

MANUFACTURED HOUSING IMPACT IN PENNSYLVANIA

There are three major areas this industry contributes to the State of Pennsylvania.

1. Provides affordable housing. This helps to attract and retain families and good employees in the state.
2. Factory production creates good jobs at all levels from executives to production workers.
3. Indirect jobs are created by all that serve the factories located in Pennsylvania. Suppliers, customers, professional services and travel and restaurant locations.

There are two different types of homes manufactured.

1. HUD code - Federally regulated national code.
2. Modular code - Conforms to state and local building codes. Regulated and inspected on site with same requirements as site built homes.

The industry targets affordable housing with the cost of a home within the following ranges:

1. Modular construction - \$150,000 - \$200,000. Includes home, basement or crawl space, garage, porch, deck. Generally financed with a mortgage. Land cost varies by location.
2. HUD code - Price can equal modular home but is generally lower with a cost of \$90,000 to \$125,000. Land cost varies by location. Financed with mortgage or chattel loan.

3. Community - House only. No land cost. Only chattel financing. Prices cover a wide range of \$40,000 and up. Depends on each community. Family vs. retiree, primary residence vs. second home, amenities offered, community age and location.

The Commodore Corporation has three (3) factories located in Clarion and Butler counties and three (3) additional factories located elsewhere. In Pennsylvania, we produce about 66-2/3 HUD and 33-1/3 modular homes and sell to approximately 522 locations located from Maine to Delaware to Ohio. We employ in Pennsylvania approximately 500 employees with wages as follows:

Administrative - \$18.00 - \$22.00 per hour

Production Workers - \$18.00 - \$22.00 per hour

Management and Sales - \$40,000 - \$150,000 per year

There is a huge ripple effect on the economy from these factories. Customers and home office personnel visit the factories and utilize motels and restaurants. Pennsylvania vendors produce parts, have distribution warehouses and truck to and from the factories. All employees use hospitals, doctors and professionals located in Pennsylvania.

The Commodore Corporation and all that serve us pay income taxes and sales taxes to the state. To remain competitive versus producers in Ohio, Indiana, New York and Maine, it is critical that the state legislature minimize the burden of regulations and taxes. Pennsylvania Workers' Compensation costs creates a competitive disadvantage to other states. The Department of Transportation wide load regulations and environmental regulations are also important in keeping it attractive to expand in Pennsylvania.

Last year we researched New York and Ohio before deciding to expand our Butler County factory. We were offered a very attractive package to build in either state but after long deliberation decided to grow in Pennsylvania. My hope is this will not turn out to be a bad decision.

Thank you for coming to our Colony factory. We appreciate you taking the time to learn more about our industry and company.

I will be happy to answer any questions and be reached at:

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