

HOME Front

AMERICAN HOMESTAR CORPORATION REPORTS RECORD 3RD QUARTER RESULTS!

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

Thanks to the entire Homestar team for your hard work and dedication in making American Homestar Corporation again achieve record results for our 3rd Quarter! Following are the comments made on March 23 during our quarterly conference call to the investment community highlighting this quarter's accomplishments:

With net income up 31% to \$4.5 million and revenues up 15% to \$117 million, we are pleased to report our fifteenth consecutive Quarter of record revenues and earnings since becoming a public company. Earnings per share grew 31% to 25¢ per share, compared with 19¢ per share in the prior year period. Our retail rate of internalization increased to 87% from 70% a year ago, somewhat moderating reported revenues.

We were pleased with the 3rd Quarter results as we exceeded our internal EPS target and exceeded consensus estimates, despite the fact that this is our winter Quarter including the three seasonally lowest months of the year.

Beyond the financial results, we are very pleased with the continuing execution of our growth strategy and the results of our operational initiatives discussed last quarter.

In our retail division, we are beginning to see very positive results from our restructuring. We are continuing to recruit, train and upgrade our management and sales staffs. Last week, Buck and I attended a two day training and development meeting attended by all of our retail sales center general managers, as well as all retail senior management and staff for all regions of the country. We were very impressed with the quality of the people, the systems, the programs, and the level of commitment, and the enthusiasm of our entire retail management group.

We came away from that meeting with confidence and optimism for continued growth and improved performance in our retail operations.

After the normally sluggish traffic and sales picture in December and early January, traffic, applications and sales increased dramatically in late January and throughout February. The results were further enhanced by our TV advertising and targeted home model promotions late in the Quarter. Average inventories per store are now below targets at 23 homes per sales center, completing the inventory realignment started several quarters ago.

Our single section sales mix was up a bit as a result of special product promotions during the

(Continued on page 7)

American Homestar Scores Big At Nashville Show!

American Homestar's manufacturing group returned from the recent trade show in Nashville with a lot of smiles and orders for over 700 floors. The American Homestar display was made up of 20 homes from participating plants which included the Vicksburg, Lynn, Guin, and Brilliant Division.

A new product strategy was launched in Nashville to accommodate the Company's large network of independent retailers and the growing network of Company and franchise sales centers in the Deep South. Under this new strategy each plant focuses on a targeted price range so American Homestar retailers can provide their customers a broad product offering from a single source manufacturer. This concept allows American Homestar's manufacturing plants to be a retailer's "one-source home source."

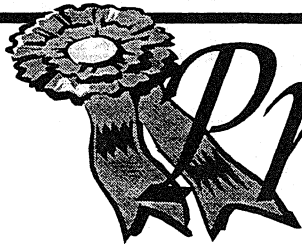
By offering homes that retail from the \$20,000 range for a small single section up to the elaborately appointed larger multi sections that can retail for \$80,000 and more, American Homestar is able to position a retailer to capture the full potential of his market. This advantage sets us apart from many manufacturers such as Fleetwood, Clayton, and Oakwood that focus on a narrower market segment.

President's Club
21st Century News
Telemarketing

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MARCH, 1998



Presidents Club

RETAIL STANDINGS as of February '98

TOP 25 SALESPEOPLE	LOT#	YTD
Randy Wilson	79	644
Toby Cooksey	60	635.87
Harrison Hebert	15	634.77 <i>prorated 11/17/97</i>
Nathan "Trey" Webb	56	626.02
Ronan Ramirez	96	613.24
Jo McBride	59	611.75
Roger Williams	74	605.9
Christi Lancaster	51	602.73
Vincent Barbour	7	597.6 <i>Prorated 9/1/97</i>
Minerva Pipkin	78	591.95
Charles Jerger	51	564
Xavier Benites	56	548.82 <i>Prorated 9/15/97</i>
Allen Breedlove	55	543.2
David Dalley	51	525.44
John Wells	94	525.42
Daryl Wilkinson	57	520.02
Crystal Sullivan	78	508.74
Floyd Palmquist	79	505.17
Anna Wells	49	503.63
Craige Bryant	90	503.19 <i>Prorated 7/7/97</i>
Tom Kline	78	488.79 <i>Prorated 6/23/97</i>
Robert Stevenson	51	467.67
Joseph Woods	51	467.42
William Coyle	17	458.6
Pam Colley	47	440.58

TOP 10 GMS	YTD
Don Simonson	908
Dave Shetler	741
Dennis Williams	698.8 prorated 8/97
Richard Aranda	512
John Raine	499.5
Brian Shear	481.5
John DeRouen	479
Carrie Shipp	460.7 prorated
Mike Levin	426
Jim Mixon	425

TOP 10 OMS	YTD
Linda Toombs	559
Kim Stafford	552
Chaundra Pannel	388.26 prorated 8/97
Gracie Hernandez	380
Chere Kelley	367
Julia Green	348
Betty Haney	333
Belinda Humphrey	284
Dana Tideman	280.17 prorated 7/97
SaDonna Rogers	279

TOP 5 BMS	YTD
Cathy Jackson	1295
Jack Smith	1120.5
Christine Baker	1114
Terri Raymond	904
Mitch Brown	791

