

HOME Front

The Power of Vertical Integration

by **Buck Teeter, Chairman and Co-CEO & Lad Dawson, President & Co-CEO**

American Homestar has developed a powerful growth strategy based on vertical integration. Unlike most of our competitors, when we sell a home to a retail customer, we can earn a profit for retailing, manufacturing, insuring, and financing that home. As a result, we can earn up to four times the profit a pure manufacturer could earn on that same sale.

In the Southwest market, Texas and surrounding states, our vertical integration strategy is nearing full implementation. Our plan calls for 80% of our sales to be financed through 21st Century Mortgage, and 80% to 90% of our total retail sales to be of Company manufactured products. Up until recent months, we did not have the capacity or scope of product lines at Oak Creek Housing Corporation (our manufacturing division) or 21st Century to reach 100% of our vertical integration strategy. However, today we have the capacity and the product lines, and it's time to "step on the gas" to complete the implementation of our strategy.

Our investments in manufacturing capacity have paid off. The three Texas plants are currently building 28 floors per day with plans to grow production to 36 floors per day over the next 12 months. With the newly acquired Vicksburg plant, we now have a capacity of 46 floors per day in the Southwest region. As a result, we're now ready to further reduce outsource product inventory and promote the sale of Company product to record levels of vertical integration!

21st Century has also been building its capacity and financing product offering to provide one stop shopping for financing for all of the Company stores. In a series of meetings in December and January with all the retail division management personnel, 21st Century introduced an exciting array of new products, new sales tools, and new promotions. We are now solidly positioned to achieve our vertical integration goals in financing as well.

It all comes down to a very simple plan: We want to retail as many new

Continued on Page 9

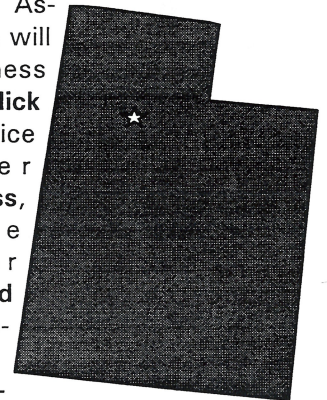
Retail Expands to Salt Lake City, Utah

McKinney, Suffering from Rocky Mountain Fever, Continues Broadening Presence in West

Salt Lake City, Utah is the site of the newest retail operation for American Homestar. Operating under the "Guerdon Village" banner, this dealership is being brought into the fold by Ray McKinney and is open for business as we go to press. "This is one of the deepest markets in the West," said Ray, "and I expect this to be a top location for the Company." **Eric McDowd**, of Indianapolis, Indiana, will handle the day to day operations as General Manager. Assisting him will be Business Manager **Nick Perron**, Office Manager **Angie Hess**, Service Manager **David Blood** and salespeople **John Mason** and **Kim Hess**.

The dealership is unique in that it is made up entirely of environmentally set multi-sectionals

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Stars and Stats

Top 10 Dealerships

Free Monthly Payment Promotion

2 Lancaster News

3 Burleson Star Notes

4 Laurie Lowery's Insurance News

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20

JANUARY, 1997



In the slower winter months, the holidays and inclement weather often play havoc with our business. When superstar sales pro's face this adversity, and step up to the plate with bigtime production, well that's always...

Music to Our Ears!

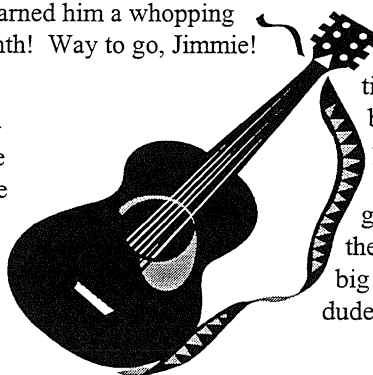


Christi Lancaster - You can't hold down a superstar! She's back in Denton and is selling everything in sight. Christi was the Company's top salesperson in the month of December, rocketing to a substantial lead in the third quarter contest. Her six big deals for earned her over 70 President's Club Points! Well done, Christi!

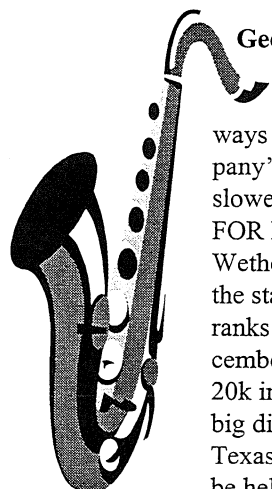


Jimmie Johnson - Jacksonville - Hey, we knew this guy could coach but we had no idea he was such a bad to the bone salesperson. The big guy stepped up and made the difference in December, taking down seven big deals for almost 30k in payable gross! His great production earned him a whopping 45 President's Club Points for the month! Way to go, Jimmie!

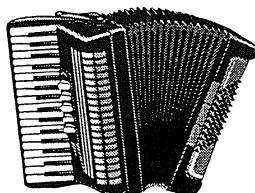
Rick Vaughan - Tulsa - People, you've seen this guy's name in this newsletter so much, it's unbelievable! Tulsa's superstar Sales Manager has helped propel his location to the top because of great production like he had in December: six big deals, \$29k in payable gross and 47 President's Club Points! This great month places him in the thick of the race for the big contest! Rock on, Rick dude!



Anna Wells - Nationwide El Paso - Hold on to your fiddles, folks, it looks like we've got a new superstar on the border! Anna Wells is the newest impresario down there and she playing her instrument to the tune of five big deals and 23k in payable gross for the month! Anna, you know how to rock!



George Wetherell - Lufkin - This East Texas location has always been one of the Company's powerhouses, but has slowed down as of late. NOT FOR LONG!, says George Wetherell, who helped propel the star location back to the ranks of profitability in December. His five deals and 20k in payable gross made a big difference for the East Texas superstars who can't be held down!

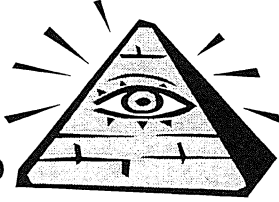


Jack Williams - Jacksonville - All hail the reigning King of East Texas manufactured housing, big Jack! He was the man with the sales plan in December, with four big deals. Keep it going, Jack!



Eric Geffert - Granbury - This guy took matters into his own hands when he moved to Nationwide in Granbury, helping their cause with four big deals in December. Now that he's getting momentum on his side, look for Eric to continue to make a big difference in Granbury!

Keep an Eye on...



She's made it clear in a short amount of time that she is a star on the rise in this company. In forty short days, she's taken down seven big deals, all at Nationwide in Bryan. Now that she's transferred to beautiful Lumberton, watch her work her magic there. Good luck, Sam... let Beaumont be your canvas!

Lumberton's Sam Hayes!

TOP 10 LOCATIONS - YTD

#1 - Lancaster

#2 - Mesquite

#3 - Tulsa

#4 - Inst. Granbury

#5 - DeSoto

#6 - Burleson

#7 - Denton

#8 - Tyler

#9 - AUSTIN

#10 - New Iberia

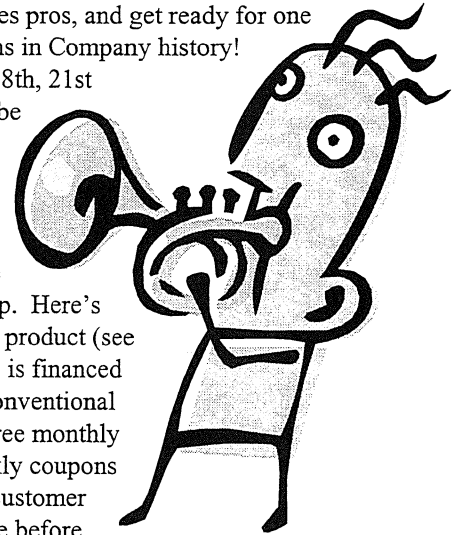
YTD TOP 30 Salespeople

Rank	Salesperson	Location	Total
1	James Karrh	Nationwide DeSoto	313.8
2	Christi Lancaster	Nationwide Denton	300.1
3	David Dalley	AHFO Lancaster	284.5
4	Carrie Shipp	Instant Living Granbury	265.5
5	Phil Essex	Nationwide Austin	224.0
6	Paul Head	Nationwide Mesquite	208.3
7	Timothy Solano	Nationwide Denton	203.3
8	Mike Levin	Nationwide Mesquite	202.3
9	Randy Taylor	Nationwide Tyler	197.6
10	Greg Pruitt	Nationwide Huntsville	197.4
11	Daryl Wilkinson	Advantage Greenville	190.6
12	Melissa Guinn	Nationwide Lake Charles	188.3
13	Thomas Murphy	Nationwide Tulsa	185.8
14	Daniel Conley	Nationwide Lufkin	184.7
15	Vicki Ballew	Nationwide Albuquerque	180.7
16	Victor Hernandez	Instant Living Spring	176.1
17	Fred McDonald	Nationwide Tyler	174.9
18	Sam Hill	Nationwide Corpus Christi	169.3
19	Toby Cooksey	Nationwide Mesquite	167.1
20	Gina Reece	Advantage Longview	160.7
21	Virginio Deangelis	Instant Living Albuquerque	160.2
22	Charles Barrett	Instant Living Granbury	154.8
23	Tina Boutte	F&M Nationwide New Iberia	154.3
24	Minerva Pipken	Nationwide Denton	152.9
25	Joe Woods	AHFO Lancaster	152.6
26	Robert Stevenson	AHFO Lancaster	152.6
27	Sandy Cantu	Nationwide Seguin	151.5
28	Allen Breedlove	Nationwide DeSoto	149.2
29	Charles Jerger	Nationwide Monroe	147.5
30	Anthony Clark	Nationwide Burleson	146.77

Hold Onto Your
Hats and Get
Ready for the...

