

PRESIDENT'S CLUB MONTHLY

e-news

AUGUST 2002:

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- Homestar Forms Mortgage Co.
- New & Improved Websites Launched
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The Future Is Here

*Buck Teeter, President & CEO
American Homestar Corp*

The Manufactured Housing marketplace has changed, driven by the contraction of the chattel finance market, a slowing economy and also by Senate Bill 1869 in Texas. The good news is it will continue to evolve towards a broader, more stable and more predictable market. A market that we are in a unique position to capitalize on because of the market evolution and the turmoil our competitors remain steeped in.

In the past, we relied on distributing our products through street sales centers in regional areas. This traditional manufactured home market where homes are sold to scattered or rented sites is declining. To be successful in the future, we will need to become less reliant on street sales and chattel financing and focus on land home sales and real estate financing. Why? Because it is an emerging, growing market in which we can provide better value to the consumer.

By packaging our houses with land, we are able to offer the consumer a much better overall home product including land, proper home placement on a foundation and site improvements such as garages and porches, at a lower interest rate and monthly payment. This extraordinary value will attract a better quality and more satisfied customer and provide a housing solution to lower income families, not available in the past.

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Kathy Flanagan, the 4Q Queen

Kathy Flanagan is no stranger to change. She's been with Nationwide since October of 1997 and since then has been an Office Manager, a Business Manager and now a Salesperson. She's worked at our sales centers in Oklahoma City and Bossier City, moved back to Oklahoma City and now has finally found a home in Tulsa. Tulsa suits her....she funded 12 homes in the last quarter (the majority of which were land/home) and won herself a spot on the Presidents Club trip to Cabo.

When asked how this happened, Kathy began to talk about what a great team she works with including her GM Rick Vaughan and her Office Manager Rhonda Perkins, whom she showered with thanks and flowers the day of our interview. She also talked about the pipeline created by a past deposit contest and her love of competition. But, what Kathy spent most of her time talking about is how hard she works, how much she loves her job and helping people.

Kathy Flanagan's favorite quote is one by Ann Landers that goes..."Opportunities are usually disguised as hard work, so most people don't recognize them." As most successful salespeople, she puts in 10-14 hour days, often staying late to meet with her mostly working class, referral based clientele. She believes that "good things happen to good people" and that her success is directly related to her desire to be fair to both her customers and her co-workers.

Kathy also knows that hard work and

Homestar Forms Mortgage Company

Ronnie Richards, VP of Marketing

The company has recently finalized the formation of its new real estate mortgage company, American Homestar Mortgage, LLP. The new company is a joint venture with Home Loan Corporation, a Texas-based residential mortgage banking firm. The new company has been licensed with the State of Texas as a corporate mortgage broker and is receiving its HUD certificate that will allow it to produce and process FHA Title II loans.

Home Loan Corporation was selected as a partner because of their stability, size and reputation as a mortgage banker. Last year, Home Loan originated \$1.3 billion in residential mortgages. By partnering with an experienced mortgage company that produces a substantial volume of stick-built residential loans, we can be assured that the manufactured home loans we produce will be easy to sell to investors at favorable rates.

Billy Hunter, a 35 year mortgage industry veteran, has been tapped as the new company's General Manager. In that capacity, Billy will oversee all day-to-day operations for the new company. Start-up has been fast to this point with a majority of the key staffing positions filled and a large number of pre-qualified loan applications moving through the pipeline. Loan officers include industry veterans Jim Rea, Jim Carpenter and Elaine Zubiaga.

Buck Teeter, President and CEO of American Homestar envisioned the need for a mortgage company as well as the opportunity it would present. The company was needed because it assures us a stable and consistent source of affordable financing for our home buyers. Our American Homestar Mortgage partnership affords us the ability to have professional mortgage loan officers in each region working directly with retail management and our customers. They also provide the vital retail sales force training link that is critical to our success. These elements will work together to insure increased retail sales and reduce the time required to move our homebuyers into their new Oak Creek home. As part of the Home Team, we want to make certain there is a high degree of cooperation and two-way communication with our new partner.

If you haven't seen the new American Homestar Mortgage brochure, you need to pick-up a copy. It was designed to educate our homebuyers on the process of financing their new home. A new web site, Americanhomestarmortgage.com will be launched soon. This is all part of our focus to deliver the best customer service to our homebuyers.

