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Warren Buffett's mobile home empire preys on the poor

Billionaire profits at every step, from building to selling to high cost lending


by **Daniel Wagner** and **Mike Baker**
April 3, 2015

Kirk and Denise Pitts purchased their mobile home in 1997. They still owe more than $39,000 on the home and land, which were valued at $33,100 in 2013. Here, the Pitts and their son, Caine, stand in front of their home in Knoxville, Tennessee. Daniel Wagner/Center for Public Integrity

Reading Time: 18 minutes

Key findings:

- Clayton Homes, owned by Warren Buffett's Berkshire Hathaway, makes more mobile home loans than any competitor by a factor of six.

- Warren Buffett's Clayton Homes operates under at least 18 names, leading many buyers to think they're shopping around.
- Warren Buffett's Clayton Homes lends at interest rates that can top 15 percent, and often adds thousands in fees to borrowers' loans.
- Clayton customers report deceptive and predatory deals including loan terms that changed abruptly, surprise fees and pressure to take on excessive payments.
- Former dealers said Clayton Homes encouraged them to steer buyers to finance with Clayton's own high-interest lenders.

Denise Pitts walked into the pawn shop not far from where she bought her mobile home in Knoxville, Tennessee, and offered up her wedding rings for $100. Her marriage wasn't over, but her husband was battling cancer and, Pitts said, her mortgage company told her the only way to keep a roof over his head would be to sell everything else.

Across the country in Ephrata, Washington, Kirk and Patricia Ackley sat down to close on a new mobile home, only to learn that the annual interest on their loan would be 12.5 percent rather than the 7 percent they said they had been promised. They went ahead because they had spent $11,000, most of their savings, to dig a foundation.

And near Bug Tussle, Alabama, Carol Carroll has been paying down her home for more than a decade but still owes nearly 90 percent of the sale price — and more than twice what the home is worth.

The families' dealers and lenders went by different names — Luv Homes, Clayton Homes, Vanderbilt, 21st Mortgage. Yet the disastrous loans that threaten them with homelessness or the loss of family land stem from a single company: Clayton Homes, the nation's biggest homebuilder, which is controlled by its second-richest man — Warren Buffett.

Buffett's mobile home empire promises low-income Americans the dream of homeownership. But Clayton relies on predatory sales practices, exorbitant fees, and interest rates that can exceed 15 percent, trapping many buyers in loans they can't afford and in homes that are almost impossible to sell or refinance, an investigation by The Center for Public Integrity and **The Seattle Times** has found.

Kirk and Denise Pitts in their home in Knoxville, Tennessee. Denise Pitts said Clayton's collectors told her to forego paying her husband's medical bills after he was diagnosed with cancer, so that she could afford her house payments. Daniel Wagner/Center for Public Integrity

Berkshire Hathaway, the investment conglomerate Buffett leads, bought Clayton in 2003 and spent billions building it into the mobile home industry's biggest manufacturer and lender. Today, Clayton is a many-headed hydra with companies operating under at least 18 names, constructing nearly half of the industry's new homes and selling them through its own retailers. It finances more mobile home purchases than any other lender by a factor of six. It also sells property insurance on them and repossesses them when borrowers fail to pay.

Berkshire extracts value at every stage of the process. Clayton even builds the homes with materials — such as paint and carpeting — supplied by other Berkshire subsidiaries. And Clayton borrows from Berkshire to make mobile home loans, paying up to an extra percentage point on top of Berkshire's borrowing costs, money that flows directly from borrowers' pockets.

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More than a dozen Clayton customers described a consistent array of deceptive practices that locked them into ruinous deals: loan terms that changed abruptly after they paid deposits or prepared land for their new homes; surprise fees tacked on to loans; and pressure to take on excessive payments based on false promises that they could later refinance.

Former dealers said the company encouraged them to steer buyers to finance with Clayton's own high-interest lenders.