Free Monthly Payments! Promotion

Hold on to your hats, retail sales pros, and get ready for one of the most exciting promotions in Company history! Between today and February 28th, 21st Century Home Mortgage will be offering a "Free Monthly Payments" promotion to your customers (see other rules below) in conjunction with Nationwide Housing Systems and the Company Manufacturing group. Here's how it works: sell a Company product (see below) to a new customer who is financed through 21st Century with a conventional loan, and they'll receive two free monthly payment coupons or 4 bi-weekly coupons from 21st after funding. The customer may use either coupon anytime before February 28, 2000.



Use this promotion as a powerful closing tool for those customers who are close, yet not quite ready to make their housing purchase. Also use it as a subject for your American Homestar Tracker follow-up calls or for your advertising. Potential verbiage for ads appears to the right:



RULES

1. Company Products Only

- Lancaster singles invoiced before 1/1/97 and Doubles invoiced before 8/1/96.
- Burleson home invoiced before 8/1/96 & special orders dated 1/20/97 - 2/29/97.
- Oak Creek singles and doubles invoiced before 11/1/96 and special order 1/20/97 - 2/28/97.
- All Vicksburg singles invoiced before 1/1/97 and all special order doubles.
- 2. Sold home must be replaced with company product.
- 3. Factory charged 1 payment and sales center 1 payment.
- 4. Must be financed with 21st Century. (No cash or FHA.)
- 5. List total payment amount on Lender Disclosure form.
- 6. All down payment and conditions must be in by 2/28/97, no exceptions!
- 7. List 1 payment on commission sheet.
- 8. Payment Authorization Form must be submitted to 21st Century with the contract for funding to qualify for manufacturer's participation.
- 9. TWO free monthly payment coupons or 4 bi-weekly coupons will be mailed by 21st to qualifying customers in the amount of their payment.
- 10. Coupons are good ANY TIME from purchase until February 28, 2000.
- 11. Coupons may only be used as payment on the original customer's contract, are not redeemable for cash and are non-transferable.
- 12. Coupons are for principal and interest only and do NOT include escrow.

HomeFront Classifieds

Section 71894 - Homes for Sale

RECESSION PROTECTION: FREE PAYMENTS IF YOU ARE LAID OFF! Factory will pay so we will order more home built! (800)123-4567

AAA PAYMENT GUARANTEE - We pay your home payments! Mortgage company has excess money to loan. Will give you two payments. (800)123-4567

NO DECEMBER PAYMENT FOR 2 YEARS - Extra cash for Christmas! Winter storm has caused inventory overstock! (800)456-1234

FACTORY NEEDS ORDERS WILL PAY YOUR PAYMENTS TILL MAY. (800)123-4567

FREE DISABILITY PROTECTION - Injured? 2 FREE payments eases the pain. Exclusive free program SUBSIDIZED by factory and mortgage company. (800)456-1233

Vacation Payments - No house payment means a worry free vacation. We make 2 payments with our factory rebate money. (800)456-1234

FACTORY REBATES on selected models. Factory will pay your house payments. (800)112-4562

Save moving costs — We'll make 2 payments while you enjoy your home! Exclusive program approved by mortgage company with money to lend. (800)456-1234

WE PAY - YOU PLAY - Let us make 2 payments while you enjoy your home! Factory needs orders. 800-456-1234

Lanette Carpenter



The Critical Path to Selling Homes

Inbound Telemarketing

For the next few months I'm going to cover sections out of the telemarketing book. If you do not have a telemarketing book, call Ana at 972-230-4874 and request one for your location.

The Secrets of Inbound Telemarketing

Secret #1 - The Advertising

Searching through classified ads in the paper for a manufactured home is probably not on most people's "Top 10 List" of fun things to do. So why do our potential customers choose to put themselves through such an unpleasant ordeal? There are two reasons. First, they want to buy from an individual because they fear salespeople and secondly, they are looking for a deal.

To most people, a "Real Deal" is hard to find. Since we are bombarded with sales every day, people are looking for other avenues to uncover bargains. People have turned to digging in the paper to uncover that once-in-a-lifetime deal, preferably from an individual who won't take advantage of them. That is why line ads are so effective.

The most effective types of line ads are called flip ads and there are two different types of them:

Type One: The prospect believes they are actually calling an individual. Since individuals rarely have "800" numbers, it is best to use your local phone number in these ads.

Example: (Make sure you actually have the used property and home you are advertising!)

- Must Sell Doublewide on Country Acreage. (817)555-1212.
- Must Sell 28x70 on 3 acres with pond. Ask for Bill (713)555-1212.

These ads should be answered by an answering machine or voice mail system. This will mean having a dedicated phone line for the ads, but believe me it is extremely cost effective. The verbiage to put on the voice mail should be very simple. "Hi, this is Fred, I can't come to the phone right now. If you're calling about the double-wide, please leave me a message."



Type Two: The prospect knows they are calling a Sales Center, but because of "Special Circumstances" stated in the ad, they believe there is a BARGAIN to be had.

Examples of "Special Circumstance ads which have been created, using actual situations that have happened our sales centers:

- Beautiful Custom Ordered Large Oak Creek Doublewide. Came in with wrong color of carpet, MUST SELL NOW! Call 1-800-555-1212.
- Owner Transferred - Forfeiting Down Payment. Must Sell New Customer Ordered 4 Bdr. Doublewide. Call 817-555-1212 or 800-555-1212.
- DIVORCE causes custom ordered Singlewide home to become available. Call 1-800-555-1212.

Why are "Special Circumstances" ads so attractive to your customers? Because they are looking for a bargain. They feel if a mistake was made, they can take advantage of the situation.

When these ads are targeted to your higher end buyer, the results will be significant!

Ken Hollibaugh of Guerdon Boise Talks about Telemarketing...

"I've found the program to be very effective for our retailers and I would recommend it to everyone. One of them took 9 deposits in two weeks after taking Lanette's course. Another had to take a phone off the hook because it wouldn't stop ringing. My advice to everyone out there is to forget what you "think" you know and just do the program as it is taught. It works!"

New Salt Lake City Location, Cont. from Page 1

(though singles are on the way) with concrete walkways to each, complimented by full landscaping treatments. "We've even got electric AND gas hooked up to the homes," said McKinney, "and this approach creates an awesome effect."

The entire Salt Lake City team is excited about carrying the Boise and Gary Guerdon products. "They're great looking houses," said Ray "and the customers really like them."

21st

Century Home
Mortgage Corp.

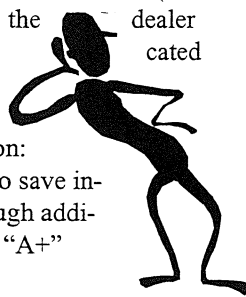
by Rich Ray

Mike asked for Gene's help. first, he asked the interest (Does this sound familiar?). tional questions to deter- buyer.

**JANUARY - ANOTHER RECORD MONTH!
RECORD NUMBER OF PROGRAMS UTILIZED!!!
RECORD NUMBER OF APPLICATIONS!!!
FREQUENT FUNDER TAKEOFF...**

Since the introduction of the FREQUENT FUNDER PROGRAM to Business Managers on December 16, sales centers have been using the free 100 points given to kick off the program.

Gene "Candyman" Crabtree worked with one of Mike Combs' (lot 44) prospective home buyers who was rate sensitive --- the dealer down the street who gives away profit must have educated this shopper. This buyer would not come back to the sales center for a presentation, so

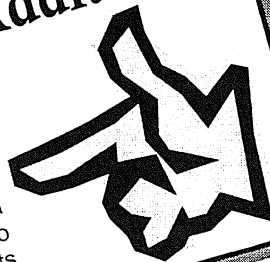
Here was Gene's solution: buyers if they wanted to save in- Then Gene asked enough addi- mine that this was an "A+" 

Armed with more information, it be- came a slam dunk. Gene reviewed other tools from the 21st Century TOOL KIT -- BIWEEKLY com- bined with HELP to product sub- stantial savings in interest cost to the buyer. This buyer had been too

STAFF ADDITIONS

Tonya Doty - Portfolio Manager (Tonya will initially assist in the takeover of servicing of existing loans acquired from banks and finance companies). P.S. - another grad from the original UT.
Chuck Godfrey - Credit Manager. Chuck has a number of years experience buying sub-prime auto loans. Chuck attended Carson Newman College on a football scholarship.
David Oehlson - Portfolio Manager for acquired loan portfolios. Dave has extensive portfolio experience with a major credit card processor and local banks. He will also assist with collection efforts required for problem accounts and bankruptcies.

Staff Additions!



well edu- cated -- they knew the first year variable rate was a teaser and would increase by some un- known amount after one year. The Fixed and CER- TAIN rate from 21st Century after one year of reduced pay- ments clinched the deal. Since it was an "A+" buyer, it only required 50 FUNDER points for 1.00% rate reduction.

JANUARY CREDIT APPLICATION VOLUME JUMPS 29% -- THANKS

Late breaking news: 1,404 loan applications received in January, an increase of 29% over December with over 50% approvals. January application volume means record loan bookings in February. MORE MORE MORE!

LAND HOME UPDATE

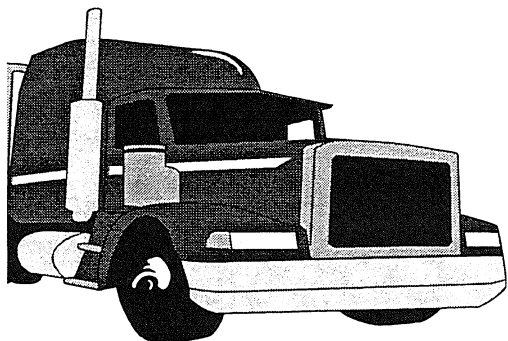
There are 70+ loan home deals in the pipeline. So 21st Century is adding staff to meet this demand. In February, there will be 3 people focusing on land-home: IM- PORTANT: DO NOT DELIVER THE HOME ONTO THE PROPERTY UNTIL THE LAND CO-ORDINATOR GIVES YOU SPECIFIC INSTRUCTIONS TO DO SO! This is done to protect the home buyer, the dealer and 21st Century.

