

HOME Front

HOME BUILDER EXECUTIVE: DAWSON FEATURE PRAISES AMERICAN HOMESTAR'S STRATEGIES FOR SUCCESS!

This month's HomeFront features a recent article published in the May 11th *Home Builder Executive*, a weekly magazine apprising the home building industry of today's most current and interesting topics and facts. We have printed the "Executive Profile" section, an interview with American Homestar President & Co-CEO Lad Dawson, in its entirety on pages 6 & 7.

Congratulations to Mary Morton!

Our apologies for not mentioning earlier that in March of this year, **Mary Morton**, Operations Controller for Nationwide Housing Corporation, celebrated her 24th anniversary with the company!

Those who have worked with Mary know that she is 98% business (by her account, 110%) and 2% great fun. Everyone knows that Mary gets the job done.

Mary is the second most tenured employee of the company, second only to Buck Teeter!

Congratulations Mary! We look forward to many more years working with you!

American Homestar Corporation Announces Strategic Manufacturing and Retail Acquisitions and a Possible Equity Offering

HOUSTON--(BUSINESS WIRE)--May 28, 1998--American Homestar Corporation (Nasdaq/NM:HSTR) today announced that it has signed definitive agreements to acquire R-Anell Custom Homes, Inc. and its related manufacturing operations, Gold Medal Homes, Inc. and Gold Medal Homes of North Carolina, Inc. ("R-Anell"), and retailer First Value Homes, Inc.

Although specific terms of the acquisitions were not disclosed, the total consideration for the combined transactions is expected to be approximately \$50 million in stock, cash, notes, and assumed debt, of which \$18.5 million is common stock. Additional consideration of up to \$12 million may be earned through achievement of certain performance criteria.

R-Anell produces distinctive lines of high-quality, upscale HUD-code manufactured homes and modular homes. The company markets its homes under the R-Anell and Gold Medal brand names through a network of 90 independent retailers located primarily in North Carolina, South Carolina, and Virginia. R-Anell operates two modern plants in Denver, North Carolina, which produced revenues of over \$57 million in calendar 1997. A new plant in Cherryville, North Carolina, was opened in October 1997 and is currently in its startup phase. The Cherryville facility is a brand new, state-of-the-art plant and one of the largest manufactured housing facilities in the country. The plant is located on a 120-acre site, contains over 250,000 square feet of floor space, houses two complete production assembly lines, and has the capacity to produce up to 100 floors per week. R-Anell is currently operating at an annual rate of \$70 million in revenues. Subject to certain conditions, closing is scheduled for September 1, 1998, the first day of American Homestar's second quarter of fiscal 1999.

First Value Homes, Inc. is a retailer based in Gastonia, North Carolina, which specializes in selling modular homes and custom manufactured homes. In calendar 1997, First Value generated revenues of \$24 million from its two, environmentally displayed modular home superstore locations. First Value has developed and implemented a unique marketing sales

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21st Century News
Telemarketing

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MAY, 1998



Presidents Club

RETAIL STANDINGS as of April '98

TOP 25

SALESPeOPLE

SALESPeOPLE	LOT#	YTD	
Charles Jerger	51	1213.69	prorated 9/9/97
Harrison Hebert	15	919.05	prorated 11/17/97
Christi Lancaster	51	848.17	
Toby Cooksey	60	809.17	
Vincent Barbour	7	782.79	Prorated 9/1/97
Randy Wilson	79	771.56	
Ronan Ramirez	96	761.36	
Roger Williams	74	759.59	
Jo McBride	59	755.59	
David Dalley	51	706.4	
Rick Fogle	34	701.97	
Allen Breedlove	55	698.4	
Robert Stevenson	51	694	
Shannon Munns	51	686.39	
Nathan "Trey" Webb	93	682.28	
Craige Bryant	90	647.35	Prorated 7/7/97
Anna Wells	49	631.61	
Joe Crisp	26	628.32	Prorated 8/22/97
John Wells	94	627.06	
Minerva Pipkin	59	620.71	
William Coyle	17	609	
Jeremy Hickerson	57	601.26	Prorated 8 mos
Joseph Woods	51	597.17	
Billy Wayne Wilkerson	48	590.69	
David Pritchett	26	581.9	

TOP 10 GMS

YTD

Don Simonson	1105.5
Dave Shetler	894
Denni	
John	
Carrie	
Richal	
Mike Levin	552
John DeRouen	533
Paul Taylor	500
Jim Tierney	545

March #'s. Will not have April pre-tax figures until next week..

TOP 10 OMS

YTD

Linda Toombs	898
Kim Stafford	682
Gracie Hernandez	595
Chaundra Pannel	493.79 prorated 8/97
Dottie Moore	487.3 prorated 7/97
Betty Haney	479
Chere Kelley	472
Julia Green	424
Belinda Humphrey	420
Curtis Hardick	371.8 prorated 7/97

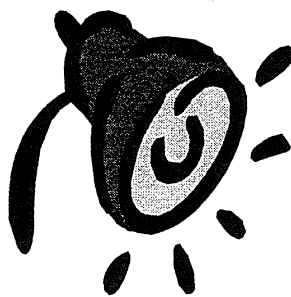
TOP 5 BMS

YTD

Cathy Jackson	1670
Christine Baker	1445.5
Jack Smith	1277.5
Terri Raymond	1061.5
Trudi DeRouen	978.5

The points above reflect proration and bonus points. More detailed information will be in your Friday pack. IF YOU HAVE QUESTIONS ABOUT YOUR POINTS, FAX THEM TO 281-334-9737. I CANNOT SPEAK TO EVERYONE. Thank you and good luck! -Laurie Lowery

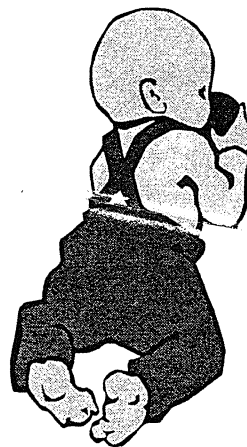
Insurance News by Lisa Smith



EMPLOYEE SPOTLIGHT

As our series continues, I would like to introduce **Susan Ketchum**. Most of you are

already best buds with Susan. She is in our dealer service department and is responsible for completing your quick quotes and requests for quotations. I'm sure that you are well aware of the importance of her job and in keeping her happy. Do your quotes get cheaper when she's happy? (Ha! Ha!) Susan has moved up the ladder through the years. She started with Western in September of 1995 as our receptionist & data entry gal. She then moved to customer service and then to her current position in dealer service. Along with quotes, she also underwrites (checks) applications as they arrive in our office. Susan's favorite part of her job is receiving perfect applications. Let's see how many perfect apps can arrive on Susan's desk. In her spare time, Susan is a devoted mother and wife. Her family consists of a loving husband, a son and daughter-in-law, two daughters, one grandson, two dogs, one heifer, and one steer. Is this a wild combination or what? The heifer and steer were purchased for her



youngest daughter's school project. However, they are quickly becoming a part of the family. Even Susan is becoming an expert on livestock questions. Do you know the differences between a cow & heifer or a bull & steer? If not, call Susan, she can help. However, no ones takes top honors over her grandbaby Dalton. Ask Susan and she'll tell you that he is the *Most Beautiful Baby in the World*. Dalton is eight months old and the apple of his grandmother's eye. Next time that you talk to Susan, don't forget to ask about him.

