

December 1975

House & Home

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REMODELING

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Also

Minimum-risk
management

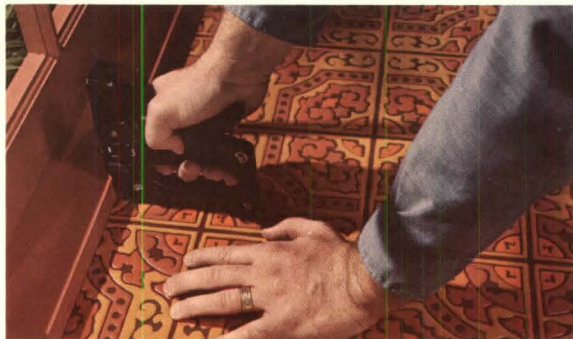
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Help for housing?

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The flexible flooring discovery that installs faster

Tredway goes down faster and easier, because it's as flexible as carpet to handle, cut, and fit. Overall cementing is eliminated. And Tredway installs simply by stapling around the edges! Or on concrete subfloors, a band of



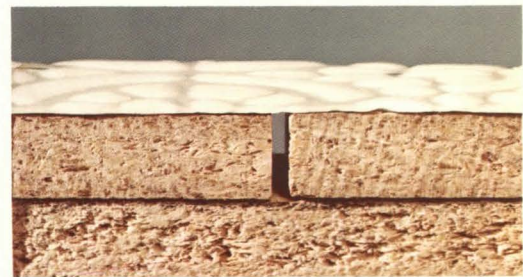
cement around the perimeter does the job. In fact, *one* mechanic is all that's needed to get a permanent, tight-fitting installation. This time-saving, laborsaving installation means you get more floor for your floor covering dollar.

The first floor Armstrong recommends over particleboard



REGULAR FLOORING

Tredway is the first floor Armstrong recommends for use over particleboard underlayment. That's because Tredway's built-in elasticity allows it to give rather than ridge or split if the subfloor expands or contracts. And long after installation, Tredway's elasticity keeps working, pulling minor buckles flat. This flexible flooring discovery maintains a perfect fit, eliminating costly callbacks.



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To find out more about Tredway, the unique flooring that saves labor and adds sales appeal to your homes, contact your local Armstrong flooring contractor, or drop a note to Armstrong, 310 Sixth St., Lancaster, Pa. 17604.

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FROM THE  INDOOR WORLD® OF
Armstrong

“NuTone has engineered a product which will be so encouraging to home builders that I wanted to tell you myself ... even demonstrate it for you in Dallas.”



**Turn the page
for a personal message
from J.A. Rankin,
Group Vice President,
NuTone Division, Scovill.**

“For forty years, the industry has expected innovation, quality and value from NuTone. I ask you to visit our booth 2230 and judge for yourselves whether we have met the challenges of 1976.”



Home Security— an urgent problem.

Two age-old problems related to the home have recently grown to almost unbelievable proportions: residential burglary and fire.

The threat of residential burglary has unfortunately become a very real fact of life for many Americans. Home buyers who once thought they could move out of the city and leave their problems behind have learned that burglars, like everyone else, move to the suburbs, too.

Fire is a danger which far too many people ignore completely. A recent commission report to President Ford states: “Fire is a major national problem. Appallingly, the richest and most technologically advanced nation in the world leads all other major industrialized countries in per capita deaths and property loss from fire.”

Appalling is right.

Modular, yet total systems for custom capabilities. With installation and service available thru well-trained professionals. False alarms and equipment failure have been practically eliminated. All equipment can be easily understood by the user. And, most important, the new systems are priced within easy reach of the average family.

We didn't update our existing products, we made them obsolete.

NuTone's totally new Security and Fire Alarm Systems will make our own and all other “equipment” now on the market virtually obsolete.

New concepts in miniaturization and state-of-the-arts electronics have been used to create completely new systems. Interior and exterior perimeter circuits have been separated. Light-emitting diodes are used instead of bulbs to reduce heat build up, conserve standby batteries, and conserve energy. Parts plug-in to simplify installation and service. And *all* systems will be UL listed.

For the first time, we've made security a feature that will help you sell homes.

Your customers know and trust the NuTone brand name. They have reason to. So, when we promote the revolutionary NuTone Security and Fire Alarm Systems with the biggest advertising program in our history, consumers in the security market will have two reasons to buy they've never had before: a dominant brand name leader and a clearly superior product.

Plus, we're embarking on a comprehensive educational program unprecedented in our new product introductions.

Seeing is believing. So see us at the NAHB Show.

You'll have your chance to see the NuTone Security Systems for yourself at the NAHB Show in Dallas this coming January. You might even win a complete new system just for stopping by.

Of course, the Security Systems aren't the only new products we have to show this year. You'll see several exciting new styles of Bath Cabinets and Door Chimes as well as an expanded line of Attic Cooling Fans.

Plus: New Track-Line Lighting.

You'll also be able to see the newest, most remarkable track lighting system on the market. New Track-Line from Lightcraft of California. Both 3 and 1-circuit. Optional straight, L, T, X and rotating connectors. Light sources in striking shapes and colors. They will clearly be the best-engineered track lighting products available anywhere.

I look forward to seeing all of you in Dallas. I think you will come away from the show believing, as I do now, that NuTone has gone all out to help you successfully meet the challenges of 1976.

J. A. Rankin



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House & Home

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Cover/Jan V. White

Ever-Strait introduces two extraordinary door designs.

Ever-Strait has combined radiant bevel edge glass with safety glazed glass to create two bold new door designs that are as unique as they are beautiful.

These exciting additions to Ever-Strait's Quintessence Series feature individual panes of safety tempered glass . . . each cut, beveled, and polished by hand. Each is ever-so-carefully snugged into place to provide a superbly styled, hard working insulated glass, all-weather door.

These grand new doors have Ever-Strait's patented thermal break and magnetic weatherstripping to seal drafts and weather out. To seal comfort in. To reduce heat loss. (An Ever-Strait Door System controls heat loss 2½ times better than an ordinary wood door with a storm door.)

New Quintessence Series doors are handsome and versatile. They go all around the house beautifully . . . front, side, rear, even on the patio. And because they're insulated, they're ideal for attractive energy-saving installations in apartments, offices and other commercial buildings.

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Each carefully crafted pane of safety glazed tempered glass is cut, beveled and buffed by hand. And each is ever-so-carefully snugged into place. This beautiful leaded-look is not only provocatively and excitingly different, it's available only from your Ever-Strait Door Systems distributor.



Pease
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Pease Ever-Strait Door Systems are covered by U.S. Patent Nos. 3,153,817; 3,373,267; 3,238,573; 3,426,479. Others pending. PATENTED in Canada in 1965, 1966 and in the United Kingdom, 1962.

HUD revives a sanitized 235 program—250,000 units may be built

The Administration's newly revived Section 235 housing program—providing 5% mortgages for houses up to \$28,800—is expected to stimulate "somewhat more than 250,000 housing starts over the next couple of years," according to John Weicker, top economist for the Department of Housing and Urban Development. He projects "100,000 or more starts next year and the remainder the year after that."

One industry consultant, William Smolkin, president of W.R. Smolkin & Associates of New Orleans, told a meeting sponsored by the National Association of Home Builders shortly after the program was announced that he figures 75,000 starts from the new-look Section 235 program next year. He also predicted that the demand will be such that "HUD is going to have to double the program before July."

For middle class. The Administration's decision to resurrect this subsidy program—using \$264 million impounded by President Nixon in January 1973—is a reversal of housing policy. An unprecedented General Accounting Office lawsuit testing the legality of this impoundment was in the courts, but Housing Secretary Carla Hills said the decision "was for me an economic one."

The new program—aimed this time at middle-class families and requiring a higher down payment than the first Section 235 program (see box)—was cleared by President Ford's advisers, who saw that housing starts were not responding to the general economic upturn.

Victory for critics. The turnaround on the widely criticized program tended to support such critics of the Administration as Chairman William Proxmire of the Senate Banking Committee, who had been contending ever since the freeze that Section 235 was a good program poorly administered under Housing Secretary George W. Romney.

Chairman Henry Reuss of the House Banking Committee said that Ford, vetoing an emergency housing bill last June, had "said the subsidized home-ownership program wasn't needed to stimulate a housing recovery."

"Now," Reuss went on, "the

Administration says it is."

Phase-out in '76. The Administration's real motive, Reuss contended, "is obviously political." The congressman noted that Secretary Hills had said there are "no plans to continue the program after these funds are exhausted" and that this "is in effect saying that subsidized home-ownership will be ended right after the November 1976 election."

in the old program."

Asked at the NAHB meeting how many otherwise eligible families would have the \$1,500 down payment, Weicker replied that "we think there are enough."

A typical buyer, HUD officials said, might have a family of four with an income of \$10,000. He would pay \$181 a month on a \$25,000 mortgage at 9.5% interest (although HUD doesn't

dal-ridden programs that led President Nixon to freeze virtually all FHA subsidy construction in 1973.

Homebuilders large and small, including such blue-chip companies as Kaufman & Broad, reaped columns of unfavorable newspaper publicity for shoddy construction, poor planning and faulty siting of subdivisions. Bribery of FHA officials was involved in some cases; in others

	ORIGINAL SECTION 235		NEW HOMEOWNERSHIP PROGRAM	
TYPES OF HOUSING ELIGIBLE	Single Family Detached Townhouse, Co-Op. Condominium	New Rehabilitated Existing	Single Family Detached Townhouse, Co-Op. Condominium	New Substantially Rehabilitated
MORTGAGE LIMIT ON ELIGIBLE UNITS	Mortgage Amounts of \$18,000-\$21,000 and, in high cost areas, \$21,000-\$24,000		Mortgage Amounts of \$21,600-\$25,200 and, in high cost areas, \$25,200-\$28,800	
HOMEOWNERS' MINIMUM INITIAL CASH INVESTMENT	Typical Investment = \$200		—3% of the first \$25,000 and 10% of the excess of purchase price —points, closing costs Typical Investment = \$1,500-\$2,000	
MAXIMUM SUBSIDY	Reducing mortgage interest to 1%		Reducing mortgage interest to 5%	
SITE LIMITATIONS	NONE		No more than 30% of the units in a subdivision under subsidy Geographic dispersal required	
PRINCIPAL INCOME	\$5,000-\$7,000 (50% of recipients)		\$9,000-\$11,000 (anticipated)	

Another factor in the policy reversal was believed to be the slow start of the Administration's own favorite subsidy, the Section 8 leasing program.

The revised Section 235 program is expected to be ready to function by January 1. The first cost to the federal budget will not be registered until fiscal 1977, and then only in the amount of \$39 million.

Guidelines. Officials at HUD promise to have final regulations in print and a Section 235 handbook ready for use in field offices by Christmas.

Although Mrs. Hills said at first that the program would focus on new construction, she ruled a week later that houses on which construction or substantial rehab had begun after October 17 would be eligible.

Up to \$11,000. The new program will be directed to families of so-called moderate income—up to \$11,000 a year, with enough savings to invest \$1,500 to \$2,000 in down payments and closing costs. The maximum mortgage to be insured by the FHA is \$25,200, or up to \$28,800 in so-called high-cost areas. Hills' version of Section 235, she pointed out, "insures a significant financial commitment to the property, which was lacking

expect rates to be that high). HUD's subsidy would amount to \$87 a month.

As family income rose, the subsidy would decline.

'Unenforceable.' To disperse Section 235 housing, HUD requires that no more than 30% of the homes in a subdivision—or 30% of the units in a co-op or condominium—may be subsidized. At the NAHB meeting, Smolkin said the first building under Section 235 will probably be on scattered lots but that, in large subdivisions, subsidized housing is likely to be "carved out with a separate entrance." He said of the 30% restriction:

"It's a commendable goal but absolutely unenforceable."

Other objections. A spokesman for the mobile-home industry has criticized the decision to confine the new program to conventionally built housing.

"We are appalled," said Chairman William W. Weide of the Manufactured Housing Institute, "that Secretary Hills failed to recognize that, if used for factory-built housing, Section 235 monies could subsidize more living units."

Scandals. The original Section 235 was one of the many scan-

* Formerly Mobile Home Mfgs. Assn., headquarters in Chantilly, Va.

it was cronyism and bureaucratic sloppiness. House Banking Committee investigators documented scandals in Philadelphia, Detroit and several other cities.

Frauds related to FHA programs have been subject to intensive investigation throughout the country for several years [News, Feb. '74 *et seq.*]. Convictions or guilty pleas obtained by the U. S. Attorney in Los Angeles alone now exceed 50 [News, Oct.]. The FHA's inventory of single-family repossessions, largely a result of the scandals, is expected to reach 104,500 this year.

Production. More than 400,000 units were built under the old Section 235 program and 13% of them had to be foreclosed. Currently, Mrs. Hills says, 10% are in default.

On the other hand, Mrs. Hills said, 11% of all families that got houses "worked themselves totally out of subsidy."

Officials at HUD estimate the costs at \$11.1 billion for the remaining years of the original Section 235 program. Mrs. Hills says the revised program "will cost \$1.9 billion over 30 years."

—DON LOOMIS

McGraw-Hill World News, Washington

Masonite® siding—selling with it is

The rich look and low installed cost of Masonite brand siding can make your homes easier to sell—and harder to compete with. It gives your salesmen something to talk about—and your customers something to think about—every step of the way from curbside to closing.

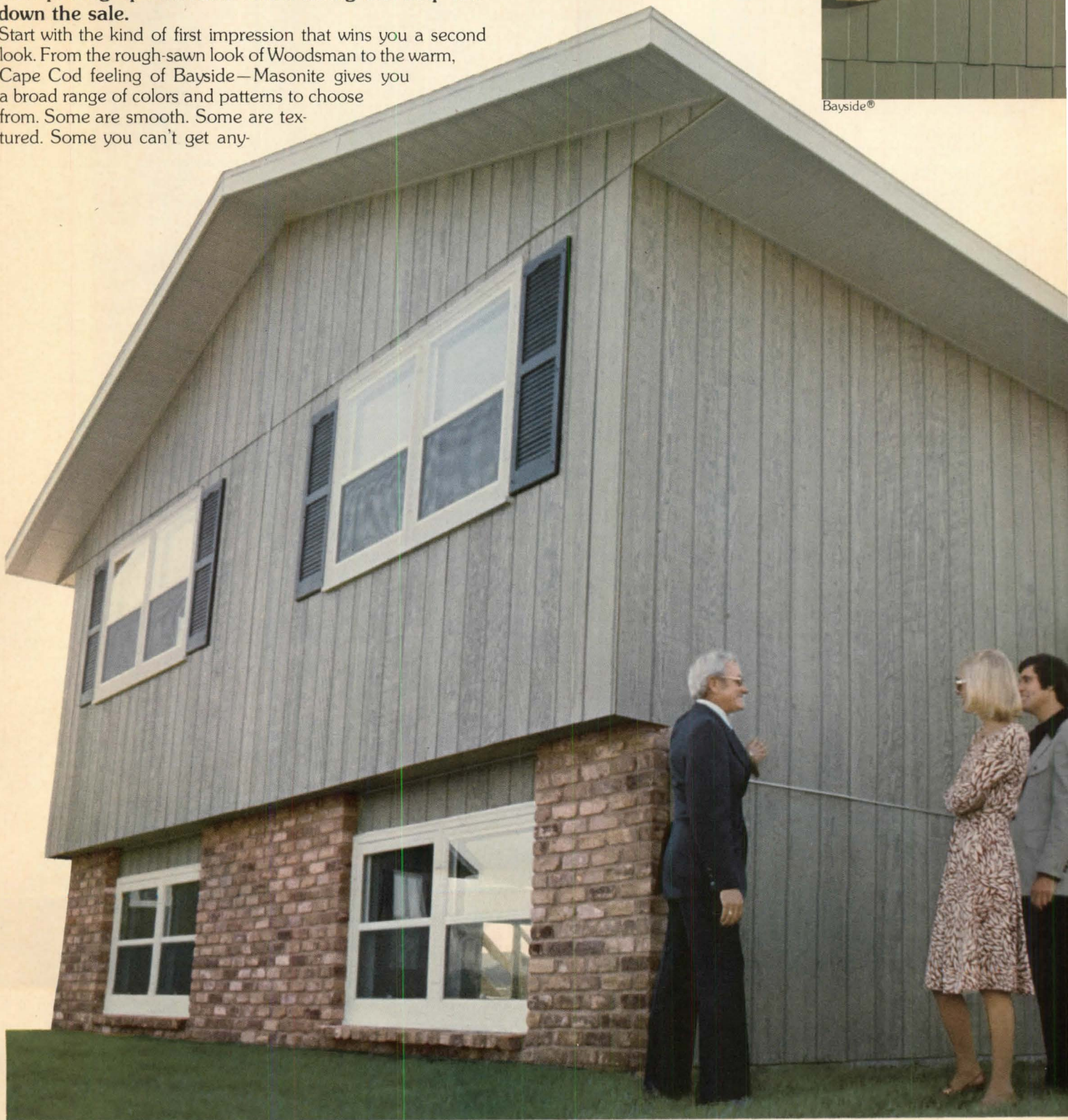
How putting up Masonite brand siding can help nail down the sale.