BUBBA'S SETTING FASHION TRENDS FOR COMPANY

All of the Business Managers who closed a Bubba deal before January 31, 1997 were eligible to receive a beautiful Nationwide Mobile Homes or American Homestar shirt. The Finance Pro's who stepped up to the plate and took advantage of this great program are listed at right. Check the article at right on feedback on the BUBBA program...

Loc.	Winners Name
68	Danny Rudd
64	Jim Rea
39	Ray Cox
94	George Terblanche
15	Peggy P. Romero
28	Brad Carlton
44	Bertha E. Ceja
79	Terri Raymond
74	Linda Bever
90	Kenneth E. Johnson
46	C.A. Moeri III
57	Sandy Roberson
21	Tony Kalenkosky
31	Steven H. Hoskins
69	Renee Bouma
56	Darla Aimer
55	Mike Johnson
94	Brad A. Radick
52	Wayne Peacock
23	Eric Geffert
59	Mitch Brown
98	Barry Gilliland
49	Mark Pell

ROADMASTERS

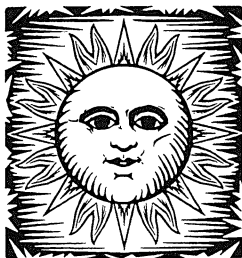


NEWS

by Chuck Ladd

Each year, Roadmasters rewards its top contractors and employees with a Diamond Club trip. Each of our truckers exceeded 50,000 loaded miles and met strict safety and compliance guidelines. They were the best of the best in fiscal 1996. Roadmasters' top two terminal agents also were on the trip. Our top agents were **Ron White** and **Karen Rape** of Waco. They did nearly three and one-half million in business last year. That is simply UNBELIEVABLE. Way to go Ron and Karen! **Jack** and **Sherri Barnes** were second with nearly two million out of the Athens market. These two are going to give Ron and Karen a run for their money in 1997.

The top five owner-operators accounted for 330,000 loaded miles in 1996. The "FAB-FIVE" are definitely prime examples of why Roadmasters is THE BEST mobile home trucking company in the business!



about this newsletter...

Published in
Austin, Texas
on the 31st of
every month.
Please
Recycle!

Manufacturing Editors
Tom Jewell
Robin Cooper
Retail Editor
Dwayne Teeter

Roadmasters top contractors and terminal agents recently returned from the site of our third Diamond Club trip. Twenty-three of the company's top truckers were awarded a trip for them and their "significant others" to Cancun, Mexico. Those who could remember the trip said it was FANTASTIC.

The Top 5 Truckers for 1996 were:

1. Butch Fellabaum
2. Howard Hull
3. Bradley Beale
4. Bob Haferkamp
5. Terry Thatcher

The Company's Top Business Managers Sing the Praises of "BUBBA"

More and more Business Managers are making the most of 21st Century's BUBBA program. Some of them have had a lot to say about their recent experiences with the program...

Linda Bever, Bossier City: "Easy to convert variable customer to BUBBA with just interest savings alone! Most customers appreciate faster equity and earlier payoff, too!"

Tony Kalenkosky, Burleson: "Makes selling homes a whole lot easier. By shifting the focus to the benefits of BUBBA, we don't have to sacrifice our gross profit at the retail level. We love it!! It's the best closing tool since the invention of the loan!"

Darla Aimer, Austin SuperCenter: "The customer went with this program because of the large savings."

Ray Cox, Longview: "These customers were expecting a \$500/mo. payment. Their payment came out to \$653/mo. Because of BUBBA and the savings in interest, I was able to get a .50% higher rate, p.d. 3 years and 5 years extended service. Thanks, BUBBA."

Jim Rea, Spring: "Shows great savings and reduced term. Fits in perfectly with my closing technique. I feel like I can close 70% on BUBBA! To date, 4 out of my last 6 deals have gone BUBBA!"

Brad Radick, Boerne: "You will lose money by not using the BUBBA program."



M.I.S. Guys Bustin' the Proverbial Move...

The boys in the Retail M.I.S. department, namely **Dwayne Teeter**, **John Smith** and **Marc Crane**, are moving to more spacious and affordable accommodations on West Street in Austin, Texas. The new office will include a 600 square foot training facility that will eventually house 12 networked computers. "This is going to allow us start catching up on the backlog of those wanting Tracker training," said developer **John Smith**. Also, the M.I.S. department would like to announce the addition of **Travis Prescott** to their ranks. Like **Marc Crane**, Travis is an M.I.S. student who will be applying his skills for the first time on business applications. Look for M.I.S.'s new phone number and address in the next issue of **HomeFront**.

Why pay rent? Own a 2-bdrm for \$950 a month

SUNNYVALE — "Why pay \$1200 to rent a small apartment?" asks Joan Smith, "You can own a mobile home of your own in a resort-like mobile home park for about \$950 a month."

"With less than \$7000 down, your \$950 monthly payment includes monthly land lease, and clubhouse privileges." Pickup a FREE CATALOG of listings and prices at 1022 Fairfield Lan, in Sunnyvale, PHONE (512)444-4545.

per. "With the daily battles we fight in terms of getting down payment from a customer and getting them into budget, this really puts matters in perspective!" You can say that again!

So you think it's tough selling in your market???

Lanette Carpenter visited California recently and clipped an advertisement much like this one from the pa-

Simonson and Lancaster Crew are Speck's Number One Dealership for the Second Quarter.

It only makes sense that the Company's number one location for the year was also the number one dealership in Larry Speck's Division in the Second Quarter. Don Simonson and the amazing Lancaster crew narrowly edged out hard charging Tulsa, led by the awesome Tom Wilson, and the incredible newcomers at the Austin SuperCenter, led by the incredible Randy Coffman. In Speck's competition for the prestigious Pride Reward, locations are judged on pre-tax profit margin, thus explaining why Lancaster edged out Austin, which actually had a higher amount of profit for the period. "I am extremely proud to be part of this dynamic team," said Larry Speck. "Congratulations to everyone for a great quarter!"

Grade Your Location Using the...

A General Manager of a retail dealership has a stressful job. He or she is constantly

Question	Score
Do you mark homes received, sold and delivered immediately after they become so? (1 - never, 5 sometimes, 10 always)	
Do you produce all end of the month reports with Tracker, without using white-out or writing in additional information? (1 - never, 10 - always)	
Do you log ALL service requests onto to Tracker? (give yourself 10 if you do, and 0 if you don't.. there is no middle ground on this).	
Do you use Tracker's scheduling tool as your only source of service scheduling? (give yourself 10 if you do, and 0 if you don't... there is no middle ground on this)	
Do you issue your customers a service request number whenever they call in for service? (1- never, 5 - sometimes, 10 always)	
Is your quality control report usually in line, or do you fix it at the end of the month? (1 to 10)	
Do you print call-back sheets EVERY WEEKDAY MORNING without exception? (1 to 10)	
Do you use the "Prospect by Target Sales Date" report or the follow-up letter library on a regular basis?	
Do you print a customer listing or mailing label listing each time you receive a home on your location that you have not stocked for a while?	
Do you print a mass mail-out every quarter to advertise some sale or promotion? (1 to 10)	
TOTAL SCORE	

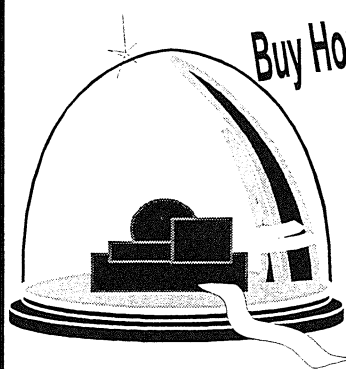
worrying about keeping sales up while also trying to maintain some sense of organization in a business that does not lend itself to organization of any kind. Without order at the dealership, sales will inevitably suffer. The tool that is designed keep you organized with regards to inventory, service, and prospecting is American Homestar Tracker. If you are one of the many "hands off" G.M.'s out there who prefer to delegate the important tasks relating to the system to others, take a moment to grade your staff on their use of the system. To use the Tracker report card, simply grade your dealership on a scale of one to ten on all measures and use the standard school grading system to judge your performance (90+ = A, etc.). If your score is not what you'd expect, arrange for some training.

TRACKER REPORT CARD!!



Investment Firm Issues "Focus-Buy" Rating for American Homestar Stock

Gary Prestopino, CFA, a representative of the Mesirow Financial, Inc., recently accompanied Co-CEO's Buck Teeter and Lad Dawson on a series of East Coast meetings with institutional investors. After attending the meetings and discussing the market outlook with Buck and Lad, Mesirow released a research note recommending American Homestar's stock as an excellent buying opportunity and issuing it the highest rating of "Focus Buy". Citing the Company's vertical



integration strategy as being a key advantage, the report stated that American Homestar is "uniquely positioned for growth" in a market with a moderating level of growth.

Prestopino also noted several other factors that should continue to set the Company apart from the rest of the field. For one, American Homestar is steadily increasing the percentage of Company-built homes sold through its retail centers. Also, the Guerdon and Heartland acquisitions should add substantial contributions to earnings in future years. Prestopino also cited the increased volume of 21st Century Mortgage Corporation as being a key factor in earnings growth.

Although there has been some severe weather in our primary region, the report stated that American Homestar is expecting to reach earnings expectations in the third quarter. However, without the efforts of each and every one of our sales pro's, there are no guarantees. During this time of the year, every home sale, every insurance package and every finance profit can make a difference in our overall success. Make a conscious decision today to commit yourself to doing whatever possible to make this quarter a great one for the Company and for yourself. Good luck!

LOOK FOR

Good Things in the future!

The Power of Vertical Integration, Continued from Page 1

homes as we possibly can, and we want to focus the vast majority of those sales on Company product and 21st Century financing!!