WESTERN'S WORKINGS!!!



WHAT HAPPENED TO 1997?

It has recently come to our attention that everyone has lost track of the new year in regards to rating the Home Buyer Protection Plan. The rate is based on the year model of the home and the date that the home is delivered. If the home is a 1995 and delivers on January 4, 1998, it will be rated as a three year old home. Please pay special attention when calculating the age of a home. This mistake is resulting in some costly chargebacks for several locations. As always, if you ever have any questions, do not hesitate to call our office. That's what we are here for!!!



PLEASE TAKE NOTE...

Our lenders are not being informed of the correct entity to make the insurance checks payable to. It is the dealerships responsibility to either educate the lender or write on the application whom to make the check payable to.

All insurance checks should be made payable to WESTERN INSURANCE AGENCY INC. Please be certain to inform all of your lienholders. If we receive checks made payable to the insurance company, the check is returned and the lender must re-issue it. As you probably can guess, this does not brighten their day. Thanks for your help!!!

GOOD NEWS FOR HOMES GOING INTO COASTAL AREAS!!!

It's been a long time since we've heard good news and coastal areas in the same sentence. By the time that this article prints, Western should have access to two programs for use in the coastal areas of Texas, Louisiana, Mississippi, & Alabama. These programs should provide lower cost physical damage insurance along with easier procedures. If you are in need of this information and have not yet received it, please call us immediately. Hopefully these programs will make life easier on all involved. Thanks for your patience.

21ST CENTURY



...good
as
GOLD

21st Century Mortgage CHRONICLE

BUBBA'S BACK

—ACTUALLY HE NEVER LEFT—

Use the bi weekly mortgage payment to convert your prospect to a homebuyer—The bi-weekly payment plan is not widely available and most buyers do not realize the tremendous benefit they will receive.

Less than 5% of your competitors have a bi-weekly payment plan! BUBBA gives Nationwide/Oak Creek dealers a feature that is hard to shop.

Buyers save interest—on 30 year loans it an equal 86% of the home price

Use bi-weekly to build equity faster

Budgeting the weekly or bi-weekly paycheck is easier because there is money leftover

Benefits of bi-weekly are free and the the benefits are significant to the homebuyer as well as the dealer

Always offer at the close if you have not presented earlier.

Years of experience has proven over 66% of buyers will choose BUBBA if properly presented

BUBBA is simple—compute the regular monthly payment then cut it in half.

EXAMPLE:

Loan	\$50,000
Term	30 years
APR	10.50%
Mo Payment	\$457.36

Divide by 2

Bi-weekly payment	\$228.68
New Term	20.4 years
Shortened term	9.6 years
Saving	\$42,991.84

Tracker™ calculates the bi-weekly term and prepares the disclosure form. The 21st Credit Manager can walk you through a deal if you do not have Tracker™.

21st RECORD YEAR

Volume Doubles '97

For the year ending May 31, 1998, 21st Century originated in excess of **\$226,000,000** of loans---more than twice the \$109,000,000 in FY'97. At the end of May, total receivables will exceed **\$365,000,000**. Nationwide dealers and franchisees provided 70% of the volume.

"While '98 was great-- '99 will be sublime"

---Bubba Shakespeare

CONTINUOUS IMPROVEMENT

21st Century is committed to continue to improve the service to its dealers. The competitive environment faced by dealers means 21st Century must enhance the application (faster turn with clear communication), funding and servicing process.

TRAINING AIDS

In FY'99 more training assistance will be available at the sales center and in regional meetings from experienced 21st Century Marketing Representatives. **Mike Boyd, Jim Rea,** and **Mark Lakey** are now scheduling work shops for FY '99.

BUBBA BOOSTERS

Over 40% of Sales Financed BUBBA

15	Opelousas
46	El Paso-Oak Creek
74	Bossier City
79	Lufkin

BUBBA lobby charts that highlight the saving will soon be available. This "Silent Salesman" should prompt buyer interest so be prepared to answer their questions.

Lanette Carpenter

The Critical Path to Selling Homes

"The 4th Negotiation"

Negotiation is Negotiation is Negotiation!

It doesn't matter what you are Negotiating, using a proven Negotiation Model is the only way to get **CONSISTENT RESULTS**.

The American Homestar Selling System is based on a Negotiation Model 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