Start with the kind of first impression that wins you a second look. From the rough-sawn look of Woodsman to the warm, Cape Cod feeling of Bayside—Masonite gives you a broad range of colors and patterns to choose from. Some are smooth. Some are textured. Some you can't get any-

where else. And some would cost too much if you used the real thing. But with all of them at your disposal, you can capture precisely the architectural effect you're after.



Bayside®



a lot easier than selling against it.

Masonite brand siding helps keep your cost competitive, too. Take the skip-troweled look of Stuccato. It goes up quick and easy—in 4' by 8' panels. And it won't take a crew of special installers.

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Colorlok®

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Beauty that lasts can make a home a better investment.

And Masonite brand siding is tough enough to keep its good looks through all kinds of weather. There's no grain that can "check." No knots that can bleed. No metal to corrode. And no cold-weather brittleness to beware of.



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make sure you get
the Masonite brand.



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Carla Hills jeered at homeowners' protest hearing in Chicago

Was she walking out in a huff or had her time simply expired?

No one can say for certain whether, figuratively, she jumped or was pushed. But Carla Hills, secretary of the Department of Housing and Urban Development, turned some homeowners' faces crimson when she made an abrupt exit from Chicago's Bismark Hotel in, according to the homeowners, mid-debate.

Mrs. Hills had come to address members of the Mortgage Bankers Assn. in annual convention. She had also agreed to discuss new HUD procedures to combat fast foreclosures on FHA mortgages with local homeowners. They included a delegation from the Metropolitan Area Housing Alliance, one of the largest and most vociferous of Chicago's neighborhood groups [News, July].

Confrontation. Eager to discuss the fast-foreclosure issue first hand with the secretary, the alliance's people went so far as to set up a podium for a question-and-answer session. The homeowners applauded Mrs. Hills when she entered, but some seemed to feel insulted when she declined to use the podium in favor of sitting at a table with the session's organizers.

Mrs. Hills told homeowners that HUD would try to publish in *The Federal Register* a new set of rules that would call for the suspension of any lenders found to be making fast foreclosures or refusing to accept partial payments on delinquent mortgages. She refused to accede, however, to the homeowners' repeated demands that she immediately suspend for 90 days the Advance Mortgage Co. of Southfield, Mich. and Mortgage Associates of Milwaukee for alleged fast-foreclosure practices.

"Anyone who is to be closed down nationwide, I feel, should have the chance to come in and refute the charge—just as anyone else," she said.

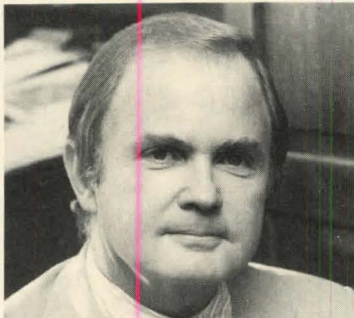
Exit to jeers. The Q-and-A grew increasingly acerbic, with Mrs. Hills reportedly relying repeatedly on the reply, "You just don't understand." To this one angry homeowner shouted:

"This is the treatment from a non-elected official appointed by our non-elected president."

After an hour Mrs. Hills, flushed and angry, left the room to jeers.

Gail Cincotta, chairman of the alliance group, claims that not only did Mrs. Hills cheat homeowners on discussion time by arriving late for the meeting but that, once on hand, she had little real encouragement for homeowners.

'Anti-people.' "Her whole response was the constitutional-lawyer-type discussion," said



SEC'S HILLS
Sharing an interest

Uncle's \$100,000 husband-wife team

The outstanding husband-wife team in Washington—and probably in the housing business—is that of Roderick M. and Carla A. Hills.

Carla, 41, the third cabinet woman in history, presides over the \$7-billion budget and 15,000 employees of the Department of Housing and Urban Development. Her salary: \$63,000.

Roderick, 44, is the new chairman of the Securities and Exchange Commission, which has about 2,000 employees and a budget of only \$48 million. His salary: \$42,000.

Mrs. Hills was plucked from the obscurity of the Justice Dept. by President Ford. She was an assistant attorney general—and a sharp one, by all accounts—when he went looking for a woman for the cabinet.

Hills was chosen from a spot closer to home. He was in the Office of the White House counsel—that is, he was one of the President's lawyers.

Differing styles. Mrs. Hills runs the federal housing programs, which have much to do with the financial health of the housing industry. Note, for instance, that she has just turned loose \$264 million to finance the building of some 250,000 single-family homes to be bought by middle-class families.

Mrs. Cincotta. "It was very anti-people. She absolutely refused to give us a time frame in which her actions would be taken. We had six points to discuss with her, including such radical ideas as counselors for homeowners, certificates of inspection for buyers and making a national priority of speeding up paybacks. We had just started on the discussion of the payback when she got up and left."

According to Mrs. Cincotta



HUD'S CARLA HILLS
From applause to jeers

and her colleagues, Mrs. Hills talked only of adding guidelines to the HUD handbook. And the guidelines, Mrs. Cincotta insisted, would be unenforceable.

The mortgage men. Mrs. Hills discussed many of the same subjects the same day with the mortgage bankers themselves. And, while they didn't provoke her to a similar hasty departure, the atmosphere wasn't the friendliest.

The mortgage bankers had been prepared for Mrs. Hills by William E. Ezzell, the retiring president of the MBA, who lambasted the Administration, congressmen and the federal government in general for failing to solve the housing problems of the nation's cities.

Ezzell maintained that anti-redlining legislation now before Congress would be a fatal blow to the nationwide mortgage market. He also demanded that the Administration direct HUD to revitalize the FHA's economically sound mortgage programs and drop others that, he said, have led to the present plight of the inner cities.

Jail threat. As if anxious mortgage bankers and outraged homeowners weren't enough, Mrs. Hills found herself assailed on that same day by Judge Hubert L. Will, the federal judge in Chicago who is presiding over the class-action suit that accuses HUD, Mrs. Hills and other HUD officials of promulgating and precipitating fast foreclosures in defendants' cases that date from 1973.*

Outraged that HUD has been slow to provide documents requested by the court, Judge Will publicly considered the possibility of jailing Mrs. Hills for contempt. He reasoned that, if the HUD secretary was locked up in Chicago's Metropolitan Correction Chamber, HUD documents would appear.

"I am fed up with HUD's non-compliance," said the judge to the HUD lawyer representing the secretary at the hearing.

He did relent, however—the court hearing was adjourned to a later date—and Mrs. Hills effected an orderly getaway from the Bismark.

—MIKE KOLBENSCHLAG
McGraw-Hill News, Chicago

Presumably they talk shop, as they did when both were in the same Los Angeles law firm before they came East. —D. L.

*Ferrell vs. Hill, formerly Brown vs. Linn.

Advance Mortgage faces 180-day suspension from FHA lending

The Department of Housing and Urban Development says it plans to suspend Advance Mortgage Corp. of Detroit from dealing in FHA mortgages for 180 days.

The department has accused the company of mishandling such loans, which are insured by the government. HUD also says it has notified Advance that the company's authority to originate and service such loans will be suspended unless the company can show cause at a hearing why such action should not be taken.

The department contends that Advance submitted false or incomplete credit information

on homebuyers who obtain the FHA-insured loans. HUD also contends the company charged excessive fees and failed to answer inquiries from buyers who defaulted on mortgages.

Chicago connection. The HUD action follows complaints from community groups in Chicago and other cities about "fast" foreclosures on mortgages in default (see page 9). As a result, Housing Secretary Carla Hills has directed mortgage lenders to accept partial mortgage payments on FHA-insured loans. She has also set up a department task force to investigate complaints against mortgage lenders [News, Oct.].

Advance is the first company the HUD task force has recommended for suspension. The department said all of the company's offices except the Los Angeles branch could be reinstated after 30 days' probation if the company offers a plan to correct the abuses.

The Los Angeles office would not be eligible for reinstatement for 60 days.

Company's defense. President Robert J. Mylod of Advance said the company would appeal. He said the HUD action was "costly and damaging" and was "out of all proportion to the seriousness of the offenses charged."

Mylod also called the action "an unwarranted rebuke to our company's long-standing commitment to financing housing for Americans of all income levels and walks of life in city or suburb."

'Errors.' Mylod acknowledged that a HUD audit had turned up "processing errors in about 1% of the 5,000 FHA loans a year that Advance originates."

But Mylod said the audit showed that, despite the errors, the company submitted correct information in nearly all cases.

Mylod also said Advance had set up stronger internal audit procedures to avoid such processing errors.

A fund raiser for local HBAs: A busman's holiday for visiting builders

What do builders like to do when they're not building? Look at other builders' houses.

What do local builders' associations always need? Funds.

And that's how the Orange County Chapter of the California Building Industry Assn. came to invite builders from all over the U.S. and Canada to tour their members' houses.

Said the mailer: "Tour 23 of the most successful and innovative communities in southern California—featuring Irvine, Mission Viejo, Anaheim Hills, Laguna Niguel and Lake Forest." The fee, including most meals and a Newport Beach motel for three nights, was \$460 single, \$525 double.

Three-day rally. Two-dozen builders and wives came from Connecticut, Saskatchewan, Florida, Ontario, Oklahoma, Nebraska, British Columbia, South Dakota and elsewhere. The association netted \$3,200 and the builders got three days of ideas and advice. Besides being bussed 200 miles to see the work of 18 California builders—"the Best in the West"—they were treated to:

- A banquet with top building company presidents, including Ray Watson of The Irvine Co., Dick Smith of Broadmoor Homes, Phil Reilly of Mission Viejo Co., Bob Grant of Robert H. Grant Co. and Larry Deane of Deane Development Co.

- Lectures on sales training and consumer segmentation by sales-motivation specialist Dick Russell and Irvine market-

ing vice president Ken Agid.

- A critique manual providing profiles of each community toured, with facts on sales performance, marketing budget, financing, plan types, associa-

tion fees and site characteristics.

Experts' advice. Builders' marketing men and architects were on hand at each stop to lecture and explain. And the host

builders offered catered lunches in their projects each day of the tour.

Some of the visitors came looking for specific ideas.

"I wanted to see how they handle small lots," said Rosario Mangiafico of Mangiafico & Decesare Inc., Rocky Hill, Conn. "We're going to try reducing our single-family detached lots from 100-ft. frontage to 60-ft. and we needed some marketing input."

Others took the tour for general cross-fertilization. Said Vern Mross, vice-president for Nu-West Development Corp. of Calgary:

"We didn't see anything we could transplant to Canada, but we took back a bunch of ideas ranging from administration to land use. We sell condos and detached homes from \$30,000 to \$200,000 (estimated 1975 volume: \$140 million) and we did get to see homes in that range on the tour."

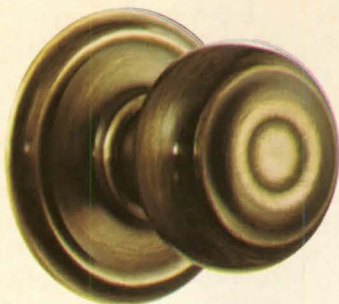
'Excellent.' The only criticism heard from the visiting builders: They wanted to see more of the production houses and less of the models. Otherwise, the word they used most frequently in filling out tour critique forms was "excellent." And some said they would like to take similar tours of other housing markets, e.g., Dallas and Florida.

As for the Orange County Builders Association, it's already looking forward to next year's southern California tour. The HBA expects to net at least \$6,000. —H.C.W.



Best of the West tour rolls through the lush builder territory of Orange County in California. Builders (below) study an interior. From left: Jerry Schaffler of Crow-McCarthy in northern California, Stuart Feder of Miami, tour guide W. E. Mitchell and Frank Hughes of Irvine Pacific.





Georgian

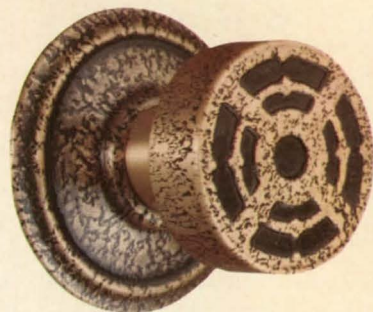
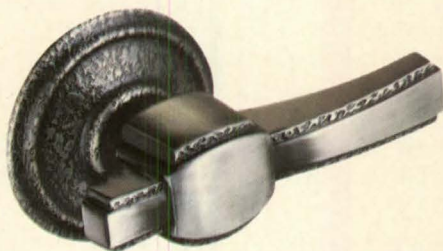
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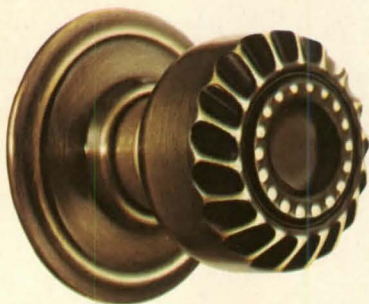
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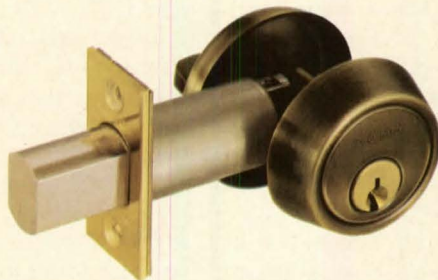
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CIRCLE 11 ON READER SERVICE CARD

States' housing bonds swamped in nationwide NO! to new borrowing

On election day a sound rustled across the country that must have filled with foreboding any sincere advocate of state-financed housing. It was the sound of millions of voters snapping their nearly empty purses shut and putting them away.

Some \$6.33 billion in bond issues was on the ballot in states and communities, an amount second only to the \$9.1 billion in 1968. Most of this year's issue—93%, which included hundreds of millions proposed for housing—went down in overwhelming defeat.

Alas, Babylon. Several reasons were suggested in the anguished post mortem.

The recession had induced voter caution. Tax burdens were—or at least seemed—high nearly everywhere already, and voters had thus begun to realize that bonds must be paid for.

The most significant factor, however, was the unsettling agony of New York City.

The impact on housing was most unmistakable in New York State itself. The state sought approval for no less than \$250 million in bonds to build 8,000 units for the elderly. But the state's own credit was in jeopardy as voters went to the polls because of New York City's threatened default.

Debt loads. There was also the little matter of the state's own outstanding debt: \$4.1 billion of full-faith-and-credit bonds and a whopping \$10.3 billion of the once popular moral obligation bonds.

Moreover, state housing construction was ordered to a halt on the weekend before the election in a classic case of mistiming. This was probably not by choice; it was considered impossible to raise urgently needed money at feasible rates in the money markets.

The housing bonds, not surprisingly, were voted down by a 2-to-1 margin.

Byrne burned. Housing bonds were also on the ballot in the neighboring state of New Jersey—\$100 million worth on a long list of proposed borrowings.

Governor Brendan Byrne spearheaded a determined campaign to pass the unpopular issues, promising 100,000 jobs out of them in a state where unemployment was about 13%.

He was joined by a coalition of big labor and other interests. Public opposition, according to observers following the election, was "muted and scattered."

All the proposals were defeated by margins of more than 8 to 5.

One official's rueful estimate: "Everyone was for them except the people."

The \$4.5 billion 'no.' Ohio had the biggest bond package of all—\$4.5 billion worth, a record for any locality to offer all at once—and so Ohio suffered the biggest defeat.

