

HOME Front

A Monthly Publication of
AMERICAN HOMESTAR

American Homestar Reaches Unparalleled Heights with Incredible Fiscal '96

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

Congratulations! Each and every member of the "Homestar Team" deserves a pat on the back for all the hard work and dedication which has resulted in another record year. On June 26, 1997, we held our quarterly conference call in which we presented the Company's post-quarter status to the investment community, and we'd like to share with you our presentation of American Homestar's fiscal 1997 results and achievements:

With net income up 49% to \$5.0 million on revenues of \$99.6 million, we are pleased to report our twelfth consecutive quarter of record revenues and earnings since becoming a public company. Earnings per share of 44 cents were up 42% despite an increase in average shares outstanding to 11.3 million and exceeded consensus estimates by 2 cents per share. These numbers reflect the 5 for 4 stock split in February 1997.

For the full fiscal year, net income increased 51% to \$14.7 million on revenues

Continued on page 5



Pictured above: Back (L to R) Randy Coffman, John Raine, Don Simonson, Tom Wilson, Chuck Carney, Jr.
Middle: (L to R) Dave Davis, Robby Golden, Dave Shelter, Peggy Lewis, Lou Pommier, Lad Dawson
Front: (L to R) Jack Maxey, Bill Williford, Buck Teeter

Top GMs Honored in Houston

Top GMs were honored in Houston on June 18, 1997. Co-CEOs Buck Teeter and Lad Dawson both praised these managers for all of their hard work over the successful fiscal 1997. To the left is a picture of the honorees along with Mr. Teeter and Mr. Dawson. Congratulations to everyone on a job well done!

Simonson & Lancaster Steal the Show!

Lancaster and Lancaster Sweep

Wow! Christi Lancaster and Lancaster (Lot #51) have been announced as the winners for the retail sales and location contests respectively.

Christi Lancaster of Oak Creek Village, 820 (pictured on page 4) has won the Retail sales contest for the year with an impressive total of 549.40 President's Club Points. Christi closed 51 deals over the past year averaging almost 1 deal per week. In selling so many homes, Christi earned \$257,913.56 in payable gross for the company.

Lancaster recently made the move to the new Oak Creek Village location from Denton. She sees this move as not only profitable for her but also convenient.

"I am now only 15 minutes from home and I like the product that we offer at Oak Creek Village."

When asked how she has managed so much success in our competitive industry, Christi had this to say..."The key is to never lose site of

your goals. It is essential that you have written goals and that you review them regularly. I have daily, weekly and quarterly goals and I review them daily. The best advice I can give to those starting out in this industry is to keep track of your daily tasks and monitor the results constantly...and as I said, never lose site of your goals and what is important to you." Also, big news for "the Other Lancaster". Of course, we speak of Lot #51 and the



Continued page 8

Stars and Stats

Vacation Results

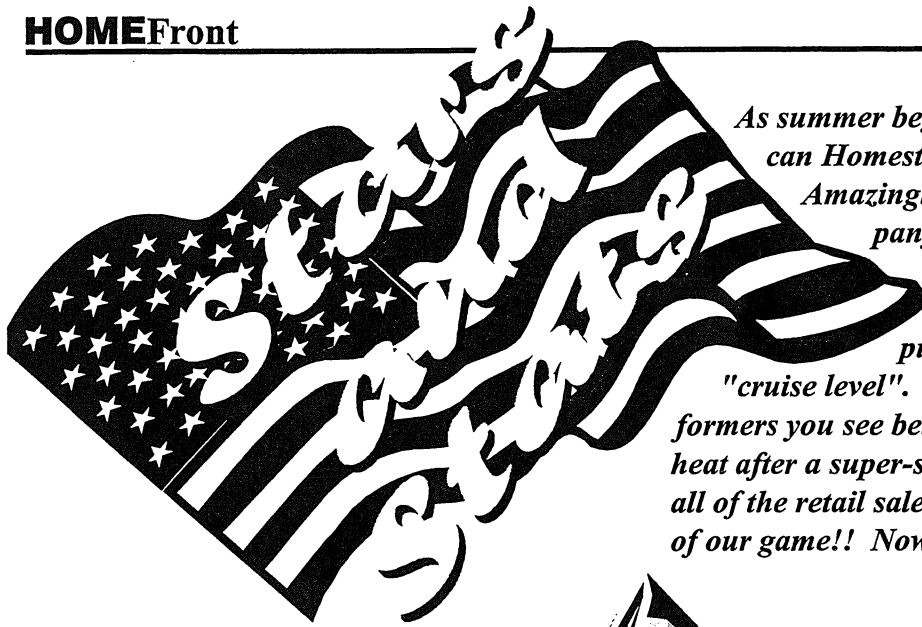
Who's Cruisin'

2-3 21st Century

6 Mfg. Updates (begin)

7 Top 10 Fiscal 1997

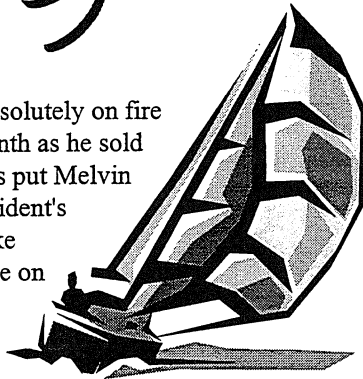
10
13
28
June 1997



As summer begins to heat up, our American Homestar Sales Pros are on fire. Amazingly, 6 of our company's top 10 year end cruisers turned in top 10 monthly performances to push their yearly numbers to "cruise level". Join us in saluting the top performers you see below as we look for a way to beat the heat after a super-successful year. Congratulations to all of the retail salespersons that are leading us to the top of our game!! Now, how do you beat the summer heat?...

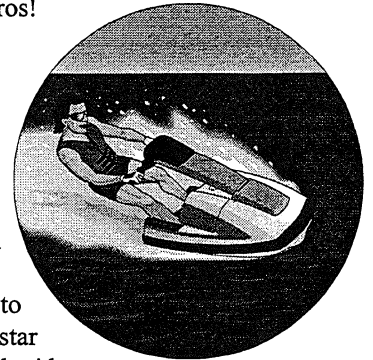


Melvin Moreau was absolutely on fire in Lake Charles last month as he sold **10 homes** for May. This put Melvin on top with 154.74 President's Club Points. It looks like smooth sailing from here on out...or should we say smooth cruisin'!

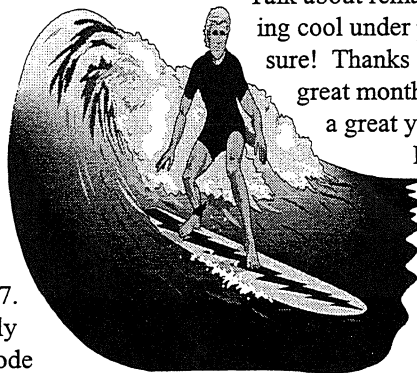


James Karrh of DeSoto comes in second for May falling 3 deals short of the leader. However, with these 7 deals James managed to rack up \$64K+ in payable gross which is \$15K more than the next closest sales pro. Talk about maximizing every deal! Congratulations to one of our hottest and most consistent pros!

Congratulations also go to **Dan Conley** of Lufkin. Dan pulled down 106.62 President's Club Points, wrapped up the year in 5th place and jetted into 3rd place for the month. Way to go, Dan! American Homestar could not be this successful without the performance of sales pros such as you.



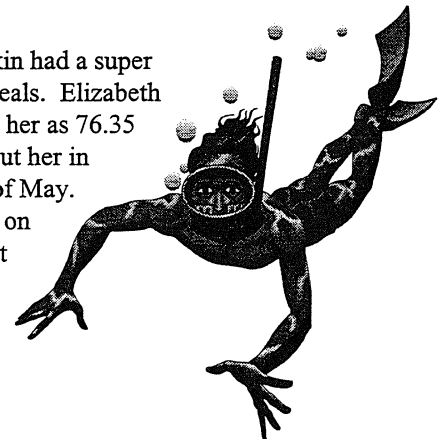
No surprises here with **Christi Lancaster** of Oak Creek Village, 820. Christi put in a good month with 7.5 deals, \$43K+ in payable gross and 87.35 President's Club Points. Her performance for May cemented what most already suspected-Christi is the #1 salesperson for American Homestar for fiscal 1997. Christi consistently performed and "rode the wave" right into the big "Presidential" cruise. Congratulations!



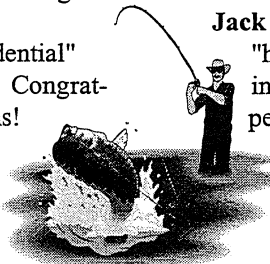
Edwin Sampson of AHFO Lancaster placed fourth for May by putting together 7 deals totaling \$40K+ in payable gross. Ed also used the final month of fiscal 1997 to solidify his top 10 performance for the year.

Talk about remaining cool under pressure! Thanks for a great month and a great year, Ed!

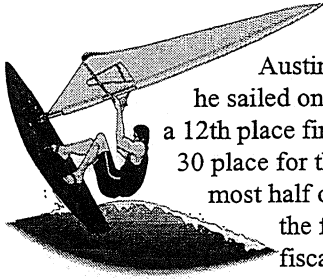
Elizabeth Futch of Lufkin had a super month with a total of 7 deals. Elizabeth really had a fire lit under her as 76.35 President's Club Points put her in 6th place for the month of May. Elizabeth, you better put on the fins and mask and get in the water before you overheat!! Congratulations!



Jack Hammett of Instant Living Gulf Freeway "hooked" 6 big deals this past month and turned in a solid 67.07 President's Club Points. Jack's performance for this month leaves him with a 7th place finish for the month and 24th place for the Quarter...Looks like there aren't too many big ones getting away from Jack!

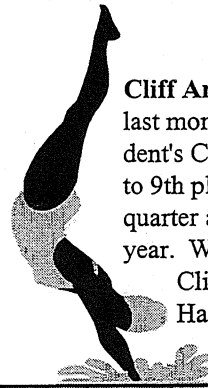


Christina Lee of Nationwide Austin also makes the "wall of stars" this month with 62.48 President's Club Points. She was red hot with 6 deals and over \$37K in payable gross. She's not cooling off any time soon!!



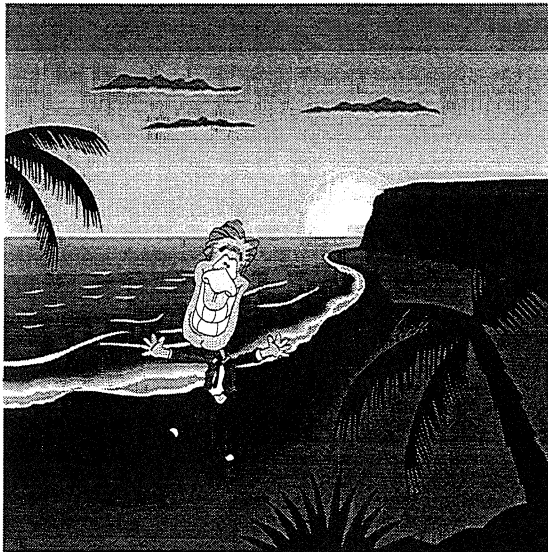
Ricardo Delarosa of N.W.

Austin also has a sail full of wind as he sailed on to an 8th place finish for May, a 12th place finish for the quarter and a top 30 place for the year. Ricardo turned in almost half of his total deals for the year in the final quarter and we know that fiscal 1998 will have big things in store for this top performer.



Cliff Archer of Rosenberg dove in head first last month with 6.5 deals and 62.67 President's Club Points. Cliff's May vaulted him to 9th place for the month, 2nd place for the quarter and an impressive 7th place for the year. What an effort! We'll look forward to Cliff's springboard into fiscal 1998. Have fun on the cruise!