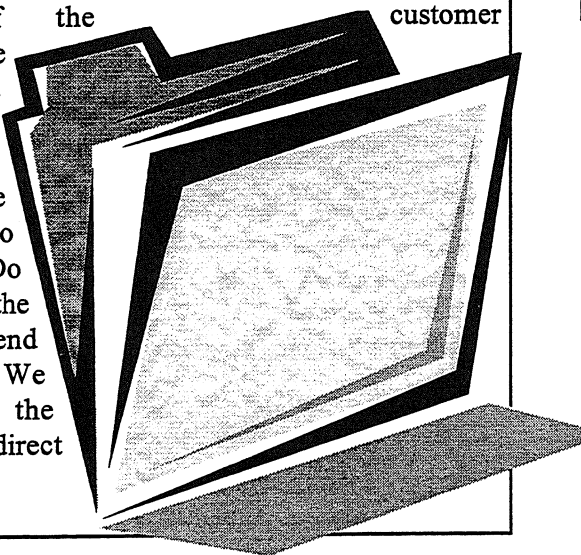
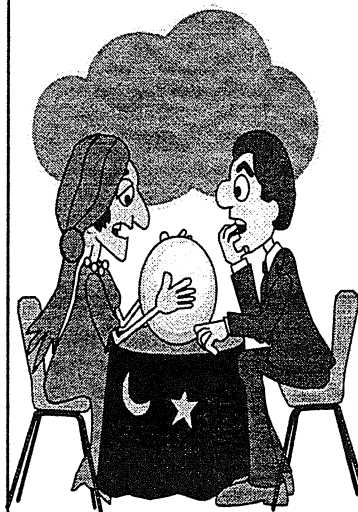
Please make note that Bonus Points allotted during the year for programs such as Top Gun, Team Vision, Repo-rama and OM Valentine's Special, will be added to total points at the end of the year. These points may changes standings somewhat. Thank you! -Laurie Lowery

Insurance News by Lisa Smith

IT'S TIME TO GET SERIOUS!

I'm sure that everyone is aware of our fiscal year end's fast approach. Western is right in the middle of the push. We must receive all insurance applications immediately upon completion. Unless Western receives the original insurance paperwork, we have no record of the customer.

It is the dealership's responsibility to send the insurance paperwork to Western. Do not rely on the lender to send us a copy. We need the ORIGINAL direct from you.



paperwork.

Our Mystery Applications

If I sent a fax to you without my name or any identifying marks, how would you know who to respond to? It is quite simple - you would not know. This is the same as the applications that Western receives without dealership information. We know that you want the commission from the insurance. So please put your dealership name, number and address on every piece of insurance

Let's Get to Know Western

Over the next few issues, I will be introducing you to our Western crew. Maybe you'll get a little different perspective on your favorite Western employee. My first interview will be on myself. My name is Lisa Smith. I am the Senior Dealer Service Rep here at Western. I have been at Western for a little over five years. During that time, I have worked in just about every position that we have. If anything, it has been an adventure. After work, I rush home to see my daughters, Lacey, two, and Emily, five months. My little zoo is complete when you add my husband Herb and our cat Snowflake (or Cat Man as Lacey has renamed him). All I can say is that between home and work, I am never bored.

Thanks to everyone that has given me guidance and assistance over the years and in those to come.

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step-up process simply means you start by showing the least expensive home.

Then you work your way up to showing them the most expensive home that is within the budget they gave you to work with.

This step-up process creates excitement for the client because you are showing them good, better, best. But, don't fall into the trap of missing buying signals in the less expensive homes. Remember, let them buy what they want to buy, NOT what you want to sell them. Unless you plan on living with them, it doesn't matter which home you like best.

Step Three is to keep a two house focus. The purpose of this step is to keep the client focused on identifying one home they love. The client isn't going to buy but one home. It is the job of the salesperson to keep the client focused. The verbiage to use before you take them into the third home is, "Dave, it gets very confusing looking at all these homes. We've found that when

people narrow down which home they like best, it lessens the confusion. So, between the first home we looked at and this home, which one did you like the best?"

The Fourth Step is to Create Value by doing a great feature/benefit presentation. The main objective of any salesperson is to create value. The client will only buy when they perceive the value outweighs the price.

Step Five is to recognize the buying signals, verbal & non-verbal. An example of a verbal buying signal is when the client says, "If we bought this home would it come with skirting?" A non-verbal buying signal is when the client doesn't say anything but they communicate through body language. They might sit down on the couch and look around the room with a comfortable smile on their face.

When you recognize a buying signal, it is time to move to Step

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21ST CENTURY



...good
as
GOLD

21st Century Mortgage CHRONICLE

LAND HOME TIPS

THERE IS MONEY IN DIRT

The trend toward land/home loans is accelerating for virtually all multi-section models. 21st Century has continued to refine its procedures to simplify the process for the homebuyer and the dealer. The objective is to minimize the time and expense to the homebuyer while securing a perfected lien.

The 21st Century Land Home Loan allows the homebuyer to finance the purchase of a manufactured home and the home site with one loan document. The homebuyer may already own the land or they may have identified some property they want to purchase and need financing for the purchase. In either case the construction and permanent loan financing can be done with one loan closing through 21st Century Mortgage.