Again the governor, in this case James Rhodes, drove hard for approval. A million-dollar media campaign was coupled with an estimate of 500,000 jobs to be generated. In Ohio, however, the opposition was rela-

tively vocal, if outspent.

Housing's loss. The electorate voted on invisible as well as visible bonds. A proposed constitutional amendment was on the ballot that would have allowed the state to borrow money to finance housing and nursing homes.

No actual bonds or dollar figures for housing appeared on the ballot, though a state study had called for 75,000 units over a five-year period as "appropriate."

Both proponents and opponents of this "Blueprint for Ohio" agreed, even before the vote, that New York—600 miles away—was a spoiler for the governor. Critics quickly dubbed the bonds "Blueprint for Disaster."

A distant sousaphone. As Ohio headed into the election, a

strong bond opponent commented: "New York City is going to be like the sousaphone in the band. It just keeps oom-pah-pahing in the background. The voters are going to be thinking of New York."

And a spokesman for Governor Rhodes retorted:

"The New York City problems affect us negatively, because our opponents have waged a scare-tactic campaign to compare the two situations. But it isn't a valid comparison; uninformed criticism has been so shrilly foisted on the people. . ."

The outcome, foisted or no, was far worse than in New York: an astonishing 80%-plus against the visible bonds.

Positive thinking. On the other hand, the election certainly did not suggest that the voters harbored any particular animus against housing. The Ohio housing amendment, for what it's worth, lost by the lowest margin among that state's proposals—about 2 to 1 rather than 4 to 1.

The decisions against housing proposals were no more severe than against other borrowings; it was money, not purpose, that fretted the voters in New York, New Jersey and Ohio.

And the voters of Baltimore passed \$58 million in new bonds that included, among other things, a \$30-million loan fund for developers to borrow against at low interest for work on a renewal project in the city's inner harbor area, \$12 million in other urban renewal bonds, \$3 million for renewal-related homeowner improvement loans, and even \$1 million for home rehab loans in nonrenewal areas.

Perking up. At least one successful candidate was a man with ties to housing. In Cleveland, Ralph J. Perk, a veteran of the public housing wars, was reelected handily. This election was widely considered a white vs. black campaign, though Cleveland has already had a black mayor—Perk, an ethnic white, has opposed siting public housing in relatively affluent areas. But he is no opponent to public housing per se; and his victory speech on election night called for giving "neighborhood revitalization" a "high priority" in Cleveland.

—HAROLD SENEKER

Yesterday's land-use mistakes

The post mortem was held at the Urban Land Institute's fall meeting in Los Angeles.

Victor Palmieri, trustee for Levitt & Sons and Penn Central Railroad, helped set the tone with two remarks:

- "Yesterday's problems with inefficient land use are expressing themselves in today's bankruptcies."

- "Yesterday's typical development team is obsolete. Its numbers are shrinking and that's a good thing."

Lake Linganore. One developer, William Brosius from Frederick, Md., was invited to explain how Lake Linganore, the 3,731-acre planned unit development he has been working on for 11 years, fell into Chapter 11 bankruptcy status.

Brosius said he started buying land for the big Maryland project in 1964 and sold the first house in 1968. He got a \$3-million land-development loan in 1970 and negotiated a \$6-million recreational facilities loan from First Federal Mortgage Investors (the Miami Beach REIT) in 1971-72. He filled the project's lake and raised prices 10% in 1973—and then the bottom fell out.

"In 1974-75 we lost everything we'd gained," Brosius said. "We tried to restructure our loan with FMI."

But FMI would have none of it, Brosius went on. It rejected



DEVELOPER BROSIOUS

It began to dawn on me. . .

his request for a moratorium on loan interest and it moved to foreclose.

Target—the land. "It began to dawn on me," Brosius explained painfully, "that they wanted the project and not repayment of the loan."

For good reason. Brosius estimates projected pretax profits at \$185 million. He filed for Chapter 11 bankruptcy to keep his lender at bay.

Those mistakes, as Brosius reviewed them, had a familiar ring.

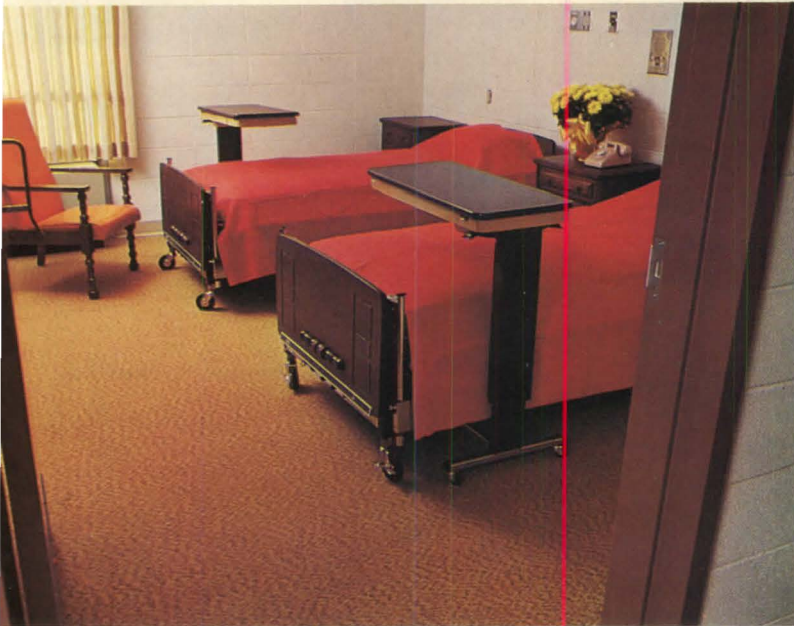
"We went in undercapitalized," he pointed out. "We should have let in other builders; we should have completely finished one section at a time."

In general, participants in the ULI meeting decided such big PUDs are an anachronism. They reiterated the popular theme: Get back to small-scale projects. (For more on industry trends, see p. 20).

—H.C.W.

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Futures imperfect: Can mortgage pit trading really help housing?

Despite an initial success that surprised even its backers, the Chicago Board of Trade's new mortgage futures market faces a long, uphill battle to prove it can do what it has set out to do—give housing at least some degree of protection from dangerous fluctuations in interest-rate costs.

Says the Mortgage Bankers Association's Trevvett Matthews:

"Very few people understand both futures trading and mortgages. And these few have got their fingers crossed."

The futures world is unfamiliar to most mortgage lenders and builders. It can hurt as well as help them if they go into it unprepared. But if they don't go into it, and in large numbers, the Board of Trade's shiny new south trading room might have to be put to other uses.

Passing fad? The question is: Can housing's money men be lured into the market before speculators tire of providing liquidity for it and take their risk capital elsewhere? They could go, for instance, to the new futures market in Treasury bills on the rival Chicago Mercantile Exchange.

If the mortgage market succeeds, Assistant Director Thomas Miller of the MBA sees a whopping \$60-billion volume in futures contracts within two years. Vice President Kenneth Plant of the Federal National Mortgage Corp. (Freddy Mac) agrees on this potential, but he warns:

"It's going to take a long time to get S&Ls interested in even the old secondary market. To go from there to a futures market is a quantum leap."

Hard sell. Given the obstacles, a major drive has been mounted to sell the mortgage fraternity on futures. The Board of Trade chose to open the trading pit on October 20 because the mortgage bankers' convention was in town. The next week Freddy Mac showed the national S&L League's convention a "simulation game," explaining ways to play the market via time-shared computer terminal. This month the MBA kicks off orientation seminars in six cities.

The market lessons these educators are giving start off simply

enough, but they become complex in short order.

How market works. Traders need a way to hedge—to protect themselves—against rises in the

cost of a commodity they expect to buy or declines in the price of whatever they plan to sell.

So the traders make contracts to do the opposite of what they

plan in the cash market. Assuming futures prices move the same way as cash prices, a loss in one market is then cancelled by a hedging gain in the other.

Other markets. The extension of hedging to mortgages hasn't come in a single bound. It has piggy-backed on the evolution of the secondary market for mortgages. Roger Gray, a Stanford economics professor, notes that there already are ways to shield against changes in interest rates:

"Take-out commitments for builders are widespread. Stand-by commitments in the private market are common. Federal agencies have increasingly provided stand-by commitments, and a quasi-futures market in Ginnie-Mae securities is being made."

Trading units. It was the outpouring of Ginnie Mae securities—\$17 billion in five years—that provided the standardized trading instrument needed for the ultimate step: trading futures contracts on an exchange. The trading unit is a contract for delivery of \$100,000 in Ginnie Mae pass-throughs yielding 8% at par.

A key assumption of the exchange is that the ups and downs in the price of this security can stand as a good proxy for price fluctuations in conventional and FHA/VA mortgages.

Long and short of it. Hedgers who plan to sell on the cash market and therefore decide to buy on the futures market are short hedgers. Mortgage bankers, hedging on mortgages they have initiated and plan to sell later, will be short hedgers. Long hedgers sell futures now because they anticipate buying on the cash market later. That technique might be better suited to savings and loans, since they accumulate cash.

Given an assured hedge, experts say, builders might be able to lop the equivalent of ½% off the interest cost of a mortgage. With house financing charges already pricing many would-be buyers out of the market, this would be a welcome gain. But supporters see wider stabilizing influences on housing from a generalized use of hedging.

Problems. All this will be fine if the market proves out. But

TO PAGE 18

MAKING THE FUTURES MARKET WORK

Trevvett Matthews, a member of the staff of the Mortgage Bankers Assn. who has been doing research on the futures market for several months, gives an example of how a mortgage banker might use the market to his advantage. Matthews diagrams a short hedge this way:

Cash Market

June 1975:

Mortgage banker thinks he will have \$1 million of FHA/VA mortgages on hand in June but he is unsure of production. He does not want to make a firm promise to sell the \$1 million to an investor. Yet he wants to protect his 8½% yield.

In October the mortgage banker has the \$1 million in mortgages on hand. Assume, too, that the yield is now only 8%. This raises the price of the mortgages, and he decides to sell them in the cash market. The details of the mortgage banker's lifting his hedge—or offsetting—are:

Cash Market

October 1975:

Mortgage banker has now actually originated and inventoried \$1 million of FHA/VA mortgages at an 8½% yield, protected by the sale of futures. Mortgage banker enters into an 8% December delivery commitment. Two points of price equal ¼% in yield. The yield has dropped by ½%, so price mortgage banker receives from investor rises 4 points, or 4%. Gain is 4% of \$1 million, or \$40,000.

Futures Market

June 1975:

Mortgage banker sells \$1 million of December delivery futures contracts at a yield of 8½%.

Futures Market

October 1975:

Mortgage banker buys back \$1 million of December-delivery 8½% futures, current 8% yield, but he must pay a 4-point premium because price has risen. Mortgage banker in futures market loss is 4 points, or 4%, on \$1 million, or \$40,000.

The two deals thus balance out.

The mortgage banker will use the futures market as a substitute take-out until he is willing to negotiate a firm cash-market commitment.

The cash market has, in the case above, worked to mortgage banker's favor and has offset his loss in the futures market.

Suppose, however, that interest rates had risen to 9%, reducing the price he received when he sold his mortgages to an investor. The mortgage banker would then have lost \$40,000 in the cash market—but he would have gained a like amount in the futures market.

In both cases the futures market has protected the price of the loans against interest rate changes.

Builders also are invited to hedge in the futures market. The Board of Trade has an illustration of how a builder might make certain of the number of points he will have to pay to arrange a mortgage loan in the future. That certainty, in turn, could enable the builder to compute more accurately a selling price for his houses and hence protect his profit margin.

Cash Market

January 1:

Builder plans to construct 20 units to sell at \$35,000 each. He is willing to pay 4 points on a mortgage.

September 1:

Sells all 20 houses, but finds he must pay 8 points for the \$700,000 mortgage. Price 92.00. Yield 9.105%. The additional 4 points cost him 4% of \$700,000, so his expenses have increased by \$28,000.

Futures Market

January 1:

Sells seven December futures contracts, \$100,000 each. Price 96.00. Yield 8.514%.

September 1:

Buys seven December futures contracts \$100,000 each. Yield 9.105%. But price has now fallen to 92. He gains 4 points, or 4% of \$700,000. Gain \$28,000.

The deals balance out, and the builder has protected his original mortgage arrangement against interest rate changes.

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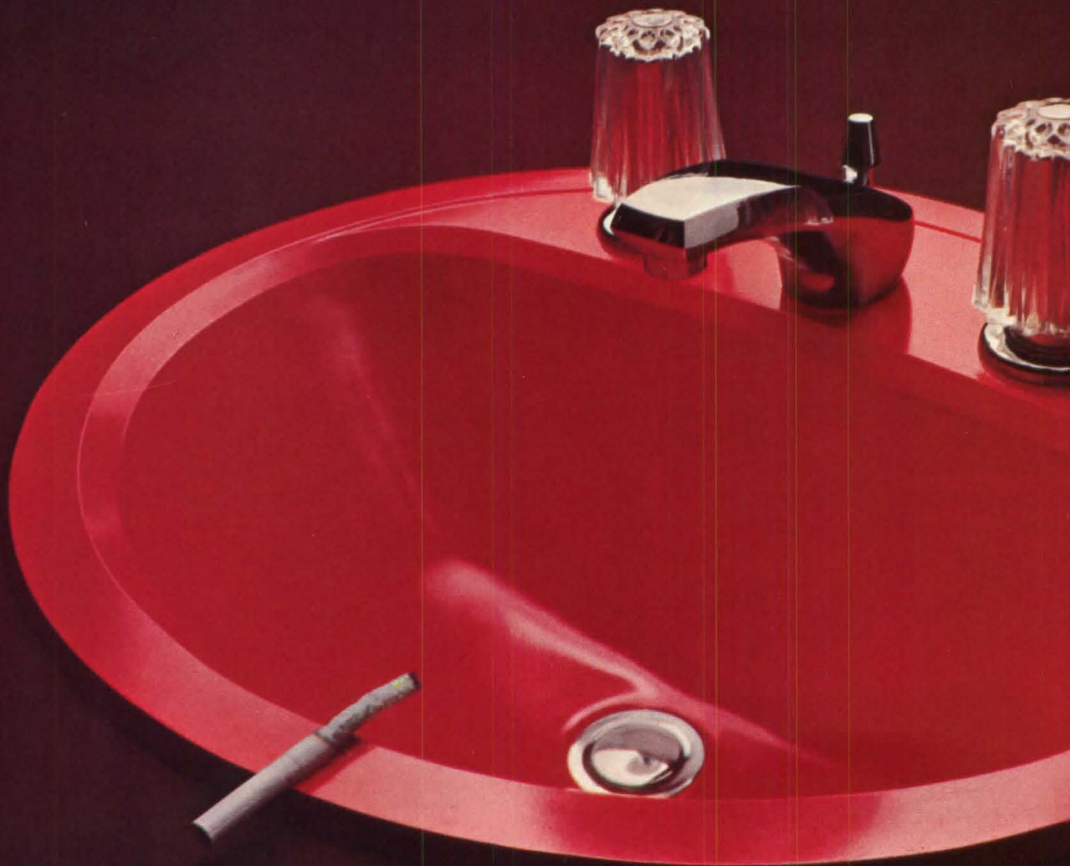
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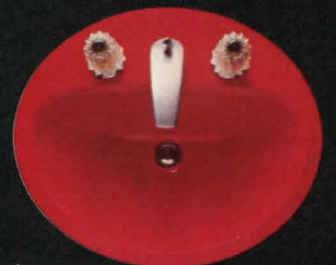
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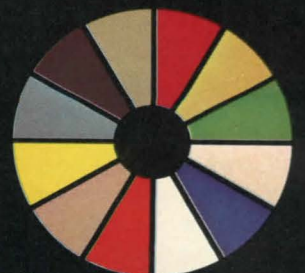
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House shelves its grand plan for controversial housing study

The housing subcommittee of the House of Representatives is planning to launch a major review and investigation of the Federal Housing Administration early next year.

But it won't be the kind of investigation leading to the wide-open "oversight" hearings that Chairman William Barrett (D., Pa.) had in mind.