August Retail & Manufacturing Anniversaries

1 year:

Gregory Jones, SC# 21
Randy Jordan, SC# 45
Nicholas Pavle, SC# 64
Robert Craig, SC# 94

5 year:

Richard Crosby, SC# 40

10 year:

Cindy Garcia, SC# 17
Sheri Duay, Home Office

Congratulations, everybody!

August Retail & Manufacturing Birthdays

Jones, Gregory	3-Aug
Ontiveros, Eli	7-Aug
Hill, Mandy	7-Aug
Cates, Christy	8-Aug
Tiggeman, Eric	9-Aug
Rice, Connie	9-Aug
Girouard, Jeffrey	10-Aug
Mounts, Lonnie David	10-Aug
Alan Waren	10-Aug
Roberson, Sandy	11-Aug
Johnson, Natasha	12-Aug
Webster, Michael	13-Aug
Taht, Harry	19-Aug
Carriere, Jhonnath	20-Aug
Secord, John	20-Aug
Norton, Matthew	20-Aug
England, Vickie	20-Aug
Maxey, Jr, Jack	24-Aug
Ramon Gonzales	24-Aug
Moorman, Thomas	25-Aug
Carter, Jo Alice	26-Aug
Levin, Michael	27-Aug
Clements, Barbara	29-Aug
Essary, Steven	30-Aug
Price, Edward Thomas Jr	30-Aug

Congratulations

Home Office Employee of the Month for July:

Dee Townsend

Regional Scoop

Region 2 Highlights

Sam Rice

- I would like to introduce **Doug Miller** as new gm of SC# 56 Austin Texas, Doug previously worked with "Mobile America" in Beaumont and with Nationwide in Mesquite, TX in the mid 90's. More recently he was Retail General Manager for Palm Harbor and most recently a loan officer with Wells Fargo. Doug brings a well-rounded and experienced background and we are expecting great things from Doug and his crew at SC# 56.
- I would also like to recognize two new members to the Boerne location, **Mr. David Cantu** and **Mr. Bill Taylor**. Both gentlemen bring extensive Manufactured Housing experience and should only make the great team in Boerne better.
- On a less enthusiastic note, **Mike Wallace** a long-term nationwide employee is leaving the retail division to pursue his own entrepreneurial interests. He will continue to be associated American Homestar in a different capacity. We all wish Mike great success in his new endeavor.

Region 3 Highlights

Larry Speck

- **4th. Qtr. Eagle Award Winners !!**
Hey Leon in Athens # 11, Dave in Tyler # 59 wants "The Eagle Award" is back! A big congratulations to **Dave Fortriede** and his super team of **Cindy Schoonover, Michael Barnes, Ben Beall and Judy Weems** for a nice 5.6 % Pre-tax Profit for the 4th. Quarter.
RICK VAUGHN at OCV # 58 in Tulsa, along with his great team of **Kathy Flanagan, Richard Dollar, Malaina Perkins, Ben Zimmermann and Rhonda Perkins** were close behind, finishing in second place with a 4.9% Pre-tax Profit for the 4th. Quarter. Tied for third place were **Leon Dooley** at # 11 in Athens and **Robby Golden** at NW # 78 in Denton.
- Welcome Home **Brian Shear** and **Sandy Roberson** to OCV # 19 Denton. Sorry, we didn't let you know before. But you know how "the trailer world turns".
- Whoa!!! **Jeff Goodrich** at NW # 54 OKC and team are placing so many orders with Lancaster that they can't keep up with them. Things are starting to pop in Oklahoma.
- I've seen **Ed Sampson** bouncing between NW # 55 DeSoto and OCV # 51 Lancaster since June 3rd. Could it be that he's running two locations? Stay calm Ed, it will get there.
- We've heard that **Mac Powell** at NW # 57 Greenville has been in the hospital and just got out yesterday, July 24. Special thanks to the Greenville team for handling business while Mac "took a vacation". HA!
- **John Blair** at NW # 60 in Mesquite is giving a great effort in putting the location back together. We hear that you guys will be getting a new office so **Kim** doesn't have to fight the "bugs" anymore. Great job guys.
- We've heard in the grapevine that **Billy Matthews** and team at OCH # 61 in Southmayd are really starting to make things happen at our new development. Keep up the great work Billy and sell some houses at your show the first of August.