REQUIREMENTS

LAND—

1. Property must be zoned to allow placement of a manufactured home i.e. meet state or local government requirements for lot size and type of dwelling.
2. Property may only be used for single family residential ---no business use allowed.
3. Property must be serviced by an all-weather road abutting a publicly maintained road.
4. Recorded rights of way that cross other private property to access a road.

IMPROVEMENTS—

1. Utilities and improvements must be made by a licensed bonded contractor.
2. Septic, if used, must be completely on the property

offered as collateral.

3. Water must be supplied by a well on owners property, or public or private regulated system. Joint wells are not permitted.

4. Acceptable improvements include: Water hook-up, underpinning, driveways, septic tanks, well, water meter, or contractor constructed porches. *Unacceptable improvements* include such items as fences, satellite dishes, antenna, storage sheds, or propane tanks.

ADVANCE OF FUNDS...

The maximum advance for the home is the same as any other loan program. The maximum advance for land and improvements is an amount equal to 95% of the lesser of purchase price, or appraisal plus 95% of the value of improvements to the land that were not included in the appraisal. **The land and improvements may not exceed 50% of the total loan.**

Example:

Homeprice	\$50,000
Improvements (not included in sales price)	8,000
Land Purchase Price	<u>30,000</u>
Total	\$88,000

Improvements and land total 43% (\$38,000/\$88,000)

APPLICATION PROCESS

The application process for a land home loan is the same as if it were a manufactured home with **two important additions**: The cost of the home, and the land and improvements must be itemized on the application. Use the Land Home calculation worksheet included in the Concepts of Credit Workbook recently

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Lanette Carpenter

The Critical Path to Selling Homes

"The Critical Path to Selling Homes"
The 3rd Negotiation - The Macro View

Negotiation is Negotiation is Negotiation!

Using a proven Negotiation Model is the only way to get **CONSISTENT RESULTS**.

The Negotiation Model we use at American Homestar is referred to as The Critical Path. It is a **win/win negotiation** strategy. There are five negotiations that make up this Negotiation Model.

They are: Negotiation #1 Setting the Agenda
Negotiation #2 Getting the Issues on the Table
Negotiation #3 Presenting Solutions
Negotiation #4 Closing the Sale
Negotiation #5 Close for Continuation

Each of the Negotiations must be "won" in order to stay on the Critical Path. The beauty of this system is that when you win the negotiation, so does your client. This month we will examine the third Negotiation "Presenting Solutions."

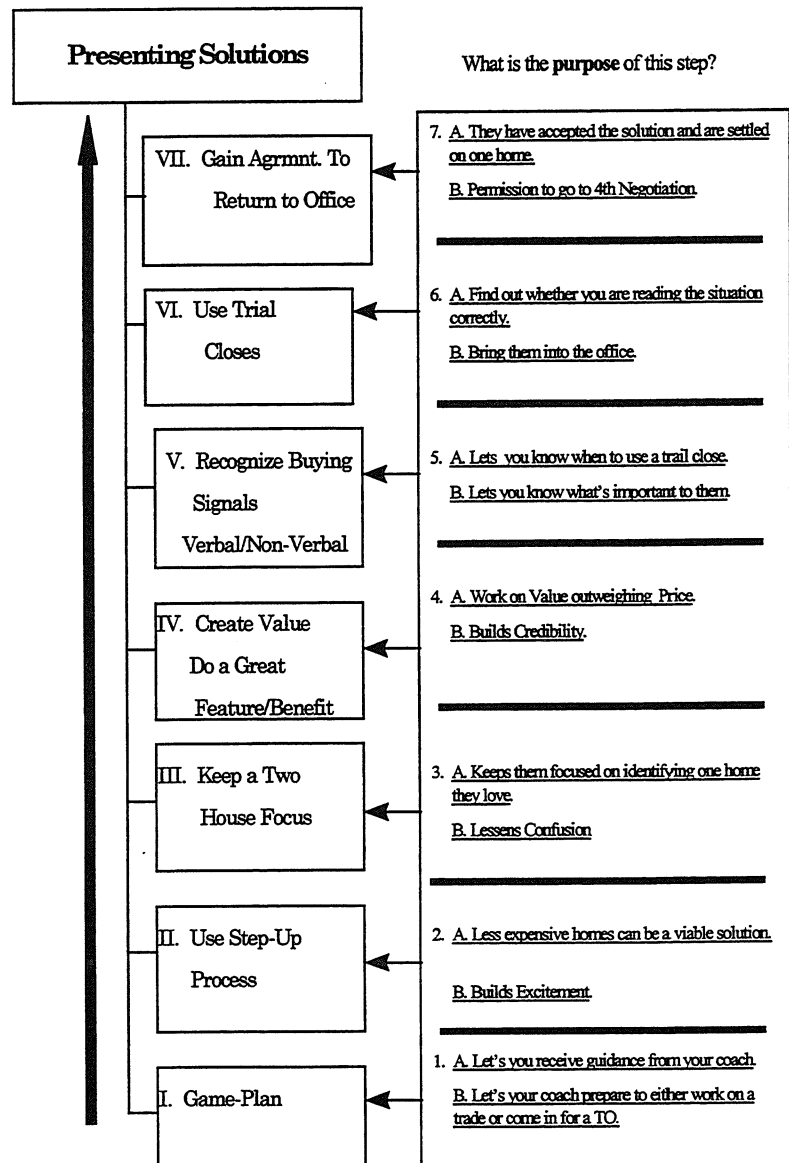
Each step in the 3rd Negotiation represents a building block that needs to be in place before you move forward to the next step.