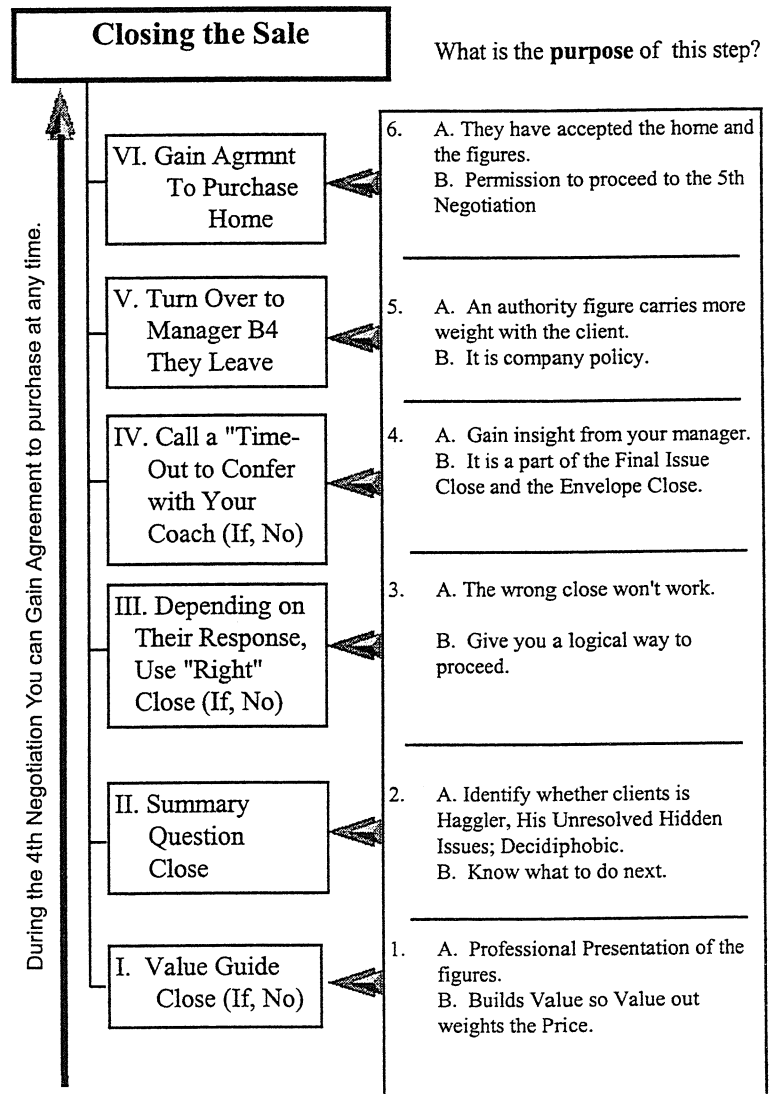
Each of the Negotiations must be "won" in order to stay on the Critical Path. The beauty of this system is that when you win the negotiation, so does your client. This month we will examine the 4th Negotiation "Closing the Sale."

The 4th Negotiation is the only negotiation where you can skip steps. As an example, you begin this negotiation with the Value Guide Close. If the Value Guide Close works, then you have jumped to step six which is "Gain Agreement to Purchase the Home." Keep that in mind, while we walk through the steps in the 4th Negotiation.

The First Step is "The Value Guide Close." The Value Guide Close is a professional presentation of the figures. It also is used to continue the process of building value.

REMEMBER - the client will not buy until they perceive the Value outweighs the Cost.

The Value Guide Close is an assumptive close. The salesperson is very "matter of fact" in the way they present the figures. Up to this point, if the salesperson has followed the



Critical Path, the Value Guide Close is usually the only close that needs to be used. (If this doesn't work proceed to Step Two).

The Second Step is the "Summary Question Close." This is used to find out why the Value Guide Close did not work. The verbiage for this close is, "Dave, I just want to make sure we have you in the right home, was the size of the home okay? I know you

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HOME BUILDER EXECUTIVE

Executive Profile

LAURENCE DAWSON
American Homestar Corp.

Laurence Dawson, 53, has been president & co-ceo of American Homestar Corp. (League City, TX) since 1993. Previously, he was ceo and chairman of Oak Creek Homes, Inc., which he founded in 1983. Oak Creek merged with Mobile America Housing Corp. in 1993 to form American Homestar. From 1972 to 1983, Dawson was with Kaufman and Broad Home Systems, Inc., where he served as executive vice president and coo. He shares the ceo position at American Homestar with Finis Teeter, who was chairman and ceo of Mobile America prior to the merger with Oak Creek. For the third quarter ended Feb. 28, American Homestar reported revenues of \$117 million, up 16%. Net income was \$4.5 million, up 31%.

In the interview below, Dawson discusses the company's strategy to grow the business.

HBE: Describe American Homestar.

LD: American Homestar is one of the nation's leading vertically integrated manufactured housing companies. We manufacture and sell homes, as well as provide financial services to home buyers. We currently have operations from Oregon to North Carolina, and we do business in 28 states. We have 11 manufacturing plants in operation, 85 company-owned retail sales centers, and 40 exclusive franchised retail sales centers under the Oak Creek Village name.

HBE: What were the milestones for the company this fiscal year?

LD: Our fiscal year will end May 31, at which time we expect to be a half-billion dollar company in total revenues. This is our fourth year as a public company. In that time, we have had 15 consecutive quarters of record revenues and profits and have exceeded our target of 20% annual earnings-per-share growth in each of those quarters. This year marks the beginning of a new strategic initiative for us, which is the national rollout of our franchise system. It's not a new concept in itself, but it is in the industry. We're very excited about the early results and the prospects for it.

HBE: How does the franchise system operate?

LD: Much like the fast-food industry, we view the franchise as another point of distribution. It's like a company store, except it's owned and operated by an independent entrepreneur and business owner. We are using Oak Creek Village as a national brand name. We provide all of the infrastructure, the home products, and many financial services products to the franchisees. There is a structure for regional advertising - both television and print. We have a very complete business and sales system, which is supported by a

merchandising program. We provide an extensive training program for the franchisee's sales people and management team, which is the same program we use for our own sales operation. Essentially, we provide all the elements that our independent franchise operators need to be competitive. Our slogan is "Be in business for yourself, not by yourself." We marry the benefits of being a large, national, vertically integrated company with the special skill that comes with being an entrepreneur and owner of your own business.

HBE: You've said you want your retail stores to be like Blockbuster Video stores. How so?

LD: The basic idea for both our franchise stores and our company stores is to have our operations compete very effectively in the competitive retail environment in each market. The best way to do that is to make sure both our stores and our franchise stores have more effective tools. We want to have the most attractive sales centers and model homes with curb appeal, as well as effective advertising and training programs for our sales and management teams. If we can do all of that effectively, our sales centers will be successful, profitable, and will carve out a little more market share than some of the independents they compete with.

HBE: How has FY1998 differed from previous years?

LD: Fiscal '98 has been a very exciting year for us. It's also been more challenging in the industry, because there have been a lot of changes this year. The growth rate in industry shipments has slowed down. To continue to grow, we've been more focused on market share. There's been a very competitive environment at retail, and we expect that to continue. We've accelerated the growth rate of our retail operations and

franchises. For example, prior to fiscal '98 we had opened or acquired on average 10 new stores per year. We will complete this fiscal year with at least 32 new stores opened or acquired during the year. Our franchise operations have gone from zero to 40. It's been a year of significant growth in our dedicated distribution system of company stores and franchises.

HBE: How was the recent quarter for American Homestar?

LD: We had another record quarter and exceeded analyst's earnings estimates by several cents a share. We posted a 31% increase in net income and earnings per share, compared with the same quarter a year ago. We're also very pleased with the performance of some of our newer operations - particularly in the Deep South and Southeast - where we made acquisitions in the last year or so. Many of these new areas are nowhere near their full potential for revenues and profit contributions yet, so we're very excited about the prospects for future growth.

HBE: What's the strategy for the upcoming fiscal year?