Barrett had announced such hearings last July. His blockbuster was that he had hired Milton Semer, a housing consultant and an FHA commissioner during the Kennedy-Johnson administrations, to take charge of an inquiry that, Barrett predicted, would lead to "a sweeping overhaul of the basic housing laws."

Checkmate. Semer was to have joined the subcommittee's staff as special counsel August 1 and preparation for hearings was to begin by September.

It never happened. Barrett's decision ran into stonewall opposition—from both Republicans and Democrats on the subcommittee, from other subcommittee chairmen and eventually from Chairman Henry Reuss (D., Wis.) of the parent Banking Committee.

A major reason cited was that neither the subcommittee's budget of \$470,000 nor the full committee's budget of \$1.8 million for calendar 1975 could accommodate the Semer study that Barrett had spelled out in the *Congressional Record* of July 25.

But behind the scenes there was instant resistance—from Republicans and Democrats alike—to turning over such a significant committee inquiry, supposedly leading to a revision of all the housing laws, to a group of Washington old-timers so publicly identified as pro-FHA. Many committee members are not that committed to FHA—or to bringing back FHA "the way it was in the old days." Semer, in published interviews, gave the impression that he already knew what conclusions would be reached by any inquiry he headed.

Politics. The Republicans on the subcommittee—a more powerful force than their numbers might indicate—refused to back any request to the House leadership for additional funds. Had the Democrats insisted,

despite Republican objections, there would have been embarrassing publicity for the Democrats.

In addition, the Banking Committee's financial institutions subcommittee—chaired by Rep. Fernand J. St. Germain (D., R.I.)—was already deep into its consideration of a major shake-up of the powers and relationships of the savings and loans, the commercial banks and the other institutions supplying the mortgage money that builds housing.

A rejection slip. Some insiders interpreted the Barrett-Semer move as an attempt to reassert the subcommittee's ju-

Mortgage futures . . . continued from page 16

there are hazards a-plenty. For one thing, Matthews points out that "if mortgage bankers are the chief hedgers, it won't work."

Hedgers are needed to assure the market a firm link with trends in the mortgage market's cash prices, but they ought to be both long as well as short. (Mortgage bankers are apt to go short in order to supply liquidity to the market.) Right now, says Del Girard, who trades in the mortgage futures market for Wall Street's Drexel Burnham & Co., "there are plenty of hedgers but they are all doing the same thing—going short. So we need tremendous interest on the other side."

Speculators. In this first phase of the market, activity has been twice as heavy as expected. There were 808 trades the first day, and volume averaged 618 trades for the first nine days. Speculators had rushed in.

But the base of speculator interest so far seems to be narrow. Paul Leonard of A. G. Becker, a New York investment banking firm, says the volume has been with professional speculators rather than with the mass of individuals fondly envisioned as the bulwark of the market. Only two dozen mortgage firms plus a few state-chartered S&Ls and some banks have entered trading so far.

Dangers. Even if the market's pool of speculator liquidity should grow by leaps and bounds, as backers predict, the hazards facing hedgers will re-



CONSULTANT SEMER
A 'Dear Milton' letter

risdiction over FHA and the other housing financing agencies—and perhaps exercise greater influence over the eventual legislation that might be reported by the St. Germain subcommittee.

To use the market, the S&L with conventional loans will have to cross hedge—hedge in Ginnie Maes even though conventional mortgage interest rate trends don't track exactly with Ginnie Mae yields. A vice president of a New York securities firm warns:

"All cross-hedging is dangerous because of the 10% difference in the trend of Ginnie Mae and conventional rates."

Chance for success. The market's upbeat beginning augurs that the problems just might be solved. Mortgage Broker William Gow, president of Huntoon, Paige & Co., New York, doesn't relish the thought of the exchange displacing his own Ginnie Mae dealer market as the place to lay off future risk. But he wonders: "If a bunch of people come in it, then maybe there will be a shift from dealers to the exchange. I think not—but look at the option market."

One expert with the optimistic view is Preston Martin, former chairman of the Home Loan Bank Board and now president of the Mortgage Insurance Co. of San Francisco.

"The next step will be futures contracts based on FHA/VAs," he says, "and later contracts based on privately insured conventional. (Martin's company insures conventionals.)"

"Eventually you will have a mortgage-futures market that dwarfs the Ginnie Mae market."

—STAN WILSON
McGraw-Hill World News,
Washington

All the in-fighting was done behind the scenes, but by early October Barrett wrote a "Dear Milton" letter to Semer expressing his "sincere regret that your team will not be able to proceed this year with the contract study envisioned by my July 25 statement."

Familiar cast. The team referred to is the group of consultants working for the firm of Semer & Zimmerman—Julian Zimmerman being the Texas Republican who headed FHA during the Eisenhower administration. Barrett said that he had hoped to continue to use the "enormous capacities of the team in advisory or witness roles" as the subcommittee studied "the critical problems besetting our housing and our cities."

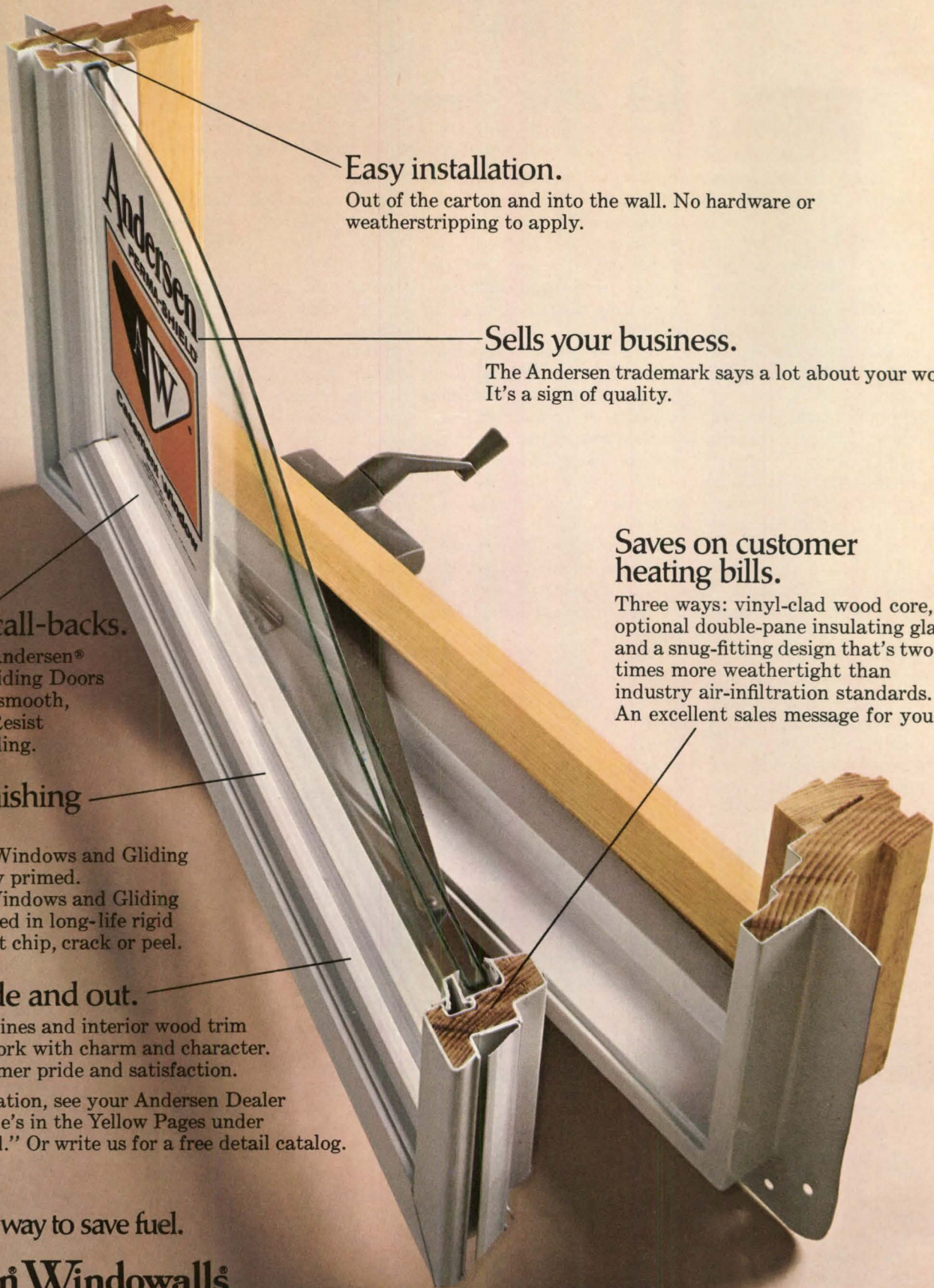
Besides Semer and Zimmerman, the team included George Sternlieb, Rutgers University professor; Ashley Foard, formerly a deputy counsel for HUD; Ray Niblack, housing consultant and a former assistant commissioner of FHA; Hilbert S. Fefferman, former associate general counsel of HUD; John M. Frantz, a Washington consultant; and Sarah M. Perrin, a former HUD lawyer.

Hint of pro-FHA bias. The lack-of-funds excuse provided a satisfactory exit for all factions involved in the dispute—and Reuss later took Barrett off the hook by saying he expects the subcommittee's study to go forward with his backing.

Plans are now shaping up under the subcommittee staff director, Gerald McMurray, for hearings after Jan. 1, at which time funds will be found to pay for whatever staff or outside help is needed. However, it is expected that any outside staff will be taken on as either part-time or short-term consultants.

One of the issues in the dispute was turning over so much of the subcommittee's power and influence on contract to an outside firm—particularly one that was considered to have a strong and historic pro-FHA bias. Also, there were questions of conflict of interest, raised as a result of Semer's and the firm's work for a wide range of housing industry clients, including the Department of Housing and Urban Development. D. J.

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West Coast housing leaders agree: The basic house is a myth

Stripped-down houses don't give buyers enough value or builders enough profit.

They make sense in the boon-docks where lot costs are low. But in a competitive marketplace the bare-bones 1,000-sq.-ft. house is scarcely more than an apartment on a lot. It's a loss leader, not worth building in volume.

That was one conclusion reached by 50 California builders and lenders at an all-day roundtable just held in Los Angeles.

Whirlpool Corp. paid for the conference. A housing consultant and former *HOUSE & HOME* editor, Richard W. O'Neill, ran it. And the agenda was so thorough that lunch was served at the conference table so no discussion time would be lost.

No help from Uncle. Here are some other judgments reached by O'Neill's experts:

- Builders can't depend on the federal government for any significant help in producing housing for two years. The possible exception, and it's a small one, may be the subsidy programs of the Farmers Home Administration.

- Land development problems and their related costs will intensify and there's not much builders can do about it.

- Condominiums aren't dead. There's a good future market for condos once builders learn how to overcome design and market problems.

- Today's buyers want value. The old razzle-dazzle, i.e., elaborate models and sales centers, doesn't sell like it used to. In fact, it may be turning off buyers who just want a good house.

Role of giants. The opinion makers didn't agree on everything. They debated, for example, whether such industrial giants as American Standard and ITT are really fed up with the housing business.

"Yes," said Richard Weiss, a real estate attorney who was president of the Larwin Group when the big Coast company was building nationally.

"Building companies can't be cast in the industrial corporation mold," Weiss insisted. (He had also worked for Levitt.) "A housing company can't expand beyond the attention span of the single entrepreneur. A builder



Roundtable on the future was run by consultant Dick O'Neill (left) and included (left to right) ex-builder Dick Weiss, accountant Len Levy, builder Gerry Degen and lender Ken Siprelle. Fifty experts attended the session.

must be within a day's drive of any project."

"No," said Leonard Levy, senior partner for Kenneth Leventhal & Co., a New York accounting firm that specializes in unraveling distressed builders' accounts.

"This was only Generation I of the merger era. Memories will dim. Five years from now the big industrial companies will take another look and start merging with builders all over again. Housing's cyclical nature won't deter them. They'll learn to ride with the cycles."

Pension funds. The roundtable disagreed, too, on whether pension funds will enter the mortgage market in a significant way.

"They will," said Los Angeles builder Alan Borstein (W&B Builders Inc.), "because their current yields are ridiculously low. They need the higher yields of the real estate business. When we start tapping the \$30 or \$40 billion in city and state pensions, we won't need the real estate investment trusts."

"They won't," said Weiss, "because there's a stigma on our industry that will probably last through our generation. The funds have seen how underwriting standards in our industry tend to deteriorate when money becomes available."

Builder Ed Malone of La Jolla Calif. (The Malone Co.) provided an example of pension-fund skepticism:

"A fund in Georgia is yielding 3% to 5%. They could double that by switching to government-insured mortgages. But after this was explained to the members, the fund directors sent out a letter discouraging real estate investment."

The basic house. On the stripped-down house, however, there was a consensus.

First, buyers aren't condi-

tioned to the basic house.

"We've spoiled them," said Malone. "Their level of expectation has gone up faster than their ability to buy. Our industry's magazines keep showing them open-beamed ceilings and swimming pools. So they instinctively reject the stripped-down house." Second, such stripped-house features as expansion space and optional kitchen appliances don't work anymore.

Said Michael Tenzer, former marketing vice president for the Larwin Group:

"Code changes have killed the two-story expandable house because you can no longer leave the expansion space unfinished. You have to install finished floors, wiring, heating and all the other mechanicals. All you can leave unfinished are the walls, and that's not enough to make the unfinished house a significantly better value than the finished house."

And Architect Barry Berkus of Santa Barbara added:

"Optional kitchen appliances are a deterrent to sales because today's buyer thinks a completely equipped kitchen is a necessity."

There was a third consideration.

The stripped-down house is false economy, Berkus argued, because it produces few savings.

Financing costs. "Instead of stripping down the product," said Malone, "we've got to strip down the financing costs and the development fees we have to pay. The reasons why homeowners' monthly payments have tripled in our San Diego County market in the last five years is that financing costs have risen 146%, lot costs 100% and construction costs 78%."

Rising development fees were viewed as an outgrowth of local efforts to limit land use and

growth. "Special site improvements and extra fees for schools, parks, libraries and the like are adding 15% to 25% to house costs in San Diego County," said Gerald Degen, president of L. B. Nelson Corp. of Southern California.

"And we can expect those fees to keep increasing," said Michael Keston, president of The Larwin Group, "because cities are no longer passing bond issues for water, schools and the like. The citizens are unwilling, so the builders' fees are being increased."

Environmental curbs. Builders also have the added cost of environmental restraints to contend with. Said Tenzer:

"That cost is hidden in the job delays caused by environmental impact hearings and other conservationist red tape."

As house costs and prices rise, how can the industry keep the supply of qualified buyers from shrinking?

One solution: Lenders will lower their qualifications.

"They'll permit buyers to spend up to 30% of their incomes for housing," said Roger Lindland, senior vice president for California Federal Savings.

Kenneth Siprelle, senior vice president for Western Mortgage Corp., agreed. So did Marvin Strattman, senior vice president for Tigor Mortgage Insurance.

Rents. A look into the future feasibility of rental apartments concluded with the consensus that rents must increase 50% in the next four years. "But," warned Richard Stanford, vice president of Title Insurance & Trust Co. in Santa Ana, "watch out for rent controls. Enabling legislation for controls is being put on the books in more and more states and cities, and rising rents will force their enactment."

—H. CLARKE WELLS



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Big bank sued for lending money to save its own realty loans

A suit filed in Federal District Court in Atlanta alleges that Morgan Guaranty Trust Co. of New York City is making illegal loans to its borrowers to keep their loans alive and current.

Filed in behalf of Peter E. Blum, an Atlanta minority stockholder in Morgan Guaranty, the suit aims largely at real estate loans. It charges that the bank is violating Federal Reserve rules by making loans to borrowers so they can pay the interest on earlier loans.

The suit names not only the top officers of Morgan Guaranty. It cites as a defendant no less a personage than Arthur F. Burns, chairman of the Board of Governors of the Federal Reserve System. Burns, the suit alleges, knows of the practice, and he and the Fed are charged with failing to enforce banking rules that proscribe such doings. The Fed did not, the suit says, require "defendant bank, as well as other national banks, to charge off said interest loans."

Both the Fed and the bank said through spokesmen that they had no comment on the suit.