The First Step is Game Planning. Game planning bridges the gap between the 2nd and 3rd Negotiation. In order to game plan with the coach, the salesperson calls a time out. The verbiage to use is "Excuse me while I check with the inventory manager and get the keys to the homes that fit the information you have given me." The salesperson then goes to their coach to form a strategy on how to proceed with this client. Remember, there is *no way* I'm as smart as you and me put together! There is not one professional athlete out there that doesn't confer with their coach.

The Second Step is to use the step-up process. The
(Continued on page 3)

"The Critical Path to Selling Homes"

The 3rd Negotiation



The American Homestar University TRAINING Guide

by Laurie Lowery



COMMENTS FROM THE FIELD

On the final day of Basic 101, each person is asked to tell us the 3 most important things they learned in the class.

Here are some of the comments from our February 16-19 group:

- (1) *Manufacturing Process*
- (2) *Importance of Feature/Benefitting*
- (3) *Always follow the agenda- become unconsciously competent!*

Very informative. Not easy. Learned a lot about selling sequence and negotiation process- not just how to do it, but why to do it!

Ron Whitehouse #16

Excellent. No one should see a customer until they've attended the seminar. Ms. Carpenter is to be commended for an excellent presentation. Light hearted, yet informative.

Dan Blanton, #11

- (1) *How the system is designed to benefit us*
 - (2) *Product knowledge*
 - (3) *Practive makes perfect*
- Unreal! Learned more in this one week than I ever imagined. Leaving here feeling a lot better about the system adn now will feel more comfortable when an up comes on our lot. Very helpful.*

Justin Ward, #61

- (1) *The value of the system*
 - (2) *More comfortable talking to strangers*
 - (3) *Better closing techniques*
- This seminar has given me priceless information on how to be a more successful sales person.*

Derek Sterling, #27

- (1) *Determination to utilize all of the training tools available*
- (2) *To inspect what I expect*
- (3) *A systematic approach to the closes and a logical order to do them in*

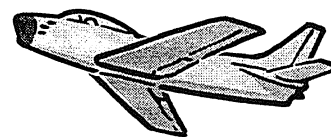
I've been to a lot of good seminars, this is the best. It gave real, logical, seamless system to use- not just a list of ideas to try out. Awesome. Also, everyone in Region 6 needs to do this ASAP.

Jimmie Jones, Region 6 RVP

A triumph! Two thumbs way up!

Gene Siskel & Roger Ebert

Congratulations to the Top Gun Winners for the months of



February 2-4 (Reg. 21):

Vincent Barbour - #7
Rosalyn Rego-Sharpe - #2
Nancy Schuerch - #3
Edward Schwartz - #7
Mark Woodlief - #6

February 16-19:

O.J. Allen - #61
Bryan Ford - #21
Jimmie Jones - Reg. 6
Michael Norman - #35
Ron Whitehouse - #16

March:

Billy DonCarlos - #58
Ed Fike - #33
Charles Pahira - #78
Glen Staples - FR Porter, TX
Larry Steward - #23



A STAR IS BORN SERIES an interview with Rick Vaughan General Manager - #58

Laurie: I know you have an interesting background so tell us about Rick Vaughan's life before Nationwide.

Rick: I attended Oral Roberts University on a baseball scholarship from 1985-1988. I majored in Physical Education with a minor in Business. In 1988, I signed a contract with the Toronto Bluejays. I played professionally until 1990 when my career was cut short due to an elbow injury.

Laurie: How did you get involved with this industry and Nationwide?

Rick: My wife and I returned to Tulsa in 1990 and we started looking for "real jobs". She answered an ad in the paper for some finance company called Greentree. I went to work for a landscaping company. As my wife began working her way up the "Green" ladder, she also started working on getting me into the business. I was reluctant at first because I knew nothing about selling mobile homes. I was under the impression that you had to wear those really wide ties with big stripes! In time I grew tired of landscaping so I thought I would give it a shot. My wife recommended two retailers to go talk to and Nationwide was one of them. After interviewing with both, I knew Nationwide was for me. So, in May of

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winter months, but we expect to see multi-section sales approaching 60% of our mix in the Quarters ahead. We announced several retail acquisitions and several store openings, bringing our total company store base to 83 today, 80 as of quarter end. With several additional deals pending and stores under construction, we could have as many as 90 company stores in operation by the end of Quarter Four. We are continuing to pursue appropriate retail acquisitions, especially in new regional markets. However, we are primarily focused on "sensible cost" acquisitions that offer excellent opportunity for excellent returns on capital. In addition, we have expanded our network of Regional VPs to 13, enough to supervise 120-150 stores as we fill our new regions. Five of our RVPs will focus their primary efforts on building / buying and opening new stores over the next 4-5 quarters.