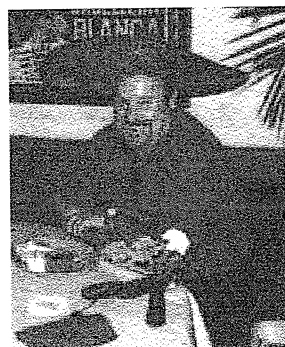
Sales Compensation Program Gets A Face-lift

In order to remain competitive in the market and assist in attracting quality sales associates, we have made some very positive changes to the Sales Associate's compensation program for this coming fiscal year.

The highlights of the program are:

- The introductory salary was 6 weeks and we are extending it to 8 weeks.
- The training salary was \$300 per week and we are increasing it to \$350 per week.
- The draw against commissions was \$300 per week and we are raising it to \$384 per week. This is equivalent to \$20,000 per year.
- We have added new steps in the commission scale which increase the potential to 30%. The prior top percentage was 25%. We have even added a step at 27.5%.
- The pull in charge on a trade is eliminated from the commission sheet and instead will be inventoried along with the home coming in.

These changes were effective July 1, 2002. We believe that the company is again demonstrating that it is very willing to pay well for performance. This is a great opportunity for our sales associates to make a great income.



Chuck Jr. turns 33 (?) at Pappasitos.

Region 3 Highlights cont'd

Larry Speck

- Hey, **Larry Thomas** and **Weldon Bynum** at NW # 77 Amarillo, did we hear that you've funded 4 for July? Keep up the good work.
- **Greg Burnett** at NW # 88 Midland are "weathering" the storms and keeping up the great work, as usual.

Thank Goodness Linda is finally putting together the Reg. 3 highlights. Yea, Linda!

Region 4 Highlights

Jack Maxey

- Randy Jordan Enterprises has taken over the maintenance operations on #21 and boy, the place is looking FANTASTIC! Thanks Randy!
- Jeff and his team at #24 are building up the momentum and looking to be BIG players this year. What's up "Slippers"?
- Gene, Gracie, and their team in Abilene are working hard on different marketing programs to bring Abilene back to the top! You guys (and girl) can do it!!
- The "Dynamic Duo" of Mike and Renee at #33 are saying "You can't hold us back!" We will be #1 in Region 4!!
- CONGRATULATIONS to the newest GM at #45 **Lisa DuPre**! Well deserved, Lisa! Remember that suntan lotion for Cabo!
- CONGRATULATIONS to **John Secord** who is now the Sales Manager at OCV Azle #48 and to **Flor Galindo** (OM at #48) who had a beautiful baby boy this week! Hurry back Flo! We need you!

I would like to personally thank my wife Deb for being the Insane individual she is for wanting to take our 3 children with us to Cabo! Deb, they are too big now to put in the luggage!!

The Future Is Here

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It will also allow us to make more profit because land/home sales realize lower warranty costs and can use appraisal based pricing to increase retail profit margins. And, in the future we will have the ability to participate in the land sale as well as the home sale.

In order to shift and expand into the land/home market, we will use our street sales centers to cross market our products to consumers on scattered sites and direct those needing land to our subdivisions. We are actively working with developers of rural, urban and HUD financed subdivision projects to provide these additional new home sales opportunities. And, our unique ability to build both HUD code and Modular homes at all price points allows us to provide a wide variety of products at competitive prices, some of which have been designed specifically for the development market.

As we demonstrate success in this new frontier, we will have created significant new and continuing demand for our products and reduced our dependence on street sales and industry lenders, thus providing a more stable market for both our products and our people. And, perhaps most importantly, we will have provided our salespeople with the opportunity to make more money, faster and easier. Our challenge is to move the company into the future and capitalize on these exciting opportunities.

New & Improved Websites Launched

Ronnie Richards, VP of Marketing
Our new web site

www.oakcreekhomes.com has been launched and all of the other web sites have been completely redeveloped and relaunched. This includes

www.americanhomestar.com,
www.nationwidetour.com and
www.oakcreekvillage.com. Be

certain to visit the new sites, which include links to each sales center's web site. Make certain your sales center's web link is working and your e-mail and all other information is correct.