LD: Our strategy is not dramatically different from what it has been for the last three or four years. We have, however, refined one point. The consolidation going on in the industry, with some of the larger manufacturers such as Fleetwood and Champion getting into the retail business, has convinced us to reduce our dependency on independent retailers. We will move more quickly toward dedicated channels of distribution - company stores and franchise stores. We want to add at least eight to ten stores each quarter to our company-store base. We hope to have a similar rate of growth in our franchise network. We should end FY1999 with a much higher percentage of our manufacturing capacity

directed toward dedicated points of distribution, as opposed to independent retailers. The growth of our dedicated network should give us the confidence to expand our manufacturing capacity as well.

HBE: How will acquisitions shape your future strategy?

LD: We have been very active in acquisitions in both retail and manufacturing over the last three years. Most of our acquisitions have had modest valuations, because they were small, or were operations that might not have been reaching their full potential. I believe our acquisition strategy will continue in that direction. Since we already are vertically integrated with a manufacturing infrastructure and retailing system, we aren't compelled to make large acquisitions at the higher valuations that we have seen recently. We can focus on greenfielding operations or making smaller, more affordably priced acquisitions and continue the aggressive growth of our retail network. On the manufacturing front, we can consider new plant construction for growth, or an acquisition for additional capacity, in either a market we are currently in or a new market. We will be opportunistic in that area.

HBE: How is the company changing as it grows?

LD: Since the company was born in the merger of Oak Creek and Mobile America, we've doubled in size on average every two years. This history of high growth has required us to evaluate and change our organization regularly. In fiscal '98, we made a major change in the retailing division, breaking the country into four specific divisions and appointing a president to head each of those divisions. We also appointed regional vice presidents. Each will ultimately supervise 10 to 12 sales centers. In a short period of time, this created some opportunities for our employees as we moved a lot of people into new chairs early in the year. It's really paying dividends. Now we have a very broad organization which we believe has the structure to accommodate 125 to 150 company-owned stores as we build out the regions we are in. We are doing the same thing in our manufacturing division. Over the last year, we recruited Ron McCaslin to head up that division as its president and coo. He is well on the way to expanding and developing a broader organization to manage the 11 plants we have and continue to grow that manufacturing base at 20% or

greater annual rate that we look to accomplish.

HBE: Where will the growth come from?

LD: Our focus for the next year or two will be to more fully develop the Deep South and the Southeast. Last year we acquired Brilliant Homes, a three-plant manufacturer in Alabama. Along with our Mississippi plant, that gave us a good Deep South base of four manufacturing facilities. We set a specific production mission for each of those plants to cover the low end, the medium range, and the high end of the home-product market. In the Southeast, we look to expand our marketing capacity beyond the one plant we have today. We are also moving rapidly to build our retail and franchise network in these markets.

HBE: What differentiates American Homestar?

LD: Clearly, our strategy of vertical integration is a major differentiating factor from manufacturers like Fleetwood and Champion, until their recent forays into the retail business. We are very focused on the consumer in our retail sales centers. What happens at the retail level drives everything in our business - from customer satisfaction and service to product development and design - to meet the needs of the marketplace. We also finance homes through our affiliate, 21st Century Mortgage. There are a number of similarities between us and Oakwood or Clayton Homes. But while they have a more value-focused strategy, I believe we have more emphasis on the multi-section market and a broader product offering - including higher priced, quality homes.

HBE: What trends do you see among home buyers?

LD: In general, home buyers want the most home they can afford. Since interest rates are attractive now, most home buyers can afford to invest more in their homes. We're seeing larger homes - 1,800 to 2,400 square feet. We also see a trend to higher quality, multi-section product as opposed to the single-section mobile home. In some parts of the country, particularly in the Southeast and Deep South, higher pitched roofs are in demand. They require some site work to erect and give the home more of a site-built appearance than the typical manufactured home. I think we'll see more of that in the years to come. Residential painted, tape-and-texture interior wall finishes, as opposed to the prefinished vinyl wallpaper

look, are definitely becoming more popular, especially in the higher price points.

HBE: What new streams of profitability do you see for American Homestar?

LD: We began American Homestar with the vision of making it a fully integrated national leader in the manufactured housing industry. One of the keys to that strategy is to capture streams of income from financial services and insurance products. 21st Century Mortgage is a very important part of our future. It's relatively new, having just started operations about two years ago. But it's ramping up very rapidly. We have a current portfolio under management of about \$300 million that's generating income. We expect to originate up to \$350 million in new loan volume in the next fiscal year. We're finally reaching the point of critical mass with 21st Century, where the income stream will play a bigger role in our total earnings picture as we go forward. In fiscal '98, 21st Century accounted for about four to five cents a share of our total earnings. That's a relatively small part. Looking ahead, it should be a very significant part of our profits.

HBE: What are your sales goals for FY1998?

LD: We are very confident that our 20% plus growth rate, which we've enjoyed over the last few years, will be met or exceeded, both in revenues and earnings per share.

HBE: What is the biggest challenge you face?

LD: We're growing very fast. We have a very sound and focused strategy that our senior and middle management teams are very comfortable with. The challenge we have every day is finding, recruiting, and training the people we need to keep growing. We're very proud of the way our people have handled the challenge of developing the teams of people they need, and we are confident they will continue to do so.