We now have factories in Oregon, Idaho, Nebraska, North Carolina, and Mississippi, as a result of the recent acquisitions of Guerdon and Heartland. We will now begin to focus on building retail sales center capacity in many of these new regional markets so we can capture "the power of vertical integration" in these areas as well. We'll talk more about these expansion plans in the coming months.

In the meantime, we ask every member of the Homestar team to do all you can each month to help implement the Company strategy of vertical integration!

**Who Do I
Call When...**

I have an inquiry relating to my Salesperson President's Club Numbers

Call John Smith in Austin (512)320-9035, Have commission sheet and any other deal information handy.

I have an inquiry relating to my Office Manager's President's Club Numbers

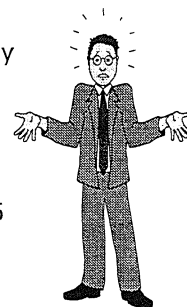
Call Robin Sparling in Houston (281)334-9732

I have a problem with American Homestar Tracker

Call Marc Crane, Travis Prescott or John Smith in Austin (512)320-9035

I want something included or corrected in the newsletter

Call Tom Jewell or Robin Cooper in Manufacturing (817)695-0125 and Dwayne at Retail (512)320-9035.



GREETINGS TO THE NEW GUYS

We've added some very distinguished gentlemen to our management team, and we'd like to introduce them, as follows:

BJ Williams is our new Divisional Vice President for the Southeast Region. BJ is a graduate of the University of Memphis and has 25 years of experience in the manufactured housing industry. BJ started with Redman Homes in 1972 as a Zone Manager in Tulsa, Oklahoma, and then moved into both a Sales Manager position and on to a Divisional Sales Manager position for three Redman plants. In 1987, he was promoted to General Manager of the Sanford, North Carolina facility.

In November 1991, BJ began working for Fleetwood Enterprises and in June 1992, was made General Manager of Fleetwood's Roxboro, NC plant. In addition, BJ has held several offices with the North Carolina Manufactured Housing Institute, including President in 1993. BJ left Fleetwood in November (unfortunate for them) to join the American Homestar Team (fortunate for us).

BJ currently lives in Durham, NC with his wife Peggy and two sons Todd and Justin.

Ronnie Sanford has also joined our management team as Corporate Sales Manager for the Southeast Region. Ronnie is a graduate of Appalachian State University and has 16 years experience in the manufactured housing industry. Ronnie started his career in 1981 as a Zone Manager for Redman Homes, was recognized several times as "Zone Manager of the Year", and in 1987, was promoted to Sales Manager. During 1989, Ronnie went to work for Fleetwood and was soon promoted to Sales Manager in the Roxboro, North Carolina Manufacturing Center. During 1994 and 1995, Ronnie was awarded "Sales Manager of the Year" for the Eastern Region, and in 1995, Ronnie was also awarded as Fleetwood's "Sales Manager of the Year".

Ronnie and his wife Susie have two children and presently reside in Mebane, NC.

Jim Emberton began his 23 year career in manufactured housing as a line worker back in 1971 for Kaufman & Broad Home Systems. Since then, Jim has fulfilled many roles including supervisor, Plant Quality Control Manager, Corporate Costing & Quality Control Manager, Production Manager, and General Manager. He will now be filling the role of Corporate Production Manager of the Southeast Region for American Homestar.

Jim and his wife Mary have two children, two grandchildren, and live in the city of Roxboro, NC.

David Coletta has joined the American Homestar management team as our Corporate Facilities Manager. David's experience includes 20 plus years covering a variety of products ranging from bicycles to battleships. Over the last three years, though, David has been involved in plant expansions and plant start-ups with Redman Homes.

An Engineering graduate from the University of Tennessee, David enjoys fishing and watching Tennessee football games. He and his wife Dale have two children and are residents of Garland, Texas.

*Please join us
in welcoming
these four great
guys to our
great big family!*

LANCASTER NEWS

By Brian Shaw

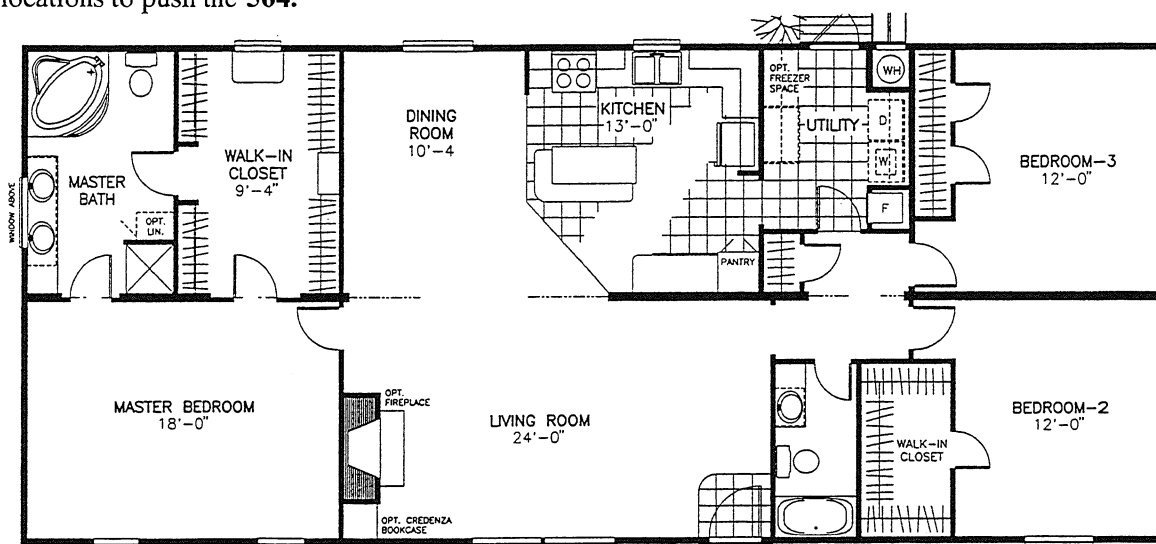
The New Year Means New Models.....GET EXCITED!!!

1996 was a phenomenal year for the Lancaster plant. SPECIAL THANKS to all of our sales centers for all of the help and business sent this way! We now want to show our appreciation by giving you more opportunities - yes, new models to sell with a new decor!

To begin with, we have a new decor that will offer you a great look for our new neutral carpet colors! The **Cameo Decor** is now available for use with the Mojave Beige carpet as well as the Hickory . . . it can even be used with the oh-so-hot Midnight Emerald carpet. Please call for samples.

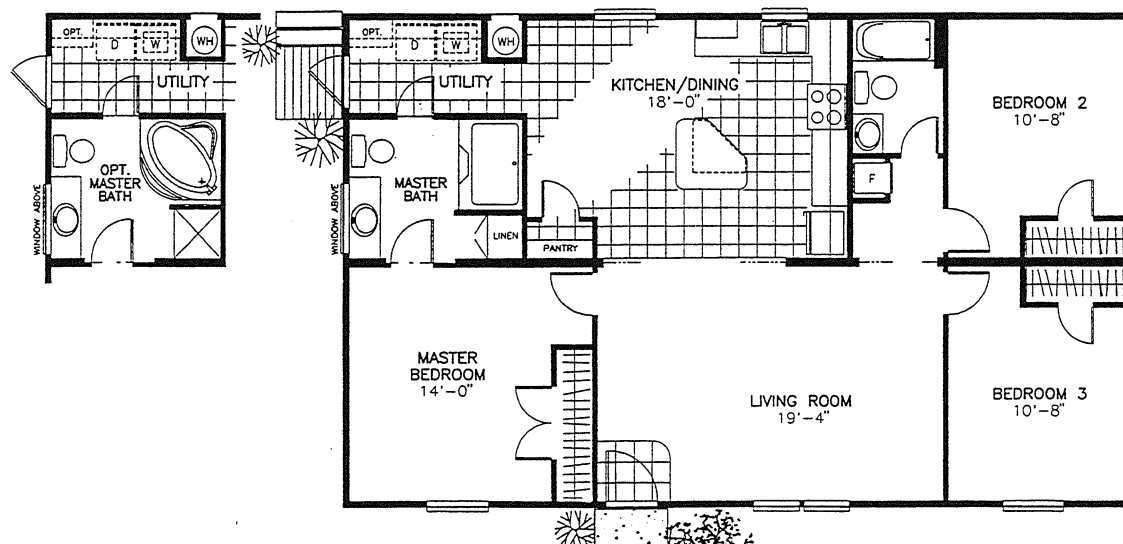
The soon-to-be-very-popular **Galaxy 564** is our new 28x68 that was introduced late last year. We feel that the **564** model will be the "BUDDA-BOOM, BUDDA-BANG" doublewide for 1997! The "el grande" walk-in closet has a built-in dresser and window, "mucho" closet rods and shelves, a built-in shoe rack, and lots of space. This specially-designed closet is the first of its kind to be built by American Homestar - watch out all you other plants, Lancaster's treading new ground and we have every confidence that the huge walk-in closets and oversized bedrooms will be great selling features for our retail locations to push the **564**.

GALAXY 564



The innovative 28x48 **Galaxy 548** is the new trend in the 48-footers. This is a great 3 bedroom, 2 bath home that features great eye appeal. The island kitchen features lots of cabinet space. The bedrooms are exceptional when it comes to living space. The master bath is a walk-through bath to the utility room with a standard 3-door linen pantry and garden tub. This is a perfect step up from the 28x44 540 Northstar. And for the price, the **548** will be the top seller for Lancaster in 1997!!