Salesperson	Location	NS	ND	U	R	T	Pay. Gross	P. Damage	C. Life	Points
Moreau, Melvin	N.W. Lake Charles	6	3	1	0	10	\$47,758.19	\$15,014.00	\$1,309.24	154.74
Karrh, James	N.W. DeSoto	2	4	1	0	7	\$64,255.25	\$16,469.00	\$10,130.05	117.25
Conley, Daniel	N.W. Lufkin	3	2	1	0	6	\$26,618.39	\$7,423.00	\$7,296.00	106.62
Sampson, Edwin	AHFO Lancaster	3	4	0	0	7	\$40,152.99	\$18,415.00	\$7,922.51	98.14
Lancaster, Christi	N.W. Denton	3	2	2	1	8	\$43,845.60	\$19,492.20	\$7,740.99	87.35
Futch, Elizabeth	N.W. Lufkin	3	3	1	0	7	\$28,343.86	\$7,216.00	\$6,236.94	76.35
Hammett, Jack	I.L. Gulf Frwy.	5	1	0	0	6	\$37,070.00	\$8,036.00	\$3,644.16	67.07
Delarosa, Ricardo	N.W. Austin	1	4	0	1	6	\$38,632.95	\$9,188.00	\$9,551.82	63.62
Archer, Clifford	N.W. Rosenberg	3.5	2	1	0	7	\$26,174.28	\$9,454.00	\$4,544.69	62.67
Lee, Christina	N.W. Austin	1	4	1	0	6	\$37,483.17	\$8,374.00	\$4,788.52	62.48
Nowak, Robert	N.W. Amarillo	0	4	2	0	6	\$30,283.55	\$12,357.04	\$1,195.84	61.29
Mcdonald, Fred	N.W. Tyler	3	2	0	1	6	\$24,195.53	\$16,129.00	\$3,847.15	56.19
Essex, Phillip	N.W. Austin	0	5	1	0	6	\$33,479.56	\$6,705.00	\$7,098.86	55.47
Wilkerson, Billy	N.W. Azle	1	4	0	0	5	\$19,425.93	\$10,192.00	\$3,627.54	52.93
Bryant, Susan	N.W. Huntsville	1	2	1	0	4	\$29,831.30	\$6,809.00	\$5,999.73	52.83
Reece, Gina	Advantage Longview	4	1	1	0	6	\$27,444.95	\$9,846.00	\$0.00	51.44
Hirschler, Fred	N.W. Mesquite	1	3	0	0	4	\$23,239.48	\$8,663.00	\$3,839.66	51.24
Segraves, Shannon	AHFO Lancaster	2	2	1	0	5	\$25,456.76	\$11,349.00	\$7,628.37	50.46
Mcmichael, David	Key Homes Athens	1	2	1	0	4	\$25,300.00	\$4,446.00	\$3,235.66	50.31
Murphy, Thomas	N.W. Tulsa	4	1	1	0	6	\$24,521.71	\$15,175.00	\$0.00	47.52
Cash, Ignazio	O.C.V. Pueblo	3	1	0	0	4	\$28,075.65	\$2,737.00	\$0.00	47.08
Ouchley, Mark	N.W. Monroe	3	1	2	1	7	\$18,512.21	\$6,235.00	\$0.00	46.5
Dupre, Lisa	N.W. Mesquite	0	3	0	0	3	\$22,164.83	\$4,988.00	\$4,151.32	46.17
Lewis, Mary	N.W. Austin	0	4	0	0	4	\$26,126.00	\$7,235.00	\$5,709.01	46.13
Snider, Joseph	N.W. Mesquite	2	1	2	0	5	\$23,176.77	\$4,320.00	\$6,901.23	45.18
Bridgers, Kenneth	N.W. Lake Charles	2	1	2	0	5	\$20,943.00	\$3,783.00	\$2,134.22	43.94
Garrett, Joel	N.W. Boerne	1	2	0	0	3	\$27,138.00	\$2,594.00	\$1,384.61	43.14
Brown, Greg	O.C.V. Colo. Springs	3	1	-1	0	3	\$25,437.19	\$3,562.00	\$3,318.33	42.44
Grace, Dara	N.W. Albuquerque	3	0	0	0	3	\$26,074.90	\$5,281.00	\$4,759.45	42.07
Wells, John	N.W. Seguin	2	2	2	0	6	\$18,736.00	\$6,291.00	\$0.00	41.74
Mcclure, Ron	N.W. Burleson	1	2	1	0	4	\$24,315.00	\$4,739.00	\$4,220.21	41.31
Vaughan, Richard	N.W. Tulsa	4	1	1	0	6	\$22,400.56	\$13,039.00	\$3,039.65	40.4
Wetherell, George	N.W. Lufkin	3	1	1	0	5	\$13,781.63	\$4,522.00	\$2,604.64	39.78
Huntington, Marcee	N.W. Midland	1	2	0	1	4	\$23,709.98	\$8,808.00	\$0.00	39.71
Oliver, Jeffrey	F&M Nationwide	0	2	2	0	4	\$20,452.00	\$2,172.00	\$7,056.31	38.45
Mott, Sheila	I.L. Granbury	1	3	0	0	4	\$14,978.00	\$4,622.00	\$4,285.81	37.98
Kimble, Kenneth	AHFO Colo. Springs	1	2	0	0	3	\$31,238.98	\$1,806.57	\$0.00	37.24
Mcdowd, Eric	G. Village SLC, UT	0	2	0	0	2	\$30,055.00	\$2,513.00	\$0.00	35.06
Marshall, India	N.W. Tulsa	0	3	1	0	4	\$22,021.24	\$12,035.00	\$0.00	33.02
Austin, Sandra	N.W. OK City	5	0	0	0	5	\$9,016.64	\$4,058.00	\$1,834.59	32.02
Guinn, Melissa	N.W. Lake Charles	3	1	-1	0	3	\$17,590.08	\$5,100.00	(\$255.44)	31.59
Chiasson, Kevin	N.W. Opelousas	3	1	1	0	5	\$11,066.02	\$4,278.00	\$0.00	30.06
Terblanche, Cecilia	N.W. New Braunfels	0	1	0	0	1	\$21,221.31	\$0.00	\$0.00	27.22
Gallagher, Tim	AHFO Colo. Springs	0	1	0	0	1	\$21,664.00	\$1,140.40	\$0.00	25.66



COUNT ME IN

Question: Exactly what is up with the joyous A.H. salesperson in the left picture? Answer: He is on his way to Cancun thanks to his sales expertise and the new President's Club *Aged Inventory Contest*. That's right, you know what to do! Sell aged inventory nine months or older during the months of June, July and August and you will receive points for each month the home is aged. When you get to 45 points, you win a trip to Cancun! It is that easy and anyone can **WIN!!**

Stay tuned for more trip details in upcoming editions of Home-Front. And remember: Fun in the sun is only a few old homes away!

Name	Lot	Points
Jim Mixon	#18	364.0
Richard Aranda	#42	358.1
Paul Taylor	#96	335.4
Dave Fortriede	#49	302.3
John DeRouen	#26	264.6
Mike Levin	#33	

G.Managers

Name	Lot	Points
Ray Cox	#39	843.0
Mitch Brown	#59	792.3
Randy Wilson	#17	782.0
Teri Raymond	#79	713.5
Trudy DeRouen	#26	706.5
Debbie Maxey	#21	669.5
Peggy Romero	#15	646.5

B.Managers



...Look who is goin' to Cabo San Lucas! "X" marks the spot (below) where our adventure seekers will travel...to the tip of the Baja

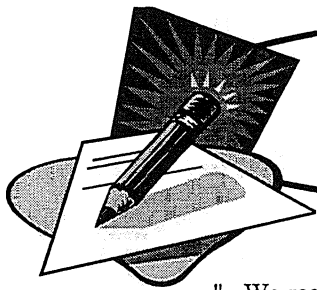
Peninsula! Look around to see the mobile home professionals that will accompany you to paradise. Our heroes will enjoy non-stop water-sports, tennis, golf, dancing and...THE TEQUILA! Wish them well and let's hope they choose to come back from Cabo. Congratulations, all!!

Name	Lot	Points
Linda Toombs	#51	656
Laurie Davis	#24	594
Sherrie Sterling	#21	500
Devra Norton	#79	496
Betty Haney	#59	472
Kim Stafford	#60	394

O.Managers

Name	Lot	Points
Charles Barrett	#24	334.67
Robert Stevenson	#51	331.89
Jimmy Whatley	#11	326.17
Jerry Hires	#98	323.72
Vickey Ballew	#75	321.12
Paul Head	#60	316.70
Michael Jones	#39	316.59
Glenda Drake	#96	304.62
George Wetherell	#79	304.36
Susan Bryant	#47	303.70
Melissa Guinn	#16	302.10
Christina Lee	#56	287.66

Sales



...Listen to what Nationwide customers are saying about one of our top sales pros. A little customer service goes a loooooong way.....

"...We really want to thank you for all of your patience, time, guidance and most of all your hard work. Thank you!" "...I just wanted to take a moment today and thank you for the time, effort, and energy that you have taken to see that we have a new home, even with less than perfect credit! Thank you for all you have done for us." "...just a special thank you message for all of your efforts. We sincerely appreciate you!"

These are just excerpts from three letters that were recently written to **Dan Conley** of Nationwide Lufkin. Not only is Dan one of the top performers in the company but he obviously delivers top level customer performance...Hummm, maybe there is some correlation here! There is the reason that Dan is the #5 salesperson for the entire company. Just remember, you *always* have enough time for that little extra effort. It will pay off in the long run, as Dan has shown us. Way to go, Dan!

Year End Continued

Continued from page 1

of \$340 million, while earnings per share grew 34% to \$1.31. Beyond the strong financial performance, we are particularly pleased with the successful execution of our growth strategy in every business unit of the Company. In Fiscal 1997, we laid the foundation for several years of strong growth, as these highlights illustrate:

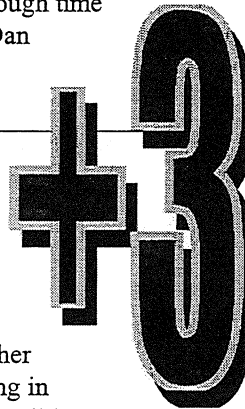
- Closed the acquisition of the Heartland Homes North Carolina plant and 15 franchise retail operations in September.
- Closed the four-plant Guerdon Homes acquisition in October, which we had been managing under an option agreement since March 1996.
- Announced the planned acquisition of Brilliant Homes, a 3-plant manufacturer in Alabama. That transaction closed in June.
- Announced the formation of a new retail division in the Southeast with the acquisition of the 12-sales center N.C. Homes. That transaction closed in June.
- Established a Western Region retail division now operating in Colorado and Utah with further expansion planned for the new year.
- 21st Century announced the formation of two new joint venture finance entities with Uniprop and Southern Energy Homes.
- Opened or acquired 10 new retail sales centers, in addition to the N.C. Homes acquisition.

As a result, we are entering FY 1998 as a national company with a base of operations capable of generating \$500 million of revenue. Most of the newly acquired or start-up operations are operating far below capacity and far below the profit margins of our core Southwest operations which have benefited from our vertical integration strategy. As a result, our operations already in place have tremendous earnings growth potential as we move performance levels up to Homesstar standards over the next several years. In fact, 88% of our earnings for the full year were produced by the core Southwest operations.

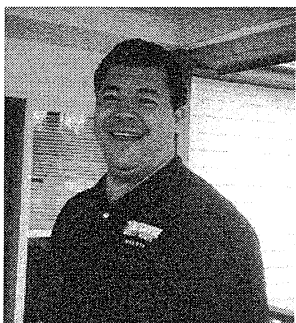
In the Southwest Region, with our strong concentration of retail stores, our vertical integration strategy is producing superb results.

We have continued to increase production rates, moving our plants to peak performance levels, increasing internalization rates nearly to 85% in May, while keeping backlogs low to assure rapid retail deliveries. We are now moving internalization rates even higher while planning 8 to 10 more stores in the Southwest to drive the Texas plants to new records of production performance and continue the volume growth in the Mississippi plant. We have begun a slow and steady reduction of retail inventories

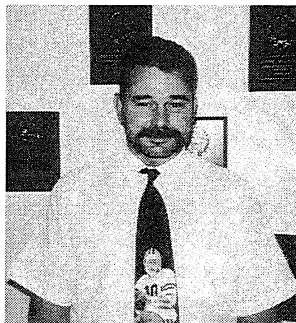
Carney Adds Cruise Slots to Deserving Sales Pros



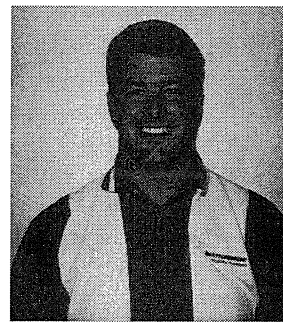
"We are a little bigger this year so we are taking thirteen rather than ten", stated **Chuck Carney, Jr.** at the manager's meeting in Houston on June 18, 1997. Pictured below are our welcome editions to super-cruise '97. However, **Melvin Moreau** of Lake Charles deserves a special mention. Going into May, Melvin was not even listed in the *Top 50* salespeople for the year. But because of his hard work and dedication during May, Melvin was able to add 154+ points to his total, win the 4th Quarter sales contest and walk away with tickets to New York in his hip pocket. What an accomplishment! Congratulations to Melvin, **Daryl Wilkinson** of Greenville and **Rick Vaughan** of Tulsa who don't quit until the "fat lady sings"!



#11 **Melvin Moreau**, Lake Charles
348.60 President's Club Points



#12 **Daryl Wilkinson**, Greenville
337.09 President's Club Points

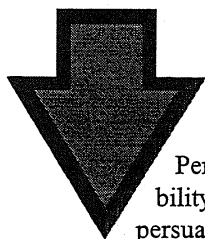


#13 **Richard Vaughan**, Tulsa
335.42 President's Club Points

Continued on page 11

Secrets of Telemarketing

by Lanette Carpenter



Persuasive communication is 90% credibility. This means that in order for you to persuade anyone to do anything they must perceive you to be credible. Whether you are meeting someone for the first time face-to-face or on the telephone, they will begin immediately to form an opinion about your credibility.

Since your job is to persuade the tele-prospect to come into your model center to see you, it is imperative that you start building your credibility from the moment you pick up the phone. So, how do you build and maintain your credibility?

Five Dimensions of Credibility

Research shows that the majority of Americans perceive credibility to consist of five major components. In order for someone to be persuasive, they must showcase all five dimensions of credibility. As a persuasive speaker others must perceive you as being:

- **Competent:** You are knowledgeable about all aspects of your business. Continuous education is a necessity.
- **Composed:** You must never get upset or play attack games. You should wear a "Teflon suit". When you feel yourself getting defensive, you know that you are losing your composure.
- **Reliable:** You always do what you say you will do. You are TRUSTWORTHY.
- **Likeable:** You come across as a warm and empathetic individual. You show that you care by being a great listener.
- **Dynamic:** You present a positive, enthusiastic personality to your clients. People are attracted to your "positive energy".

Sales, The Persuasive Profession

Sales professionals are compensated in direct proportion to the difficulty of their occupation. Sales is one of the highest paying professions in the business world. The reason is that persuading people to invest their hard-earned money in your product is a difficult task. This task demands perseverance, constant dedication to excellence, and a commitment to being the best all the time. Remember, being persuasive means committing to the five dimensions of credibility as a way of life. You cannot demonstrate some of the dimensions of credibility some of the time. You have to demonstrate all five of them all of the time in order to be successful.

How do you Showcase Your Credibility on the Phone

- **Competence:** Know your ads - inside and out. To which homes do they apply? What are you going to say about each ad when you receive a call? Script your response and REHEARSE. Role-play with other members of your team to polish your responses.
- **Composure:** Assume that you are speaking with a client who becomes agitated and says, "*How much do you want for this trailer in the paper?*"?! You respond in a pleasant voice, "Sir, we have several homes listed in the paper. Would you mind reading the ad to me, please"? Don't correct the prospect's terminology because it will be perceived as demeaning. In other words, never respond emotionally. Be patient, courteous and helpful. Never lose your temper or argue with a prospect. Our culture respects restraint.
- **Reliability:** Suppose that a client needs more information and it will take some time to get it together. You say, "Mrs. Smith, I'll call you back before 2:00 with that information". At 1:55, you call back and say, "Mrs. Smith, this is _____ with Nationwide Homes. It's 1:55 and I promised that I'd call you back before 2:00 with the information you needed..." ALWAYS DO WHAT YOU SAY THAT YOU WILL DO. If you miss a deadline or forget to call back, your credibility goes down the tubes.