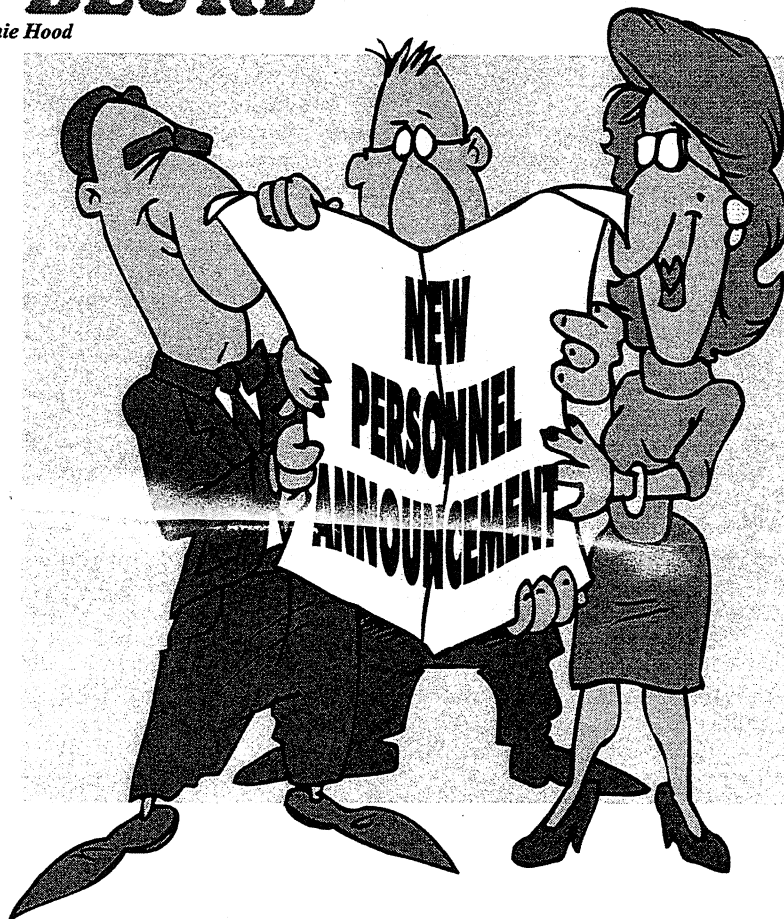
Feb 5 - YTD For May

1. Nationwide-Abilene	John DeRouen	36 Floors
2a. OCV-Lancaster	Don Simonson	32 Floors
2b. OCV - Las Cruces	Allen Crawford	32 Floors
3a. Nationwide-Austin	Dennis Williams	26 Floors
3b. OCV-820 FTW	Mike Levin	26 Floors
4a. Nationwide-Burleson	Bill Straub	24 Floors
4b. Nationwide - Desoto	John Raine	24 Floors
5a. Nationwide - Huntsville	David Foy	22 Floors
5b. Nationwide - Spring	Jeff Herholz	22 Floors
5c. Nationwide-El Paso #44	Atley Turner	22 Floors

Great Job!!

Vicksburg BLURB

By *Melanie Hood*



We would like to announce two additions to our sales staff.

Eric Barron will be the new Zone Manager serving Mississippi, Alabama, Tennessee, and parts of Louisiana. Eric has two years experience as a manufactured housing representative and one year as a representative for a carpet manufacturer.

Michelle Lynn will be the new Sales Coordinator assisting the zone managers in all daily activities. Michelle has one year experience as sales secretary and one year experience as service coordinator.

We are very excited about our new team and we hope everyone will join us in welcoming Eric and Michelle.

LANCASTER NEWS

by Paxton Green, and Craig Cozad

New Additions to Lancaster

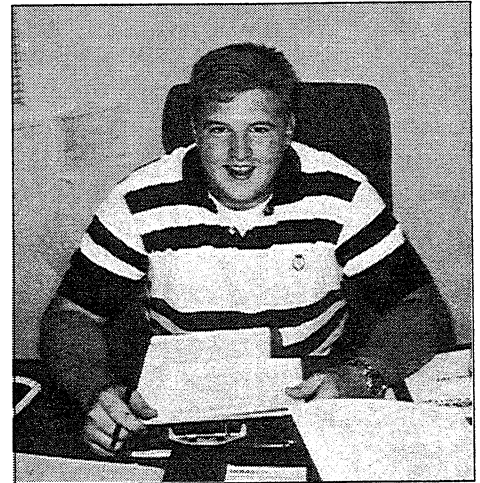
Lancaster has three new arrivals to announce. Sounds like something is up just after a Mother's Day weekend. Well it is not that kind of arrival. We have three new faces to add to the Lancaster team. **Ramey French** has joined our customer service team. She hails from Dallas and has a long background in customer service. Ramey is also a certified scuba diver. **Chad Gaston** has joined the sales team at Lancaster. A recent graduate from the University of Texas at Arlington, Chad is a longtime resident of Duncanville and he also is a scuba diver. **Craig Young** is our new Product Engineer at Lancaster. Craig comes to us with over 14 years of manufactured housing experience including service with Fleetwood. Craig



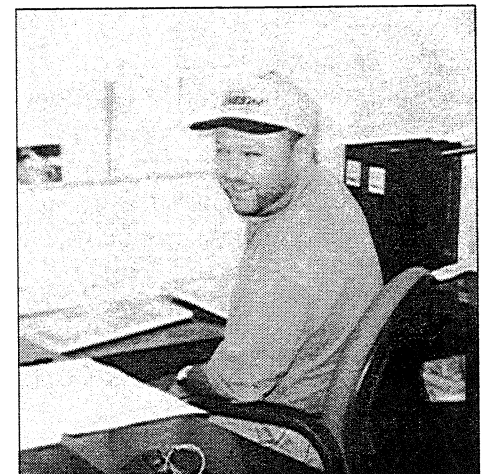
Ramey French

is a Florida native and in some sort of trend he also is a scuba diver. Sounds like the diving pool is the newest recruiting spot. Welcome to the new faces at Lancaster.

P.S. For those of you that need samples, sales aids, or whatever, give Chad a call at x123 and he will be glad to assist you in any way necessary.



Chad Gaston



Craig Young



Lancaster Soccer Team Takes Title!

Congratulations are in order for the undefeated Lancaster soccer team who took the championship in their league. This was the first time out for the team so the other teams better watch out next season! The team: back row left to right, **Lance Freeman, Bernardo Loera, Joe Quiroga, Edgar Santiago, Edgar Castaneda, Ricardo Romualdo** and **Salvador Sanchez**. Front row: **Julio Martinez, Rodolfo Siller, Felix Vara, Silvano Piedra, Omar Garza** and **Antonio Herrera**.

TOP DOGS for APRIL:

The top 5 dealers for orders in any given month are included in the Top Dog Award, issued by American Homestar of Lancaster.

1. OAKCREEK VILLAGE/LANCASTER
2. NATIONWIDE/SPRING
3. NATIONWIDE/TYLER
4. NATIONWIDE/DESOTO
5. NATIONWIDE/LAS CRUCES

DON "THE SIMONIZER" SIMONSON
JEFF "RED CORVETTE" HERHOLZ
DAVE "D' MAN" FORTRIEDE
JOHN "RAINMAN" RAINE
VICTOR "THE KING" ZAMORA



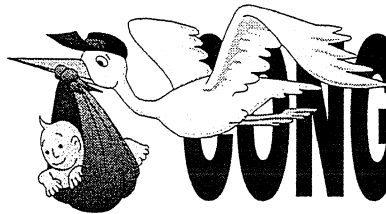
Sunny Creek Estates Wins National Housing Residential Community Of The Year Award



More than 1,000 people attended the 7th Annual Manufactured Housing Industry National Awards luncheon held April 15th at Ceasars Palace in Las Vegas, site of the National Manufactured Housing Congress. Sunny Creek Estates was awarded the prestigious Land-Lease Community of the Year award by the Manufactured Housing

Institute. Sunny Creek Estates is a state-of-the-art adult land lease community located near Spokane Washington. This beautiful community boasts of a "Lifestyle" for those seeking true country serenity and beauty, with an 18 hole golf course, shopping, dining, entertainment and hospitals just minutes away. It's easy to see why this development has received such

national recognition. We are very proud to be a partner with **Brian** and **Dina Layton** and look forward to continued success with them in their many endeavors. (Pictured are Brain Layton, Sunny Creek Residential Community, Inc. along with Dave Whitson, General Manager Guerdon Boise Division)



CONGRATULATIONS!

