycle loans	2,330	3	0.4
20	Aircraft lease	1,210	4	0.2
22	Remittances by immigrants	1,055	7	0.2
27	Manufactured housing	200	1	0.03

He concluded his note by saying, "No wonder when we go to NYC for Lender's Best Practices visits they don't pay any attention to us." Oh, I love number 22, which is more than five times greater than MH!

There would have been a time in the 1990's when we would have ranked in the top ten of issuers, with about a 2% share of all loans. Those days are long gone and us with them.

THE ANNUAL MHL SHIPMENTS CONTEST

I've fallen and I can't get up

Proof came when it rains in this industry, it pours. On November 3rd, Friday, late in the day, the September shipments flash report hit like a neutron bomb, taking all our customers, but leaving all the homes unsold. A stunning decrease of 28.4% continued a long series of shipments decreases this year. Yes, there was expected difficulty in matching last year's FEMA home orders, but fall can be a busy sales period. Not this year, apparently.

In view of my favorable industry outlook in the main letter above, you might think I'm expecting a turnaround soon. **You'd be wrong**. We've waited far too long, wanting to be dead certain that maybe we do have some industry problems, before considering industry change. Which follows **Marty's Second Rule:**

"Things always have to get far worse before they can get better."

This industry has been vested in a 50-year industry model. In spite of **glaring** industry model deficiencies, few wanted change. It took almost 8 years of declining health for many to accept the industry was sick. Many still doubt the illness. Only after the frequent trips to the emergency room recently are many now convinced.

Change came slowly

Think the Image Campaign, merger of associations and CSI would have been seriously undertaken in 1998? Of course not, they would have not even been considered, but rejected as ridiculous. (Some would say they still are.) Yet they were as needed then as they are now, but their need was hidden by the billions in loan losses suffered by industry lenders from the 1996 through 2002 loans. It was these enormous loan losses which fueled an industry to shipments levels we can only dream about now.

Still, in spite of lapsing into 120-130,000 home shipments without FEMA, for 4 consecutive years through 2006, resistance to change ruled. So finally, with a number of evil stars aligning, change is now the order of the day. Finally we are beaten to submission and are thinking of change. Note the operative word, “thinking”.

And assuming we go forward, the moves outlined above **and more** have to happen. Then they have to be made to work, the results have to manifest, and the clock is ticking during all this time. None of the beneficial change described herein above will transform us overnight. So shipments are likely to continue their downward bias, even as things continue to get worse, before they get better. That is why an early start years ago, after those numerous “Save the Industry” Chicago Meetings was necessary. Yet, we did nothing, still unconvinced.

The 2006 Pace

So where has the pace settled in with three quarters of the year gone? Again, another downward leg as the **“all homes”** pace including our FEMA sales drop from last month’s 123,500 homes to 119,500 homes, with **Chuck Ladd of Roadmaster Transport, LLC**, the leader, with a prediction of 123,760 homes, also last month’s leader. **Chuck** had the lowest prediction of “all homes” shipments and is beginning to look like the winner.

I was hoping to gloss over it, but I see your sharp eye caught the fact we have fallen below the 120,000 home shipments support level. Holy Moly.

In the **non-FEMA** shipments, the pace dropped to **116,000** (yikes!), and this contest has now become the **Chuck Ladd Show**, as Chuck also had the closest non-FEMA home prediction of **113,760** homes. Chuck was the most pessimistic of the contestants this year in both categories and is the leader in both. One of my goals for next year is to turn Chuck into an optimist. Looks like I have some work ahead of me.

And now the only questions remaining for 2006; will we break under 115,000 shipments for the year? What a sad state of affairs.

Marty’s Approval Ranking for 2006 Annual Shipments Pace and Trend: *1* (Sucks).

Marty’s First Rule “Never mind what people are saying, watch what is happening.”

And what is actually happening is not good.