Under federal guidelines, most Clayton loans are considered "higher-priced." Those loans averaged 7 percentage points higher than the typical home loan in 2013, according to a Center for Public Integrity/Times analysis of federal data, compared with just 3.8 percentage points above for other lenders.

Buyers told of Clayton collection agents urging them to cut back on food and medical care or seek handouts in order to make house payments. And when homes got hauled off to be resold, some consumers already had paid so much in fees and interest that the company still came out ahead. Even through the Great Recession and housing crisis, Clayton was profitable every year, generating $558 million in pre-tax earnings last year.

Clayton's tactics contrast with Buffett's public profile as a financial sage who values responsible lending and helping poor Americans keep their homes.

Berkshire Hathaway spokeswoman Carrie Sova and Clayton spokeswoman Audrey Saunders ignored more than a dozen requests by phone, email and in person to discuss Clayton's policies and treatment of consumers. In an emailed statement, Saunders said Clayton helps customers find homes within their budgets and has a "purpose of opening doors to a better life, one home at a time."

(Update: After publication, Berkshire Hathaway's Omaha headquarters **sent a statement** on behalf of Clayton Homes to the Omaha World-Herald, which is also owned by Berkshire. The statement and a closer look at Clayton's claims can be found **here**.)

Billionaire investor Warren Buffett holds an ice cream bar from Berkshire Hathaway subsidiary Dairy Queen as he talks to Kevin Clayton, CEO of Clayton Homes, also a Berkshire subsidiary, in Omaha, Nebraska, before a shareholders meeting in May 2014. Nati Harnik/AP

First, a dream

As Buffett tells it, his purchase of Clayton Homes came from an "unlikely source:" Visiting students from the University of Tennessee gave him a copy of founder Jim Clayton's self-published memoir, First a Dream, in early 2003. Buffett enjoyed reading the book and admired Jim Clayton's record, he has said, and soon called CEO Kevin Clayton, offering to buy the company.

"A few phone calls later, we had a deal," Buffett said at his 2003 shareholders meeting, according to notes taken at the meeting by hedge fund manager Whitney Tilson.

The tale of serendipitous deal-making paints Buffett and the Claytons as sharing down-to-earth values, antipathy for Wall Street and an old-fashioned belief in treating people fairly. But, in fact, the man who brought the students to Omaha said Clayton's book wasn't the genesis of the deal.

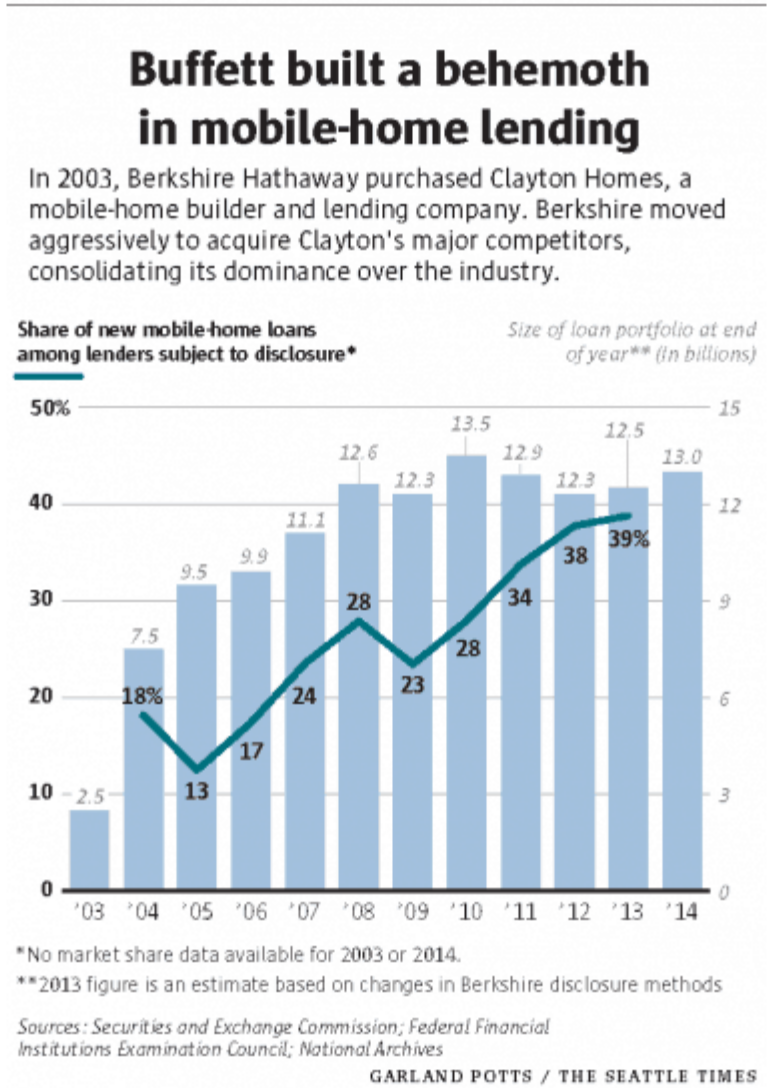
"The Claytons really initiated this contact," said Al Auxier, the UT professor, since retired, who chaperoned the student trip after fostering a relationship with the billionaire.