The big deal on all of the new sites is the *Home Finder* and *Dealer Locator* feature that appears on every page throughout the sites. In the *Home Finder* section when you click on a model the floor plan and all standard spec's come up. We are in the process of adding 2-D color rendering of exteriors so the web site visitor can see the home exterior. You can view this feature on the 3 bedroom, 2 bath model 2060.

Another new feature on the site is the *29 Reasons* section. In this section you can move your mouse across the cut away picture and click on one of the *29 Reasons* and a detail of that reason appears.

Kathy Flanagan

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working alone here. She feels that our product mix is far better than our competitors. "I am proud of the homes I can offer to my customers. I believe in them." She also can't say enough about SpecStar and the credibility it lends to our company and our salespeople. And, our training programs, regardless of the trainer, continue to excite and motivate her. She only wishes there were more training classes available.

Love of competition, company and people aside, Kathy's real motivator will always be her two grandbabies – Ashley 2yrs. And Trent 3 yrs.. "They are the reason I come to work everyday".
Just keep comin', Kathy. Congrats!

Presidents Club 2003 Standings Update

Few salespeople are waiting anxiously for standings so early in the new year but for those of you who are...you may have to wait a while longer. As in years past, the first month out of the shoot proves to be an opportunity to find and work out bugs in our system. And some awesome watch dogs out there found a few. So, hold tight and look forward to our July point release and hopefully we'll be able to publish accurate standings in our next issue.

Manufacturing News

Oak Creek Update

Jason Breitenstein

Our new model #3058, featured on page 1, is available immediately as a modular and a HUD home. It is a front-loading model that was specifically designed for city developments and small lots. This home is on display at the Fort Worth plant, as well as NW Spring. Please feel free to stop in at one of these locations and check it out.

Lancaster Update

Chad Gaston

Oak Creek Homes of Lancaster has been working hard to give you a house with more features, better quality, greater value and outstanding service to make your job easier and your customers a whole lot more satisfied. Here is a brief list of recent improvements and notices:

- Transition to Weathered Gray shingles. We are using up the white for customer sold units until our stock is depleted, after that all standard shingles will be weathered gray. (Same as Oak Creek, Ft. Worth)
- We have begun using Hardboard eaves on all 28 wides. We are still using up metal eave materials on 36 wides for the next 1-2 weeks.
- Please use a Spec Request Form to get a quote for a house. If you are revising a previous spec please let us know. Do not send another Spec Request!
- When ordering a house, please send us the Purchase Worksheet, 5% Down, All conditions met and the HUD1 (if applicable). We need these items to floor plan the house.
- We are transitioning to 36" steel exterior doors (38x80 rough opening) but it will take several weeks to phase out old material. If you want a 36" exterior door you will have to upgrade to the steel door.
- New 6 panel interior door option w/ 150lb. Hinges, only \$25 per door.
- Watch your faxes for our new front load house.

Thanks and Good Selling!

Special Thanks from the Editor

Thanks to all the contributors to this month's issue, especially Charley Boyer for giving us the info to include our Manufacturing co-workers' birthdays and anniversaries!

If anyone would like to submit an article or photo for the next issue of the PCM, please e-mail the editor at laurie@hstr.com or mail to Laurie Lowery at the Houston Home Office. The deadline for articles and photos for the next issue will be Monday, August 26th.

Tips from Homestar Mortgage Guru, Jim Rea

1. Pre-Qualification Process Tips:

Minimum requirements- Submit the following items along with the checklist signed by the GM:

- A. 100% **complete, accurate and readable** express land home application
- B. Dealer credit bureau
- C. Land/Home financing worksheet

2. Application Tips:

Those who obtain complete lists of all the borrower's assets get more loans approved than those who don't.

Remember, residential mortgages are much more asset based than chattel loans and customer reserves can overcome many problems in the approval process.

Make sure the applications are complete and you have indicated how much total equity the customer will apply to the purchase of the home.

3. Credit Tips:

Conventional loans are FICO sensitive and usually require a 620 or better score. FHA is not FICO score driven and allows for lower credit scores. The two things that usually cannot be overcome with FHA on lower/marginal credit scores are the 29%/41% ratio requirement as well as current slow and delinquent credit.

4. Communication Tips:

Communication concerning customer loan status and all 1003s, Good Faith Estimates and Truth In Lending documents should be limited to the GM and the loan officer. Sales associates should direct all inquiries to their GM. This will ensure that your customers are getting fast turn around and too many phone calls is not bogging down the process.