Our franchise system rollout is progressing very well. As of today, with the announcement of 11 more franchises on Friday, we have 37 franchise sales centers under contract. All of these stores are expected to be converted to franchise signage and standards and be in full operation by the by the end of the fiscal year.

We are currently developing multiple strategies to grow the franchise network. The announcement Friday of the GRS acquisition is an example of one of those strategies. We acquired 11 sales center and subleased the locations to independent franchise operators, including the original owners of GRS on some of the locations. Acquisitions and greenfield start-ups will be an active part of our effort to build our franchise system into a substantial part of our dedicated distribution base.

As a result of our expansion of both company stores and franchises, we expect to have more than 130 dedicated points of distribution by the end of the fiscal year. These outlets will sell exclusively homes and insurance products provided by American Homestar and use 21st Century as the primary source of consumer financing. The 130 stores will represent an annual demand equal to more than 60% of the Company's manufacturing capacity -- and nearly 80% of the current production rate. Planned FY'99 retail and franchise expansion will boost "dedicated distribution" demand to more than 80% of current manufacturing capacity, creating the base for further capacity growth.

Manufacturing results were very strong for the winter quarter. As budgeted, the North Carolina and Deep South plants, where our dedicated retail base is not yet fully developed, endured lower production rates in the winter months. The Pacific Northwest, Rocky Mountain and Texas operations rolled through the winter with record operations.

The growing southwest distribution base is allowing expanded production from the Texas plants. The three plants averaged 26 floors per day in the third quarter, but will reach 30 per day by the end of April, and full capacity rates of 32 per day the target by mid summer.

The product realignment of the four Deep South plants has been completed with the new stratified product lines, for wide price-point market coverage. These new products are being introduced at the Nashville show this week.

In the new alignment, two plants are focused on low and low-medium price points, one for the mid-range, and the expanded Silhouette plant for high-volume production of the upper-end and specialty product requirements. Our capacity is now matched to the profile of the market place.

The Deep South plants represent great opportunity for increased volumes and profits in FY'99. This Region will be the focus of new store and franchise development over the next 5-6 quarters. As the increased distribution is implemented, immediate growth in plant volumes and margins can be realized.

21st Century is continuing to recruit, train and develop its staff for increased business on all fronts. The Co-ventures with Nobility, Southern Energy and Uniproduct are all up and running and are experiencing growing volume. The direct, or refinance business is generating steady volume growth. The franchise system is a whole new channel for 21st Cen-

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On December 18, 1997, Office Manager Toni C. Brown-Garcia of Lot 4 and her husband, Manuel we blessed with a 1 lb. 13 oz baby girl named Daniela. Toni wanted everyone to know that Daniela is home! The Garcia's wish to thank all for their calls, flowers and prayers.

about this newsletter...

Published in Austin, Texas on no particular day of any given month. We recycle what we write, so please recycle what you read!

If your location does not have a recycle bin, we encourage you to contact your local recycler and ask for one.



Got a story, contact the appropriate editor below and it could be in the next edition!

Manufacturing Editors

Tom Jewell

Valerie Romberg

General Editors

Dwayne Teeter

Richard Eklund

and a cast of 100's!

American Homestar's Burleson Plant Impresses O.S.H.A.

Rick Ranck, area director of O.S.H.A. performed a recent Friday the 13th plant inspection. While most inspections of manufactured home plants result in fines for nonconformances, American Homestar Burleson received no fines. O.S.H.A. pronounced all logs, reports and other documentation "in order." Especially impressive was the fact that 14 plant employees are CPR/First Aid certified. OSHA's Ranck commended the plant for the excellent inspection noting the vast improvement in total injury/illness incident rate every year since 1994. Ranck reports his

best inspections to Washington and the local press. Thanks to all plant personnel especially the safety committee, maintenance department, human resource director Gil Cain and Production Manager Steve Weeks for making American Homestars' Burleson division a safe place to work!

**We're
moving
on up!**



American Homestar passed another new milestone in March. 42 quality floors per week. A plant record.

We have only just begun!

When your company combined its vast forces of retail marketing, manufacturing flexibility, transportation efficiency and finance special programs; *a star was born!*

How's This For Results:

47 locations have inventoried one of the 4 versions of the American Homestar, Burleson Hospitality series, model HS 772. As of March 16, those 47 stock models have generated *134 retail sold homes!!!*



Nationwide-Abilene fabulous February 21st promotion set the table for a stunning 8-deals in March. Great work guys!

Nationwide-Amarillo has built on their awesome January with 7 in February. Oh yeah!

Allen Crawford's team at OCV-Las Cruces has gone Burleson crazy. At press time, an amazing 9 houses had rolled west. AHS-Burleson is feelin' the love!

Chuck Moeri's crew at OCV-El Paso has brought home 5 deals this month. Beautiful!

A special thanks to Greg Burnett

and all of region 8. As Wayne and Garth would say..."We're not worthy!"

Nationwide-Jacksonville, Brenda Hargett in her first month got her feet wet with 3 homes sold. New rep. Stan Ward sold 4 homes in February and already has 4 completed for March. Way to go, Brenda and Stan!!