CEO Kevin Clayton, the founder's son, reached out to Buffett through Auxier, the professor said in a recent interview this winter, and asked whether Buffett might explore "a business relationship" with Clayton Homes.

At the time, mobile home loans had been defaulting at alarming rates, and investors had grown wary of them. Clayton's profits depended on its ability to bundle loans and resell them to investors.

That's why Kevin Clayton was seeking a new source of cash to relend to home buyers. He knew that Berkshire Hathaway, with its perfect bond rating, could provide it as cheaply as anyone. Later that year, Berkshire Hathaway paid $1.7 billion in cash to buy Clayton Homes.

Berkshire Hathaway quickly bought up failed competitors' stores, factories and billions in troubled loans, building Clayton Homes into the industry's dominant force. In 2013, Clayton provided 39 percent of new mobile-home loans, according to a Center for Public Integrity/Times analysis of federal data that 7,000 home lenders are required to submit. The next biggest lender was Wells Fargo, with just 6 percent of the loans.



Clayton provided more than half of new mobile-home loans in eight states. In Texas, the number exceeds 70 percent. Clayton has more than 90 percent of the market in Odessa, one of the most expensive places in the country to finance a mobile home.

To maintain its down-to-earth image, Clayton has hired the stars of the reality TV show Duck Dynasty to appear in ads. Buffett, meanwhile, has become known as a Billionaire of the People, grousing publicly that his secretary pays a higher tax rate than he does and delivering public pronouncements riddled with folksy aphorisms and quotes from Mark Twain.

At next month's shareholders meeting in Omaha, Buffett will participate in his fourth annual newspaper tossing challenge — a lighthearted contest with his investors to see who can land a copy of the Omaha World-Herald, which Buffett also owns, closest to the door of a Clayton model home.

Clayton's headquarters is a hulking structure of metal sheeting surrounded by acres of parking lots and a beach volleyball court for employees, located a few miles south of Knoxville. Next to the front door, there is a slot for borrowers to deposit payments.

Near the headquarters, two Clayton sales lots sit three miles from each other. Clayton Homes' banners promise “$0 CASH DOWN.” TruValue Homes, also owned by Clayton, advertises “REPOS FOR SALE.” Other nearby Clayton lots operate as Luv Homes and Oakwood Homes. With all the different names, many customers said they believed they were shopping around.

Two Clayton-owned dealerships with different names and similar banners offering to “BEAT OR MATCH ANY DEAL.” Customers say they thought they were comparison shopping when visiting multiple Clayton-owned dealerships.
Daniel Wagner/Center for Public Integrity

House-sized banners at dealerships reinforce that impression, proclaiming they will “BEAT ANY DEAL.” In some parts of the country, buyers would have to drive many miles past several Clayton-owned lots, to reach a true competitor.