Equity erosion. According to the suit, Morgan Guaranty has \$300 million in loans to Georgians for which it holds real estate deeds as security, and it has "hundreds of millions of dollars of real estate loans in its portfolio." Stockholder equity stood at \$1 billion last December 31, according to the suit. But it is being diluted by \$10,000 a day, the suit says, by interest accumulating on the illegal loans at an assumed 6% rate if 1) each borrower defaults as loans mature and if 2) no borrower can get another interest loan.

The suit seeks a declaratory judgment of the illegality of the alleged lending practices, an injunction against future resort to such lending, an accounting of such practices to determine losses and potential losses, a jury trial of the suit and an order to Burns to act against further interest loans. Also sought is \$1 million in damages as reparation to the bank by the persons responsible for the practices.

Wider significance. The suit contains no substantiation of the existence of the alleged practices by Morgan Guaranty, an absence that Atlanta attorney Moreton Rolleston attributes

largely to new federal court rules that encourage brevity in the filing of such suits. Asked about the implications for the nation's banks if the suit is successful, Rolleston says "it would shake up some people, some more than others."

An executive of an Atlanta development and construction firm, asked if the practices described in the suit occur in his market, says that additional loans to developers to pay inter-

est are not occurring to his knowledge.

REIT loan dangers. An analysis of the exposure of the nation's banks to losses from loans to real estate investment trusts, written by George Salem, an analyst for the Drexel-Burnham brokerage house in New York,* makes a far gloomier assessment than a report in February.

**Bank Loans to REITs, Problems and Prospects, Drexel Burnham & Co., 60 Broad St., N.Y., N.Y. 10005.*

Florida's classrooms to move if students do

Florida has just contracted for \$23 million worth of movable classrooms—modules that can be shifted to accommodate the changing tides of the state's highly mobile student population.

Classroom modules are not new, of course, nor is the idea of shifting them. Chicago was among the first cities to try the idea.

But Florida's experiment is believed to be the largest of its kind. Its outcome may well determine whether there is a vol-

complemented with wood decking and sheathing. Each unit measures 12' x 36', weighs nine tons and "is built like a tank," according to company officials.

President Richard Knopf of PBS says his plant employs 150 people. By early December, he says, production should reach ten units a day. The payroll is \$25,000 a week.

The biggest advantage of the modular construction is that the units can be dismantled and re-erected in response to population shifts. Another consid-



Modular classroom takes shape at PepsiCo Building Systems plant in Florida. Wood sheathing will cover a steel frame. Units weigh nine tons.

ume market for such classrooms in other states—or even cities—with highly mobile school populations.

New factory. PepsiCo Building Systems of Anaheim, Calif. has just opened a plant in Plant City, near Tampa, to produce the mods. The company bid low on a contract let by the Florida Department of Education Bureau of School Facilities to provide 1,824 classrooms and 38 toilet units by Sept. 1, 1976.

Steel-frame construction is

eration is that the modules can be put together in varied arrangements—side-by-side, end-to-end or end-to-side. They are not designed for multistory use.

Broward County (Fort Lauderdale) will erect four complete schools with the PepsiCo modules, using the units in cluster.

PepsiCo Building Systems (named Mobilease until about a year ago) was acquired by PepsiCo Inc., of Purchase, N.Y. in the mid-1960s.—RON YOGMAN
McGraw-Hill News, Tampa

The September report makes this new assumption:

"We now feel that 25% of the principal on the approximately \$7.2 billion of loans to troubled REITs can reasonably be expected to be written off over the next two to three years, and non-accrual loans by banks to REITs are today well above 50% (perhaps averaging about 65%) of all funds lent by banks to REITs—and still have not stabilized."

'Underestimating.' "The basic conclusion of this report," Salem wrote, "is that bankers in general have, in our opinion, been underestimating their vulnerability to write-off of principal on loans to REITs."

Two reasons for his concern about the banks' exposure are that 1) bad management has affected assets to the extent that even an improved economy will not help work off the inventory of vacant or unsold properties and 2) "historic precedent is no guide to assessing the recovery period for the REITs since rarely in history has there been such a violation of prudent lending principles."

The report says that 40% to 45% of bank loans to the REIT industry are to individual REITs threatened by bankruptcy, and that only 25% of loans are to REITs in sound financial condition. Of the \$7.2 billion in principal in bank loans to REITs, \$1.8 billion (25%) may eventually be written off, according to Salem, an amount that current bank loan loss reserves could not cover and which would have to be charged to earnings. Salem softens this observation, however, by noting that these projected losses are not inevitable and that they probably would be written off over a period of years.

Demurrer. Two writers for Salomon Brothers, the New York investment banking firm, have since insisted that the Drexel Burnham report was "extreme," but Salem is standing by his guns.

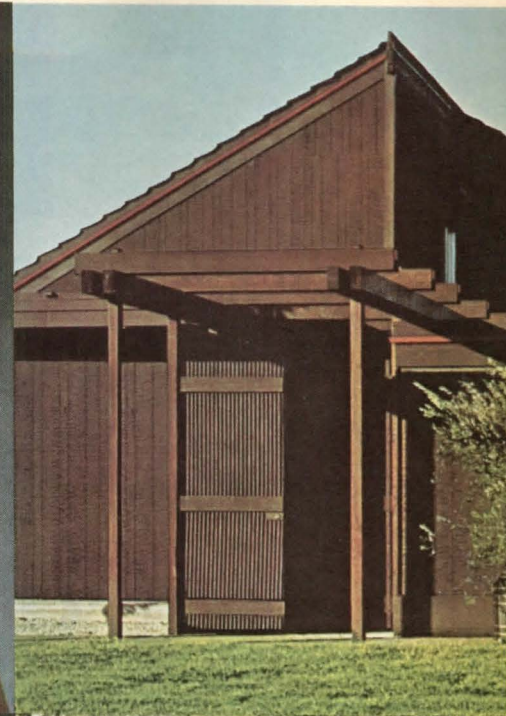
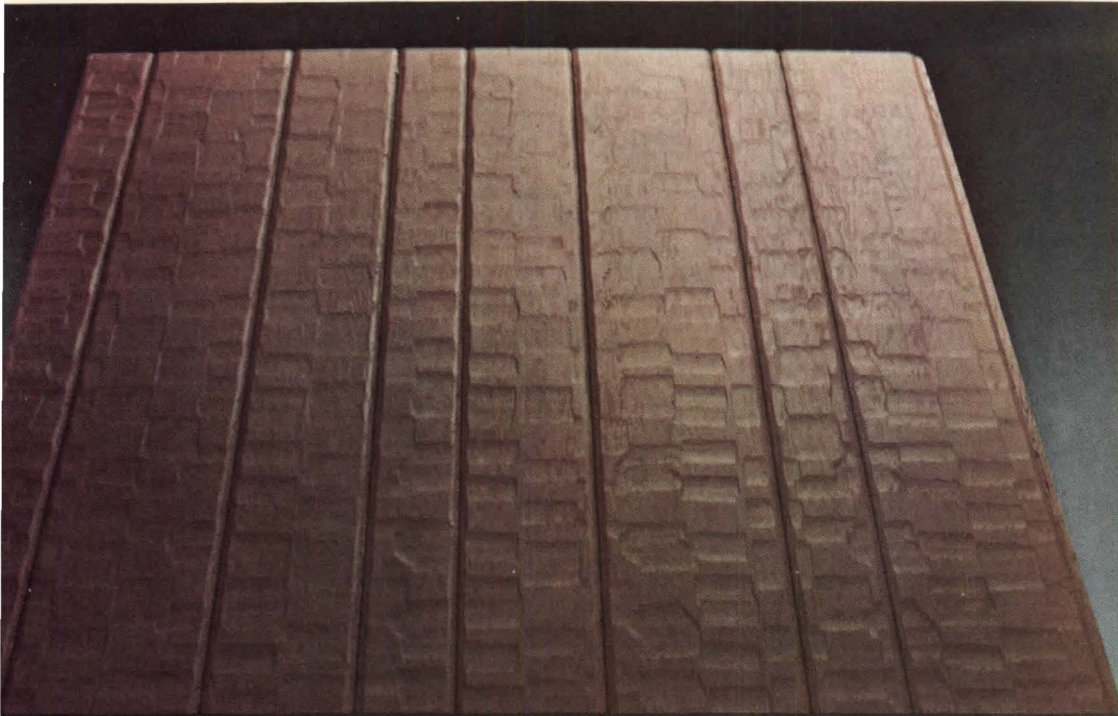
Analysts Warren Marcus and Thomas Hanoly wrote in their firm's *Bank Stock Weekly* that, conservatively viewed, the losses to principal in bank loans to REITs would be less than 10% rather than 25%.

—STAN FISHER

McGraw-Hill News, Atlanta

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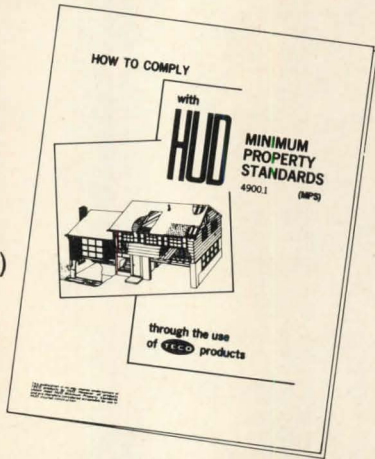
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NEWS/FINANCE

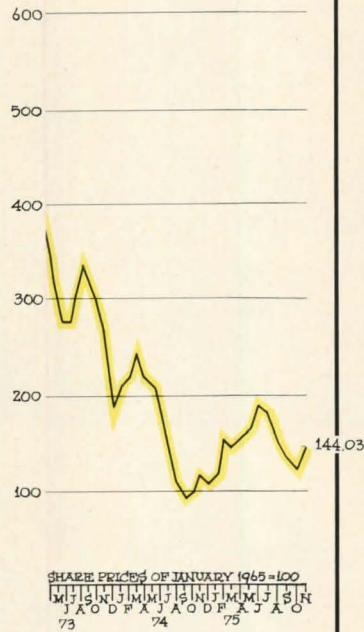
Housing stocks turn upward on...

Housing stocks have staged a modest rally after four months of steady decline.

HOUSE & HOME's share-value index of 25 issues rose to 144.03 from 134.50 in the month ended November 3. The building and mobile-home companies led the advance. Only the land developers lost ground.

Share values of January 1965 equate with 100 on the index.

Here's the graph of 25 stocks.



Here's how the five companies in each section performed.

	Nov. '74	Oct. '75	Nov. '75
Builders	80	117	131
Land developers	69	86	74
Mortgage cos.	127	189	198
Mobile homes	379	390	417
S&Ls	85	92	104

Company	Nov. 3 Bid/close	Chng. Prev. Month
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BUILDING COMPANIES

Alodex—d.....	OT	1/16
AVCO Comm. Devel.—d	PC	1/2	- 1/16
American Cont. Homes	OT	1 3/8	- 1/4
American Urban Corp.	OT	1/4	.....
Bramalea Con. (Can.)	TR	4.95	+ 35
Campanelli Ind.	OT	1 1/4	- 3/8
(New American Ind.)			
Capital Divers (Can.)—d	OT	.25	- .04
*Centex Corp.	NY	7 1/4	+ 3/8
Cenvill Communities	AM	3 3/4	+ 1/2
Cheezem Dev. Corp.	OT	1/2	- 1/8
Christiana Cos.	AM	1 1/4	.....
Cons. Bldg. (Can.)	TR	2.30	- 10
Dev. Corp. Amer.	AM	3	- 1/4
Edwards Indus.	OT	2 1/2	- 1/8
FPA Corp.	AM	2 1/2	+ 1/8
Carl Freeman Assoc.	OT	1 3/4	- 3/8
Frouge Corp.—d	OT	4 1/2	- 1/2
General Builders—d	AM	3/4	- 1/8
Hoffman Rosner Corp.	OT	1 3/4	.....
Homewood Corp.	OT	3 1/2	- 1 3/4
Hunt Building Corp.	OT	1 3/8	- 1/2
*Kaufman & Broad	NY	6 1/2	+ 1/4
Key Co.	AM	1 1/8	- 3/8
Leisure Technology	AM	1 1/2	- 1/8
Lennar Corp.	NY	4 1/8	- 1/4
McCarthy Co.—d	PC	3/4	- 1/8
McKeon Const.	AM	1 1/4	- 1/2
H. Miller & Sons	AM	6	- 1 1/2
Mitchell Energy & Dev.	AM	16 1/8	+ 1/8

Company	Nov. 3 Bid/close	Chng. Prev. Month
Presidential Realty	AM	1 3/4 - 1 1/2
Presley Development	AM	4 1/8 + 3/8
Pulte Home Corp.	AM	1 1/8 - 1/8
Robino-Ladd Co.—d	AM	1
Rossmoor Corp.—d	AM	2 1/8 - 1/4
*Ryan Homes	AM	18 1/8 + 3 1/4
Ryland Group	OT	11 + 1 1/8
*Shapell Industries	NY	9 7/8 + 1 3/8
Shelter Cp. of Amer.—d	OT	1 1/8
Standard Pacific	AM	3 1/8 + 1/2
Universal House & Dev.—d	PC	3/8
*U.S. Home Corp.	NY	4 1/2 + 3/4
Valley Forge Corp.—d	OT	1 1/8
Washington Homes	OT	2 - 1/4
Del E. Webb	NY	4 - 1/8
Westchester Corp.	OT	1 1/8

SAVINGS & LOAN ASSNS.

American Fin. Corp.	OT	9 3/8 - 1 3/8
Calif. Fin.	NY	2 3/4 + 1/8
*Far West Fin.	NY	5 1/8 + 1/8
Fin. Corp. Santa Barb.	AM	9 1/4 + 3/8
*Fin. Fed.	NY	9 1/8 + 1/2
*First Charter Fin.—h	NY	12 3/8 + 1 7/8
First Lincoln Fin.	OT	1 1/8
First S&L Shares	AM	6 1/4 + 1 1/4
First Surety	OT	4 1/8 + 1
First West Fin.	OT	1 3/8 - 1/8
Gibraltar Fin.	NY	9 + 1
Golden West Fin.	NY	11 1/2 + 1 1/8
*Great West Fin.	NY	13 3/4 + 1
Hawthorne Fin.	OT	7 1/2 + 1/4
*Imperial Corp.	NY	9 1/4 + 3/8
Transohio Fin.	NY	5 1/8 + 3/4
(Union Fin.)		
Trans World Fin.—d	NY	11 1/2 + 1 3/4
United Fin. Cal.	NY	6 3/8 + 1/2
Wesco Fin.	NY	9 1/2 + 3/8

MORTGAGING

*Charter Co.	NY	5 1/4 + 1
CMI Investment Corp.	NY	8 1/8 + 1 1/8
*Colwell—d	AM	4 1/8 + 1/8
Cont. Illinois Realty	NY	1 1/4 - 3/8
*Fed. Nat. Mtg. Assn.	NY	14 1/8 + 1 1/2
Fin. Resources Gp.—d	OT	1 3/8
(Globe Mortgage)		
*Lomas & Net. Fin.	NY	6 1/8 + 1/8
*MGIC Inv. Corp.	NY	11 1/8 + 1 1/2
Palomar Fin.	AM	1 3/4 + 1/8
United Guaranty Corp.	NY	6 3/4 - 3/8
(formerly FMC Corp.)		
Western Pac. Fin. Corp.—d	OT	3 - 1/4
(formerly So. Cal. Mort. & Loan Corp.)		
UPI Corp.	AM	3 1/8 + 1/8
(United Imp. & Inv.)		