GALAXY 548

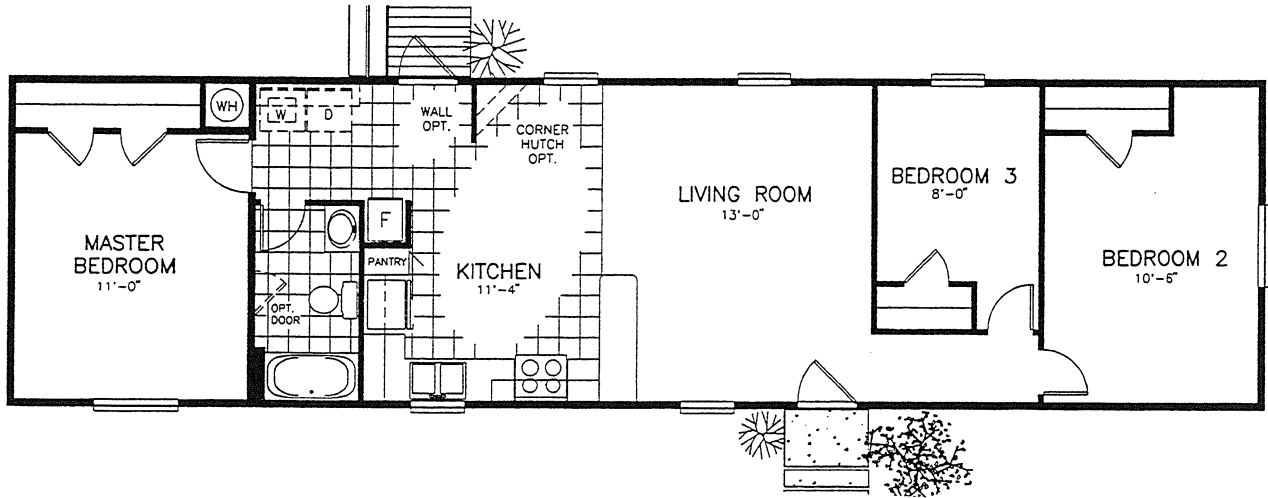


LANCASTER NEWS

(Cont.)
By Brian Shaw

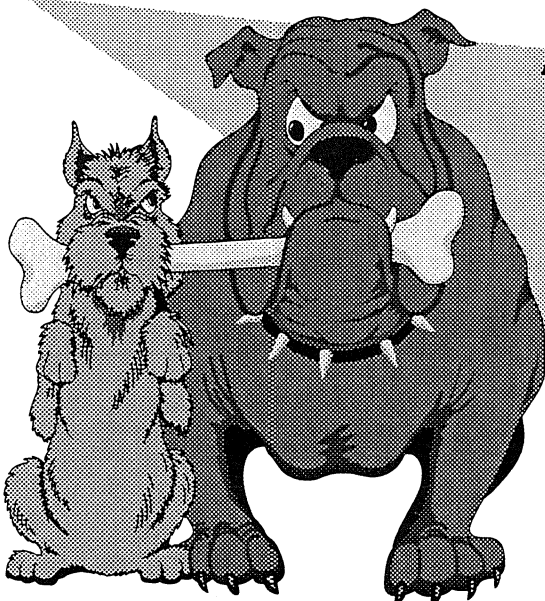
NEW GALAXY 664LE

The Limited Edition just got more exclusive with our new 16x64 664LE. Lancaster has cut its margins to offer the best value priced house out of all the models Lancaster has ever offered. This 3 bedroom, 1 bath with an optional 2nd bath is the price leader for all of your other price leaders. Very ideal for a homebuyer that is shopping for price but with all the looks!



ENORMOUS
HUGE
LARGE
GIANT
BIG
IMMENSE
VAST
ETC...ETC...

Lancaster is going bonkers with "BIG"! We're beginning to believe that "BIG" is a very good thing! So, stay tuned for the "BIG" details!



AMERICAN HOMESTAR BIG DOGS OF DECEMBER ARE:

(Bought the most product from Lancaster.)

1. Nationwide of Mesquite
1. Nationwide of Boerne
2. Nationwide of Midland
3. Nationwide of Rosenberg
3. Nationwide of Seguin
4. Nationwide of Cleveland
4. Nationwide of Huntsville
5. American Homestar of Lancaster Factory Outlet

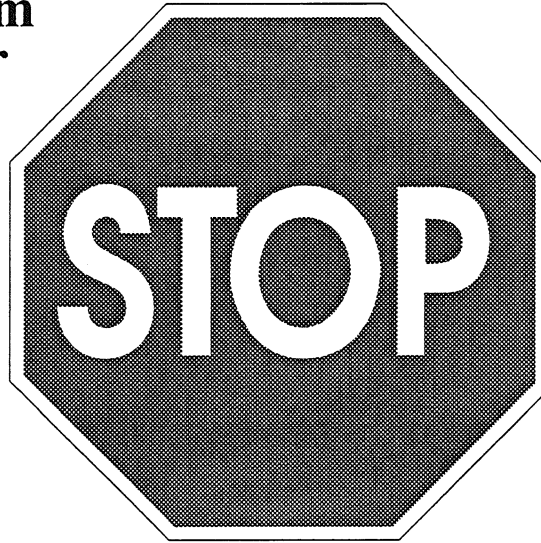
BURLESON **STAR** NOTES
By Charlie Lohin

Sell Your **STRENGTHS!**

WOOD I! WOOD I Love Cedar Lap Siding?!?

New Cedar Lap Siding.....

**NOW Available From
American Homestar
of Burleson, Will...**



Traffic!

Increase your ups by stocking your next Benchmark/Lifestyle home with a beautiful, rustic cedar lap. Our factory uses an underlayment of 7/16" O.S.B. board (roof decking) to allow the strongest possible application of the cedar lap siding. Bring that "woody" feeling home with American Homestar of Burleson's new cedar lap siding!!!

1997 Feb 5 - January's Standings

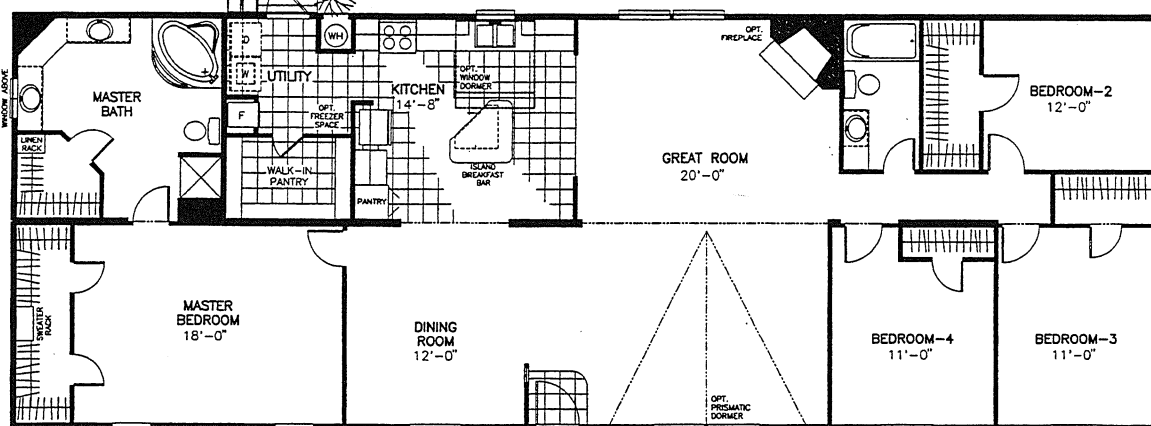
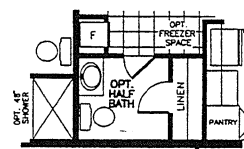
1.	Instant Living-Granbury	Dave Davis	6 Floors
1a.	Nationwide-Austin	Randy Coffman	6 Floors
2.	Nationwide-Burleson	Jack Maxey	4 Floors
2a.	Nationwide-Tulsa	Tom Wilson	4 Floors
2b.	Nationwide-Lufkin	Jim Tierney	4 Floors
2c.	Nationwide-Sequin	Greg Benzing	4 Floors
2d.	Nationwide-Desoto	John Rains	4 Floors
2e.	Nationwide-Monroe	Leon Dooley	4 Floors

Way to Go!!

Introducing..... "the Ranch House"

BURLESON **STAR** NOTES
By Charlie Lohin

Crafted by American Homestar of Burleson



Opt. 3rd Bath

Base Price!!!
\$37,675

Model HS782 28'x80' 2075 Sq. Ft. 4 Bedrooms, 2 Baths

POWERFUL STANDARD FEATURES

- | | | |
|-------------------------------------|----------------------------------|---|
| ✓HARDBOARD EXT. W/25 YR.WARR. | ✓7 1/2 FT. SIDEWALLS | ✓DRWR OVER DOOR KITCHEN CAB. |
| ✓FIBERGLAS ROOF SHGLS (210LB.) | ✓R-22 RF, R-11 WL/FLR INSULATION | ✓STEEL ROLLER DRAWER GUIDES |
| ✓4/12 (NOMINAL) ROOF PITCH | ✓VAULTED CEILINGS THROUGHOUT | ✓GLASS LIGHT GLOBES T/O |
| ✓FULLY VENTED 12" ROOF EAVES | ✓ACCOUSTIC CEILINGS | ✓CABINET OVER REFRIGERATOR |
| ✓SEMI-GLOSS EXT. PAINT | ✓VINYL WALL COVERINGS T/O | ✓FLOOR DOOR STOPS T/O |
| ✓STEEL FRONT DOOR W/STORM | ✓BORDER IN LIVING ROOM | ✓RAISED PNL. KIT. CABINET DOORS |
| ✓COTTAGE REAR DOOR | ✓SCULPTURED CARPET | ✓G.E. GAS RANGE |
| ✓PORCH LIGHTS | ✓1/2" REBOND CARPET PAD | ✓RANGE HD. VENTED THRU ROOF |
| ✓ENGY. SAVING "SOLEX" WHT WN. | ✓MINI-BLINDS & VALANCES T/O | ✓G.E. 16.4 CU.FT. FF REFRIGERATOR |
| ✓ALL WINDOWS OVERHEIGHT | ✓FULLY VENTED FURNACE DR. | ✓STAINLESS STL. DUAL SINK (KIT.) |
| ✓STEEL OUTRIGGERS AT 8' ON CTR. | ✓KITCHEN PANTRY | ✓30 GAL. ELEC. WATER HEATER |
| ✓DETACHABLE HITCHES | ✓BEDROOM LIGHTS | ✓PLUMB. FOR WASH. & WIRE FOR DRY. |
| ✓EXT. WALLS: 2x4 AT 16" ON CTR. | ✓FULL 60" BATH TUBS | ✓GFI SAFETY RECEPTS (EXT., KIT., & BATHS) |
| ✓3/4" (NOM.) T & G O.S.B.. FLOORING | ✓WATER-SAVER CHINA COMMODE | ✓SILENT ROCKER ELEC. SWITCHES |