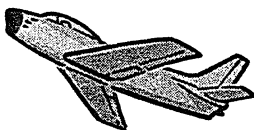
Caroline McKuin has become a new mother for the first time!! On February 23, 1998 little **Hanna Maray Houston** was brought into the American Homestar family. She was born in Boise at the St. Lukes Hospital weighing in at 7lbs 9oz and 21" long. According to Caroline, Hanna, although only 3 months old, is already getting phone calls from the boys!! Look out mom and dad. Again congratulations to Caroline and Jimmy on the birth of their beautiful baby daughter.

WELCOME ABOARD!

Miki Schlapia has joined the Boise Sales Team as our newest Sales Coordinator. Micki is married and has two children, son Jared 5 years old and daughter Randee 2 years old, keep her busy and on the go. Other than working extremely hard in her new position, Miki's interests include volleyball, basketball, skiing, being a soccer mom and cheering on her husband Scott during his softball games. We are very pleased and excited to have her join our Sales Team.

American Homestar University

would like to
Congratulate our
most recent Top Gun Winners



May:

Robby Edmonston #28

Bruce Flynn #44

Robert Griffiths #78

Steve Hager #78

Rich Hamilton #75

Gene Nichols #F38

Betty Plumb #20

Lyn Welch #61

***8 Top Guns were awarded due to a miscalculation of test scores.**



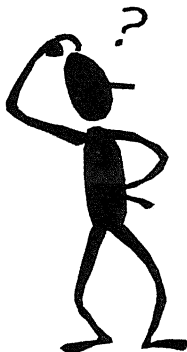
Our apologies to David Hanson from location #74, who was left off last month's list

(Continued from page 5)

Lanette Carpenter - Negotiation is Negotiation is Negotiation
Continued

said the kitchen was important, how did you feel about the kitchen?" (You need to continue this line of questioning until you can identify whether this client has an Unresolved or Hidden Issue, is Decidophobic or is a Haggler).

The Third Step, depending on their response, is the "Right Close." The Right Close refers to the fact that most closes are only appropriate for specific situations. An example of this would be the Envelope Close. It would only be the Right Close to use on a specific type of Haggler and would be disastrous to use on someone who is decidiphobic. Knowing the appropriate close to use at the appropriate time gives the salesperson a logical way to proceed. (If the Right Close doesn't work or you are using the Right Close and it includes



continued from previous column, left, below.

management involvement, go to the fourth step).



The Fourth Step is "Call a Time Out to Confer with your Coach". At this point in the negotiation, one of two things has happened. Either the salesperson has been unsuccessful with attempted closes or is using the Final Issue Close or the Envelope Close. (These two closes require management involvement). In either case, the salesperson needs to confer with their manager. (If this strategy doesn't work, go on to the fifth step).

The Fifth Step is "Turn Over to Manager Before they Leave." This step simply means that before any prospective client leaves our sales center, that client *must* be introduced to the Manager. This gives the Manager an opportunity to close the client. The T.O. Process is successful because the Manager is an authority figure and this usually carries more weight with the client. It's also very important to understand that this step is **COMPANY POLICY!!!** It is not left up to the discretion of the salesperson.

The Sixth Step is "Gain Agreement to Purchase the Home." When you have reached this point, the client has agreed that they accept the home and the figures.

REMEMBER: During the 4th Negotiation of Closing the Sale, you can go straight to the sixth step at any time.

When the sixth step has been accomplished, then the 4th Negotiation has been **WON!** Which means **ALL** parties have **WON!** Next month, the 5th Negotiation - Close for Continuation."

HOMEFront TO CHANGE FORMAT

Beginning with the new fiscal year, the **HOMEFront** will change its format to a quarterly publication. This format will allow more attention to the quality of the publication and more in-depth reporting of the events within the American Homestar Corporation family. Please keep sending your contributions to us and we will endeavor to include all materials provided.

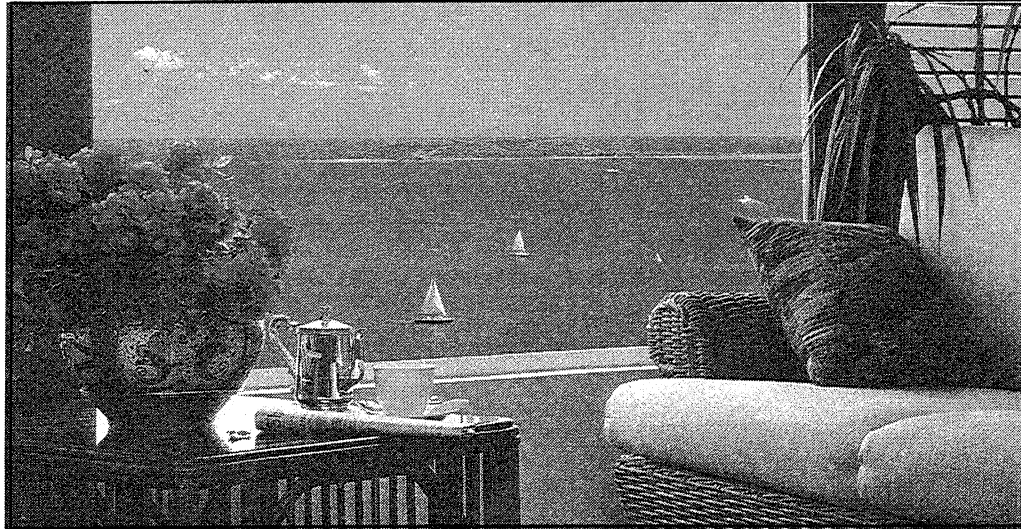
We hope this new format will improve the quality of the materials provided to you. See you September 1!



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

Join Us For A Vacation in Paradise!

about this newsletter...

Published in Austin, Texas on no particular day of any given month.