AMERICAN HOMESTAR UNIVERSITY

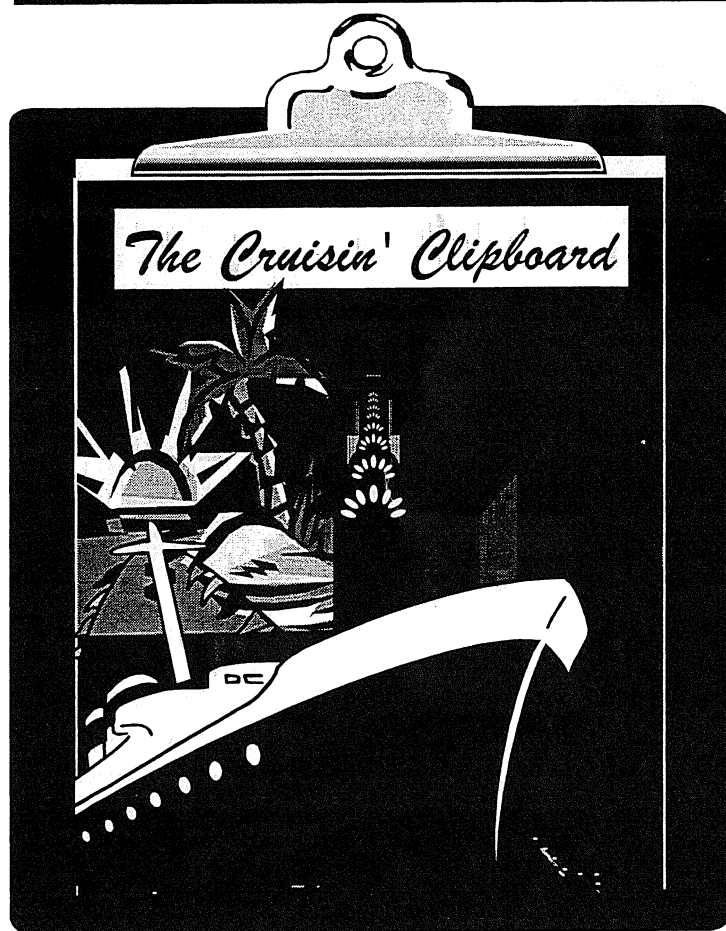
Congratulations to the below Top Gun winners for the month of May at American Homestar University!

Chris Allen
Aaron Lindstrom
Andy McPhail
Jackie Reber
Eric Snider

N/W New Braunfels
N/W Bryan
N/W Channelview
N/W Albuquerque
N/W Mesquite



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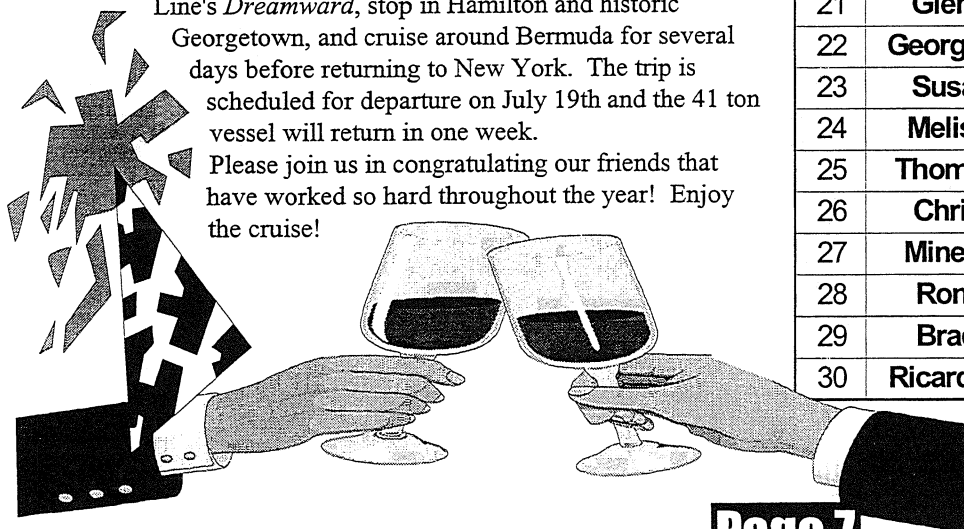


Homestar Heroes Are Cruisers!

The results are in, the sales have been tallied...Put your pencils down ladies and gentlemen. The test is now officially over. To your right, you see the Big 30 players for our American Homestar retail family. Of course, your hard work will be rewarded in royal fashion! Above, you find our *Cruise Clipboard*...just add water!

The top 13 Sales Pros you see to your right will be trippin' along with our top six business managers (see p. 9), the Gold Level General Managers (see p. 8) and the "Top Brass". Our heroes will board in New York City on the Norwegian Cruise Line's *Dreamward*, stop in Hamilton and historic Georgetown, and cruise around Bermuda for several days before returning to New York. The trip is scheduled for departure on July 19th and the 41 ton vessel will return in one week.

Please join us in congratulating our friends that have worked so hard throughout the year! Enjoy the cruise!



End of TOP 30 Year Salespeople

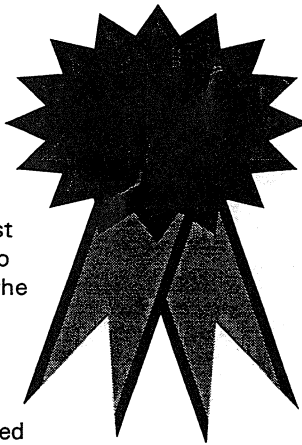
Rank	Salesperson	Location	Total	Level
1	Christi Lancaster	OCV, 820	549.4	Gold
2	James Karrh	DeSoto	515.75	Gold
3	Gina Reece	Longview	462.57	Gold
4	Edwin Sampson	Lancaster	419.89	Gold
5	Daniel Conley	Lufkin	419.43	Gold
6	Carrie Shipp	Granbury	410.7	Gold
7	Cliff Archer	Rosenberg	401.89	Gold
8	Fred McDonald	Tyler	378.54	Gold
9	Phillip Essex	Austin	378.28	Gold
10	David Dalley	Lancaster	372.15	Gold
11	Melvin Moreau	L. Charles	348.6	Gold
12	Daryl Wilkinson	Greenville	337.09	Gold
13	Richard Vaughan	Tulsa	335.42	Gold
14	Charles Barrett	Granbury	334.67	Gold
15	Robert Stevenson	Lancaster	331.89	Gold
16	Jimmy Whatley	Athens	326.17	Gold
17	Jerry Hires	Monroe	323.72	Silver
18	Vicki Ballew	Albquer.	321.12	Silver
19	Paul Head	Mesquite	316.7	Silver
20	Michael Jones	Longview	316.59	Silver
21	Glenda Drake	Lumberton	304.62	Silver
22	George Wetherell	Lufkin	304.36	Silver
23	Susan Bryant	Huntsville	303.7	Silver
24	Melissa Guinn	L. Charles	302.1	Silver
25	Thomas Murphy	Tulsa	301.18	Silver
26	Christina Lee	Austin	287.66	Silver
27	Minerva Pipkin	Denton	282.05	Silver
28	Ron McClure	Burleson	280.11	Silver
29	Brad Adcock	Boerne	279.83	Silver
30	Ricardo Delarosa	Austin	277.67	Silver



Lancaster X 2 Steal the Show in Fiscal 1997

Continued from page 1

bang-up job they did during fiscal 1997. Last month you read **Don Simonson's** challenge to **Tom Wilson** and team Tulsa. As promised, the crew from Lancaster pounded everyone else and took the lead by more than \$60K in payable gross. For the year, team Lancaster had *3 salespeople in the top 15 of the company!* What incredible numbers! Tulsa finished in 2nd place and Austin had a strong showing in the last few months to place 3rd. Mesquite and Burleson finish 4th and 5th respectively to round out the top 5 profit centers for the company. When asked about Simonson's challenge, Wilson said, "...look for Tulsa coming out of the gate strong in the first quarter. We'll be on top next year for sure. I couldn't be prouder of the effort our people put in!" Congratulations to "both" Lancasters...It was truly the year of LANCASTER!!



Pictured above is the crew from Lancaster(l to r): (row 1) David Dalley, Rbt. Stevenson, Ed Sampson (row 2) Linda Toombs, Shannon Segraves, Christine Gomez, Jan Verdi (row 3) RD Thomas, Joe Marquez, Cathy Jackson, Don Simonson (not pictured) Joe Woods, Phillip Randazzo

FINAL TOP 10-FISCAL 97

#1 Lancaster - Don Simonson

#2 Tulsa - Tom Wilson

#3 Austin - Randy Coffman

#4 Mesquite - Don Simonson

#5 Burleson - Dave Shelter

#6 DeSoto - John Raine

#7 Grandbury OVC - Dave Davis

#8 Denton - Robby Golden

#9 TYLER - Bill Williford

#10 New Iberia - Lou Pommier

GM Cruisers

Join us once again in congratulating American Homestar performers. This list represents some of the biggest hitters in the company...Thanks for all of the hard work and dedication!!

Dave Davis	1,719 points
John Raine	1,052 points
Tom Wilson	855.3 points
Lou Pommier	658.2 points
Bill Williford	566.0 points
Brandon Stanley	520.0 points
Leon Dooley	424.4 points

Dave Shelter	1,115 points
Randy Coffman	1,000 points
Peggy Lewis	728.7 points
Jim Tierney	582.5 points
Craig Pickett	561.0 points
Jeff Goodrich	470.9 points
Ron Burnett, Sr.	385.3 points

Moreau is the First Place Winner for 4th Quarter Race

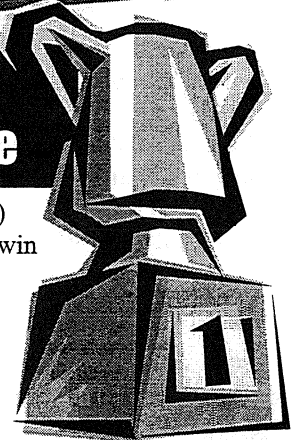
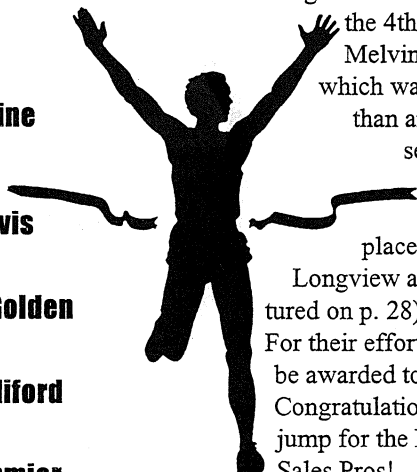
Melvin Moreau of Lake Charles (pictured on p. 5) turned in a huge month in May to push ahead and win the 4th Quarter sales contest.

Melvin racked up 244.31 points which was almost 40 points more than any one else. Coming in second was **Cliff Archer**

of Rosenberg while **Ed Sampson** (both pictured on p. 28) of Lancaster

placed third. **Dan Conley** of Lufkin, **Gina Reece** of Longview and **Christi Lancaster** of Ft. Worth - 820 (all pictured on p. 28) placed 4th, 5th and 6th respectively.

For their efforts, \$2,000 will be awarded to Moreau, \$1,500 will be awarded to Archer and \$1,000 will be awarded to Sampson. Congratulations to all of these winners! Its time to get an early jump for the First Quarter contest for fiscal 1997...Good luck, Sales Pros!



Secrets of Telemarketing cont. page 9

- **Likeability:** Suppose that the house they are calling on doesn't fit their needs. Put on your listener ears. Listening is the key to likeability. Show that you care about what they want by asking, "Mr. Smith, the way I like to work for my clients is to gather a little information about what you are looking for in a home. Then I will look in our computer system and find a home that fits your specifications. Then you and your family can come to see all of the homes that we have that meet your needs. How does that sound to you?" We like people to listen to us and know that we are being heard and understood. IF YOU ARE TELLING, YOU ARE NOT SELLING. IF YOU ARE LISTENING, YOU ARE CASHING SOME COMMISSION CHECKS.
- **"Dynamism":** Rent the video "Ghostbusters". Listen to Annie Potts answer the phone in a whiney voice, "Ghostbusters, whatta ya want"? Her negative attitude comes screaming through. When a client hears your voice, they are likely to think, "This person hates being there. Why would I want to go there and join the misery? I've got my own problems". You must showcase your "dynamism" on the phone with the attitude in your voice. You have to pull the client to you like a magnet. You must have enthusiasm and passion for the business and let it show in everything you say.

Well, you probably cannot tell how much I believe in CREDIBILITY. But believe me, if you do nothing else but work on these five dimensions of credibility, you will increase your earning power enormously. It is the oldest and most closely held secret of the most powerful people in the world. This "secret" is over 2,000 years old! In 500 BC, A pretty good sales-guy, Aristotle, defined credibility as the most important factor in persuasion. You'd think everyone would know it by now. However, if you watch your competition closely, you will see that they send you a lot of customers because they blow their credibility.



Cathy Jackson Outlasts Fellow Business Managers!

The results are in and **Cathy Jackson** from Lancaster is Numero Uno in the fiscal 1997 Business Manager contest. Cathy accumulated more than 1,224 President's Club points throughout the year to outscore **Jack Smith** of Denton by almost 100 points. Coming in third place was **Bon Burnett** of Lake Charles who amassed 883 points but because of his "late start" in August had a pro rated total of 1,059.6. Three other Business Manager "players" will be cruisin' to Bermuda in July: **Bruce Reynolds** of Granbury with 986 points, **Ray Cox** of Longview with 852 points and **Jim Rea** of Spring with 850 points. Listed below are all of the Gold, Silver and Bronze level superstars for the fiscal year 1997. To achieve the "gold", business managers had to accumulate 600 President's Club points while Silver and Bronze needed 500 and 400 respectively. This year, 65% of our Business Managers were able to "medal" and American Homestar would like to thank you all for making us a success. Congratulations!

