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2009 International Builders' Show Report Inside!



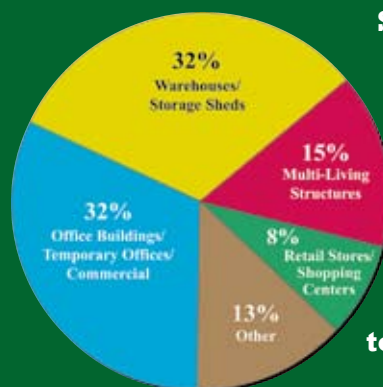
NextGen urban living home by Genesis division of Champion Enterprises wows IBS 2009



Fresno execs who helped launch Fuqua affordable subdivision include, L to R, Preston Prince, Dan Morales, Cynthia Sterling and Jess Maxcy



Husband and wife Jack and Susan Frost combine new HUD and FHA programs to ignite attainable home program



Special unit sales drop only a modest 4% in '08 while offices and warehouses hit 64% of total 368,000 structures

Also inside:

- **Carlson's Column:** Turn around may be happening -- and do we need a museum?
- **SIPS** rolls out new Dura-SIP panels
- **Exclusive report** on '08 special unit results
- **Preview** of MHI Congress, Apr. 14-16 in Las Vegas

Tough HUD Dispute Resolution & FHA Programs Open Spectacular Opportunities for Both HUD and Modular Sales

CITRUS HEIGHTS, CA—The new Dispute Resolution of HUD and FHA Programs some of which went into effect January 1st, could turn out to be one of the best highways to increased sales of both HUD-Code and modular homes across the U.S.

The DRP is simple. It states that the manufacturer of HUD homes is responsible for whatever complaint may arise from the buyer should it be related to the home itself, the transport, the foundation or setting of the home. In short the days are gone when a manufacturer could shove the home out the factory door and forget it.

Now, within a year after the buyer moves into the home and finds something to complain about the manufacturer has to be on top of the problem and make sure it's resolved.

So how does all this affect the sales of HUD-Code and modular homes? The FHA straightens out the fact that under FHA Mortgage Insurance Guidelines the home, be it HUD or mod, must be placed on a permanent foundation. And if it is placed on a permanent foundation it becomes eligible for FHA Mortgage Insurance. In other words it is financed just like any mortgaged conventional home.

What's more with new creative financing the home can be sold with only one closing rather than two. And that one closing can take care of everything -- the full payment to the manufacturer of the home, the cost of the land and the shipping and setting onto the permanent foundation. Also other costs can be folded into the closing costs such as porches, decks and garages.

But perhaps the biggest advantage of all is that under FHA rules the home can be sold with only a 3.5% down-payment and qualified gift funds can be used for the down payment.

Barely a month into the life of the Dispute Resolution Program two companies in Central California are well on the trail to concluding home sales under the new program. In usually warm California the husband and wife team which run separate companies have the unlikely names of Jack Frost and Sue Frost. Jack Frost is a developer and Sue is founder and president of Alliance Mortgage and Marketing, a wholly owned subsidiary of I.F. Independent Financial Corp. located here in Citrus Heights.

Jack Frost is president of Windsor Homes, LLC and Steve Kay is CEO. Windsor handles developments and home sales in various areas of California and Washington state.



Susan J. Frost, President, Alliance Mortgage and Marketing

Susan Frost told *Automated Builder*, "My continuing passion is to promote attainable housing. I believe that home ownership is the first and most important investment a person can make into their future. It is a person's opportunity to build wealth and enhance their retirement. Even if they do not remain in their first home for very long, since the average family stays in their home for 7-10 years, they build equity and that is a springboard toward personal wealth building."

Jack Frost's main business thrust is developing sub-divisions in areas ranging from Central and Southern California all the way to Eastern Washington state. Among his most recent passions are goals of developing continuously comfortable homes and facilities for the rising armies of baby boomers coming into their retirement years. Jack believes that modular homes would be an outstanding way to go to give the retirees comfortable, maintenance-free dwellings for the healthy people as well as phased-in assisted living and expanded care as may be required.

Of course, one of the keys to the entire FHA program was to come up with an affordable permanent foundation which works and will be accepted by the Federal Housing Administration. Jack believes he has found this in the Sure Safe EFS foundation system developed by Sure Safe Industries, Escondido, CA, operated by President Art Angelo.

Jack explains that the Sure Safe EFS (Engineered Foundation System) meets the requirements of the FHA program because it is a permanent foundation. He explains that when a modular or HUD-Code unit is set the first step is to place the home on temporary piers and make it perfectly secure and level. Then the Sure Safe buttress piers are attached to



Jack Frost, President, Windsor Homes



Sure Safe EFS foundation buttresses with some geo-textile bags already filled with concrete which form FHA approved permanent foundations beneath HUD-Code and/or modular homes.



Completed homes finished with FHA approved permanent foundations by Sure Safe EFS and carrying FHA insured mortgages with 3.5% down-payment. HUD-Code homes were sold and set by Jeff Erickson of Quality Wholesale Homes, St. George, UT.

the bottom of the home's permanent foundation beams. At the bottom of the Sure Safe structural steel buttresses high-strength piers, geo-textile bags are installed and tightened around the bottom of each buttress. Finally ready-mix concrete, 2,500 psi, is poured into the bags which then conform to the earth under each of the multiple steel buttresses. When the concrete sets the job is complete, the temporary piers are removed and the house has a permanent foundation approved and accepted by the Federal Housing Administration.

On average, depending on the earth's layout below the home, the geo-textile bags filled with solid concrete range in size from 6-1/4 to 9 sq. ft. The foundation system, of course, can be set either in a pit to allow ground-level for the home or raised with a crawl-space beneath with access portals as required.

Susan Frost comments in conclusion, "It is simply amazing how at times developments within the housing industry line up in such perfect sequences that the door swings wide-open to enable people to buy quality homes of their dreams at amazingly affordable prices."

Jack Frost adds, "A big part of our current strategy is to combine today's lower cost lot values with lower cost HUD and modular housing, but without the financing this great idea can go nowhere."

For additional information on mortgage applications from Alliance Mortgage and Marketing contact Sue Frost at: 916.967.5626 or suefrost@ammloans.com

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