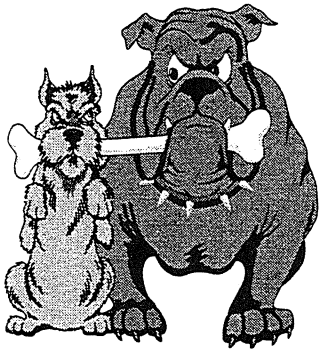
Fab 5

1.	OCV-Lancaster	Don Simonson	24 Floors
2.	OCV-Las Cruces	Allen Crawford	20 Floors
3a.	Nationwide-Austin	Dennis Williams	16 Floors
3b.	Nationwide-Abilene	John DeRouen	16 Floors
4a.	Nationwide-Amarillo	Larry Thomas	14 Floors
4b.	Nationwide-Desoto	John Raine	14 Floors
4c.	Nationwide-Huntsville	David Foy	14 Floors
5a.	Nationwide-Burleson	Bill Straub	12 Floors
5b.	Nationwide-Lorena	Tim White	12 Floors
5c.	OCV-Granbury	Dan Vance	12 Floors

Way to go!!!

NEWS LANCASTER

by Paxton Green



1. Oakcreek Village Lancaster
2. Oakcreek Village Boulder Ridge
3. Nationwide Tyler
4. Nationwide Alameda/El Paso
5. Nationwide Lorena

Don "The Simonizer"
Trey "Spiderman" Webb
Dave "The Man" Fortriede
Atley "The Turnman" Turner
Larry With a Key to Success

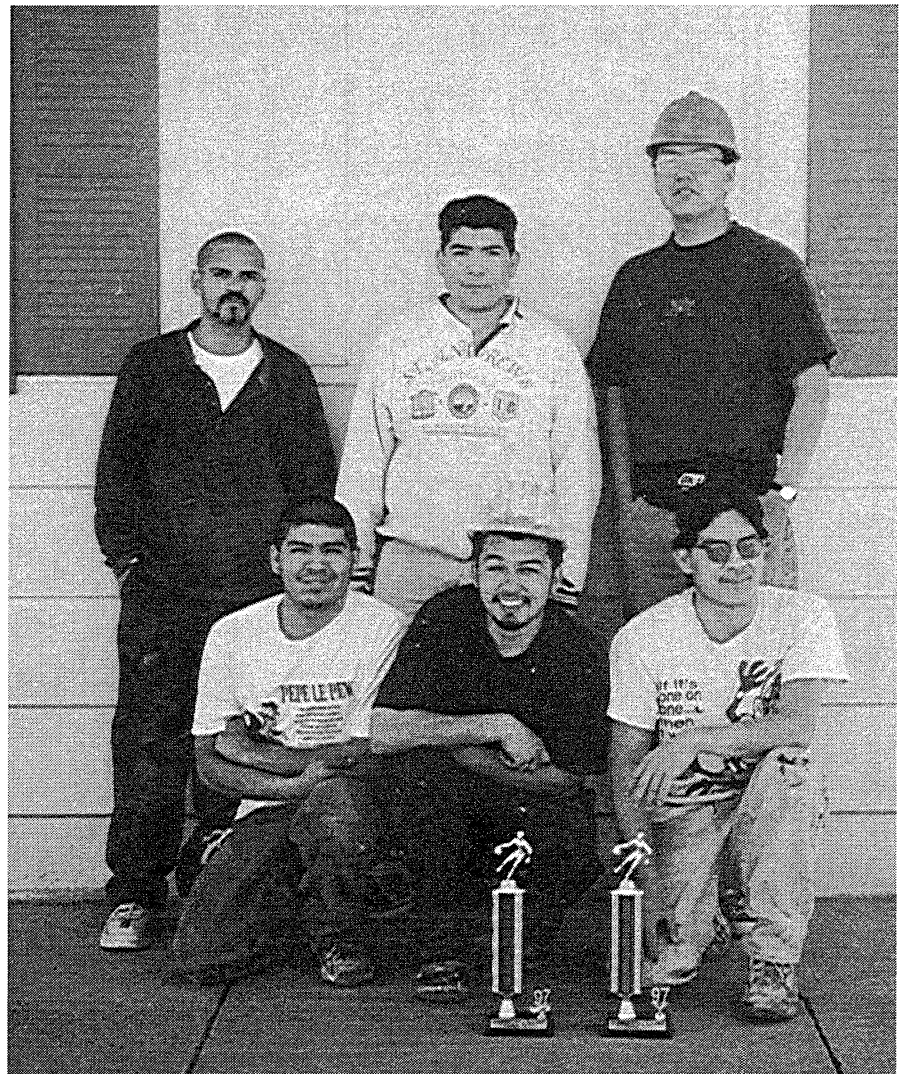
GERING GOSSIP

By Doug Tollin

CONGRATULATIONS to the Magnolia basketball team, who finished **FIRST** in league play at the YMCA and **FIRST** in the League tournament!