TYPICAL OPTIONS

✓DISHWASHER	\$400
✓DORMER	\$350
✓SHUT-OFF VALVES T/O	\$50
✓LINED CAB. W/ADJ. SHELVES	\$99
✓ELEC. FURNACE UPGRADE	\$75
✓UTILITY ROOM SHELF	\$25
✓CEILING FAN W/B-2	\$70
✓TOTAL ELECTRIC	\$245
✓NOOK LIGHT	\$30

BASE PRICE	\$37,675
OPTION TOTAL	\$1,344
LUMBER SURCHARGE	\$600
HUD/ASSOC. DUES	\$320
FREIGHT	\$0
F.O.B. BURLESON	\$39,939
TEXAS TAX	\$1,298
F.O.B. BURL. W/TX TAX	\$41,237
YOUR FREIGHT	

GRAND TOTAL

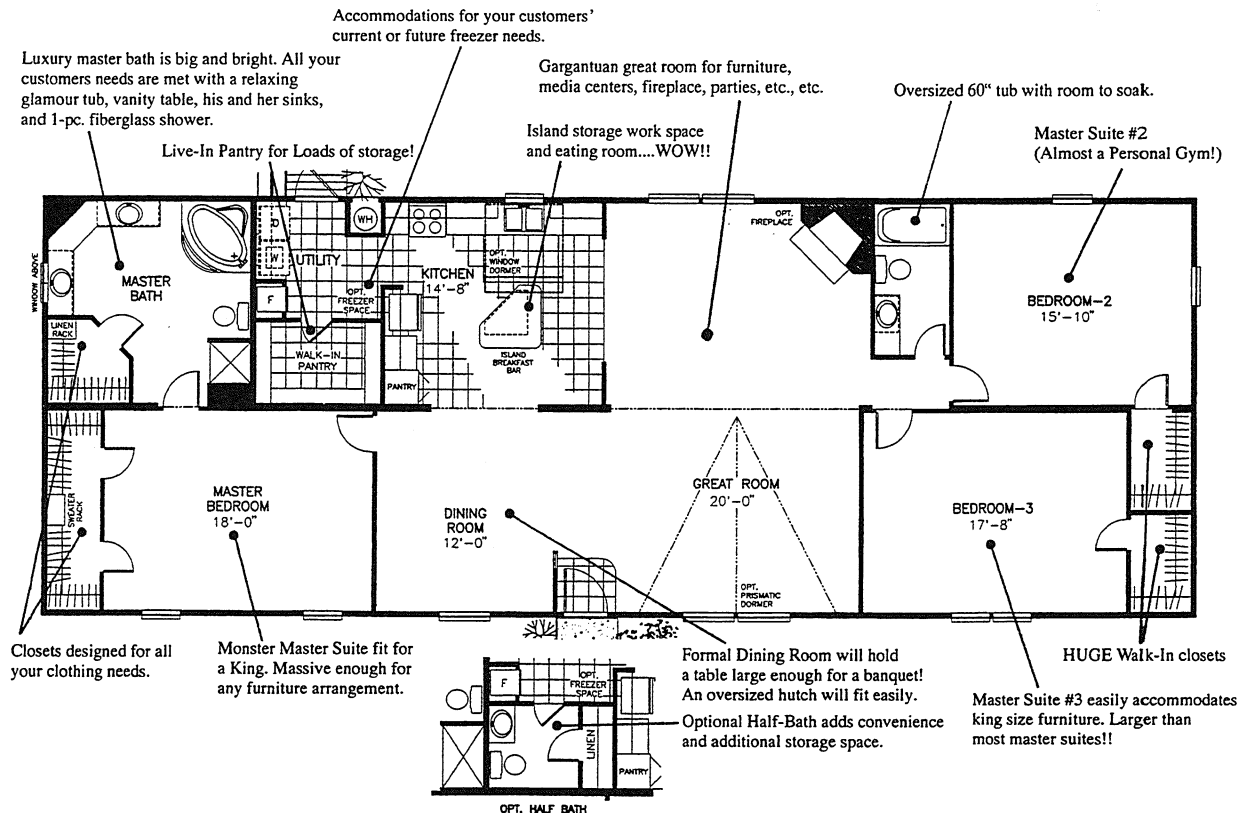
LifeStyle
Crafted by American Homestar of Burleson

CONTACT GLENN, SAM OR CHARLIE
1-800-817-4150

By Charlie Lohin

Meanwhile, Back at the *RANCH*.

The "Ranch House" alternate 3-bedroom plan offers ***HUGE*** bedrooms and closets for your customers! Our "Ranch House" model HS782 gives your large multi-section inventory a boost by fitting both 3 and 4 bedroom needs. This "Great Room" home is a natural for your inventory.....and starts at just over \$40,000.00!!!



By *Charley Boyer*

Oak Creek Greets 1997 With Great Expectations!!!!!!

1997 is finally here and we're expecting the very best year from every one of you!! Oak Creek will usher in the new year with new goals to achieve and higher mountains to climb in search of excellence!

50 Units Per Week!

We have established a new production goal of 50 units per week which projects to a full 20% increase over last year's levels. This means faster delivery of your customer sold homes which means faster rewards to you! An increase of production will also produce additional profits for the manufacturing Division that will eventually mean an increase in our stock value and I know we all want that!!!

Improved Product Quality Rating!

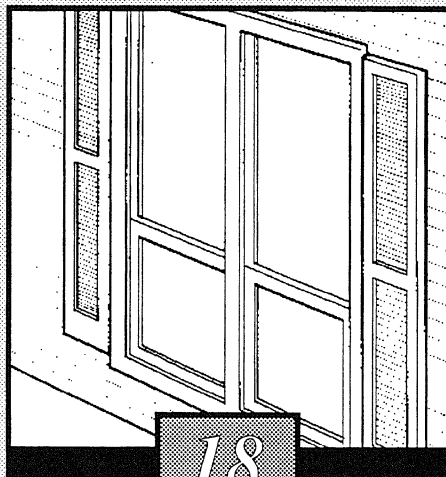
The Oak Creek "IN-HOUSE" quality index for last year was to achieve a 90% rating in all areas of production. During 1997, we will turn up the heat to meet or exceed a 95% rating which means even higher quality levels to pass on to our customers! Who knows, we might hit that 3 digit number a few times during the year. All areas of the plant are rated weekly on quality and customer satisfaction. We all want to build the very best home in the southwest market!!!

UNDER THE OAKS

By Charley Boyer

29 Reasons You Live Better in an Oak Creek Home

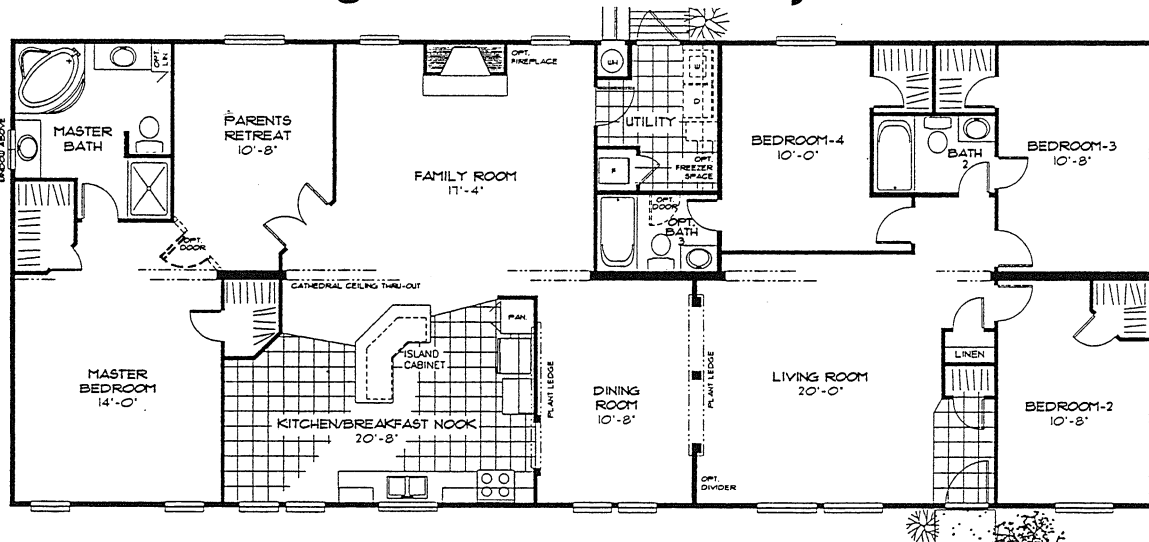
Each month, we will feature one of our copyrighted "29 Reasons" to assist in your education of "Why You Live Better in an Oak Creek Home". This information is also listed in detail on our famous "29 Reasons" brochure. Each sales center has this brochure to use as a sales training tool and point-of-purchase sales brochure.



Beautiful, Energy Saving Tinted Windows

Rooms with a view and more. Oak Creek homes have lots of windows. Tinted windows provide a natural view from the inside of outdoor colors and save energy too. They keep things bright, but filter the light to reduce glare, absorbing 25% of the sun's radiant heat, and saving you money on cooling bills. They also block 25% of the ultraviolet rays, reducing sun-fading of drapes, carpets, and furniture. You can let the outdoors in without feeling the pinch of higher air-conditioning bills. Plus, all windows are fully trimmed and caulked with decorative siding over the nail fin to produce a clean, weather-tight, attractive appearance. Windows have attractive glare-free preprinted aluminum frames for added beauty.