REAL ESTATE INV. TRUSTS

Alison Mtg.	NY	2 1/8 - 1 1/4
American Century	AM	1 1/8 - 1/4
API Trust	OT	5 3/4 + 1/4
(formerly Arlen Prop. Inv.)		
Atico Mtg.	NY	1 1/8 - 5/8
Baird & Warner	OT	7 1/8 + 1 1/8
Bank America Rlty.	OT	4 1/8 - 3/4
Barnes Mtg. Inv.	OT	1 3/4 - 1/4
Barnett Mtg. Tr.—d	NY	2
Beneficial Standard Mtg.	AM	1 1/4 - 5/8
BT Mort. Investors	NY	1 1/4 - 7/8
Cameron Brown	NY	1 3/8 - 1/8
Capitol Mortgage SBI	NY	3/4 - 3/16
Chase Manhattan	NY	2 - 7/8
CI Mortgage Group	NY	7/8 - 1/8
Citizens Mtg.	AM	1 1/4 - 1/8
Citizens & So. Rlty.	NY	1 3/8 - 1/2
Cleve. Trust Rlty. Inv.	OT	1 3/8 + 1/8
Colwell Mtg. Trust	AM	1 1/2 - 3/8
Conn. General	NY	12 - 1/4
Cousins Mtg. & Eq. Inv.	NY	1 3/8 - 1 1/2
Diversified Mtg. Inv.	NY	1 - 1/8
Equitable Life	NY	16 1/4 - 3/8
Fidelco Growth Inv.	AM	3 3/4 - 1/2
First Memphis Realty	OT	1 7/8 + 1/8
First of Denver	AM	1 3/4 - 1/4
First of Pennsylvania	NY	1 1/8 - 1/4
Franklin Realty	AM	1 1/2 - 3/8
Fraser Mtg.	OT	8 1/4 - 1/4
Gould Investors—d	AM	3 1/8 - 5/8
Great Amer. Mtg. Inv.—d	NY	2 3/4
Guardian Mtg.	AM	1 1/8 - 3/8
Gulf Mtg. & Realty	AM	1 1/2 - 1/8
Hamilton Inv.	OT	1 - 1/4
Heitman Mtg. Investors	AM	1 - 1/4
Hubbard R. E. Inv.	NY	10 1/8 + 1 1/4
ICM Realty	AM	8 1/4 + 3/8
Lincoln Mtg.	OT	1 1/4 - 3/8
LMI Investors	NY	1
(Larwin Mort. Inv.)		
Mass Mutual Mtg. & Rlty.	NY	9 1/4
Mission Inv. Trust	AM	11 1/16 - 1 1/16
(formerly Palomar)		
Mony Mtg. Inv.	NY	6 1/4 - 3/8
Mortgage Trust of Amer.	NY	2 3/8 - 3/8
National Mortgage		

...surge of builders, mobile homes

Company	Nov. 3 Bid/Close	Chng. Prev. Month
Nationwide R.E. Inv. (Galbreath Mtg. Inv.)	OT 2 1/2	- 1/4
North Amer. Mtg. Inv.	NY 6 1/4	.....
Northwest Mut. Life Mtg. & Rlty.	NY 9 1/8	- 7/8
PNB Mtg. Rlty. Inv.	NY 4 1/2	- 1/8
Penn. R. E. Inv. Tr.—d	AM 9	- 1/8
Property Capital—d	AM 6 5/8	.....
Realty Income Tr.	AM 5 5/8	- 3/8
Republic Mtg. Inv.	NY 1	- 1/4
B. F. Saul, R.E.I.T.	NY 3 1/8	.....
Security Mtg. Inv.	AM 11 1/16	- 7 1/16
Stadium Realty Tr.	OT 3 3/8	- 1/8
State Mutual SBI	NY 3 3/4	- 3/8
Sutro Mtg.	NY 3 3/8	- 3/4
Unionamerica Mtg. & Equity	AM 1 1/8	- 1/4
United Realty Tr. (Larwin Realty & Mortgage Trust)	AM 5	- 1/4
U.S. Realty Inv.	NY 1 5/8	- 1/4
Wachovia Realty Inc.	NY 2 3/8	- 5/8
Wells Fargo Mortgage	NY 5	- 1

LAND DEVELOPERS

All-State Properties	OT 1/8	- 1/8
•AMREP Corp.	NY 1 1/2	- 7/8
Arvida Corp.	OT 4 1/8	.....
Canaveral Int—d	AM 4	+ 1/8
Crawford Corp.	OT 4	.....
•Deltona Corp.	NY 4 5/8	- 1/8
Dominion Holding (Disc. Inc. of America)	OT 3/8	.....
Fairfield Communities	OT 5/8	+ 1/8
•Gen. Development	NY 3 3/4	- 3/8
Getty Financial Corp. (Don the Beachcomer)	OT 1 1/2	- 1/2
•Horizon Corp.	NY 1 7/8	- 1/8
Landmark Land Co. (Gulf State Land)	AM 1 3/8	- 1/4
Land Resources	OT 1/2	- 1/8
Major Realty	OT 60	- 275
•McCulloch Oil	AM 3 3/8	- 3/4
Sea Pines Co.	OT 1	.....

MOBILE HOMES & MODULES

•Champion Home Bldrs.	AM 3 3/4	+ 3/4
Conchemco	AM 6 1/8	+ 1/8
De Rose Industries—d	AM 1	- 1/8
•Fleetwood	NY 12	+ 1/4
•Golden West	AM 3 1/4	- 1/4
Moamco Corp—d (formerly Mobil Americana)	AM 1 3/4	.....
Mobile Home Ind.	NY 3 3/4	+ 3/8
Monarch Inc.	OT 3/4	.....
•Redman Inc.	NY 2 1/8	- 1/8
Rex Noreco	NY 1	.....
•Skyline	NY 16	+ 1/4
Town and Country—d	AM 1 3/4	- 1/4
Zimmer Homes—d	AM 4 1/8	+ 3/4

Brigadier Inc.	OT 1 1/8	+ 1/8
Hodgson Houses—d	OT 3/8	- 1/4
Liberty Homes	OT 1 3/4	+ 1/4
Lindal Cedar Homes	OT 1 1/2	+ 1/4
Nationwide Homes	AM 16 1/4	+ 1
Shelter Resources	AM 1 5/8	- 7/8
Swift Industries—d	OT 1/8	.....

DIVERSIFIED COMPANIES

American Cyanamid	NY 24 5/8	+ 5/8
Amer. Standard	NY 13 3/8	+ 1/8
Amterre Development	OT 3/4	- 1/8
Arien Realty & Develop.	NY 2 1/4	- 1/8
AVCO Corp.	NY 5 5/8	+ 1/4
Bendix Corp.	NY 43	+ 1
Bethlehem Steel	NY 33 1/4	- 1 7/8
Boise Cascade	NY 22	- 3/8
Building & Land Tech.	OT 1/4	.....
CNA Financial (Larwin)	NY 5 1/4	- 1/4
Campeau Corp.	TR 4.25	- 30
Castle & Cooke (Oceanic Prop.)	NY 14 3/8	+ 1/4
CBS (Klingbell)	NY 47 1/2	+ 3/8
Champion Int. Corp. (U.S. Plywood-Champion)	NY 14 1/2	+ 1/4
Christiana Securities	OT 111 1/2	+ 9
Citizens Financial	AM 3/8	.....
City Investing (Sterling Forest)	NY 7 7/8	+ 1/4
Corning Glass	NY 37 1/2	+ 2 1/4
Cousins Properties	OT 1 1/4	- 5/8
Dreyfus Corp. (Bert Smokler)	NY 6 3/4	+ 5/8
ERC Corp. (Midwestern Fin.)	OT 17	+ 1 1/2
Evans Products	NY 4 3/4	+ 1/8
Ferro Corp.	NY 22 1/4	+ 1 1/4
First Gen. Resources	OT 1 1/16	.....
First Rlty. Inv. Corp.	AM 1/2	- 1/4
Fishback & Moore—d	NY 25	.....
Forest City Ent—d	AM 4 1/4	.....
Flagg Industries	AM 1 1/2	- 3/8
Frank Paxton Corp. (Builders Assistance Corp.)	OT 7 1/2	- 1/4
Fruehauf Corp.	NY 18 1/2	+ 1 3/8
Fuqua Corp.	NY 4 1/4	- 1/2
Georgia Pacific	NY 43	+ 2 3/8

Company	Nov. 3 Bid/Close	Chng. Prev. Month
Glassrock Products—d	AM 3 1/2	+ 3/8
Great Southwest Corp.—d	OT 1 1/8	.....
Gulf Oil (Gulf Reston)	NY 21 1/4	+ 1/8
Gulfstream Land & Dev. (Bel-Aire Homes)—d	AM 3 1/2	- 1/2
INA Corp. (M. J. Brock)	NY 33 3/8	+ 1/2
Inland Steel (Scholz)	NY 40 3/8	- 5/8
International Basic Econ.	OT 2	- 1/8
International Paper	NY 54 3/8	+ 7/8
Inter. Tel. & Tel.	NY 20 3/8	+ 7/8
Killearn Properties—d	PH 3/8	.....
Leroy Corp.	OT 3/4	- 3/4
Ludlow Corp.	NY 6 5/8	- 1 1/4
Monogram Industries	NY 7	+ 1/4
Monumental Corp. (Jos. Meyerhoff Org.)	OT 8 3/4	+ 1
Mountain States Fin. Corp.	OT 3 1/2	- 1/4
National Homes	NY 3 1/2	+ 1/2
National Kinney (Uris Bldg.)	AM 2 3/8	- 5/8
NEI Corp.	OT 1/4	- 1/4
Occidental Petroleum (Occ. Pet. Land & Dev.)	NY 14 3/4	- 1 3/4
Perini Corp.	AM 4 5/8	- 3/8
Philip Morris (Mission Viejo Co.)	NY 48 1/2	+ 1 1/8
Pope & Talbot	NY 14 5/8	- 5/8
Republic Housing Corp.	AM 1	- 3/4
Rouse Co.	OT 3 3/8	+ 1 1/4
Santa Anita Consol. (Robt. H. Grant Corp.)	OT 5 1/4	- 3/4
Tenneco Inc. (Tenneco Realty)	NY 24 3/8	- 5/8
Time Inc. (Temple Industries)	NY 56	+ 3/4
Tishman Realty	OT 9 1/8	- 2 3/8
Titan Group Inc.	OT 1 3/4	.....
UGI Corp.	NY 13 1/4	+ 7/8
Weil-McLain	NY 6 1/2	.....
Westinghouse (Coral Ridge Prop.)	NY 12 1/2	- 1
Weyerhaeuser (Weyer Real Est. Co.)	NY 36 3/4	+ 1/4
Whittaker (Vector Corp.)	NY 2 3/4	- 1/8
Wickes Corp.	NY 9 1/4	+ 3/8

SUPPLIERS

Armstrong Cork	NY 24	+ 4 3/8
Automated Bldg. Comp.	AM 2	- 1/2
Bird & Son	OT 61	+ 20
Black & Decker	NY 24	+ 3/4
Carrier Corp.	NY 9	- 3/8
Certain-teed	NY 12 3/4	+ 2 5/8
Crane	NY 46 1/4	+ 3 3/4
Dexter	NY 11 5/8	+ 1/2
Dover Corp.	NY 44 1/2	+ 3 1/2
Emerson Electric	NY 34 1/2	- 1/4
Emhart Corp.	NY 19	- 1
Fedders	NY 3 3/4	- 1/8
Flintkote	NY 14 7/8	- 3/8
GAF Corp.	NY 10 5/8	+ 1
General Electric	NY 47 5/8	+ 2 1/4
Goodrich	NY 16 1/4	+ 5/8
Hercules	NY 27 5/8	+ 1/2
Hobart Manufacturing	NY 20 3/4	+ 1 1/4
Int. Harvester	NY 24 1/4	+ 1 1/8
Johns-Manville	NY 22	+ 2 3/4
Kaiser Aluminum	NY 24 1/2	- 1/4
Keene Corp.	NY 4 1/2	.....
Leigh Products—d	AM 7 3/8	+ 1/4
Masco Corp.	NY 46 1/2	+ 3 3/4
Masonite Corp.	NY 25 1/2	- 3/4
Maytag	NY 31 1/4	+ 3 1/4
National Gypsum	NY 11	- 5/8
Norris Industries	NY 20 1/2	+ 2 1/4
Overhead Door	NY 5 5/8	- 1/2
Owens Corning Fibrgl.	NY 38 1/4	+ 7 1/4
Pottlatch Corp.	NY 46 7/8	+ 2 1/8
PPG Industries	NY 31 1/2	+ 3 3/8
Reynolds Metals	NY 20 3/4	+ 5/8
Rohm & Haas	NY 60 1/4	- 2
Ronson	NY 5	.....
Roper Corp.	NY 13 3/8	- 1
St. Regis Paper	NY 32 1/4	+ 3 1/2
Scovill Mfg.	NY 11	+ 1 3/8
Sherwin Williams	NY 34	- 2
Skil Corp.	NY 9 1/8	+ 3/8
Slater Electric	OT 3 1/4	- 1/2
Stanley Works	NY 15 5/8	- 2 1/8
Tappan	NY 5	- 1/4
Thomas Industries	NY 7 1/2	- 1/8
Triangle Pacific	NY 7 1/8	- 1 7/8
U.S. Gypsum	NY 16 5/8	+ 1 1/2
U.S. Steel	NY 61 3/4	- 1 3/4
Wallace Murray	NY 10 3/8	+ 1 3/8
Jim Walter	NY 32 1/8	+ 7/8
Whirlpool Corp.	NY 26 5/8	+ 3 3/8

AM—closing price American Stock Exchange. NY—New York Stock Exchange. OT—over-the-counter bid price. PC—Pacific Exchange. PH—Philadelphia Stock Exchange. TR—Toronto Stock Exchange. a—stock newly added to table. d—not traded on date quoted. h—adjusted for 5% stock dividend. *—Computed in HOUSE & HOME's 25-stock value index. Source: Standard & Poor's, New York City.

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Amrep accused of a \$200-million swindle of 45,000 land buyers

Amrep Corp., the developer of Rio Rancho Estates in New Mexico and of other land-sales projects in Arizona and Florida, has been indicted on charges of conducting a \$200-million swindle that defrauded 45,000 buyers in 37 states.

The company has denied all charges.

The 80-count indictment was returned by a federal grand jury in New York City, where Amrep has its headquarters at 16 West 61st St. The true bills named Amrep, two subsidiaries and seven officers and directors, two of them brothers. The defendants:

- Amrep and two subsidiaries, Rio Rancho Estates Inc. and ATC Realty Corp.

- Howard W. Friedman, 50, of Hewlett Harbor, N.Y., president of Amrep and Rio Rancho.

- Daniel Friedman, 40, of 535 E. 86th St., New York City, senior vice president of sales for Amrep and vice president of Rio Rancho.

- Irving W. Blum, 73, 20 W. 64th St., New York City, chairman of Amrep and Rio Rancho.

- Chester Carity, 50, of 1 Lincoln Pl., New York City, president of ATC and vice president of Amrep and Rio Rancho.

- Solomon H. Friend, 52, of Great Neck, N.Y., senior vice president and general counsel of Amrep and vice president of Rio Rancho and ATC.

- Henry L. Hoffman, 56, of West New York, N.J., a director of Amrep and Rio Rancho.

- Herbert B. Oberman, 72, of Miami Beach, past president of Amrep and Rio Rancho, indicted only on mail-fraud counts.

Investigation. The indictment resulted from a 20-month investigation led by U.S. Attorney Paul Curran. The case was presented to a Manhattan grand jury by Patricia M. Hynes, an assistant U.S. attorney and chief of Curran's consumer frauds unit.

Rio Rancho, from which the swindle is alleged to have been operated, is described in the indictment as 91,000 acres of "undeveloped desert lots" northwest of Albuquerque. The company picked up this real estate, the indictment notes, at about \$180 an acre and has been reselling it at up to \$11,800 an acre for homestead lots and \$25,000 for

more an acre for commercial lots.

Sales method. The trouble, according to the indictment, was with the sales techniques Amrep was using to get such prices. (Earlier this year the Federal Trade Commission had accused Amrep of using unfair and deceptive practices to sell lots in five states. The Department of Housing had suspended sales at Rio Rancho, but the order was rescinded after less than two months.)

The indictment says Amrep presented its Rio Rancho lots as financial investments that could be resold at substantial profits. The investor was told, the indictment says, that he was getting unusual bargains because of the company's "low mark-up policy."

Moreover, the indictment charges, Rio Rancho was described as being in the path of

Profits leap for Ryan and Lennar

There were builders who managed to lose money in the peak production year of 1972—and there are those that have been prospering despite the industry's decline in 1975.

One of this year's all-stars is Ryan Homes, working out of Pittsburgh. This is no surprise; earnings have been levitating all through the recent recession. Third-quarter profits this year, for instance, were up 39% from a year earlier, to \$3.1 million from \$2.2 million. (That's 47 cents and 34 cents a share, respectively.)