<u>Gold Level:</u>	<u>Lot #</u>	<u>Points (Pro)</u>
* Cathy Jackson	51	1,224.5
* Jack Smith	78	1,132.2
* Ron Burnett	16	1,059.6
* Bruce Reynolds	24	986
* Ray Cox	39	852
* Jim Rea	64	850
* Mitch Brown	59	792.3
* Randy Wilson	17	782
* Terri Raymond	79	713.5
* Debbie Maxey	21	669.5
* Peggy Romero	15	646.5
* Trudy DeRouen	26	706.5
<u>Silver Level:</u>		
* Grace Staten	96	571
* Linda Bever	74	553
* Wayne Peacock	52	544
* Veronica Alvidrez	42	500.2
* Mike Barnett	58	500
<u>Bronze Level</u>		
* Phil Kussman	22	475.5
* David Foy	47	466
* Mark Pell	49	466
* Sandy Roberson	57	429.5
* Barry Gilliland	98	422
* Rene Bourne	69	426
* Steven Hoskins	31	425

OVER \$100 MILLION IN LOANS ORIGINATED

Wow!! 21st Century originated \$105,624,709 in loans in fiscal 1997 and serviced over \$171,200,000. In 21st Century's first full year it originated \$73,290,908 of loans from Nationwide and another \$18,670,000 through its direct lending effort. Additionally, Choicecenters kicked in \$413,365...every deal counts!

On May 31st the total of loans serviced, \$171,200,000, is a huge step towards the goal of \$1,000,000,000 by the year 2000. In case you were wondering, that's **\$1 BILLION**.

Below are some key numbers for regions and dealers that have helped 21st Century along the way. Thank you for making our fiscal 1997 so successful!

4th Quarter Finance Penetration Over 90% to 21st Century

Location	Manager	% to 21st
11-Athens	Jim Rudolph	100%
36-Pueblo	Dave Flynn	100%
30-Ft. Worth	Carrie Shipp	97%
78-Denton	Jack Smith	96%
74-Bossier City	Charles Jerger	95%
77-Amarillo	Larry Thomas	94%
52-Cedar Park	Craig Austin	94%
24-Granbury	Dave Davis	93%
92-Boerne	Brandon Stanley	91%

21st

Century Home Mortgage Corp.

Region Rankings -- Total & Average Volume

Rank	RVP	# Locations	Fiscal '97	Average
1	Larry Speck	8	\$22,997,625	\$2,874,703
2	Ray McKinney	10	\$16,361,138	\$1,636,139
3	Jim Clark	7	\$14,740,324	\$2,105,760
4	Chet Kearney	5	\$8,850,337	\$1,770,067
5	Greg Burnett	5	\$5,312,468	\$1,062,493
6	Robby Golden	2	\$4,406,816	\$2,203,408
7	Chuck Ladd	4	\$3,651,160	\$1,412,790
8	Jim Taylor	3	\$3,323,209	\$1,107,736
9	Jim Rudolph	1	\$1,766,321	\$1,766,321
10	Chuck Carney, Sr	2	\$1,696,200	\$848,100
11	Dave Miller	1	\$1,487,907	\$1,487,907

**NEW
HOMES**

Mktg & Training:
Loan Processor:
Credit Analyst:
Land / Home:
Direct Lending:

Mike Boyd
Robin Wise:
Vince Xayasan
Beth Rogers
Russell Irwin
Eileen Newman
Robin Reynolds

Joins 21st Century in welcoming these new team members to the American Homestar family!!

Top 20 Loan Volume Dealers

Rank	Location	Volume	Rank	Location	Volume
1	Mesquite	\$5,264,400	11	Midland	\$2,465,107
2	Lancaster	\$4,825,550	12	Cedar Pk.	\$2,417,531
3	Granbury	\$4,749,954	13	Burleson	\$2,379,556
4	Denton	\$4,274,967	14	Corpus	\$2,118,785
5	DeSoto	\$3,189,076	15	New Iberia	\$2,078,940
6	Tyler	\$3,138,874	16	Spring	\$1,990,756
7	Austin	\$2,989,516	17	Lufkin	\$1,917,369
8	Longview	\$2,868,569	18	Jacksonville	\$1,907,835
9	Boerne	\$2,846,172	19	Bossier Cty	\$1,902,844
10	OK City	\$2,715,474	20	Colo Spr	\$1,899,273

Year End, Continued

Continued from page 5

to set the stage for increases in inventories during the next winter season. These are a few of the ways we can harness the power of vertical integration.

We are extremely pleased with the progress of the recently acquired Guerdon and Heartland plants. All of these plants are now fully integrated into the Homestar system and standards. New product lines have been developed and implemented with excellent results. The Oregon and Idaho plants set new records for sales, backlogs, production volume, and profits in the fourth quarter. The Mississippi plant is rapidly improving and the North Carolina plant has boosted production to 7 per day and has a growing order file. We look forward to very solid and growing profit performance from the acquired plants as we move into FY 1998.

In North Carolina, we now have 12 Company stores, 15 franchises, and a solid network of independent dealers. We look for strong growth in this market and plan to open a second plant to produce lower priced multi-section and single-section homes by the end of FY 1998 to support our growing dedicated retail distribution network. By the time the second plant is up and running significant volume, our growing North Carolina dedicated retail base of franchises and Company stores alone will be generating retail demand at levels which nearly represent the capacity of two manufacturing plants.

The recent Brilliant acquisition offers another source of future growth as we expand in the Deep South. We are impressed with the solid base of operating personnel and skills of the production work force, and expect these currently profitable operations to be modestly accretive to EPS this year. During fiscal 1998, we will invest \$4.5 million in plant improvements and expansions to enhance the performance of these operations. The focus will be on developing a base of Company stores and franchised retail operations in the Deep South to capture market share and build demand for more production. As we begin to execute the vertical integration of this market, we expect the Deep South to become a major profit center for the company in FY 1999. We believe current, competitive market conditions in the Deep South will allow us to accelerate our retail expansion in the region via small acquisitions of individual sales centers.

As the retail markets have become more crowded with retail capacity, our product positioning and the investments we've made in superior sales centers, sales and management personnel, training, merchandising, and regional TV advertising are paying off in continued strong retail performance. Ten new stores were opened or acquired for the year, though five of those came in late in the fourth quarter and did not contribute significantly to results. For the full year, an increased mix of multi-section sales contributed significantly to results. For the full year, an increased mix of multi-section sales resulted in dollar revenues per sales center level with last year despite the fact that new home sales per store were down 6% to 93 homes. This was a result of significant increases in retail capacity in many of our markets over the last year and a half, however, we are confident of improved retail productivity in the coming year. Our superior retail "weapons" will allow us to carve out more market share at the expense of weaker competitors.

Late in the fourth quarter, we launched an ongoing regional TV advertising campaign to build our two retail brands - Nationwide and Oak Creek Village. The high density of our stores, our high volume and strong market share allow us to use this powerful tool at a very low cost per home, while being cost prohibitive for most of our independent retailer competitors. With our competitive weapons and an expanded retail division management structure, we expect to see greater growth and solid sales productivity in Fiscal 1998. The N.C. Homes acquisition is a profitable but lower volume operation. Over the next several quarters, these sales centers will be remodeled, restocked with new model homes, and heavily merchandised. We expect it will take at least a year to elevate sales performance to the higher standards we expect.

21st Century has enjoyed a great year of achievements. The programs and products put in place mid-year have accelerated the growth in our penetration rates and volume. 21st Century captured over 70% of the company store finance business in the fourth quarter, hitting a record 74% in May. We expect to average at least 75% to 80% in FY 1998. In addition to Company store business, 21st Century purchased loan portfolios totaling \$12.2 million and assumed servicing on an additional \$28 million. It also launched 50% owned co-venture finance companies with Uniprop and Southern Energy homes. Loan origination volume topped \$43 million for the fourth quarter, and \$110 million for the year, an increase of 357% over last year. By year end, 21st was earning income on total portfolio volume of \$172 million. We expect to exceed \$250 million in loan origination volume in FY 1998. 21st contributed marginally to EPS this year, but we expect to see growing contributions in FY 1998, and more substantially in FY 1999, as we build our portfolio towards the \$1 billion milestone by the year 2000.

All in all, we believe we now have put in place a broad foundation for substantial future earnings growth over the next several years. We are well on the way towards positioning Homestar as one of the major competitors in the Southeast, Deep South, Southwest, Rocky Mountain, and Pacific Northwest regions. Now our "Job One" is to expand our retail operations in these new regions over the next several years, while duplicating the strong earnings growth through vertical integration that we have produced in Texas over the last 3 years.

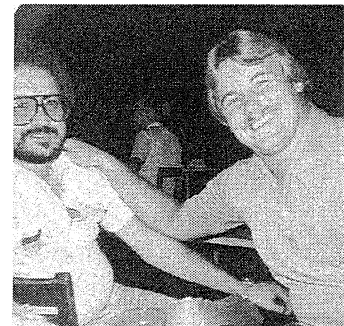
Today, our Company is one of the leading national manufactured housing companies, doing business from coast to coast in 28 states, with 11 plants, 67 Company stores, over 400 independent dealers and 15 retail franchises, with a growing insurance operation and a high growth finance subsidiary in 21st Century Mortgage. We have and will continue to focus on the medium and higher end of the market - those segments that offer the greatest long-term growth potential with the least volatility. Nearly 70% of our total production in Quarter 4 was multi-section homes, and all of our plants are currently producing multi-section products.

We believe our product positioning and vertical integration strategy will continue to set us apart from our competition and will allow us to meet or exceed our growth goals of over 20% per year into the foreseeable future regardless of any flattening out of industry shipment statistics. We believe that the power of vertical integration is increasingly evident in our results and will continue to drive performance well into the future.

Also evident in these results is the loyalty and commitment made by each of you to make American Homestar one of the leading vertically integrated manufactured housing companies today. Your devotion to our overall growth strategy is very much appreciated and once again, CONGRATULATIONS on a spectacular year!

20 Years of Service

Chuck Carney, Jr. was recently recognized at the big managers meeting in Houston on June 17 for 20 years of dedicated service. Mr. Carney was presented with a plaque and congratulated by Chairman and Co-CEO **Buck Teeter** and President and Co-CEO **Lad Dawson**. 20 years ago Mr. Carney graduated from college, pulled up to a Mobile America in Pasadena, TX and began selling mobile homes. Today he functions as the Chief Operations Officer for the Retail Division of American Homestar. Chuck, congratulations and thank you for all the years of service!



Holy cow! Which one of these handsome devils (left) is **Chuck Carney, Jr.**? Wait a minute...Are both of these individuals Chuck? Can you guess who the handsome devil with Chuck is? One hint...our one and only, **Buck Teeter**.

PRESIDENTS CLUB

FISCAL 1998

Salespeople

Levels: 750 Gold, 625 Silver, 500 Bronze

- ♦ 2 pts per \$1,000 Pre-tax Profit
- ♦ 5 pts per 21st Century financed deal
- ♦ 3 pts per New home sale
- ♦ 3 pts per Rate Upsale
- ♦ 3 pts per Credit Life sale
- ♦ 5 pts per deal in Home Office by 15th
- ♦ 2.5pts per deal in Home Office by 20th
- ♦ 25 pts BONUS - Top Gun Winner, Am.Homestar University

Business Managers

Levels: 1200 Gold, 1050 Silver, 900 Bronze

- ♦ 5 pts per 21st Century Deal
- ♦ 3 pts per Rate Upsale
- ♦ 5 pts per deal in Home Office by 20th
- ♦ 2.5pts per deal in Home Office by 15th
- ♦ Insurance Points:

<u>PD</u> 90+% = 10pts	<u>CL</u> 90-100% = 30pts	<u>ES</u> 90-100% = 10 pts
	80-89% = 20pts	80-89% = 7.5pts
	70-79% = 15pts	70-79% = 5pts
	60-69% = 10pts	60-69% = 2pts
	50-59% = 5pts	
	40-49% = 2pts	

Office Managers

Levels: 500 Gold, 425 Silver, 350 Bronze

- ♦ 10 pts per deal in Home Office by 15th
- ♦ 5 pts per deal in Home Office by 20th
- ♦ 1 pt per Credit Life Policy sold
- ♦ Bonus Money: \$25 per deal in H.O. by 15th; \$15 per deal in H.O. by 20th
\$20 per New, cash deal if floor plan is paid off within 7 days of deposit slip

Awards:

- ☞ Top 10 Salespeople and top 4 Business Managers qualify for the Presidents Club trip.
- ☞ Top 2 Office Managers and remaining Gold level salespeople and Business Managers qualify for 2nd P.C. trip
- ☞ Gold level winners receive a gold watch.
- ☞ Silver level winners receive an engraved clock.
- ☞ Bronze level winners receive a certificate honoring their achievement.

Program requirements:

- ☞ To qualify, personnel must sign enrollment form in new hire package.
- ☞ Special programs may be developed during the year. Rules will be given at the time special programs are established.
- ☞ Salespeople who enroll in program between 6/1 and 11/30 will be prorated. Points are distributed by Laurie Lowery at Nationwide's Home Office

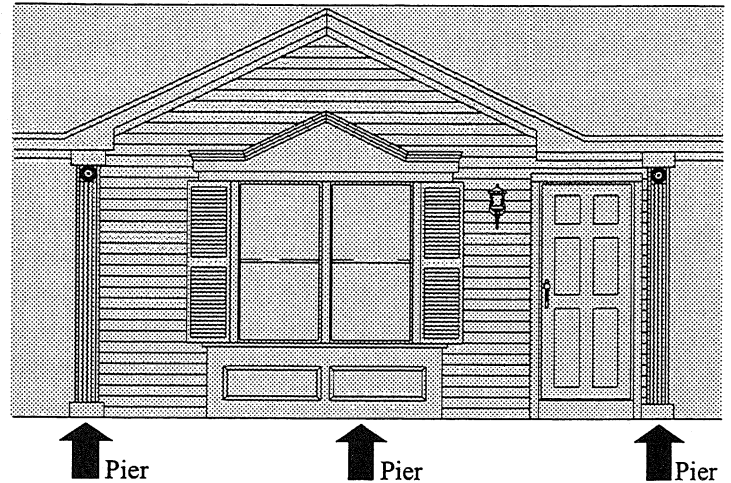
MANUFACTURED NEWS

Arlington Style

It is recommended that additional piers be installed at each end of a prismatic with an upgrade exterior due to the increased load on the sidewall. Please note that a reference is made to add additional piers at each end of these large openings in our set-up manual. These additional piers are intended to be installed at both lot sets and permanent on-site sets. A typical diagram of a prismatic shows the recommended additional pier locations.

