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## NATIONAL HOME: Chain Files Bankruptcy

### COMPANY PLANS TO CONTINUE SERVING AREA CONTRACTORS

By Lana Flowers, Kim Souza

Thursday, December 10, 2009

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SPRINGDALE — Lingering real estate woes and a lender's credit crunch forced National Home Centers to file Chapter 11 bankruptcy Tuesday.

"We have had a lot of customers who have had difficulty," said Brent Hanby, National Home Centers chief financial officer.

Some builders and contractors are in financial straits and can't pay for items they bought from National Home, Hanby said.

National Home filed Chapter 11 bankruptcy, which allows the company to keep operating while reorganizing debt.

The Springdale-based building supply company operates eight stores in Arkansas, including in Springdale and Bentonville, which Hanby said will remain open.

National Home Centers has about 515 employees and will keep as many of them on the payroll as possible, said Brent Hanby, the company's chief financial officer.

National Home Centers closed a store in Heber Springs in June and will close a store along Chenel Parkway in western Little Rock by March, Hanby said.

The company is downsizing its contractor sales — supplying lumber and other items to builders — in Bentonville, but will continue to serve contractors through the Bentonville and Springdale locations, Hanby said.

National Home Centers started in 1968 under another name but has been National Home Centers since 1972, Hanby said. The company was publicly traded from 1993 through early 2002, when it again became privately held.

Businesses like National Home Centers suffer from a downturn in the economy and the local real estate market, which has too many residential and commercial buildings finished and waiting for buyers or tenants.

"Businesses that service the residential building sector continue to suffer from lack of payment from contractors as properties sit vacant. Suppliers are often the last in line for payment," said Kathy Deck, director of the Center for Business and Economic Research at the Sam M. Walton College of Business at the University of Arkansas.

She said while the residential market is showing early signs of stabilization, there will continue to be businesses who run out of time with lenders as the correction lingers into next year.

National Home Centers had \$141 million in 2008 annual sales, according to Hoovers International, but also felt the squeeze from its customers who filed for bankruptcy in recent months.

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According to the U.S. Bankruptcy Court filings, National Home Centers was a large unsecured creditor in a half dozen contractor bankruptcies filed this year. The two largest included \$2.28 million owed by Brandon Barber and \$2.56 million owed by Aaron Nickell.

The building supply company felt another blow when one of its major creditors filed bankruptcy last month. New York-based CIT Group is one of the nation's biggest lenders to small and mid-sized businesses. CIT filed bankruptcy Nov. 1 and was unable to fulfill all of its lending obligations.

National Home Centers' own bankruptcy filing did not include any details beyond an estimate of its assets and liabilities, at between \$10 million and \$50 million each.

National Home Centers has until late December to file updated assets and liabilities schedules with federal bankruptcy court in Fayetteville.

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