A few miles north, beyond Kevin Clayton’s new $1.6 million, waterfront home, is a strip of highway packed with pawn shops, auto title lenders, payday lenders and car dealerships. The highway is home to two Clayton-owned dealerships and one that is independently owned but advertises Clayton mortgages.

Jim Clayton, who founded Clayton Homes in 1966, ascended from his roots as a sharecropper’s son to the Forbes 400 list of richest Americans in part by lending at high rates to people with few options. The original Clayton Homes dealership sits adjacent to a Clayton family-owned “Buy Here Pay Here” used car lot, catering to low-income buyers. Across the street is another auto dealership owned by the Clayton family. Down the street is a branch of Jim Clayton’s bank, housed in a Clayton-built manufactured home.

Guided into costly loans

Soon after Buffett bought Clayton Homes, he declared a new dawn for the moribund mobile-home industry, which provides housing for some 20 million Americans. Lenders should require “significant down payments and shorter-term loans," Buffett wrote.

He called 30-year loans on mobile homes "a mistake," according to notes taken by Tilson during Berkshire Hathaway's 2003 shareholders meeting.

"Home purchases should involve an honest-to-God down payment of at least 10% and monthly payments that can be comfortably handled by the borrower's income," Buffett later wrote. "That income should be carefully verified."

But in examining more than 100 Clayton home sales through interviews and reviews of loan documents from 41 states, reporters found that the company's loans routinely violated the lending standards laid out by Buffett.

Clayton dealers often sell homes with no cash down payment. Numerous borrowers said they were persuaded to take on outsized payments by dealers promising that they could later refinance. And the average loan term actually increased from 21 years in 2007 to more than 23 years in 2009, the last time Berkshire disclosed that detail. Vanderbilt advertised 30-year loans in printed literature available at Clayton Homes sales lots this winter.

Clayton's loan to Dorothy Mansfield, a disabled Army veteran in North Carolina who lost her previous home to a tornado in 2011, includes key features that Buffett condemned.

Mansfield had a lousy credit score of 474, court records show. Although she had seasonal and part-time jobs, her monthly income often consisted of less than $700 in disability benefits. She had no money for a down payment when she visited Clayton Homes in Fayetteville, N.C.

Vanderbilt, one of Clayton's lenders, approved her for a $60,000, 20-year loan to buy a Clayton home at 10.13 percent annual interest. She secured the loan with two parcels of land that her family already owned free and clear.

The dealer didn't request any documents to verify Mansfield's income or employment, records show.

Mansfield's monthly payment of $673 consumed almost all of her guaranteed income. Within 18 months, she was behind on payments and Clayton was trying to foreclose on the home and land.

Many borrowers interviewed for this investigation described being steered by Clayton dealers into Clayton financing without realizing the companies were one and the same. Sometimes, buyers said, the dealer described the financing as the best deal available. Other times, the Clayton dealer said it was the only financing option.

Clayton's Oakwood Homes dealer in Knoxville told Tim Smith that Vanderbilt was "the only one who would be able to do the deal," Smith said. His used home arrived a month later, long after Smith had traded in his previous home as a down payment, he said. The Clayton contractor who delivered the house refused to haul it up the hill, Smith said, unless Smith took out a short-term, high-interest payday loan to cover an unexpected fee.

Tim Smith and Sherry Luna in front of their 2002 Clayton Home, purchased used in 2012 for $68,217.67 plus a down payment. Smith still owes more than $69,000 on the loan. The home and land were worth $42,100 in 2013.
Daniel Wagner/Center for Public Integrity

Kevin Carroll, former owner of a Clayton-affiliated dealership in Indiana, said in an interview that he used business loans from a Clayton lender to finance inventory for his lot. If he also guided homebuyers to work with the same lender, 21st Mortgage, the company would give him a discount on his business loans — a "kickback," in his words.