NOTICE

To: All Retailers/Set-Up Personnel
RE: Additional Pier/Blocking Recommendations



OPTIONAL FRONT SIDEWALL ELEVATION
WITH OPTIONAL PRISMATIC DORMER



Proud to be On Board

Brilliant Homes of Brilliant, Alabama, would like to say how proud we are to now be a part of American Homestar Corporation. This years marks our 10th anniversary, and with 10 years of business under our belt, we feel our plant has alot to offer the company in all areas of the mobile home manufacturing business including great quality, high end products in three exclusive lines: Shadow Brook, Bay Breeze, and Limited.

We have alot to celebrate this year and are looking forward to many more successful years to come on board as a part of the American Homestar Family!

Editor's Apologies *by Robin Cooper*

Due to unforeseen circumstances, some of the newsletter articles for the May issue of the HomeFront were not published. My sincere apologies go to both the following HomeFront journalists and their respective plants, as well as those readers who were looking forward to their columns:

Melanie Hood, Magnolia Homes/American Homestar of Vicksburg
Rick Murdock, Guerdon Homes/Boise
Charlie Lohin, American Homestar of Burleson
Paxton Green, American Homestar of Lancaster

NEWS LANCASTER

By Paxton Green



Lancaster Lets the Cat Out of the Bag

"When are y'all going to get this?"
"When are y'all going to get that?"
"When, when, when???" Well, no more whens, cuz we got it!! In mid June 1997, American Homestar of Lancaster will unveil it's new 1998 models and decors with a summer blast!! Retailers from around the South will gather throughout the week to view the 1998 models which will be setup, decor'd, and ready for walk-thru's. Our 1998 models promise to be a great success for the upcoming

Top Dawgs of Lancaster - April Orders

1. Oak Creek Village/Lancaster:
2. Nationwide/Austin:
3. Nationwide/New Braunfels:
4. Nationwide/Huntsville:
5. Nationwide/Desoto:

Don The 580 Simonizer Simonson
Sooner Turning Heads in Longhorn Land
Ron Tubing the Rapids of Glory
Sig Tau Dave Executes Orders
Thundering John Raine

year, so use this opportunity to come down to Lancaster, join us for some summer fun, and check out our new cabinets which compliment our new decors. "What else do y'all have?", you ask. Well, we have new glass inserts for our overhead cabinets, new fireplaces, and new chandeliers. "What about that mirror in the guest bathroom?" I'm glad you asked. We're now offering a mirror featuring a patterned edging, yes, that's right . . . a decorative mirror in the guest bath. Our 1998 models have got it all!!

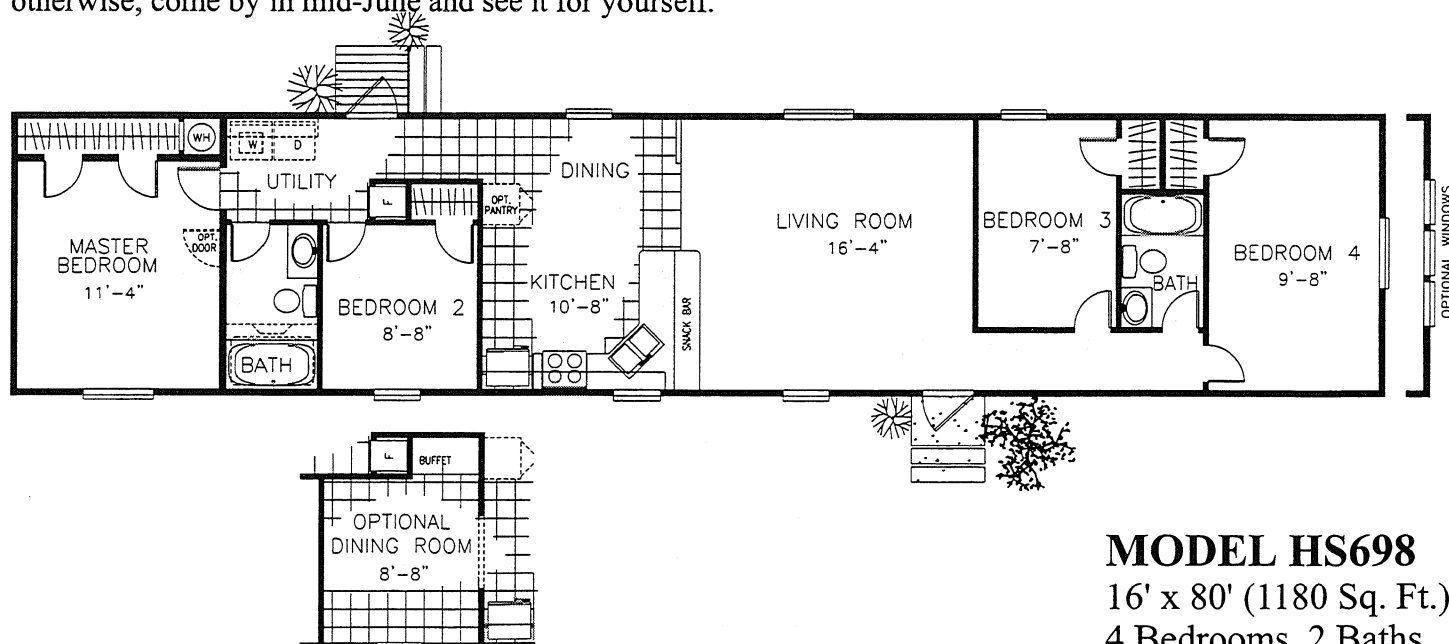
How About the 580 and 552?

Just ask Don Simonson - the 580 is a customer's dream. Every time I look out my window on any given day, there's a 580 on the Lancaster runway with a RoadMaster pilot charting the course. Take it from Don Simonson...the 580 sells! Where is your 580?

Our 552 has also been a big hit lately. This new floorplan has been known to bring in those customers who are looking for a small home, but with a big house bang. Do you have a 552?

Take a Good Look at This!!!

American Homestar of Lancaster will launch the new HS698 floorplan with its 1998 models and decors. This 4-bedroom, singlewide dream home is ideal for those medium-sized families looking for some spice in their lives. This home is also available as a 3-bedroom with a formal dining area, just right for having those special people (namely the inlaws) over for dinner. For more information, give us a call; otherwise, come by in mid-June and see it for yourself.



MODEL HS698

16' x 80' (1180 Sq. Ft.)
4 Bedrooms, 2 Baths

LANCASTER (Cont.)

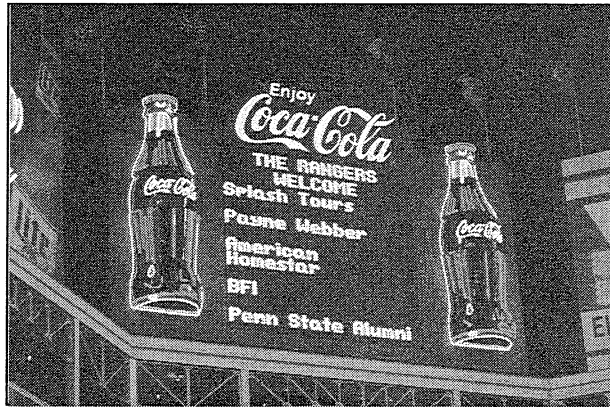
By Paxton Green

Lancaster's Night at the Ballpark

It's the top of the of the ½ inning; Neil Scarbrough's on the mound for the Lancaster Stars. Heres the pitch . . . it's a strike, and it's over! Yes, folks, this is exactly how it happened on Saturday, May 17th at The Ballpark in Arlington when Neil Scarbrough threw out the first pitch.



The festivities began around 5pm that day at the Rangertown pavilion (which rests in the shadow of the magnificent coliseum-like stadium) when the 1,000 strong crew from American Homestar of Lancaster took their annual company picnic to the Ballpark. You could smell fun (& beef) in the air as the Lancaster team enjoyed games, pit-smoked barbecue, various beverages(?), and general fellowship amongst each other. Then the crew was off to dominate the stadium's centerfield bleachers to not only see their fearless leader zoom one across the plate, but to also see the American Homestar name in lights for being co-sponsors of the Texas Rangers vs. the Bronx Bombers game.



Thanks for a great time, Neil!!!!

Top Dawgs of Lancaster - May Orders

- | | |
|---------------------------------|--------------------------------|
| 1. Oak Creek Village/Lancaster: | Don - The Simonizer |
| 2. Nationwide/Austin: | Randy - Mr. B.M.O.C. at OU |
| 3. Nationwide/Boerne: | Boerning Up the Competition |
| 4. Nationwide/Houston-Gulf: | Mixon Outdrives w/the Titleist |
| 5. Nationwide/Rosenburg: | Wilson w/a Clean Sweep |

Lancaster #1's - The Blind Hound Found a Golden Acorn

Lancaster proved itself to be the big dog this month. I'm not just talking about the #1 plant, I'm talking about the Lancaster Family as a whole. Lancaster was home to the #1 Sales Center, the #1 Sales Team, Don Simonson was named the #1 General Manager of the month, Kathy Jackson was the #1 Business Manager of the month, and Linda Toomes took over as #1 Office Manager of the month! Way to go, Lancaster #1's!!

One of the Most Common Questions Asked by a Retailer

We are frequently asked, "What's involved in constructing a Wind Zone II home?" Well, listed below are the construction standards followed for our Wind Zone II homes:

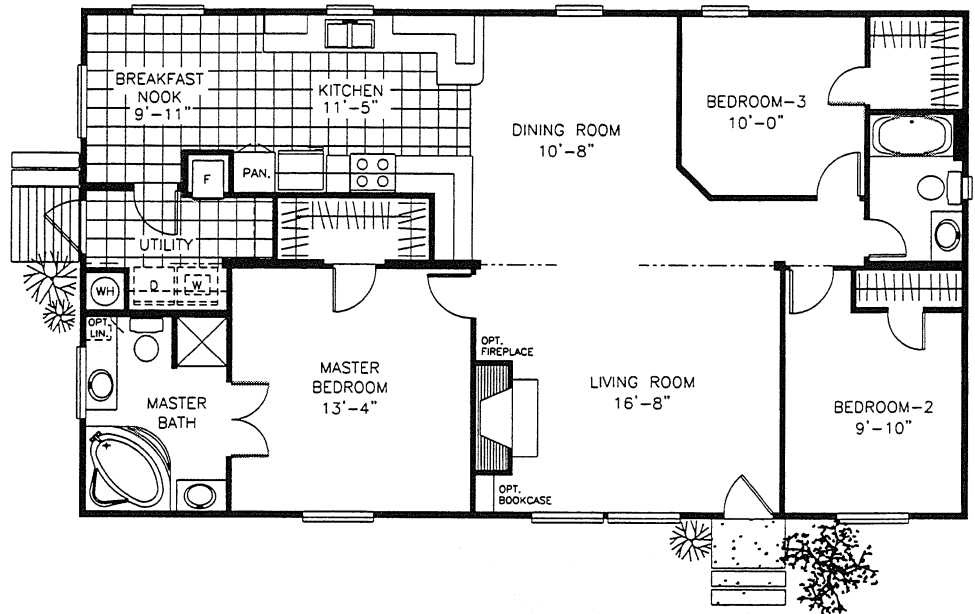
1. 2x6 End Walls
2. Double Rafters at Each End of the House for the 1st Three Feet
3. Extra Stud in Side Wall Under Each Truss
4. Increased Number of Floor Joists Under Shearwalls
5. All 2x4 Top & Bottom Wall Plates
6. Higher Strength Straps Throughout
7. Added Studs in Side Walls in Ends of Homes
8. Double Studs Around All Windows & Doors
9. High Strength Straps on Each Roof Truss to Stud, and Stud to Floor
10. Special Wind Zone II Higher Strength/Cost Roof Truss
11. Shingle Roof Required w/ Special Fastening Schedules and Extra Staples, Nails, Screws, & Lags in Virtually Every Structural Attachment Point

LANCASTER (Cont.)

By Paxton Green

Austin "Kickin' It" On Ben White

The guys from Austin are *kickin' _sses & takin' names!* When this Ben White Boulevard location decided to order the Oakwood-Product-Buster, Lancaster's fiery Galaxy 552, they didn't know what they were gettin' themselves into . . . or did they?!? Needless to say, Austin is kickin' it on the 552. So, if you want a piece of this action, we suggest that you get a 552 on your lot - it's the new wave in doublewides!



What's New at Lancaster?