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



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

Manufacturing Editor
Tom Jewell

General Editors
Sara Carver
Richard Eklund

(Continued from page 1)

system which provides the customer with one-stop shopping for site selection, site construction and home installation, and mortgage financing. The company is a key customer of R-Anell, but also sells homes supplied by other manufacturers. Subject to certain conditions, closing is scheduled for June 30, 1998.

Commenting on the planned transactions, American Homestar President and Co-Chief Executive Officer **Laurence A. Dawson, Jr.** said, "These transactions represent two strategic initiatives for American Homestar. The R-Anell acquisition completes our manufacturing expansion strategy in the Southeast/Mid-Atlantic market area. We will now have five assembly lines in North Carolina, structured to produce 100% of the product needs, including low, medium and higher-priced manufactured homes and modular homes to support our independent retailer base and our growing network of Company stores and franchise operations. R-Anell has a management team led by Chairman and founder Rollan Jones and President Dennis Jones, an experienced work force, a loyal independent retailer base, and a clear vision for building the high-quality R-Anell and Gold Medal brands. We intend to provide the capital and support resources to help R-Anell realize its vision of leadership in the high-end modular/manufactured home market."

Chairman and Co-Chief Executive Officer **Buck Teeter** commented, "Our partnership with R-Anell and First Value represents a new strategic initiative in the modular home business. First Value represents our entry into modular home retailing, a new growth opportunity for American Homestar. The company, headed by President **Ron Kruger**, will operate as a separate subsidiary with the capital and mission to expand its base of operations."

American Homestar also announced today its plans to file a registration statement with the Securities and Exchange Commission for an offering of approximately 2.5 million shares of its common stock, subject to market conditions. All of the shares will be offered by the Company. Proceeds of the offering are expected to be used to fund the Company's acquisition strategy, planned expansion of the Company store network, national franchise program and manufacturing capacity, and for general corporate purposes. The proposed offering would be made only by means of a prospectus.

American Homestar is one of the leading vertically integrated manufactured housing companies. The Company currently operates 11 manufacturing plants, 86 Company-owned retail sales centers, and serves 40 retail franchisees and more than 300 independent retail locations in 28 states. The Company also provides retail financing through its finance affiliate, 21st Century Mortgage, and provides insurance and transportation services to its customers.

NEITHER RAIN NOR DARKNESS WILL KEEP NUMBER 7 FROM A SUCCESSFUL SALE!

On Saturday, May 23, 1998 and Sunday, May 24, 1998 Lot #7 held a BIG! "Meet The Banker" sale. The crew at #7 worked with Tracker to generate 400 flyers that were mailed in advance. After mailing out the flyers, they took one evening to call the customers and make appointments with the banker that was at the location helping to make the sale a success.

The sale was further boosted by running advertisements in their local newspaper and serving up free hot dogs and soft drinks. Further, prizes were awarded to those leaving their name, address and phone number, a clever way to get the necessary information to allow for future follow-up!

When Saturday morning arrived, the sun came out long enough to get everything set up and ready, but about 11:00 a.m., the sky turned black and the bottom fell out! It rained so hard that you could not see across the street.

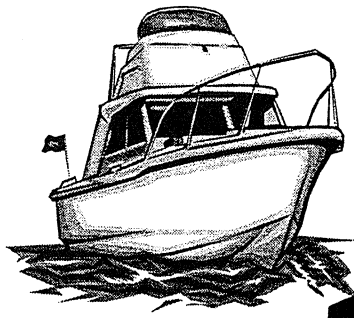
Angela Wall, Office Manager, said "During this time I stood on the porch and looked around the parking lot. I was amazed at the customers! I counted 30 cars not including the salesmen's cars. Every salesman had a customer in his office and there were people standing and waiting everywhere."

The location used the Tracker System Mail Out Feature to generate their flyers sending to all status' except X's.

This sale was a huge success for Location Number 7 and with a minimal cost, a lot of new prospects were generated! And the results? During this two day promotion, twenty-one new deals were written and twelve deals were approved! Congratulations to Ashley Pierson, General Manager, and crew! Great Job!



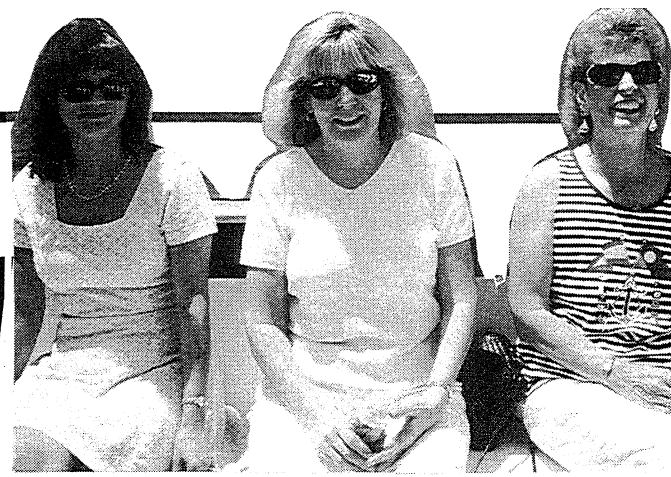
Above is a view of Location Number 7, after the rain stopped!



Ahoy Matees!

It was an incredible journey with the Home Office aboard the Star Gazer on May 1st, 1998.