Sensational Suggestions

Congratulations to our Winner, **Patricia Tucker**, for her Safety Suggestion of the Month which is selected by our Safety Committee. Congratulations are also in order for **Carmeilo Blanco** 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 the Monument Mall. *Thanks, Patricia and Moe!*

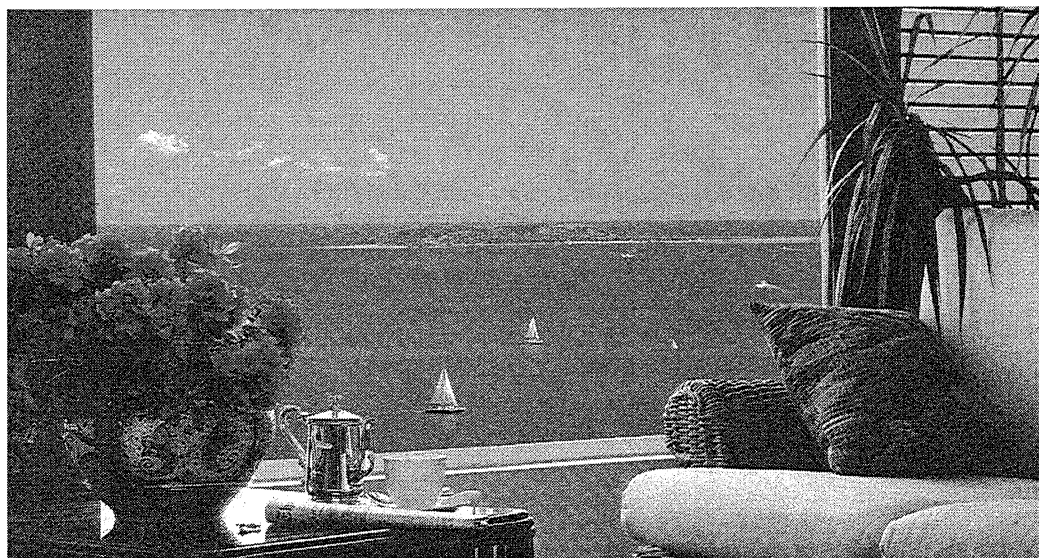


(left to right) Back Row: Xavier Segura (Manager), Robert Carrizales, Glenn Condon
Front Row: Gilbert Carrizales, Carlos Sandoval, Chris Gutierrez

— 1998 Presidents Club —

EL CONQUISTADOR

Resort & Country Club



- When:** July 18-24, 1998 (Correct Dates!)
- Where:** El Conquistador Resort & Country Club, Puerto Rico
El Conquistador is the Caribbean's most complete destination resort offering guest rooms with ocean views, several restaurants, a casino, a championship golf course, tennis, a full service spa, a private island, water sports activities, scuba and sailing expeditions, and 6 pools with breathtaking views of the Caribbean.
- Why:** To recognize our top Management and Sales Personnel for an outstanding effort during our fiscal year
- Who:** General Managers reaching the PC Gold level
 Top 10 Salespeople who reach the PC Gold level
 Top 2 Business Managers who reach the PC Gold level

Join Us For A Vacation in Paradise!

(Continued from page 4)

provided to each General Manager. It will expedite the process if this worksheet is submitted with Lines A – H completed along with the application.

The actual cost of improvements will not be known at the time the application is submitted. Get the customer to provide estimates for these improvements and add an additional 15% to cover the cost of the overrides. **During the application process it is best to submit high estimates for the cost of the improvements so that the credit manager does not have to reunderwrite the loan.** Remember—if there are cost overruns by the improvements contractor, then the entire loan will have to be reevaluated by the credit manager or the buyer may have to bring extra cash to the closing.

Important—the homebuyer must act as the general contractor. All subcontractor estimates must be addressed to your homebuyer.

NO FREE LUNCH...

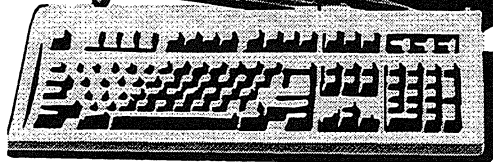
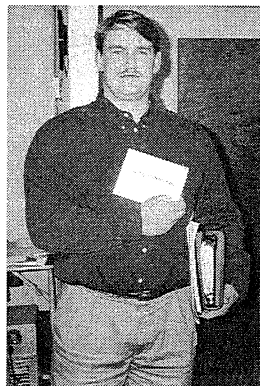
A land home transaction is just like building a house. The transaction documentation is very similar to any other type of real estate loan. Homebuyers are expected to pay the expense of appraisal fees, title

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Got Used Computer Equipment Hidden in a Storeroom?

Is there an old, unused computer languishing away in a closet or storeroom at your location? Please contact the MIS Office in Austin and let us know about it. We may be able to find it a good home or a new use at your location. If you have any computer hardware or related equipment that is unused at your location there is a good chance we can find it a home! Let us know, give a call to (512) 457-0661! Thanks!

American HomeStar Tracker



Region Six is showing that they can grow a good bunch of Tracker Pros! Cambri Polasek from 92 came in first in her Tracker Training and was joined by Ryan Olsen of the Rigby Franchise who was first in his class. Congratulations to you both!

◀ Ryan Olsen from the Rigby Franchise displays his gift certification for being

(Continued from page 7)

tury volume that is just getting underway.