Lancaster has 4 new floor plans available - take a look at these hot new models:

The New Limited Edition 4 Bedroom 698

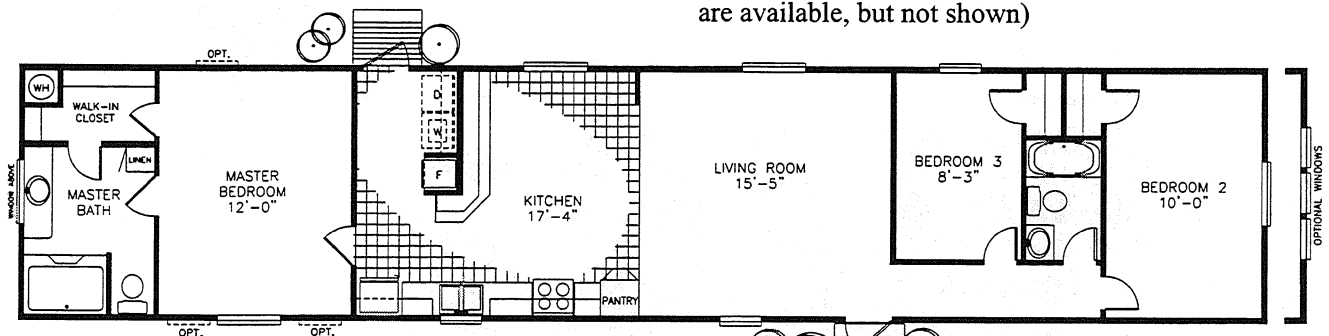
(This plan is shown page 14)

The New Galaxy 637

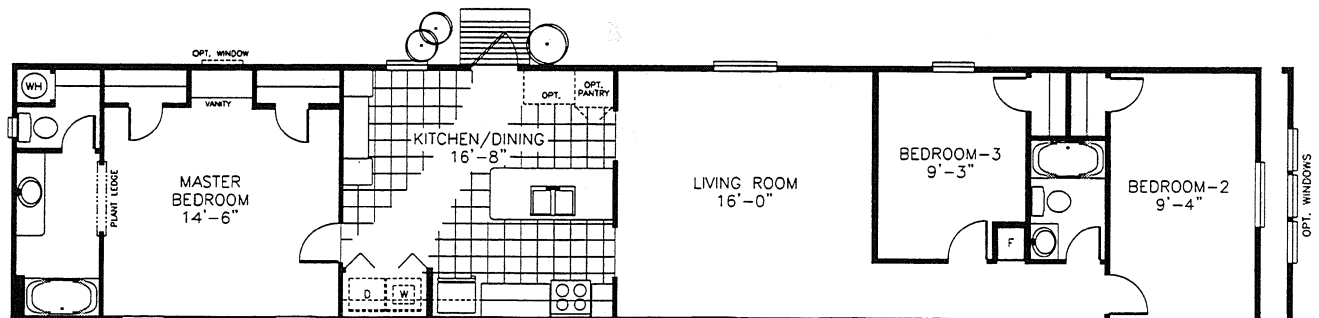
The New Northstar 620

The New Northstar 621 (This plan shown on page 17)

(Luxury Bath option for these models are available, but not shown)



MODEL 637

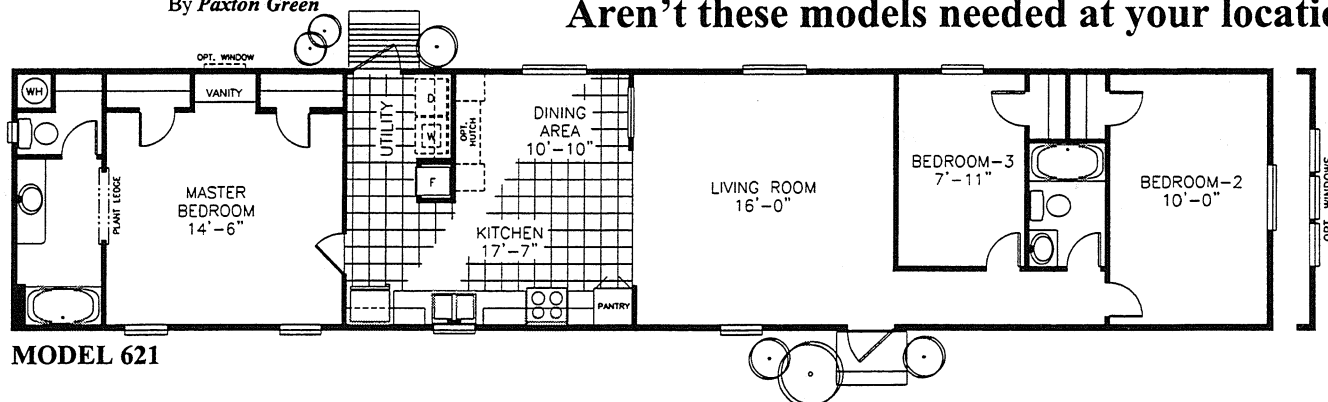


MODEL 620

NEWS

LANCASTER (Cont.)
By Paxton Green

All of these floor plans are available to authorized dealers immediately.
Aren't these models needed at your location?



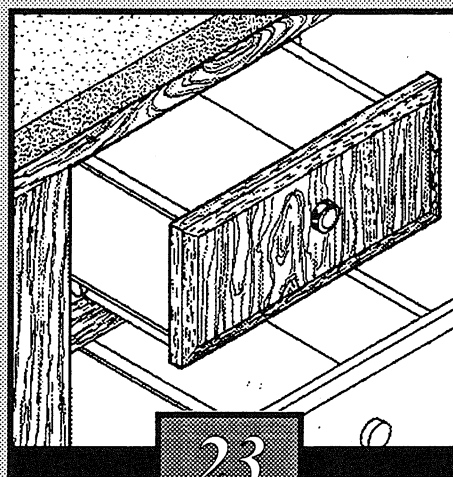
Page 19 Special Item: Governor Bush presents award in Austin to Lancaster General Manager.



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.



23

Heavy Duty Drawer Construction

No other home manufacturer builds a heavier, more durable drawer system. Our drawers are strong inside, yet decorative on the outside with deluxe raised panel fronts. A dual steel side mounted telescoping drawer guide allows for years of smoother operation and heavy loads. It's far superior to single center mount drawer guides used in most homes. The ever popular drawers-over-door cabinet design provides for 50% more drawer space than other brands of homes. The drawer sides are 1/2 inch thick (not the commonly used 1/4 inch), pre-finished in a smooth, clean white finish. Kitchen sink fronts include tilt-out "mini-bin" storage trays. Convenient, durable, high capacity drawer storage for years of maintenance free operation.

Oak Creek Salutes AHS Burleson Factory for Their Outstanding Turnaround!!

Congratulations are in store for everyone at the American Homestar Burleson Factory for an outstanding turnaround over the past year! Finally, you can start to reap the rewards for a job well done! To compare your current "highs" from where you were a year ago, is truly remarkable and it's evident your team is finally *clicking*. Take your success to new heights in the coming year, pay attention to details, and the pot of gold at the end of the rainbow will secure your future. Keep up the good job, but leave a little piece of the pie for your old buddies at Oak Creek! This "Big Dawg" needs to eat, too!!!!

The Whispering Oak Says...

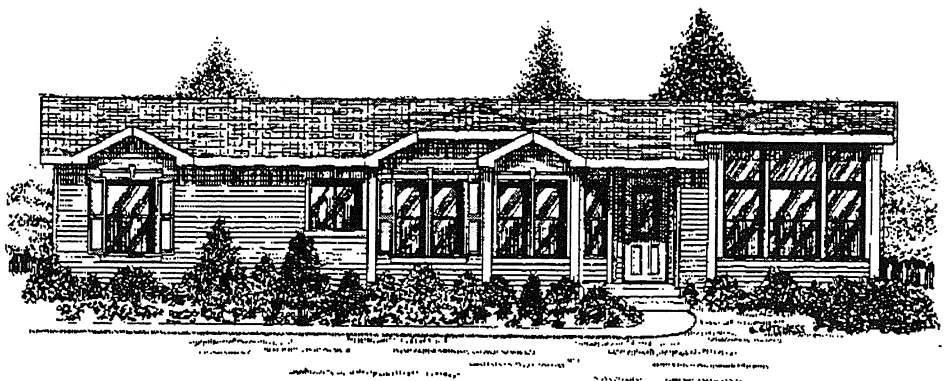
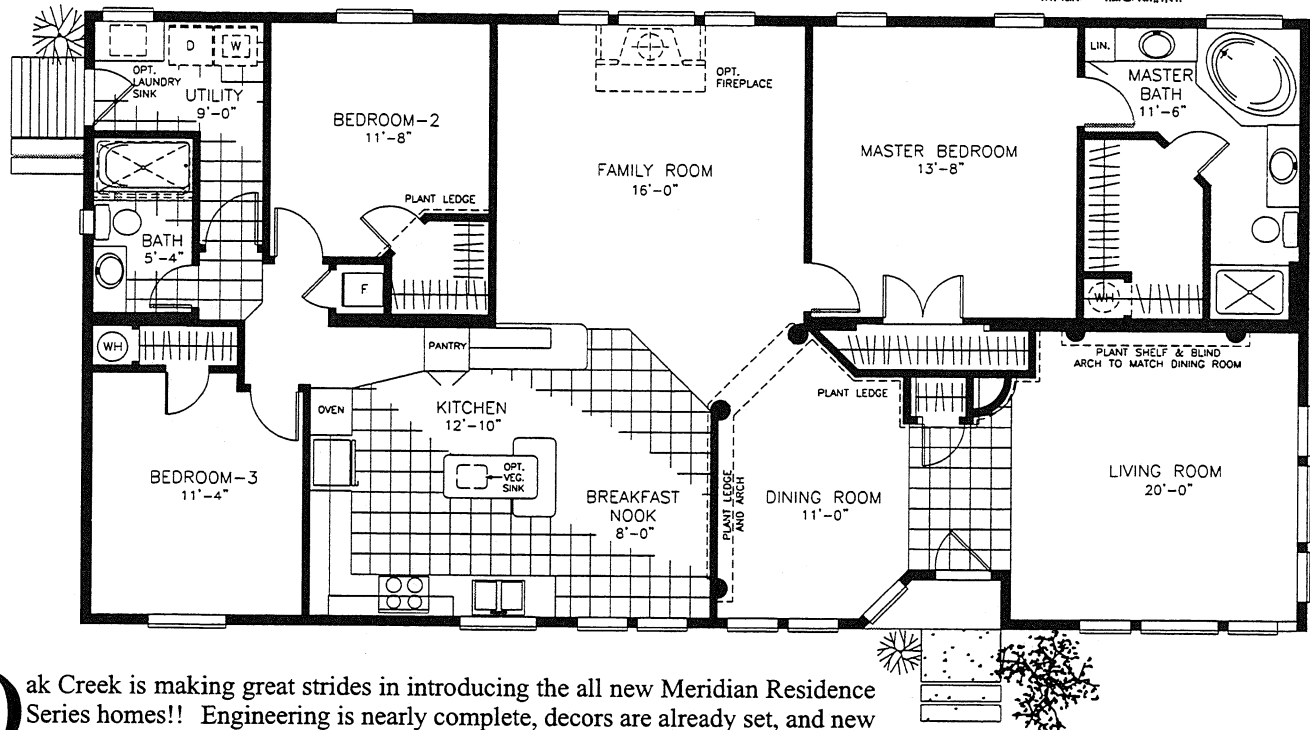
Mr. "MEANT-TO":

Mr. "Meant-To" has a friend,
His name is "Didn't-Do".
Have you met them?

They live together in a house called "Never-Win",
And I'm told that it's haunted by the
Ghost of "Might-Have-Been"!

UNDER THE OAKS

**Introduction of Oak Creek's
"Meridian Residence Series"
is Coming Soon!!**



Oak Creek is making great strides in introducing the all new Meridian Residence Series homes!! Engineering is nearly complete, decors are already set, and new materials have been ordered for the initial prototype home. We expect to roll the first home off the line in late June or early July! When you finally see it, you'll truly believe that this is the most spectacular home ever seen in the Southwest Market! Virtually every upgrade feature you normally order as an option will be "STANDARD" in the New Meridian Residence Series. My advice: Save room on the front row of your location for this home so your customers can have a first-hand look at this very remarkable home produced by your Oak Creek Factory!! Only for You... Only for Your Customers... and Only by Oak Creek!!!!

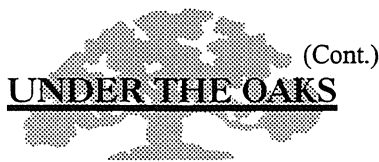
MODEL 2060
32' x 66' (1925 Sq. Ft.)
3 Bedrooms, 2 Baths

The Oak Creek Softball Team is Crowned "Fort Worth City Champions"

Congratulations go out to John DeLaCruz and his very skilled & talented softball team for not only taking "1st Place" in **TWO** Fort Worth City Leagues, but also for their outstanding performance in the City Wide Tournament of Champions, where they easily captured "1st Place" and the significant distinction of **City Champions**. Next up, Oak Creek is off to the State Tournament in July where they'll represent the entire City of Fort Worth!! Great job, guys, and good luck at the State Playoff's.



PS: In only two seasons, Oak Creek's record includes 53 wins with only 7 losses!



**Oak Creek's
"Builder's
Package
Special"
Limited
Availability
Time
Has Been
EXTENDED**

After discussions with most of you and consultation with the powers above, we have now heard you loud and clear: "Too much inventory! Too many aged products! Too many outside-manufacturer homes need to be moved out!?"

All problems are solvable with a little time, effort, and help from your factories! We're very appreciative of your concerns and have decided to help with the common cause by extending the time periods listed in our promotion to include:

Stock Units Ordered by August 1, 1997
&
Retail Sales Ordered up to September 30, 1997

This is a very expensive program for Oak Creek, but we feel the extension is necessary to allow you to maximize the potential of this exceptional product offering to your discriminating customers. Where else can you and your customers get a completely Tape & Textured home with all the residential features at this Low, Low, Low Price?!?!?!?!?!?!?

Southern Star Homebuyers are lonely and need to see the new 1998 models!!!



The only manufactured home company *EVER* to *WIN* this award!

Awarded to Neil Scarbraugh General Manager/American Homestar of Lancaster by Governor George Bush in Austin, Texas June 26th, 1997

CONGRATULATIONS FROM ALL OF AMERICAN HOMESTAR

BURLESON **STAR** NOTES

By Charlie Lohin



Movin' on Over

That helpful, cheerful voice that greets you everytime you call American Homestar of Burleson belongs to Vicki "Cherie" Drake. After 1½ years as Receptionist for our division, Vicki has now accepted the Service Coordinator position for the western-half of the Texas, New Mexico, & Colorado territory. Vicki is a Fort Worth native, a Burleson High School graduate, and has attended Tarrant County Junior College. Her experience in the customer service arena for Ford Motor Credit together with her most excellent phone skills, give Vicki a big edge in solving your customers problems in a pleasant manor. Vicki and her 3 children (Tommy, Jessi, & Tyler) live in Burleson, and during her free time, she can be found water &/or snow skiing, reading, or shopping!

Tid Bits!!!

Hats off to **Paul Taylor** and his great staff at Nationwide/Lumberton for turning around a location that was choking with old inventory into a "Dynamic Selling Machine"! Welcome to **Burleson's Top 5!!!**

Rave reviews for **Dave Fortriede's** Nationwide/Jacksonville location. Sales Rep Sam Winn reports, "Dave's crew has the lot looking OUTSTANDING!!!"