Words of caution. The Chinese superstitiously deprecate good fortune less it disappear. Ryan's president and chairman, Malcolm M. Prine, seems to remember this, and he strikes an Oriental posture in discussing his results.

The 39% jump partly reflects depressed revenue and profit margins in the 1974 quarter, he cautions, and new orders have declined lately. And, anyway, the gain for the whole nine months this year is only 7.7%. Moreover, he adds: "We anticipate little change in the level of consumer activity in the near term."

Optimism in Miami. Lennar Corp., based in Miami, is a bit less Oriental in its outlook

Albuquerque's rapid expansion and as having a master plan for development, which made the lots a "virtually risk-free investment."

Free dinners. The sales pitch typically started with invitations to dinner for potential buyers. They were then pressured to buy the lots on installment, the indictment says, and they got no time to consult lawyers or financial advisors.

The indictment also charged that Rio Rancho's promotional materials were "ambiguous, incomplete, inaccurate and incomprehensible to a person of ordinary experience and understanding."

The ambiguous materials, the indictment said, made it difficult for a prospect to determine the answer to a critical question—Was the sales program designed to avoid developing most of Rio Rancho, leaving only arid

desert lots without water or utilities?

A 200-year wait? An unwary investor might also have failed to realize, the indictment reasoned, that "the defendant and co-schemers had no expectation that Rio Rancho Estates could be or would be completely developed in less than 200 years, if at all."

And, the indictment said, the defendants had deliberately concealed the fact that no genuine resale market had existed for the Rio Rancho lots in all the 14 years the company had been selling them as investments—that in fact the vast majority of purchasers who tried to resell had found no buyers.

Company's reply. Amrep said the accusations "are wholly unwarranted and legally and morally unjust," and added:

"We fully expect that at the trial the innocence of Amrep and its officers will be established beyond any doubt whatever.

"We look forward to our day in court and the opportunity it will offer . . . in complete confidence that justice will sustain our integrity.

"Amrep's good faith has been demonstrated in the investment of some tens of millions of dollars in Rio Rancho . . . [There are] almost 6,000 residents . . . quality homes, apartments and recreational facilities . . . new schools . . . two banks, medical centers, a motion-picture theater, supermarket, restaurants, drug and clothing stores, buildings and other businesses . . . Water is plentiful . . . Its industrial park, with 12 companies in modern plants, employs over 500 persons."

GAC suspension. Another developer, Miami's GAC Corp., has also run into trouble with its lot sales. The Department of Housing and Urban Development halted sales by a GAC subsidiary, GAC Properties Credit Inc., at its developments in Florida and Arizona on Oct. 13. The suspension was lifted Oct. 30, however, after the company had revised its property reports to HUD's satisfaction.

The major subdivisions affected were Poinciana and Cape Coral in Florida and Rio Rico near Tucson.



RYAN'S PRINE

Keeping fingers crossed

lion from \$21.4 million. The profit rebound erases nearly all of a loss absorbed in the first six months, though there is a catch: About 85% of third quarter (ended Aug. 31) profit is from the sale of a single commercial property. Nevertheless, Lennar is thinking positively.

"The need for housing is real," it informed its shareholders. "History tells us this pent-up demand will blossom . . . Lennar has confidence that the single-family housing industry will rebound." —H.S.

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Ask your dealer for all the facts on Temple hardboard

siding in textured, lap and panel styles. Or write for a colorful catalog of Temple building products.



CIRCLE 27 ON READER SERVICE CARD



Market expert sees single-family house rally and condo comeback

Michael L. Tenzer, marketing leader for the Larwin Group during the California builder's era of greatest expansion, resigned in 1974 to devote a year to relaxation, contemplation and an analysis of a distressed housing industry.

Tenzer has just eased back into action with a marketing and consulting firm of his own, Tenzer & Co., with headquarters in Beverly Hills. He has completed his scrutiny of the housing market and has emerged highly encouraged. In a speech to the Building Industry Assn. of California at Anaheim he offered these predictions and charted this game plan for the year to come.

Detached house. "Single-family, detached housing will continue to dominate the market in California and in most sections of the United States for some time.

"Clearly there is a need for the no-frills, stripped-down, no-option house, priced to attract the larger number of our population that can afford the payments.

"But this is not the entire market. If history repeats, it will be overbuilt as competing builders bid up the price of land. And the last ones will not make it.

"There are a large number of buyers who can afford a middle-priced house. They have generated a large down payment because inflation has raised the value of their existing home. They want space and amenities, and they are prepared to pay for it."

Condos. "Contrary to prevailing opinion, townhouses and condominium units are far from dead. They will be back—and more popular than ever—but not necessarily in their present form.

"We have effectively produced and priced townhomes in direct competition with detached units. Given a choice, most of the market will opt for the latter.

"What needs to be done is a thorough analysis of the product and the elimination of most recreational amenities. It may mean cutting back on exotic and expensive landscaping, deleting a pool and eliminating the high-maintenance clubhouse and other amenities."

have to learn to live with aggressive homeowner associations and to budget time and dollars to make them work. As long as we consider homeowner groups to be the enemy—and they're bent on getting even—we're going to



CONSULTANT TENZER
'1976 will be a better year'

have problems.

"Customer relations means more than just warranty service after move-in.

"It means consumerism.

"It means a keen awareness and sensitivity to the public



LENDER HOWARD
Heads mortgage bankers

concern.

"It means we must offer an honest presentation at the model site."

Outlook. "There's no doubt that 1976 will be a better year than 1975.

"There will be [more] starts, a reasonably small supply of inventory and low vacancy levels in most sections.

"Sales will be good."

BUILDERS: N.Y. State Builders Assn. rallies at Kiamesha Lake to elect **Julius Mehrberg** of Great Neck as president. Long Island Builders Institute prepares to seat its first woman on board of directors—**Adele Ram**, a Realtor, writer and lecturer on condominiums. And a Seattle builder, **Brien Stafford**, promises to recognize another woman prominent in building field. He'll name a subdivision Carla Hills in honor of the housing secretary. Work starts next month on the 26 houses at Juanita, across Lake Washington from Seattle. Prices will be \$30,000 to \$40,000. NAHB promotes **Milton Smithman**, 18 years on its staff, to post as vice president for builder services. He replaces **Richard J. Canavan**, who became president of Home Owners Warranty Corp.

LENDERS: Mortgage Bankers Assn., convening in Chicago, elects **Jerome L. Howard** as president. He is chairman of Mortgage & Trust Inc. of Houston. Federal National Mortgage Assn. (Fannie Mae) signs **Oakley Hunter** to five-year employment contract as president and chairman.

Realty Equities' Morris Karp indicted

A New York County jury has indicted Morris Karp and his real estate development and management company, Realty Equities Corp. of New York, on 27 counts of grand larceny.

The indictment charged Karp and his company with diverting \$2.4 million in rents from two New York City middle-income housing projects between August, 1971 and January, 1974. They allegedly funneled the money through CYR Management, a Realty Equities subsidiary, to help bail out other subsidiaries.

Wall Street echo. Realty Equities, founded by Karp in 1958, was once a high flyer in the stock market. It was delisted by the American Stock Exchange in September 1973 after suffering three consecutive years of

losses and slipping into a negative net worth position.

Not guilty plea. Karp pleaded not guilty to the charges, saying in a prepared statement that neither he nor his company had stolen any money. He claimed the money as "actual interest payments owed to Realty Equities on debentures legally issued by the Mitchell-Lama Corporation in the 1960s." The company also pleaded not guilty.

Sources close to the case say Karp has repaid \$1 million of the allegedly missing funds.

The charges are unrelated to an SEC action against Karp and the company in March, 1974 alleging securities-laws violations in transactions between Realty Equities and Republic National Life Insurance Co., located in Dallas [News, April '74].

Virginia developers win on zoning

The Supreme Court has declined to review two state court decisions that officials of Fairfax County, Va. say have forced them to allow land development even though facilities are not adequate for it.*

The court let stand rulings of the Virginia Supreme Court overturning denials of rezoning in the county, a Washington suburban area.

In each case the rezoning would have allowed more houses per acre than the original

zoning specified—in one case more than three times as many. The Fairfax board of supervisors said schools, water service, sewers, fire protection and roads would not support the additional development.

The cases were among several which the court has been asked to hear involving efforts of suburban communities to stem the tide of growth. On Oct. 14, the court agreed to review the constitutionality of an Eastlake, Ohio ordinance subjecting zoning changes to a referendum and

APARTMENT MANAGEMENT

Correction: HOUSE & HOME's September article on apartment management erred in stating that the Accredited Resident Manager (ARM) program, run by the Institute of Real Estate Management (IREM), is "still in its infancy" and "has yet to produce its first accredited manager." Ronald Vukas, managing director of IREM, reports that "85 individuals have received the ARM accreditation . . . and an additional 78 have candidate status." Vukas writes: "Our ARM program is offered in three ways: 16 sessions, usually one evening per week; two separate three-day sessions; and a one-week program. The average tuition is \$126

* Board of Supervisors of Fairfax County,

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STYROFOAM TG brand insulation in the Totalwall System is easy to install, doesn't add any construction steps, doesn't change the appearance of your homes a bit. What it does is make your home energy efficient, and it gives you a selling edge on your competition.

And to help you even more, Amspec is promoting STYROFOAM TG brand insulation to consumers with a broad, heavy national advertising, merchandising and public relations campaign.

If you want to turn around prospects

who might say "no" when faced with the hard reality of unaffordable heating bills, start using STYROFOAM TG brand insulation in the Totalwall Insulation System in the houses you build.

Proper installation procedures are extremely important. Be sure to consult Amspec for installation details.

Send the coupon below, and we'll help you get started. It's our business. While others are looking for new sources of energy, we're finding new ways to make the energy we have work better.

**These estimated savings for one inch of STYROFOAM TG brand insulation in the Totalwall Insulation System over conventional are based on electricity at three cents per kilowatt hour and on 2,000 square feet of opaque wall area and are derived from preliminary field data on unoccupied houses with aluminum siding located in Columbus, Ohio. Estimated savings range from approximately \$85 in Atlanta, Georgia, to approximately \$235 in Minneapolis, Minnesota.

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Six builders talk about the no-squeak floor:



"We save \$6,000 a year with the APA® glued-floor system, because we don't need a man to service squeaky floors on callbacks anymore. Also no sags." *George Glenn, Bluebonnet Homes, Carmichael, Calif.*



"Produces a sounder floor structurally, and virtually eliminates callbacks. We'll use the glued-floor system in 450 condominium units this year." *Malcolm Jones, Kaufman and Broad, Inc., Wellesley, Mass.*

No squeaks. No nail pops. No callbacks. Longer spans. Fewer nails. Faster installation.

Now look at us.

Knee deep in thank-you's, testimonials and even a few loud brags.

How do you stand? If you're not using the APA glued-floor and would like to, slip us the coupon for a good book on the subject.

(But keep it quiet.)



"Saves about \$260 per average-size home. The type of glue recommended by APA works in all weather. Even our cold Minnesota winters." *Marlin Grant, Marvin H. Anderson Construction Co., Minneapolis, Minn.*



"We've been using glued-floors for five years. Just about eliminates squeaks. Tends to level up the floors, too." *Marvin Kenney, United Homes Corp., Federal Way, Wash.*

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the cost cutter



"The APA glued-floor system creates a complete unit, with no individual beam movement. Eliminates about 50% of the nailing and 100% of the squeaks. It's the type of workmanship we insist on for the \$200,000 homes at Oak Knoll." *Frank J. Cerra, Cerra Construction, Inc., Mendham, N.J.*



"The glued-floor is much cheaper. Not only from a labor standpoint, but the damn interest rate on borrowed money is so high, the faster the system the better. It really makes a difference." *Henry Bordeaux, ABG Industries, Durham, N. C.*

Five years have gone by since APA first developed the glued-floor system and all its advantages.



'Don't prohibit pets—learn how to control them. Then you'll get your share of all those pet owners who rent'

You can't afford to turn them down. The U.S. pet population, animals and reptiles combined, has reached an incredible 700 million, more than three times our human population. At least 60% of the nation's households—and almost 50% of its renters—have at least one pet.

Apartment owners don't like pets, especially dogs and cats, and they instinctively resist them.

But if you stick to a "no pets" policy, you're cutting yourself off from nearly half of the rental market.

Could airlines or restaurants ban all customers who smoke without suffering a disastrous drop in revenues? Well, then, where's the economic sense in banning pets from apartments?

So you can and should rent to pet owners. But—and it's a big but—don't do it unless you have a workable pet policy.

Having no pet policy at all is a sure road to disaster. It's an open invitation for pets to creep in and a guaranteed cause of management problems, tenant complaints and unrecoverable losses from apartment damage.

Protect yourself. There are two kinds of pet owners: dedicated and casual. Pet policies should be written to discourage the casual owner and to protect the landlord from the dedicated owner.

To dedicated owners, a pet is part of the household and they'll make considerable sacrifices to keep it. Casual owners don't care that much about keeping a pet and they'll forego it rather than make sacrifices.

One way—and it's a bad way—to separate casual from dedicated owners is to charge pet owners extra money to rent. The most common examples: monthly pet rent of \$5 to \$15, and non-refundable pet deposits of \$100 to \$150.

Charging extra may discourage casual owners from keeping pets in their apartments. But it has a bad psychological effect on the dedicated owners. After they've paid their extra rent or non-refundable deposits, they're no longer concerned with any dam-

age their pets may do to doors, carpets and plants. Why should they be? They've already paid for it.

The right way to charge extra for pets is to add the amount to the security deposit. That way 1) the pet owner has some hope of getting the money back if the pet behaves, 2) the casual owner still must decide whether the pet is worth the extra outlay and 3) if a pet does cause damage, you have the beefed-up security deposit to cover it.

Another way to separate the dedicated from the casual owners: Ask who will take care of the pet when the owner is away from the apartment. This is critical if the prospect is a working person or couple. The dedicated owner will provide care when he's absent. The casual owner may have given no thought to the problem and to the fact that a barking dog left alone is a nuisance.

Keep pets separate. You can separate dedicated pet owners from non-pet owners—and help rent your least desirable apartments at the same time—by designating certain areas of the complex for pet owners only. Example: If you have several buildings, reserve up to 25% for pet-owning renters. Pick the ones in the poorest, most remote locations, preferably near a road or vacant lot where a dog run can be located. All the remaining buildings are then pet-free. If you have a highrise building, reserve the lower floors or the least desirable wing for pet owners. The dedicated pet owner will accept the less desirable apartment for the sake of his pet.

Such physical separation of pet owners is easiest to do in a new property before renting starts.

In an existing building, you don't want to take the risk of antagonizing longstanding pet-owning tenants. But at least you can begin restricting new pet-owning tenants to designated areas and telling present ones that when their pets die they can't replace them unless they are willing to relocate in the pet section.

Make rules known. Spell out your pet policy to each new prospect. Don't wait for him to bring up the subject. Have your policy written out and, for starters, include in it these stipulations:

- Residents may have no more than one dog or cat; or two lovebirds, canaries or parakeets; or one Mynah bird. No pet offspring are allowed.

- Dogs must be no larger than 14 in. high full-grown and weigh no more than 20 lbs at maturity.

- Tropical fish must be limited to a 20-gallon tank.

- No other animals or reptiles are permitted, including monkeys, snakes, turtles, hamsters and gerbils.

- Dogs and cats must be on a leash at all times when out of the apartment. They cannot be staked out or allowed to run loose.

- Birds must be caged at all times.

- Animals must be walked in designated areas. If the pet leaves droppings in other areas, the owner must clean them up.

These rules are spelled out in a pet agreement which the prospect signs along with the lease. The agreement amounts to a revocable license which applies to a specific pet.

You should ask the owner to bring in the pet so you can see it and, if it's a dog, so you can weigh it. Ask the owner to step on the scale with and without the dog, subtract the two weights and the difference is what the dog weighs.

Besides giving the tenant permission to keep a pet, the agreement should also specify that 1) the tenant agrees to pay for all damage caused by the pet and 2) if the agreement is violated or the animal becomes objectionable, the manager may resort to legal remedies including termination of the lease.