Doug Farley, who was a general manager at several Clayton-owned dealerships, also used the term "kickback" to describe the profit-share he received on Clayton loans until around 2008. After that, the company changed its incentives to instead provide "kickbacks" on sales of Clayton's insurance to borrowers, he said.

Ed Atherton, a former lot manager in Arkansas, said his regional supervisor was pressuring lot managers to put at least 80 percent of buyers into Clayton financing. Atherton left the company in 2013.

During the most recent four-year period, 93 percent of Clayton's mobile home loans had such costly terms that they required extra disclosure under federal rules. For all other mobile-home lenders, less than half of their loans met that threshold.

Customers said in interviews that dealers misled them to take on unaffordable loans, with tactics including broken promises, last-minute changes to loan terms and unexplained fees that inflate loan balances. Such loans are, by definition, predatory.

"They're going to assume the client is unsophisticated, and they're right," said Felix Harris, a housing counselor with the non-profit Knoxville Area Urban League.

Some borrowers said they felt trapped because they put up a deposit before the dealer explained the loan terms or, like the Ackleys, felt compelled to swallow bait-and-switch deals because they had spent thousands to prepare their land.

Promise denied

Kirk and Patricia Ackley, of Ephrata, Wash., pleaded with 21st Mortgage for the terms they were promised. They were baffled by the reply: "We don't care. We'll come take a chainsaw to it — cut it up and haul it out in boxes."
Ken Lambert / The Seattle Times

A couple years after moving into their new mobile home in Ephrata, Washington, Kirk Ackley was injured in a backhoe rollover. Unable to work, he and his wife urgently needed to refinance the costly 21st Mortgage loan they regretted signing.

They pleaded with their lenders several times for the better terms that they originally were promised, but were denied, they said. The Ackleys tried to explain the options in a call with a 21st supervisor: If they refinanced to lower payments, they could stay in the home and 21st would get years of steady returns. Otherwise, the company would have come out to their rural property, pull the house from its foundation and haul it away, possibly damaging it during the repossession.

They said they were baffled by the reply: "We don't care. We'll come take a chainsaw to it — cut it up and haul it out in boxes."

Nine Clayton consumers interviewed for this story said they were promised a chance to refinance. In reality, Clayton almost never refinances loans and accounts for well under 1 percent of mobile-home refinancings reported in government data from 2010 to 2013. It made more than one-third of the purchase loans during that period.

"If you have a decrease in income and can't afford the mortgage, at least a lot of the big companies will do modifications," said Harris, the Knoxville housing counselor. "Vanderbilt won't even entertain that."

In general, owners have difficulty refinancing or selling their mobile homes because few lenders offer such loans. One big reason: Homes are overpriced or depreciate so quickly that they generally are worth less than what the borrower owes, even after years of monthly payments.

Ellie Carosa, of Napavine, Wash., found this out the hard way in 2010 after she put down about $40,000 from an inheritance to buy a used home from Clayton priced at about $65,000.

Clayton sales reps steered Carosa, who is 67 years old and disabled, to finance the unpaid amount through Vanderbilt at 9 percent interest over 20 years.

One year later, Carosa was already having problems — peeling paint and failing carpets — that she decided to have a market expert assess the value of her home. She hoped to eventually sell the house so the money could help her biological granddaughter, whom she adopted as her daughter at age 8, attend a local college to study music.

Carosa was stunned to learn that the home was worth only $35,000, far less than her original down payment.

"I've lost everything," Carosa said.

In 2010, Ellie Carosa, of Napavine, Wash., put down some $40,000 to buy a used home from Clayton priced at about $65,000. She'd hoped to sell the house one day to help pay for college for her granddaughter, whom she adopted as her daughter. She soon learned that the home was only worth $35,000, far less than her down payment. "I've lost everything," Carosa said. Ken Lambert / The Seattle Times

Clayton's own data suggest that its mobile homes may be overpriced from the start, according to court documents and comments filed with federal regulators by its general counsel. When Vanderbilt was required to obtain appraisals before finalizing a loan, he wrote, the home was determined to be worth less than the sales price about 30 percent of the time. Another Clayton executive said in a 2012 affidavit that the average profit margin on Clayton homes sold in Arkansas between 2006 and 2009 was $11,170 — roughly one-fifth of the average sales price of the homes.