Brian Shear, the "Prince of Promotion", has NASCAR in his blood. His race car display during a recent promo drew loads of traffic! The promo also netted 3 Burleson homes! Brian's performance solidified his place as "Honorary Member" of **Burleson's Fab 5!!!**

Larry Thomas' new Nationwide/Amarillo lot is the "Pride of the Panhandle". A recent visit confirmed that Larry's crew will blow away the competition!! The lot looks great and the sales staff, led buy **Ken Andoe**, is pumped! **John Wells**, super salesperson at Greg Benzing's Nationwide/Seguin lot, has already sold 3 Burleson houses in only 1 month! **Wow!!!**

John Winniford from the Austin sales center has also sold 3 Burleson houses in a 30-day period. **That's super!!!**

PEOPLE POWER - John Shannon: Service Technician-Extraordinaire

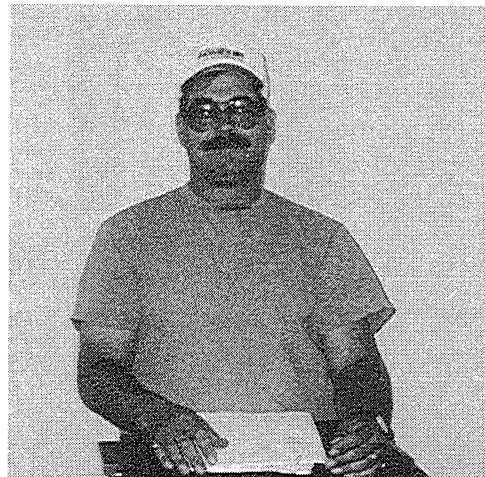
This soft-spoken, thorough, efficient, problem solver has been making customers happy since he joined the Homestar team in March 1996. John's background includes cutting his teeth as a factory worker with Champion Homes where he quickly earned a promotion to foreman; then, John took his skills on the road as a factory technician. American Homestar of Burleson Service Manager Gail Lohin convinced John, his wife Rhonda, son Eric, and daughter Brittany to leave their Las Cruces, NM home to handle the East Texas/Metroplex service area for our plant. Since his inception, compliments like the one below continue to arrive:

MEMORANDUM

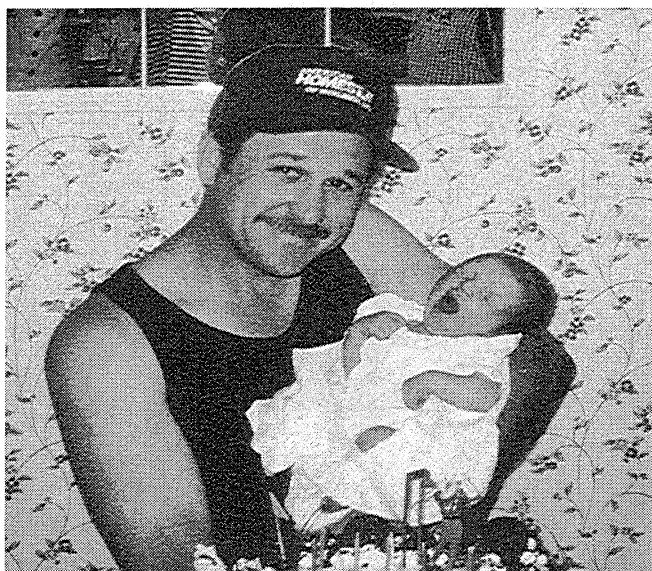
Date: May 15, 1997
To: Charlie Lohin
From: Brian Shear
Subject: Customer Satisfaction

In these days of major competition, one thing that a salesman needs to close the order is confidence in the factory and after the sale service. With that in mind, I would like to tell you about a call we received from a customer who had just moved into her Benchmark 750. After sending in several major items for repair, your technician, John Shannon, promptly went to the site to perform the needed service. She called us to say how pleased she was with his work. Not only did he complete the items requested, but he fixed several other small cosmetic items she had not noticed yet. It is with his willingness to go above and beyond to satisfy the customer that John has made a mark with my salespeople and given them extra confidence in selling Burleson product.

Many thanks to John and the entire Burleson crew for a terrific job of supplying and servicing our best selling product.



John.....
We Salute You!!!

BURLESON **STAR** NOTES (Cont.)

New Arrival

Super Sales Rep Sam Houston Winn outdid himself this time . . . he supported his lovely wife, Angela, through a trying pregnancy, continued to sell Burleson homes, and was present at the delivery of Brandon Taylor Winn - a 6lb., 15oz. **BUNDLE OF JOY!** Sam, you really are a **STUD!**

Fab 5 For May (YTD)

1.	NW/Burleson	Jack Maxey	48 Floors
2a.	NW/Tulsa	Tom Wilson	32 Floors
2b.	Nationwide/Mesquite	Dave Shetler	32 Floors
3.	OCV/Lancaster	Don Simonson	30 Floors
4.	Nationwide/Austin	Randy Coffman	28 Floors
5a.	Nationwide/Seguin	Greg Benzing	24 Floors
5b.	Nationwide/Lumberton	Paul Taylor	24 Floors

And lest we forget our "Honorary Fab 5 Member": Nationwide/Greenville - Brian Shear

Great Job!!

Fab 5 For June (YTD)

1.	NW/Burleson	Jack Maxey	60 Floors
2.	OCV/Lancaster	Don Simonson	40 Floors
3.	Nationwide/Tulsa	Tom Wilson	38 Floors
4a.	Nationwide/Mesquite	Dave Shetler	36 Floors
4b.	Nationwide/Austin	Randy Coffman	36 Floors
5.	Nationwide/Seguin	Greg Benzing	32 Floors

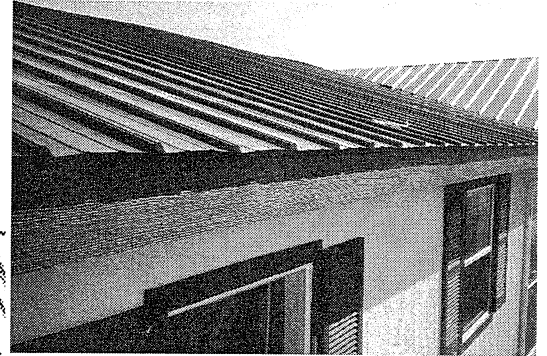
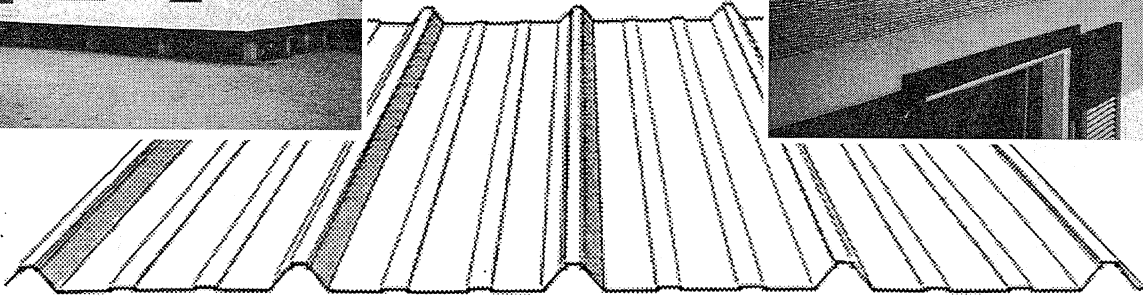
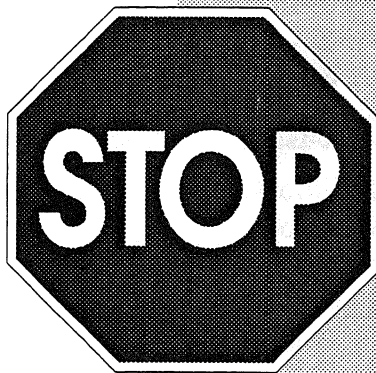
And once again, we must never forget our "Honorary Fab 5 Member":
Nationwide/Greenville - Brian Shear

Great Job!!

FROM THE SOUTHWESTS LEADER IN DISTINCTIVE EXTERIORS AMERICAN HOMESTAR OF BURLESON PREMIERS.....



RUGGED ROOF Residential Ribbed Metal Roofing



**STOP
MORE
TRAFFIC**

- STOP** Capture those high-quality buyers
- STOP** Color co-ordinate your inventory
- STOP** Be first in your market
- STOP** Diversify your inventory

WHY ORDER YOUR NEXT HOME WITH "RUGGED ROOF"?

- ✓ No more shingles lost in the wind or in transit
- ✓ Rugged Roof is fire resistant
- ✓ Colored roof has 4 coats of oven-baked paint
- ✓ Rugged Roof has a high degree of hail resistance
- ✓ Rugged Roof is galvanized for corrosion resistance
- ✓ Rugged Roof has a 25 year warranty

"SILVER" GALVANIZED RUGGED ROOF

Homes under 60 ft.	<i>ONLY</i>	\$1600
Homes 60 ft. to 70 ft.	<i>ONLY</i>	\$1800
Homes over 70 ft.	<i>ONLY</i>	\$2000

Cocoa Brown or Dark Green
Roof Colors available.....

ONLY \$100 EXTRA

Call Glenn, Sam, or Parrish
1-800-817-4150
American Homestar of Burleson

STAYTON

By Jon Moon

Anniversaries

You know that old cliché "Time Flies When You're Having Fun"? Well, we've decided to change the verbiage up some to "Time Flies When You're Number One"! Listed below are May & June anniversaries for employees with over five years of service with our division:

Richard Hill	May 1974 (23 Years)
Scott Iverson	May 1974 (23 Years)
H.J. Duncan	May 1975 (22 Years)
Rod Gum	June 1986 (11 Years)
Roger Butler	May 1992 (5 Years)

WOW! These guys have staying power! And we're looking forward to many more years with the five of you!

New Production/Order System

Good news: We've overhauled the order entry system and production order form. The "DEBUGGING" process of this new and improved state-of-the-art system has begun, and we'll soon be able to *look back in time* and determine what options are our big sellers and which options need to be modified. We're trying to take the confusion out of the ordering process by simplifying production tasks, while at the same time, increasing output and maintaining (& improving) our high quality standards. Many thanks to Super-Controller James Roelofsen for all of his efforts in the design and

development process. We are improving our "vision" to "20-20"!

Play Ball

The Santiam Valley was very fortunate this past winter to land the minor league affiliate of the San Francisco Giants - the Volcanoes! Construction is currently under way on the new stadium which will be located just north of Salem. The Guerdon Home Team will be enjoying the summer weather and baseball as it was meant to be . . . under the SUN! The Friday evening festivities on July 11th will include a pre-game picnic at the stadium with the first pitch at 7:05pm. The Volcanoes open their season on June 22nd and will rumble with seven other

Northwest league teams, including the Boise Hawks.

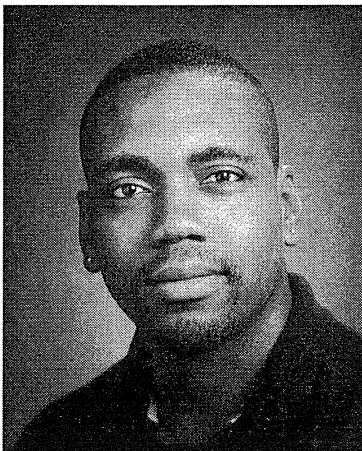
Statistics

In reviewing the recent shipment numbers based on Federal NCSBCS HUD Labels, an interesting fact was revealed - our plant's January/February 1997 shipments into Oregon were up 60.75%, while Oregon Industry shipments were down 2.69%. The Northwest market is becoming more & more competitive, however, our shipment percentage validates the fact that the Guerdon/American Homestar Team and our very valued retailers can team up and outperform the competition.

WAY TO GO, TEAM!!

Vicksburg

By Melanie Hood



EMPLOYEE OF THE QUARTER

Troy Shelvey has taken the award for Employee of the Quarter. Troy was nominated by his fellow co-workers based on the following criteria:

- ✓ Quality of Workmanship
- ✓ Willingness to Accept New Challenges
- ✓ Attitude
- ✓ Attendance
- ✓ Safety
- ✓ Housekeeping

Troy received a "Magnolia Homes" jacket and gift certificate, while his photo will be displayed in the plant showcase to show our pride in his accomplishments.

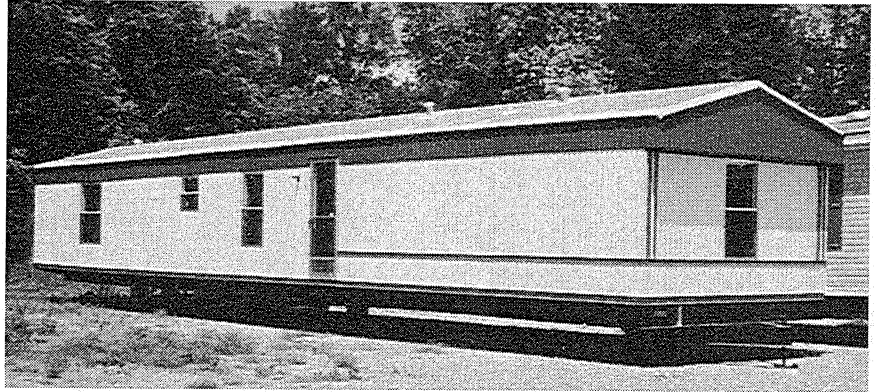
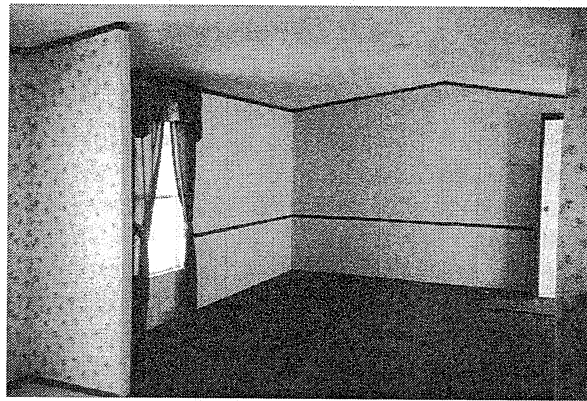
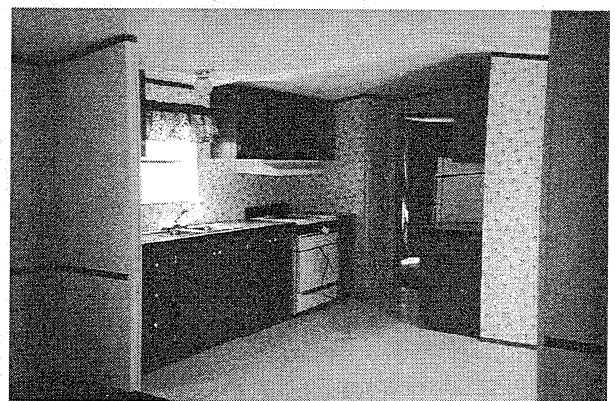
Employees like Troy are the backbone of our company and we appreciate his dedication to the qualities and skills that are building Magnolia/American Homestar of Vicksburg into the company it is today! Congratulations and keep up the great work, Troy!