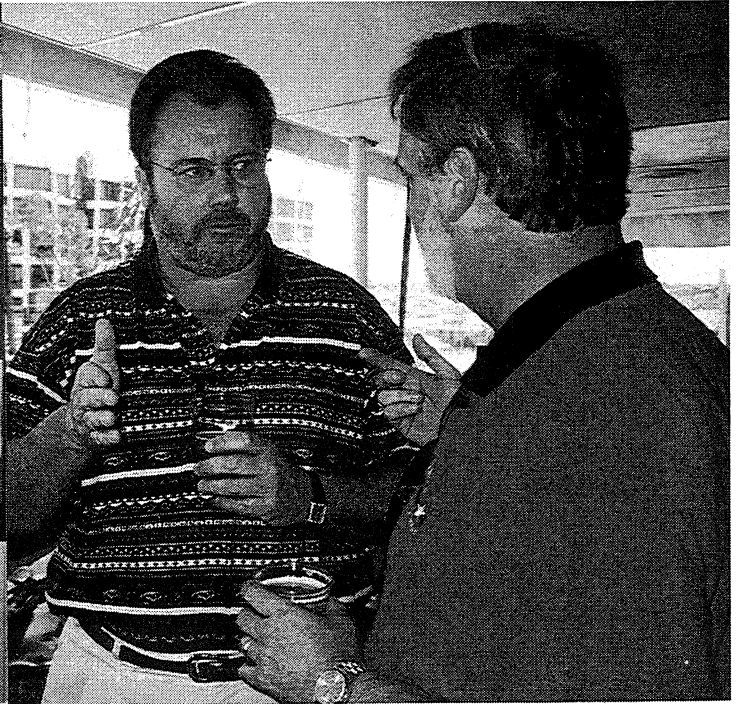
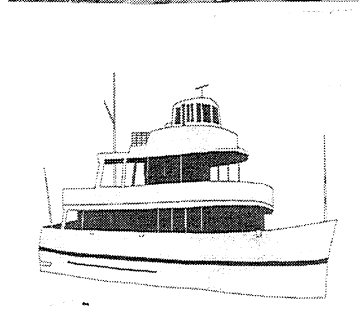
The boat cruised into the bay as our Homestar employees basked in the sun, after a hard day's work. About two months ago our Company purchased a new software program from Oracle. We joined in partnership with TSC, the company that we hired to implement and train our employees on this new software, who will be with us for the next six to eight months. The boat trip originally began as a dinner invitation for the executives of our Corporate Office. **Steve Comstock**, our Management Information Systems director, suggested all of the employees go along, since they are the ones who will be most impacted by the new system. TSC, Oracle, and American Homestar decided to split the bill and take everyone, and just make it a full kick-off. The makings of a contest were put into the works. The winner would name the new program. The victor in this heated contest was none other than our own Marketing Manager, **Laurie Lowery**. She came in first place, receiving fifty dollars and a T-shirt with the new Infostar logo. Coming up behind her in second place, **Sandra Ray**, one of our Payroll Representatives submitted the name Noah. **Rita Mallatt** won third place with the name Project Star.



Margarett Gonzalez and **Kathleen Smith** came in as runners up with the name Delphi, which was the home of the all-knowing Oracle in Greek Mythology. **Ronnie Richards** was disqualified from the contest for submitting too many entries.

The trip was a marvelous, sunny success. We even caught sight of a full moon. The lunch buffet included ham, turkey and Rigatoni. Our MIS department from Austin and the Accounting Department from Arlington were also there to join in on the fun.





What Makes a Good Mail Out?

It Takes More than the Correct Postage
By Dwayne Teeter, Assistant Vice President

If you are sending out periodic mass mail-outs with Tracker, but are not experiencing the success of locations such as #7, maybe your mail out is missing something. Before spending the time and postage on your promotion, make sure your flyer has these important features:

1) A Good Theme: Why are you having a sale? Let the customer know! Reasons that would really result in a change of selling behavior on your part, such as an overstocking sale or a fiscal year-end liquidation tend to be more effective than "President's Day Sales," "Arbor Day Sales". Let's face it, what kind of motivation is Lincoln's birthday to mark down your inventory?

2) Examples of Savings: Pick a few homes that are representative of your inventory, typically a singlewide and a doublewide. Strip them down and advertise a price that will knock your customers on collective rears. Don't pick more than two houses to promote, though. Remember, attention spans on advertising are short.

3) A Reason to Return to the Location WITH THE FLYER: Include a coupon on the flyer which entitles them to savings only if they return to your lot with it in hand. This allows you to measure just how effective this promotion was. A good example is a clip-out on

the bottom that says "Redeem this coupon for free skirting." Remember to include a disclaimer that says that the coupon must be presented before purchase, so that we know what our costs are going to be going into negotiation.

4) Good Artwork: Remember, Deputy Dawg is not our art designer. Make sure your flyer is professionally presented with clip art and unique fonts so that the person who get the flyer doesn't think we're a bunch of knuckleheads. Want some tips on your layout? Pay your work to me or Richard Eklund for opinions or assistance.

5) Limited Time Offer: Just like when you make a follow-up call, there must be some kind of time constraint on the offer you are making. Make sure that the customer knows if they don't jump on this deal now, they will regret the mistake for the rest of their natural lives, possibly longer.

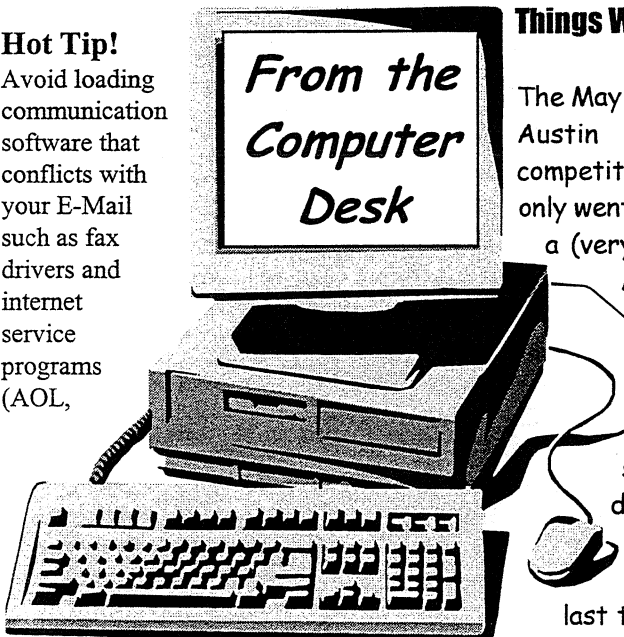
Avoid these pitfalls when organizing your mailer:

1) Don't Have too Many Messages on your Mailer: Most people look at a direct mail advertisement for about 10 seconds. Make sure the message is short, clear and to the point.

2) Avoid a "Too Busy" Format: Too much going on looses the focus, keep it simple!

Hot Tip!

Avoid loading communication software that conflicts with your E-Mail such as fax drivers and internet service programs (AOL,



**American
HomeStar
Tracker**

Things Were Hopping in Austin!

The May Tracker Training classes in Austin showed some hot competition! The first class not only went to the wire, but there was a (very rare) tie for first place.

Audrey Brennon, Office Manager #68 and **Mike Myers**, RVP Eastern Division tied with perfect scores! In the

second May class, the contest ran down to the wire, with **Mike Hastings**, RVP Eastern Division snatching victory from the jaws of defeat on the very last test of the class. Mike beat out **Betty Harouff**, Office Manager #13 by three (3) points by ace-ing the final test of the class! But Betty's near perfect score shows her to be a force to contend with! Congratulations to all!



Audrey Brennon, Office Manager #68 and **Mike Myers**, RVP East shared the Top Dog title for the first May Tracker Training session.



Mike Hastings, RVP East, was suprised that he edged out the competition for Top Dog!