"Rudest, most condescending" agents

Berkshire's borrowers who fall behind on their payments face harassing, potentially illegal phone calls from a company rarely willing to offer relief.

Carol Carroll, a nurse living near Bug Tussle, Ala., began looking for a new home in 2003 after her husband died, leaving her with a six-year-old daughter. Instead of a down payment, she said, the salesman assured her she could simply put up two acres of her family land as collateral.

In December 2005, Carroll was permanently disabled in a catastrophic car accident in which two people were killed. Knowing it would take a few months for her disability benefits to be approved, Carroll said she called Vanderbilt and asked for a temporary reprieve. The company's answer, she said: "We don't do that."

However, Clayton ratcheted up her property insurance premiums, eventually costing her $803 more per year than when she started, she said. Carroll was one of several Clayton borrowers who felt trapped in the company's insurance, often because they were told they had no other options. Some had as many as five years' worth of expensive premiums included in their loans, inflating the total balance to be repaid with interest. Others said they were misled into signing up even though they already had other insurance.

Carroll has since sold belongings, borrowed from relatives and cut back on groceries to make payments. When she was late, she spoke frequently to Clayton's phone agents, whom she described as "the rudest, most condescending people I have ever dealt with." It's a characterization echoed by almost every borrower interviewed for this story.

Consumers say the company's response to pleas for help is an invasive interrogation about their family budgets, including how much they spend on food, toiletries and utilities. Denise Pitts, of Knoxville, said Vanderbilt collectors have called her multiple times a day, with one suggesting that she cancel her internet service, even though she home schools her son. They have called her relatives and neighbors, a tactic other borrowers reported.

After Pitts' husband, Kirk, was diagnosed with aggressive cancer, she said, a Vanderbilt agent told her she should make the house payment her "first priority" and let medical bills go unpaid. She said the company has threatened to seize her property immediately, even though the legal process to do so would take at least several months.

Practices like contacting neighbors, calling repeatedly and making false threats can violate consumer-protection laws in states including Tennessee, lawyers said.

Kirk Pitts in his mobile home in Knoxville, Tennessee. Daniel Wagner/Center for Public Integrity

Last year, frequent complaints about Clayton's aggressive collection practices led Tennessee state officials to contact local housing counselors seeking information about their experiences with the company, according to two people with knowledge of the conversations.

With protections lacking, homes are seized

Many mobile home buyers finance their purchases with personal property loans, which typically have fewer federal and state protections than regular home mortgages. Their homes, for example, can be seized with little or no warning. With regular mortgages, by contrast, companies must wait 120 days before starting foreclosure.

Tiffany Galler was a single mother living in Crestview, Fla. in 2005 when she bought a mobile home for $37,195 with a loan from 21st Mortgage. She later rented out the home.

After making payments over eight years totaling more than the sticker price of the home, Galler lost her tenant in November 2013 and fell behind on her payments. She arranged to show the home to a prospective renter two months later. But when she arrived at her homesite, Galler found barren dirt with PVC pipe sticking up from the ground.

She called 911, thinking someone had stolen her home.

Hours later, Galler tracked her repossessed house to a sales lot 30 miles away that was affiliated with 21st. It was listed at $25,900.

Some Clayton borrowers risk losing more than their house. The company often allows buyers to put up land as collateral if they can't afford a down payment. One dealership claimed in advertisements to be the "only company that can provide you with a guarantee that if you or a family member owns land, that we can finance you a trailor[sic]," according to court documents.