With the new quarter already started, we anxiously anticipate employee nominations for the next "Employee of the Quarter" - do YOU meet the criteria?!

Vicksburg X-Static About X-14

By Melanie Hood

Our new model featured in April's HomeFront, the X-14, is the best thing since sliced bread!! In April, we ran a special on this 14x70, and now it's selling like hot cakes. Hurry up and place your orders now - you don't want to miss out on this X-cellent new model!!



GERING GOSSIP

By Doug Tolin

Sensational Suggestions

Congratulations to our Winner, **Robert Bolton**, for his Safety Suggestion of the Month which is selected by our Safety Committee. Congratulations are also in order for **Martin Delgado** for his Production Suggestion of the Month as selected by our Production Committee. In appreciation of their great suggestions, both winners were awarded gift certificates to Bush's Gaslight Restaurant. Thanks, Robert and Martin!

We Love It When a Plan Comes Together

Here is a note we recently received from a very satisfied customer we'd like to share with you in recognition of the sometimes unappreciated & overlooked efforts of our Service Department Team.

Att: Steve, Jerry Todd, Harry & Kathy.

Each one of you contributed to our beautiful log home. Each thing that needed done, you helped to the finish! Always kind & ready to listen.

For all that was done,

Our heartfelt "thanks"

You are all a great team!

Sincerely

Schultz Family (Durango Co)

Denny, Barbara & Paul

GERING GOSSIP (Cont.)

By Doug Tollin

The Gering Gang and their qualifying retailers, along with their wives, husbands, and/or significant others, spent a super week in Fiji during the end of May on Gering's 8th Annual "Guerdon Get-A-Way Vacation".

Fiji was worth every hour of the long plane ride. The natives were unbelievably friendly & hospitable, the sunshine was plentiful, the culture & history was amazing, the scenery was something you dream about, and the fun was definitely there to be had (& we all had plenty)! We strongly recommend this vacation destination as it truly is a South Pacific Tropical Paradise!



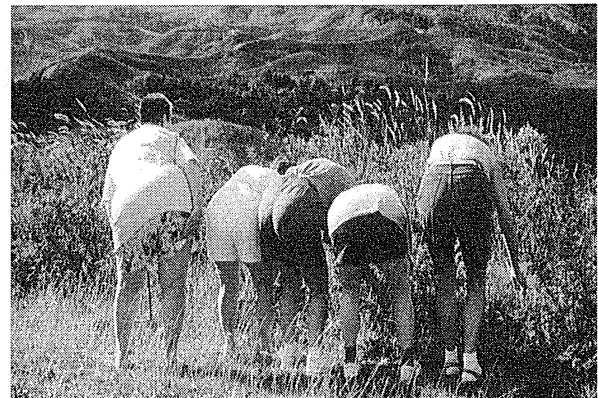
The Fire Walking Ceremony, and yes, those rocks are *white hot*!



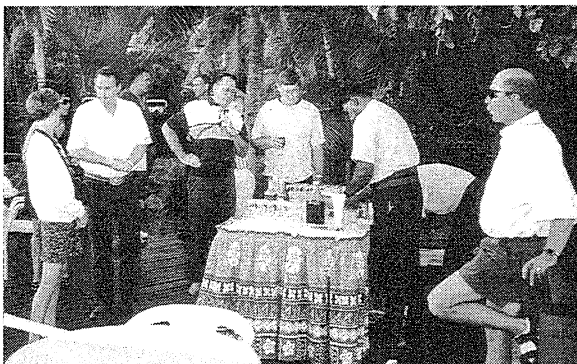
The "Wicked Walu" Seafood Island Restaurant at our resort.



Our hotel resort, "The Warwick", and adjoining beach.



Here they are... "The Five Moons of Fiji" (Names withheld to protect the photographer).



Early arrivals at our Farewell Cocktail Party. (Left to right: Linda Dobson, Cory Allbaugh, Steve Weimer, Carl Brannan, Dave Graff, Darrel Bently, RoyAnn & Bob Unzicker, 2 Natives, and John Fillingham)



A picture of Paradise.

**GERING
GOSSIP**

By Doug Tollin



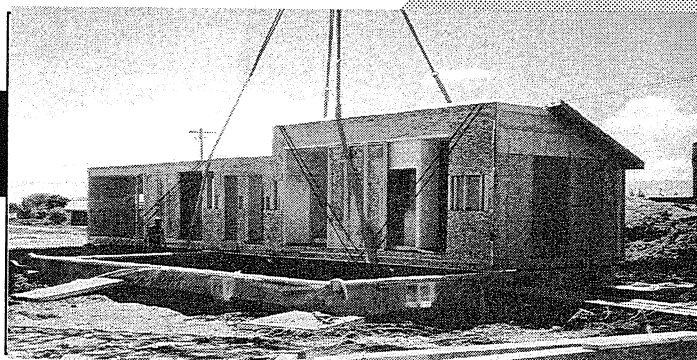
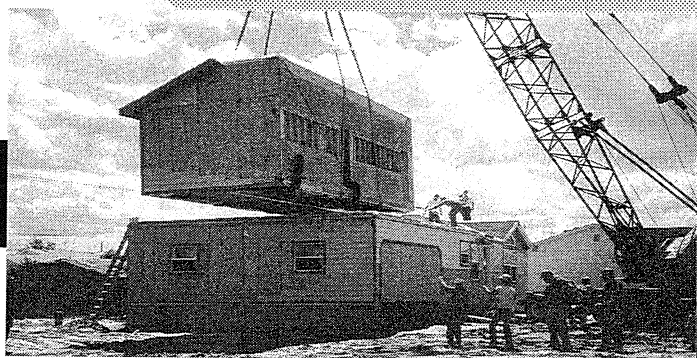
(Cont.)

You're the first to get a sneak preview of the new two-story modular product that will be introduced to selected retailers very soon.

It's Set And The Wraps Are Off

In the aftermath of a local record-setting torrential downpour the day before, Gering's new Two-Story Modular Home was set-up. It took some mucking around in the mud, however, Doug Fillingham and his set-up crew persevered, and considering the conditions, completed the crane set in remarkable time - 6½ hours! Thanks to some great pre-construction engineering, the home fit together like a glove and the set-up went off without a hitch.

Newsletter deadline time finds us completing the finish work which will be done in the next couple of days. In the next HomeFront issue, we will provide a floorplan and finished photos of this new and exciting product.

**SET BOX NUMBER ONE****SET BOX NUMBER TWO****SET BOX NUMBER THREE****SET BOX NUMBER FOUR...
...and a Two-Story
Home appears.**

Boise BULLETIN

By the Boise Staff

Sales Update

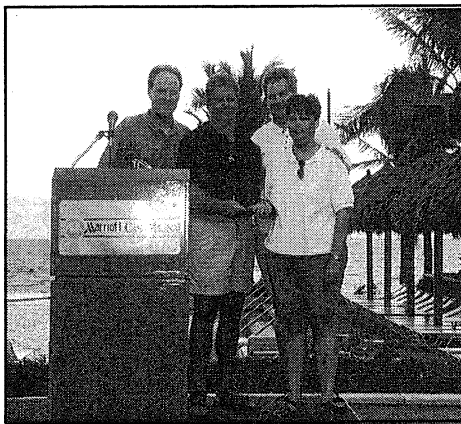
Boise just hosted another exciting seminar for our retailers presented by Lanette Carpenter. Lanette conducted fun-filled, informational classes for two days at the Red Lion Hotel with 47 of our retailer's sales people. Our division's sales team was also in attendance as well as many store owners. All attendees consider Lanette a hero and are very appreciative of the education they

received. Those who haven't taken advantage of this training really don't realize the opportunities they're missing out on. Our backlog has grown, our floor average has increased, and in addition, our retailers have become more credible in the market place, thereby increasing their own volume. We at the factory now have a much better understanding of what goes on in retail and that makes it easier to fulfill our retailers' needs. Denis Perron, owner of The Home Place, has attended most of Lanette's presentations. He has stated that "After we incorporated the Homestar System, we saw a dramatic increase in our closings. I believe we will double our past performance and be

in total control while doing it. We are going to drop our competition to their knees." All of our retail body and the Boise Plant thank Chuck Carney, Jr. for allowing Lanette to school us on such a regular basis. She certainly displays all five dimensions of credibility to this division. Champion Awards for the seminar went to: 1. Jim Forbes/Greystone - 1st Place; 2. Ray Perron/The Homeplace - 2nd Place; and 3. Linda Eames/Valley Village - 3rd Place. Others receiving recognition are Mike Oliver/Spartan Homes, Michelle Mace/Spartan Homes, Nathan Coats/The Homeplace, Kathy Wendell/Caris-Sell Homes, and Steve Mitton/The Homeplace. Congratulations, Guys and Gals!!

We Miss Mexico!!!

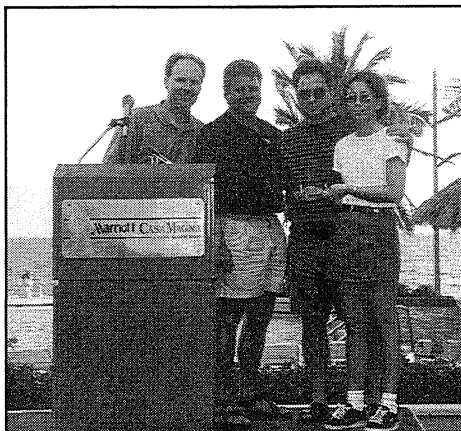
In April, we had the privilege of escorting and hosting 40 of our Superstars from the retail arena to Puerto Vallarta, Mexico. It must have been illegal to have that much fun!!! Special awards were given to Denis Perron/The Homeplace for the Highest Volume at a Single Sales Center, while Walt and Kathy Wendell/Caris-Sell Homes and Bob Miller/Guerdon Village-Nampa, both received awards for being \$2,000,000 & Above Retailers. The Rookie of the Year Award went to Dick and Louise Hersey/Sierra Estates - in their first 5½ months, they only did an astounding \$1,800,000. All of the above retailers were major contributors in our success. Thanks for helping us run non-stop at full production through a very hard winter. (Photos below)



Denis Perron
Highest volume at single sales center.



Walt and Kathy Wendell
Caris-Sell Homes/\$2,000,000 + Retailers



Bob Miller/Guerdon Village-Nampa
\$2,000,000 + Retailers



Dick and Louise Hersey/Sierra Estates
Rookie of the Year

Production Up to Eight!!!

Congratulations to our Production Staff on producing **eight** floors for the first time with only a few minor hiccups. All eight looked great. **Bill O'Donnel** has set the pace in production and will continue to grow us to forty floors a week. He's only been aboard for a month, but we can already feel his positive "CAN DO" impact. Bill brings 25 years of experience to our division and his wife, JoAnn, who's equally excited about being a Guerdon Team Player, keeps him on the straight & narrow. **Dennis Armstrong** has returned home to Boise from Stayton. Dennis lives in Idaho and has been commuting to Stayton to fulfill his duties as their Assistant Production Manager. **Fred Levanger** made the ultimate sacrifice and allowed Dennis and The Boise Division to connect. It only goes to prove that you can "take the boy out of the country, but you can't take the country out of the boy." Welcome home, Dennis, and many thanks to our Production Staff for a job well done!!

Employee of the Month (May):

Mark Lindsey

Mark works in our Exterior Department . . . we think?!? According to his supervisor, his willingness to cross departmental lines to do whatever is necessary to get the home built right is unparalleled in the industry. He's only been late twice in 2 years and his positive attitude is catching. Thanks for going beyond the call of duty, Mark!



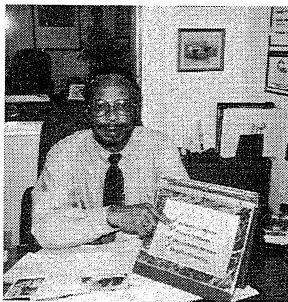
#2 **James Karrh**, Nationwide DeSoto
515.75 President's Club Points



The #1 Salesperson Fiscal Year 1997,
**Christi Lancaster of Oak
Creek Village, 820**
549.40 President's Club Points



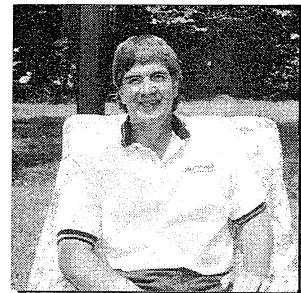
#3 **Gina Reece** Advantage Longview
462.57 President's Club Points



#4 **Ed Sampson** AHFO Lancaster
419.89 President's Club Points

Top 10 Salespeople for the American Homestar Family...

**Join us in congratulating
them for all of their ex-
traordinary efforts over
the past year!**



#5 **Dan Conley** Nationwide Lufkin
419.43 President's Club Points



#6 **Carrie Shipp** Granbury
410.70 President's Club Points

*"Committed to Excellence
in Sales Performance and
Customer Service"*



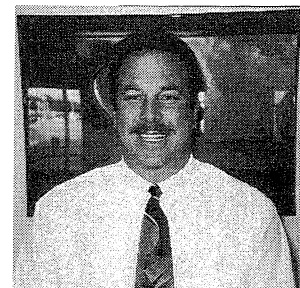
#7 **Cliff Archer** Nationwide Rosenberg
401.89 President's Club Points



#8 **Fred McDonald**, Nationwide Tyler
378.54 President's Club Points



#9 **Phillip Essex**, Nationwide Austin
378.28 President's Club Points



#10 **David Dalley**, AHFO Lancaster
372.15 President's Club Points