Southern Star Homebuyers Need to Pig Out on the New "Hog-of-a-Home" 988, 32'x80'!!!



Oak Creek Introduces "Wire for Air-Conditioning with Disconnect."

That's Right! Never again will you experience the inconvenience of telling your customers that their home includes an air conditioner but: "You will have to hire your own electrician to wire the compressor to your home." Not on an Oak Creek - not anymore!!

For a mere \$95 Option, you can offer the "Wire for A/C With Disconnect Panel" on any Oak Creek product we offer. For \$95, this option provides the very same Wire, Breaker and Exterior Disconnect Panel Box as that offered to your customers by the electrician, but at a much lower price than the \$350.00+ that he would charge. Oi . . . what a savings!

**"We are always
Someone's Customer!!!"**

The Whispering Oak

Details can be obtained by contacting your District Sales Manager, or you can wait for the information provided in next month's mailings to each of your locations. We will need the size of the air conditioning unit required to properly size the wire and breakers at the time you order this much needed feature. Now, say to yourself, "Thanks, Oak Creek, for these little things that you do".

**Good Luck and
Good Selling!!!**

STAYTON

By Jon Moon

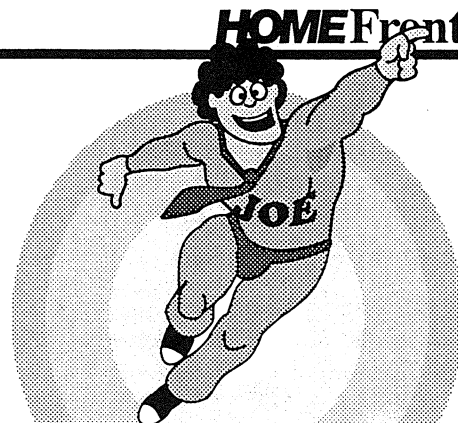


Show Time is Coming!!!

The Stayton Division is busy planning and scheming with Nancy Cantu and Gordon Gutches in preparation for the 1997 Oregon Manufactured Home Show. This year's show promises to be as exciting as ever with 35 homes on display.

The show begins Tuesday, February 25th, with the hustle and bustle of two days reserved specifically for *industry folks*. "INDUSTRY DAYS" includes an Employee Appreciation Night which allows industry employees and their families a chance to see the homes they have helped to build, sell, finance, insure, and supply products &/or various services to. The Oregon Manufactured Housing Association is expecting 7,000 employees and their families. INDUSTRY DAYS concludes on Wednesday evening with the Industry Awards Reception which includes recognition of the Show's sponsors and presentation of the five "Dealer's Choice Awards". GO GUERDON GO!!

"PUBLIC DAYS" begin on Thursday and continues for four days. Last year, over 30,000 attended the show during this four-day period.



New Team Member

The Stayton Division welcomes **Joe Peterson** to the Guerdon/American Homestar Sales Team. Joe brings over 10 years of housing experience with him including the past 4 years in manufactured housing. Joe and his wife Mavis have two adorable little girls - Karly, age 3, and Meghan, age 1. Joe is kept busy chasing after his daughters and is currently building a new home. Joe has already proven to be a valuable part of the Stayton Sales Team!

GERING GOSSIP

By Goug Tollin
Home Front Nebraska Eye-Witness Reporter



BULA, BO-O-O-O-O

In one of Gering's more recent HomeFront articles, it might have been alluded to that a BIG 12 Playoff Football Game between the Longhorns and the Cornhuskers would downright scare the pants off of most Texans. However, it is the Nebraskans who are still painfully attending "CornHusker Recovery Group" meetings after that fateful (and frightful) game when Texas took the "Big Red" down in flames!!!! The trauma of it all has fated these poor souls to a life in search of meaning, comprehension, and hopefully, final acceptance. Sure makes this journalist glad to be a state-transplant!

Christmas Party Highlights

Guerdon Homes of Gering had a great 1996 Christmas Party to which all employees, their spouses or their significant others were invited. This distinguished guest list also included such VIP's as **Mr. & Mrs. Bob Unziker** and **Mr. & Mrs. Carl Brannan** of Brannan Homes, one of our largest volume dealers.

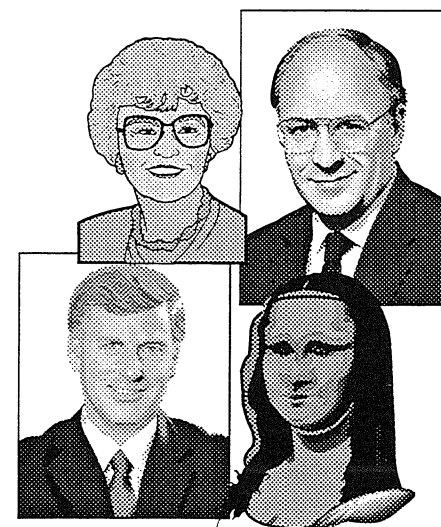
During the evening, awards for long tenure were bestowed upon the following Gering veterans:

David Blanco	7 Years
Genaro Gurrola	7 Years
Ramon Morales	7 Years
Robert Conn	5 Years

The Christmas Party buffet included such delectable delights as roast beef, baked salmon, and chicken, along with all the complementary trimmings . . . mmmmm, tasty! And one of the evening's highlights turned out to be the candy canes with "Santa-Codes" attached that were distributed to the guests - the "Santa-Codes" specified which gift belonged to which lucky winner, a party pastime that proved to

be quite exciting and fun for all. A local band provided the *sound* for our dancing and listening enjoyment and heavy-duty partying ensued late into the night.

Looking forward to another festive Christmas Party in 1997!!



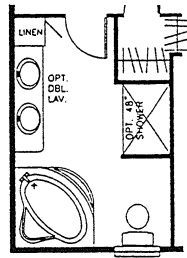
New Faces

Welcome to **Marilyn Holmes**! Marilyn is now in charge of payroll and accounts payable for the Gering division. Very glad to have her aboard!

Vicksburg

By *Melanie Hood and Dinah McCorquodale*

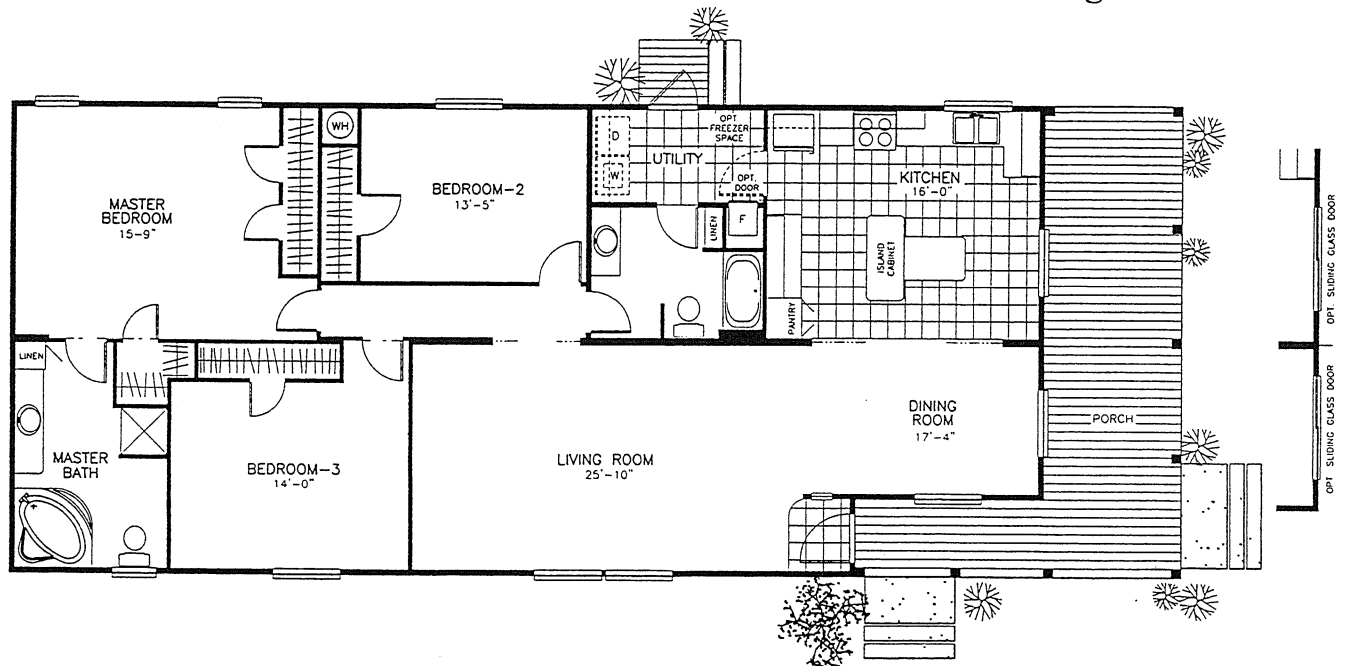
PRODUCT UPDATE



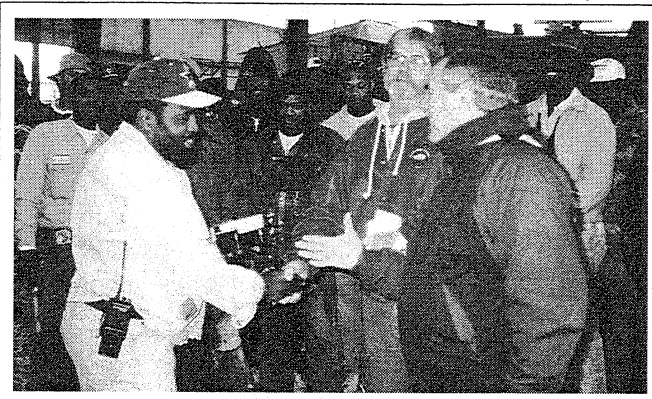
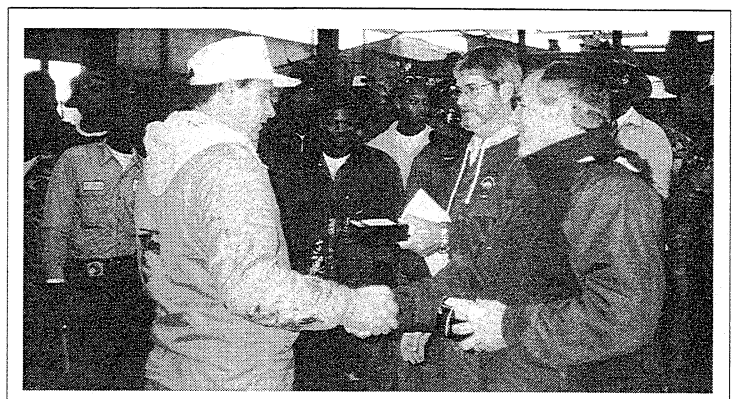
Luxury Bath Option

We have made improvements on our best selling porch model #1168 - the "Stretch Version" #1172 is 4 feet longer with a larger living room and bedrooms.