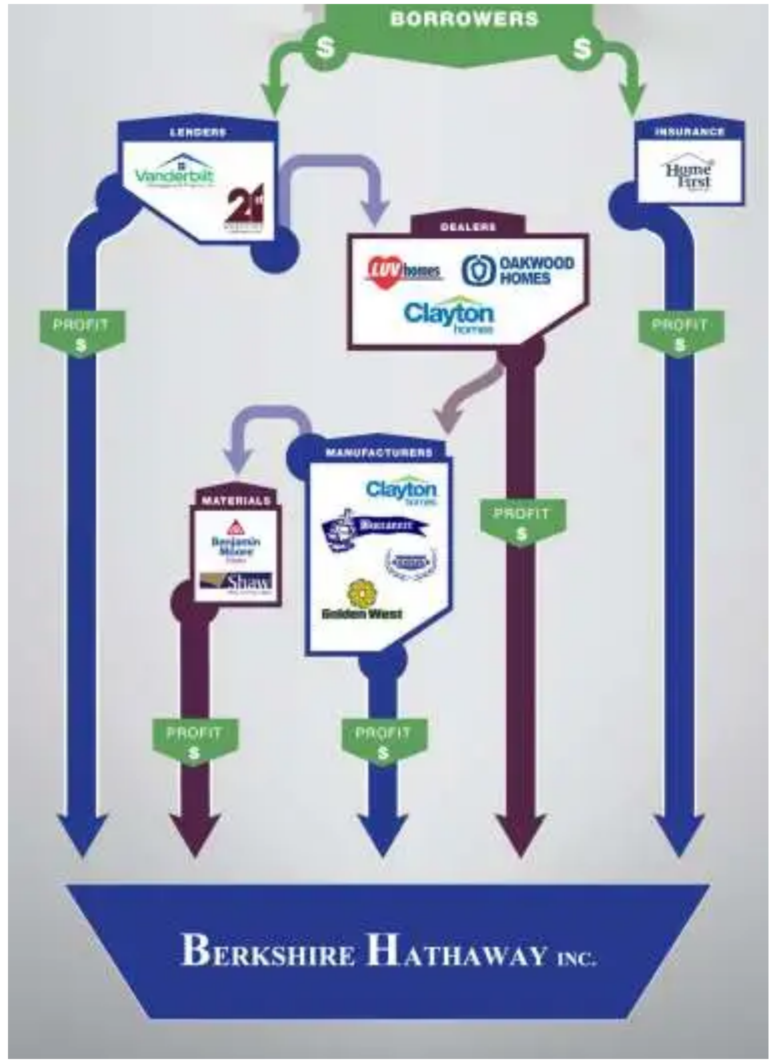
Government neglect

The government has known for years about concerns that mobile home buyers are treated unfairly. Little has been done.

Fifteen years ago, Congress directed the Department of Housing and Urban Development to examine issues such as loan terms and regulations in order to find ways to make mobile homes affordable. That's still on HUD's to-do list.

Jesse Winston for the Center for Public Integrity

The industry, however, has protected its interests vigorously. Clayton Homes is represented in Washington by the Manufactured Housing Institute (MHI), a trade group that has a Clayton executive as its vice chairman and another as its secretary. CEO Kevin Clayton has represented MHI before Congress.



MHI spent $4.5 million since 2003 lobbying the federal government. Those efforts have helped the company escape much scrutiny, as has Buffett's persona as a man of the people, analysts say.

"There is a Teflon aspect to Warren Buffett," said James McRitchie, who runs a widely-read blog, Corporate Governance.

Still, after the housing crisis, lawmakers tightened protections for mortgage borrowers with a sweeping overhaul known as the Dodd-Frank Act, creating regulatory headaches for the mobile home industry. Kevin Clayton complained to lawmakers in 2011 that the new rules would lump in some of his company's loans with "subprime, predatory" mortgages, making it harder for mobile home buyers "to obtain affordable financing."

Although the rules had yet to take effect that year, 99 percent of Clayton's mobile home loans were so expensive that they met the federal government's "higher-priced" threshold.

