



Housing Alert

SBA Announces Pilot Program for Floor Plan Financing, Including Manufactured Housing

This afternoon, the Small Business Administration (SBA) announced that beginning July 1, it will begin offering government guaranteed loans to finance inventory including manufactured homes, RVs, boats and automobiles. Until now, the SBA has not offered loans for floor plan financing. After several meetings and conversations with senior SBA officials, MHI succeeded in ensuring manufactured homes were included in this pilot program.

The dealer floor plan (DFP) is a pilot program that will allow industry retail sales centers to borrow against retail inventory, and acts as a revolving line of credit for dealers to obtain financing. The dealer repays the debt as the inventory is sold and can borrow against the line of credit to add new inventory. The SBA will provide the loan guarantees through its 7(a) program, and DFP loans will be made through SBA lenders for titled inventory. The DFP will run from July 1 and will be available through September 30, 2010 at which time the SBA will make the determination of whether or not to extend the program.

DFP loans will be available for a minimum of \$500,000 up to the \$2 million allowable under the 7(a) program. With a maximum repayment term of 5 years, the loans will come with a 75 percent government guarantee. Borrowers will also benefit from the temporary elimination of fees on 7(a) loans made possible by the America's Recovery and Reinvestment Act of 2009, the federal stimulus package enacted earlier this year.

Attached are several documents released by the SBA this afternoon including: Frequently Asked Questions (FAQ); a Fact Sheet; and a News Release. Additional information can be found at www.sba.gov. Contact Tom Beers of MHI (tbeers@mfghome.org) if you have any questions.