New options now available in all models include "Rough Stuff Paneling".



4 Employees Honored for Tenure



In December, we honored 4 employees for seniority. Here, (Photo on left) **Irving Washington** (Chico) receives his award for 20 years of service. And here, (Photo on right) **Clay Hunter** receives his award for his 15 years of service. Both awards were presented by Production Manager Charlie Miller and Division Manager Charlie Smith. **CONGRATULATIONS, GUYS!!!!!!**

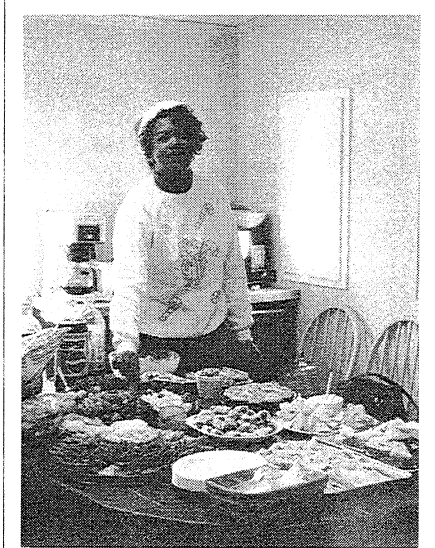
(More on next page.)

Vicksburg BLURB

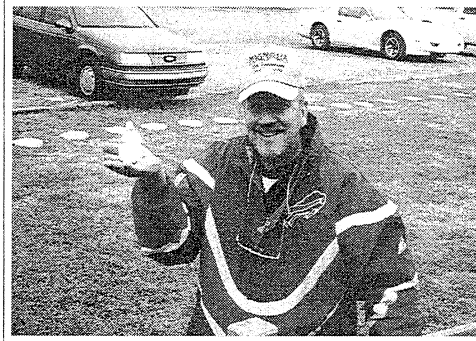
By Melanie Hood and Dinah McCorguodale

We celebrated Christmas with food, and food, and even *more* food every day during the entire week before Christmas. Now, we're all trying to lose that holiday weight!!!

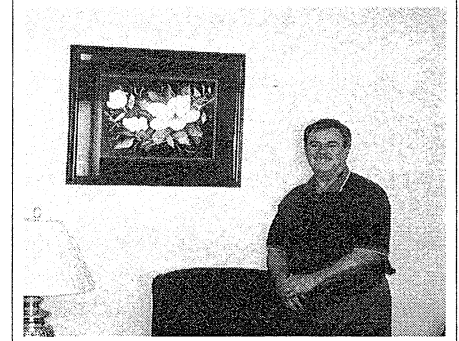
CHRISTMAS CHEER



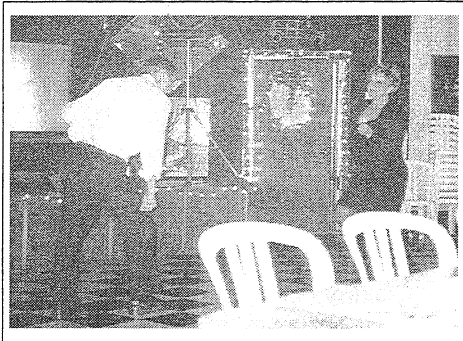
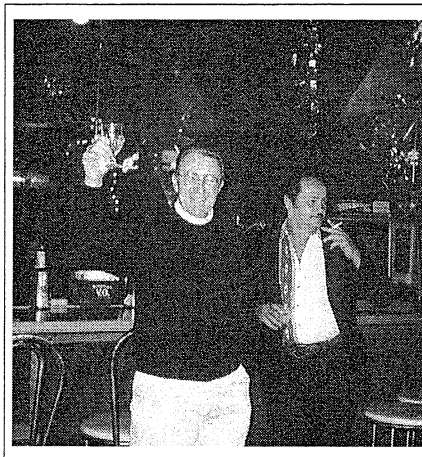
Lynda Ragan samples some of the goodies.



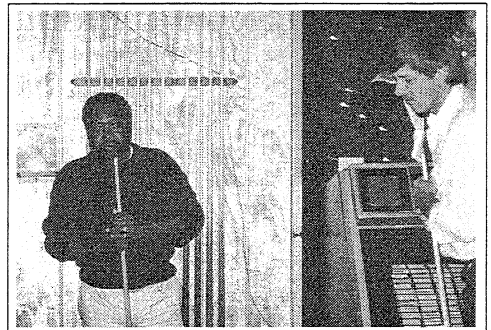
Here, Sales Coordinator Billy Davis holds the biggest, little snowman in Vicksburg during our three hours of snow so far this Winter!!



And here, General manager Charlie Smith poses in front of his Christmas gift from the office employees - a painting called "Twilight Magnolias".



Our plant Christmas party was catered by Wayne's Bar-B-Que and included a meal with turkey and dressing, ham, and all of the trimmings. The office Christmas party was held at Jacque's Cafe. In case anyone was wondering where Dave Whitson slipped off to, we caught him here sippin' on some Vicksburg Holiday Cheer (left), along with the rest of us festive frolickers.



**We Would Like To
Welcome The
Following New
Retailers To Our List Of
Distinguished Dealers:**

Value Housing
Cedar Ridge Mobile Homes
AAA Mobile Homes
L&B Mobile Homes
RGV Mobile Homes

Jasper, AL
Thomasville/Monroeville, AL
Cabot, AR
Prestiss, MS
Harlingen, TX



Bound for Bermuda? Top 2 BMs Reach Gold Level in December

Thirst for excitement? Forget the Monster Truck Rally....we got it right here in our own backyard. Unlike Tyson and Hollifield, **Cathy Jackson, Business Manager for NW-Desoto and AHFO-Lancaster**, and **Jack Smith, Business Manager for NW-Denton**, prove to be an exciting match-up, having both surpassed the Presidents Club Gold level (600pts) in December, only 7 months into our fiscal year. At this point in the race, Cathy has inched ahead of Jack with 677 & 669.5 points respectively. Many of you may be wondering how they can maintain an average of almost 100 points per month. First, both are zealous about using 21st Century. (At 3 points per deal, these numbers add up quick!) Jack, understanding early on the impact of using our own finance company, courted a strong relationship with 21st Century and has routinely financed 70+% of his business with them since he started with the company a year ago. Cathy, having been with the company for several years, found the transition harder to make but now rivals Jack as their biggest supporter. Second, both are extremely well rounded in their abilities, though they do have different areas of expertise. Cathy has always maintained very high insurance volume and penetration levels, maximizing her point opportunities in these categories. In credit life sales alone, she is responsible for over 278K premium volume year to date and maintains a 73% closing ratio. Jack's forte, however, is upselling rate. Having had a long illustrious career in the auto finance business, he is comfortable up-selling 80-90% of his business, an average of 1-2%. This results in 20+ points for finance participation, monthly. Third, and most importantly, they both hold the desire to be the best at whatever they do. All considered, this year's BM PC Club race is going to keep us all on the edge of our seats. I have a feeling the best is yet to come.

You Too, Can Carry the Gold

Not an American Express Card, a watch! In the case you haven't done the math, an average of 50 PC Points per month will get you to the Gold level (translation: a swell new watch, a tropical vacation and the envy of all your peers). Sounds good, huh? Those of you that got 50 PC points or more in December include:

Trudi DeRouen, NW-Abilene 74.5 pts - Excellent all-around month!
Bruce Reynolds, I.L.- Granbury 73 pts -An all around great month!
Jim Rea, I.L.-Spring 73 pts - 100% insurance penetration and up-sales
Peggy Romero, NW-New Iberia 68 pts - great insurance penetration
Ken Johnson, NW-Seguín 53 pts - Back in the saddle again
Mark Pell, Adv.-Jacksonville 50 pts - strong 21st support

Change is in the Air

Coming soon to a dealership near you.....American Bankers rep. **Tim Schuur** and myself will be hitting the streets of Texas, Colorado and possibly New Mexico, to introduce a new physical damage product and and to re-introduce an old (but good) extended service product. When the dust settles, the majority of our stores will market a complete line of mobile home products provided by American Bankers, paving the way for development of some new marketing materials geared at selling a "complete protection package" to our mobile home buyer. See you soon!



UTTERLY UNBELIEVABLE BUSINESS MANAGERS

PC CLUB POINTS TOP 10

Cathy Jackson #51 677
Jack Smith #78 669.5
Bruce Reynolds #24 501
Jim Rea #64 459
Mitch Brown #59 374.5
Randy Wilson #17 363.5
Wayne Peacock #52 323.5
Peggy Romero #15 317.5
Debbie Maxey #21 310.5
Terri Raymond #79 288.5
 (as of Dec 1996)

MOOOVIN'
ON UP TO THE
BIG TIME!