Dodd-Frank also tasked federal financial regulators with creating appraisal requirements for risky loans. Appraisals are common for conventional home sales, protecting both the lender and the consumer from a bad deal.

But when federal agencies jointly proposed appraisal rules in September 2012, industry objections led them to exempt loans secured solely by a mobile home.

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> ***"They entrap you. They give you a loan that you can't pay back and then they take from you."***
>
> **— KEVIN CARROLL, FORMER CLAYTON DEALER**

Then Clayton pushed for more concessions, arguing that mobile home loans secured by the home and land should also be exempt. Paul Nichols, then-president of Clayton's Vanderbilt Mortgage, told regulators that the appraisal requirement would be costly and onerous, significantly reducing "the availability of affordable housing in the United States."

In 2013, regulators conceded. They will not require a complete appraisal for new manufactured homes.

Berkshire's opaque reporting

To ensure that lenders are treating consumers fairly and extending loans that they expect will be repaid, regulators and analysts often rely on public financial disclosures about loan down payments, delinquencies, defaults and foreclosures.

Clayton Homes doesn't have to disclose these details because it is part of a bigger company, Berkshire Hathaway.

In a letter to shareholders last month, Buffett wrote that a "very high percentage of [Clayton's] borrowers kept their homes" during the 2008 housing meltdown and ensuing recession, thanks to "sensible lending practices" that were, he has said, "better than its major competitors."

"Our blue-collar borrowers, in many cases, proved much better credit risks than their higher-income brethren," Buffett wrote.

Yet the company has provided scant data to back up this claim. "I wouldn't give much credence to those comments," said James Shanahan, an analyst with Edward Jones who follows Berkshire Hathaway.

Berkshire declared each year since 2010 that 98 percent of its loan portfolio is "performing." Yet elsewhere in its financials, the company discloses that the only loans it considers "non-performing" are those currently in the foreclosure process. That means the impressive-sounding ratio ignores loans that are delinquent and those that have already been foreclosed or the homes repossessed.

Across the industry, about 28 percent of non-mortgage mobile home loans fail, according to research prepared for an industry conference by Kenneth Rishel, a consultant who has worked in the field for 40 years. Clayton's failure rates are 26 percent at 21st Mortgage and 33 percent at Vanderbilt, said Rishel, who cited his research and conversations with Clayton executives.

In a brief email, 21st President Tim Williams said those numbers were "inaccurate," but he declined to provide the company's figures.

Berkshire reports Clayton as part of its "financial products" segment because it makes most of its money from lending and insurance, not from building and selling homes, said Williams, who worked at Vanderbilt before founding 21st and selling it back to Clayton.

"The company is profitable in all it does," he said in an interview last year, but financial products are "where the money is made.

Buffett proudly trumpets Berkshire's decentralized structure, saying he delegates to CEOs like Kevin Clayton "almost to the point of abdication." At Clayton Homes, the result has been lax oversight of some of its dealers. In Texas, for example, hundreds of signatures were forged to help secure loans for people with no assets, a practice that Vanderbilt's then-president, Paul Nichols, acknowledged and said was "deplorable" in later trial testimony.

Clayton's questionable practices extended to its dealers, said Kevin Carroll, the former dealer who won Clayton awards for his sales performance.

CEO Kevin Clayton helped Carroll get a loan from 21st Mortgage to buy out his business partners in 2008, Carroll said. Two weeks after the loan documents were signed, Clayton Homes told Carroll it was shuttering the nearby manufacturing plant that supplied his dealership.

The closure doomed Carroll's business. He fell behind on his payments. Clayton representatives tormented him with endless phone calls, he said, until he agreed in 2010 to surrender the company and the land underneath it. Carroll sued, but the case was thrown out because too much time had elapsed.

"They entrap you," Carroll said. "They give you a loan that you can't pay back and then they take from you."

(This story has been updated to reflect a response released by Clayton Homes after the story was published. Click here for an analysis of Clayton's claims.)

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