As of quarter end, our total portfolio generating income is \$320M and year-to-date loan volume is \$160M. We expect to exceed \$60M in volume in Q4 and have set \$75M/Q as our next milestone to be achieved within the next several quarters.

21st Century has been working closely with the Retail division to fine-tune special programs to give us competitive advantages in the market place.

One example is the bi-weekly payment plan available currently only to AHC and Clayton stores. We are developing an enhanced land-home loan product, aimed at making it simpler and easier for our stores and our customers to finance their homes with land and property improvements -- all in a single loan. We think this can be a very profitable loan business, offering larger balances per loan and better collateral.

We are continuing to use very conservative accounting assumptions, which minimize "gains on Sale" and creates greater future earning power from our growing portfolio.

We believe our product positioning, vertical integration strategy and focus on building dedicated distribution through Company stores and franchises, 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. We believe that the power of vertical integration continues to be increasingly evident in our results and will continue to drive performance well into the future.

All in all, we are very pleased with the initiatives we've started this year to build the foundation for our continued high growth and strong performance.

Cambri Polasek of 92 and Ryan Olsen of Rigby are March's Tracker Champs!



Cambri Polasek of 92 shows off her winning smile and the reward for her efforts!

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1994 I started selling at Nationwide.

Laurie: As a salesperson and now a General Manager, what skills or lessons would you pass on to other salespeople?

Rick: One of the many skills I've been taught since starting with Nationwide and one that I feel everyone should concentrate on is the "Five Dimensions of Credibility". I feel that these are equally important in that as long as you maintain or accomplish them you will make a sale. Dynamism is especially important when showing homes. If you are excited about your product, no matter if its low or high end, your buyer will be excited. Excitement begets excitement.

Laurie: New salespeople may find our selling system uncomfortable to us in the beginning. What advice can you give them?

Rick: I understand that our selling system is uncomfortable in the beginning, it was for me. Trust me, if you want to make more money than you ever thought was possible, you need to follow the program. A common misconception is that it takes too long. If you have ever spent several hours with someone on the lot only to find out they can't buy due to poor credit, then you understand that spending 30 minutes in the office going through the Story Book and Lender Investment Formula is actually the short cut.

Laurie: Some might say that the system is fine for people who have never sold before but not really necessary for seasoned salespeople? What do you think?

Rick: If you ask any of our successful people in the company about our system, they will all agree it works. It works for rookies and it is still working for the veterans. If you have the desire to go to the next level with this company, you must use it and it will reward you.

Laurie: You've gone from being a top salesperson to a top GM. What motivates you?

Rick: I'd be lying if I said money was not what motivates me. But, more than money, the one aspect that motivates me to be successful is attaining success itself. Some people are satisfied by being good at what they do and that's it....and, that's not all bad. I strive to do my job well and I am looking at the people above me and thinking of how I will do their job in a few years.

Laurie: Has anyone in the company inspired you?

Rick: That would be a long list. How can you not be inspired by guys like Buck, Lad, Chuck and Larry Speck. The last several months have been great as far as a learning process under the teaching of Robby Golden. The great thing about this company is the fact that there are many people with 10, 20, 25 years experience in the business who have been there and done that. There's no situation that comes up that can't be solved by someone. So, my advice to young salespeople is to be a sponge and take all the information you can get now, because before you know it may be you helping others below you.

Laurie: What's next for Rick Vaughan?

Rick: I think in 5 years, after managing a very successful location, I would like to manage several GMs that came up through the ranks under my instruction. There's no greater thrill than hiring a person, training that person and watching them grow and be successful and then watching them teach

others. I have had that honor once in Thom Murphy. There will be others.

Laurie: I know the "Singing Salesman" has a family. Tell us about them.

Rick: I have a beautiful wife and two wonderful children. My wife's name is Susan, she is the Branch Manager of a finance company. My son's name is Dillon. He's 7 years old and already looks like a good baseball player. But, what father wouldn't think that. My daughter's name is Madison. She is 3 years old and has already figured out how to get her way with Dad. I absolutely adore my children and I am so glad I'll be able to provide for them a good life and it's all thanks to American Homestar.

It is the talent, loyalty and dedication of people like you that has made American Homestar and Nationwide such a success. Thank you, Rick!

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Six which is use a trial close. An example of a trial close would be, "Why don't we return to the office and I can show you to the penny what your investment in this home would be."

If they tell you they aren't ready to return to the office, then you'll know you were not reading the situation correctly. If they say "OK, that sounds good." then the salesperson has moved to Step Seven which is Gained Agreement to Return to the Office. At this point, the client has communicated that "the solution" has been accepted and they are settled on one home. When this happens, the 3rd Negotiation has been "won" by ALL parties

Next month.....Negotiation #4 - Closing the Sale

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fees, soil test fees, engineering fees, etc.-- even if the loan doesn't close. The homebuyer/borrower must sign the "Acknowledgement of Non-refundable Fees Paid". This requirement is normal and typical in real estate transactions!

NEXT STEP

The 21st Century Land Home Department will coordinate all future steps. A faxed check list of steps to be done will be issued by the Land Home Department upon fax request from the General Manager to begin the process.

For a complete discussion of Land/Home read the 21st Century Concepts of Credit Workbook. All forms with detailed explanations are in the workbook.