A pet policy is an important psychological tool in impressing the pet owner with management's seriousness. It lets him know what the rules are and that he'll pay a penalty if he breaks them. At the same time, it lets you avoid ruling the pet owner out of the market.

Non-pet owners appreciate a good pet policy, too, because they know they won't be surprised one day to find that a Great Dane or a monkey has moved in next door. That kind of protection can be an effective incentive for them to rent in your complex.

Who knows how to build reliable heat pumps that can save your customers 26% to 61%* in heating costs?

Amana[®] knows.

With almost 20 years' experience under its belt, Amana knows how to build dependable heat pumps. Reliability which can mean fewer call backs and greater profits for you. With Amana you can take advantage of our special sales, application and service training program that will make you a heat pump expert, too.

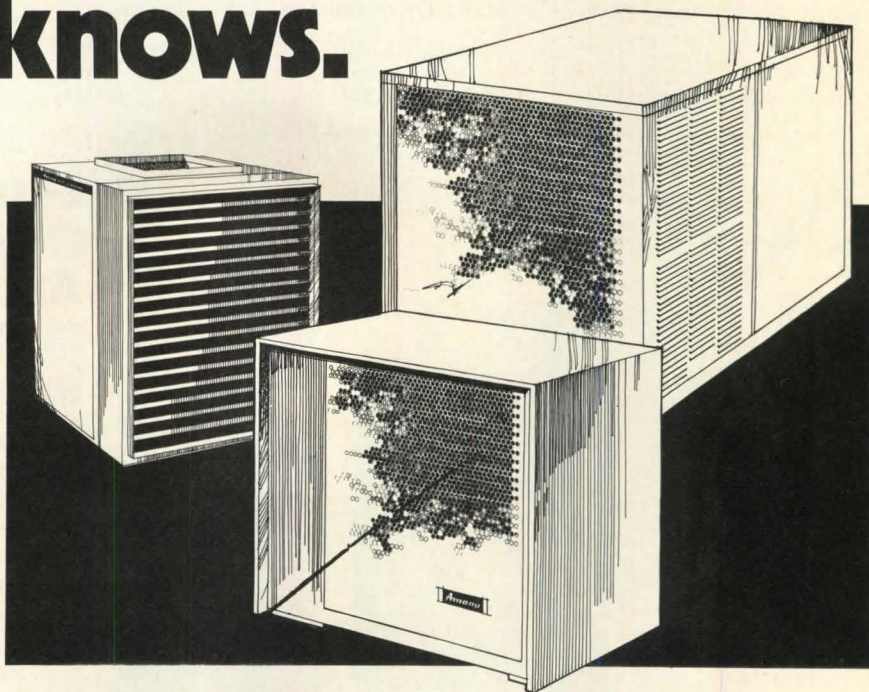
Choose from a complete line of package and remote heat pump systems including universal indoor sections with supplemental heat factory installed to fit any climate. Package units have space allowed in the unit for easy addition of strip heaters.

Each Amana heat pump has Amana's proven reliable time and temperature activated defrost control, rugged Powerpact compressor, and Amana-built coils that meet rigid performance standards.

Every Amana heat pump is factory assembled and run-tested for quick installation. You and your customers can count on dependable, carefree operation.

At Amana we think you should know what we know about quality energy saving

**Look to *Amana* today
for the energy saving ideas
of tomorrow.**



heating-cooling products that can increase your sales and profits.

*Compared to a conventional electric furnace over an entire heating season. Based on design conditions and Seasonal Performance Factors for these cities: Minneapolis, MN.—26.58% Savings; Kansas City, MO.—44.13%; Philadelphia, PA.—48.72%; Atlanta, GA.—55.56%; Tampa, FL.—61.09%; San Francisco, CA.—61.39%. Savings will vary with climate and weather conditions.

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How to cut losses when sales are slow: Swap a unit for advertising

That's what Charles Gularson is doing at The Colony, a 459-unit condo project in McLean, Va. The complex, which has been in the hands of an unlucky REIT for over a year, is still half unsold and Gularson (who is president of Colonies Marketing Inc.) doesn't expect the units to sell out for at least two more years.

"Trading an unsold unit makes more sense than drawing new loan funds to pay for advertising," says Gularson, whose first trade involved swapping a \$38,000 one-bedroom condo for \$27,500 worth of radio time and \$2,500 worth of newspaper space. He only got \$30,000 in advertising because he had to discount the condo \$8,000 to negotiate the deal.

But even with the discount, Gularson says the trade makes more sense than carrying an unsold unit in inventory for 24 months—especially since he's carrying about 70 more of this same plan plus other models.

In addition to the \$30,000 worth of advertising, over a two-year period the swap will save Gularson \$12,209 by:

- Reducing carrying costs on the condo \$5,009 (or 35%).
- Avoiding \$7,200 interest by not drawing \$30,000 in new loan funds for advertising.

Once a condo is traded, the only carrying charge that remains is the interest payment on the unit's basic cost. This continues because no money has been received for the unit, so it is technically still in the "unsold" category.

The way Gularson figures it,

the swap-for-advertising deal cuts the REIT's losses on the unit almost 40% over a 24-month period. (See chart for details.)

Gularson trades through a New York media broker (whose name he won't divulge) rather than with specific radio stations or newspapers. But he can still specify which media he wants his ads to appear in and when.

"By working with a broker," says Gularson, "you can use the trade to lay out a complete ad program over a period of months and in several media." For example, his first trade bought spots on four Washington D.C.-area radio stations and space in local newspapers, magazines and transit displays.

"The trick to trading effectively," says Gularson, "is to find media brokers who maintain space and time banks for the specific media you want to advertise in. Otherwise, you can end up with useless media that won't help your sales a bit."

HOW SWAP VS. BORROWING CUTS LOSSES OVER TWO-YEAR PERIOD

	CONDO TRADE	\$30,000 LOAN DRAW IN LIEU OF TRADE	DIFFERENCE
CARRYING COSTS			
Interest @ 12% on \$38,000 basic cost	\$9,120	\$ 9,120	\$—0—
Property tax @ \$700 per year	—0—	1,400	1,400
Condo assn. fee @ \$73 per month	—0—	1,752	1,752
Utilities @ \$55 per month	—0—	1,320	1,320
Interest on funds borrowed for taxes, fees and utilities	—0—	537	537
TOTAL CARRYING COSTS	\$9,120	\$14,129	\$ 5,009
ADVERTISING COSTS			
Advertising funds	—0—	\$30,000	\$30,000
Interest on ad funds	—0—	7,200	7,200
TOTAL ADVERTISING COSTS	—0—	\$37,200	\$37,200
TOTAL ADVERTISING AND CARRYING COSTS			
	\$9,120	\$51,329	\$42,209
Less sales proceeds (\$38,000 minus \$1,520 closing costs)	—0—	(\$36,480)	(\$36,480)
NET PROFIT (LOSS)	(\$9,120)	(\$14,849)	(\$5,729)



Entrance luxury and prestige. On both sides. And it's fire rated. Matching Benchmark beauty in bi-folds.

Sculptured-steel beauty—Special deep-embossing creates authentic-looking panel details on a single sheet of 23 gauge steel. Identical front and back sides—twice as handsome as ordinary doors with a plain flush interior!

Fire Ratings—Meet codes with Benchmark's Glamor—full raised panels—on both sides! Plus 1½ hr. Class B label or 450° heat rise. Traditional, modern or flush door designs.

Ready-to-go Package—Pre-finished and pre-hung, Benchmark Doors come as a complete, fast-installing unit. Wood framing or K.D. steel frames—for masonry or drywall.

Matching styles in Bi-Folds

Models to match entrances for the ultimate in elegance and selling power. Extra thick, extra rigid. Outperforms ordinary metal doors. Quick installing with easy 6-way adjustment. Pre-finished in low-gloss baked enamel.

Benchmark

For the look of luxury all through the house.

Ask your supplier. Or call Benchmark Sales—703/371-5700

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P.O. Box 887, Fredericksburg, Virginia 22401

FREE! VALUABLE NEW BOOKLET



To help you cope with the
space and money crunch

Maytag announces a
totally new concept in
laundry room design
for multiple housing
of all types.

Find out how the exclusive new
Maytag-equipped Home Style
Laundry can cut your costs,
while giving tenants comfort
and convenience comparable
to a home laundry room.

MAIL CARD NOW

No postage needed. 

House & Home

TELL ME MORE

about the new Maytag-equipped Home Style Laundry.

- We want to install self-service laundry facilities.
 We now have _____ self-service laundry facilities.

The brand name of my washers is _____

Name _____ Title _____

Company _____ Bus. Phone _____

Address _____ County _____

City _____ State _____ Zip _____

Owner-Manager
 Architect

Superintendent-Manager
 Builder/Contractor

Other

House&Home -12/75

FIRST CLASS

Permit No. 1

Newton, Iowa



BUSINESS REPLY CARD

No Postage Stamp Necessary if Mailed in the United States

Postage will be paid by

The Maytag Company, Dept. HH-12-75

Advertising Department

Newton, Iowa 50208

**FREE!
VALUABLE NEW
BOOKLET**



To help you cope with the
space and money crunch

Maytag announces a
totally new concept in
laundry room design
for multiple housing
of all types.

Find out how the exclusive new
Maytag-equipped Home Style
Laundry can cut your costs,
while giving tenants comfort
and convenience comparable
to a home laundry room.

MAIL CARD NOW

No postage needed.

New Maytag-equipped *home style* Laundry. It can cut your costs, while giving tenants homelike comfort and convenience.

Everything's grouped in a functional cluster, like in a home laundry room.

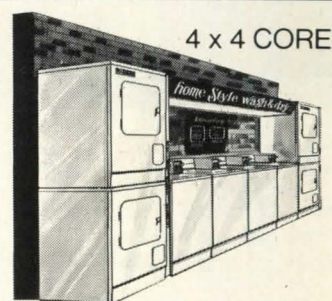
Save as much as 40% to 50% on gas with the new Maytag D21 Dryer, compared to regular 30-lb. dryers.



2 x 2 CORE



4 x 4 CORE



4 x 4 CORE

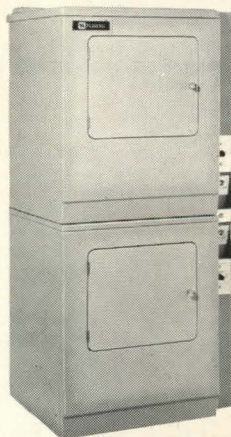
Flexibility is the keynote. Washers and dryers can be arranged in a variety of configurations to fit your needs.

Another "first" from the dependability people, this Maytag breakthrough can help you cope with the space, money, and energy crunch.

In small space, with a small investment, the exclusive Maytag-equipped Home Style Laundry lets you provide tenants with a totally unique laundry with homelike atmosphere and step-saving convenience, plus equipment for optimum care of all fabrics.

And look at the possible advantages for you compared to traditional laundry rooms: Lets you use areas never before practical. Smaller space needed. Smaller initial investment. Lower operating cost. More profit per square foot. All-Maytag equipment for dependability and tenant satisfaction.

Mail card now for free facts. No postage needed.



Two separate dryers in half the space of one large dryer.

Made possible by the energy-saving new Maytag D21 Dial-A-Fabric™ Dryer.

- It's actually two single-load dryers stacked one on top of the other. Each is functionally independent.
- It can save you 40% to 50% on gas compared to regular 30-lb. dryers. Or 20% to 30% compared to 30-lb. dryers with electric ignition, factory-built heat reclaimers, and lowered Btu input. Electric model uses half as much electricity as 30-lb. electric dryers.
- Choice of coin or exclusive ticket-operated models which use an electronic ticket, helping avoid coin-box problems and improving security.



MAYTAG
THE DEPENDABILITY PEOPLE

THE MAYTAG COMPANY, NEWTON, IOWA 50208

Join the Custom Home Plans Club now and get 1,000 home designs plus new designs monthly plus working drawings

for a fresh flow of custom home design ideas



get 1000 home designs now

The Custom Home Plans Club has been created to provide a fresh flow of design ideas you can use to make your business more profitable.

As a new member, you will immediately receive an attractive binder containing 1,000 home designs illustrated with full color renderings and detailed floor plans.

With this complete library of a thousand buildable homes to select from, you and your clients will be pleased with the wide variety of homes available in all styles, types and sizes appropriate to local needs, tastes, and budgets.

These wide-ranging selections include:

- Deluxe Small Homes**—two and three bedroom
- Ranch and Suburban Homes**—conventional and contemporary
- Brick and Masonry Homes**
- Multi-level and Hillside Homes**—split level, split foyer, others
- Second Homes**—duplex and multi-family; holiday and retirement; chalets, A-frames, cabins, cottages

As you guide clients to a commitment, you—as a member of the Custom Home Plans Club—will lose no time in coming up with a complete set of working drawings, which will be shipped postage-free from Club headquarters the same day your request is received.

And with your working drawings you will also receive a complete list of the building materials you will need—for accurate bids and reliable cost estimates.

With so much of the exacting, tedious, preparatory work already done, you will realize substantial savings in time, effort, and money and at the same time, a growing list of clients will realize that you're the one to come to for the right home at the right price.

get 5 new designs-of-the-month each month for the next year

To supplement your library of 1,000 home designs, the Custom Home Plans Club will provide you with a steady flow of 5 new design ideas for the next 12 months.

Illustrated in full color renderings—and complete with detailed floor plans—your five fresh designs-of-the-month can easily be added to your basic binder of 1,000 homes.

In this manner, the Custom Home Plans Club broadens the range of selections available to you and your clients, and keeps you current on home design trends beyond your immediate market.

A full set of working drawings with collateral floor plans and a list of building materials will be available on both the original 1,000 home designs and the 60 new designs you will receive during the year.

get 12 sets of working drawings for homes of your choice

Members of the Custom Home Plans Club are entitled to receive a total of 12 sets of professional working drawings free.

These building plans may be ordered in any combination desired: 12 sets of drawings for 12 different homes; 4 sets for 3 different homes; or any other way you prefer them.

Beyond the initial 12 sets available as part of the Club membership fee, members may obtain additional working drawings at a 35% discount off published prices which range from \$25 to \$50 for single sets and from \$50 to \$75 for four-set packages.

Drawn to FHA and VA general standards, these blue line prints—size 36" x 20"—are easy to read on a white background and may include as many as nine sheets. Notes and drawings indicate location and types of materials to be used. Club members may order their 12 sets of detailed working drawings at any time during the 12-month membership period.

Club working drawings include: (1) Floor Elevations, (2) Complete Framing Plans, (3) Wall Sections, (4) Floor Plans, (5) Basement/Foundation Plans, (6) Roof Plan, (7) Plot Plan, (8) Kitchen Cabinet Details, (9) Fireplace & Built-in Details, (10) Specification and Contract Booklet.

get itemized lists of building materials

To eliminate the time-consuming task of taking off material requirements from each set of plans ordered, the Custom Home Plans Club automatically provides members with itemized lists of building materials needed to obtain reliable bids, to make accurate cost estimates, and to order building materials from suppliers.

The lists include the size and quantity of all millwork such as doors, lumber and built-ins . . . framing lumber . . . roofing . . . flooring . . . wallboard . . . masonry . . . concrete . . . reinforcing . . . insulation . . . beams . . . finishing materials, and more.

The lists of building materials used in conjunction with the detailed working drawings save Club members dollars, drudgery and valuable time more profitably spent with clients.

Application for membership

Enclosed is a check for \$360 for a full year of membership in the Custom Home Plans Club. For this I am to receive immediately a binder containing 1,000 home designs, plus a portfolio of 5 new designs each month for the next 12 months.

I am also entitled to a total of 12 sets of professional working drawings and a list of building materials for Club homes. I will also be able to buy additional sets at a 35% discount.

Make check payable to Custom Home Plans Club



HH-12/75

occupation

- | | |
|----------------------------------------|----------------------------------------|
| <input type="checkbox"/> builder | <input type="checkbox"/> engineer |
| <input type="checkbox"/> subcontractor | <input type="checkbox"/> realty |
| <input type="checkbox"/> retailer | <input type="checkbox"/> finance |
| <input type="checkbox"/> wholesaler | <input type="checkbox"/> government |
| <input type="checkbox"/> architectural | <input type="checkbox"/> manufacturing |

2320 KANSAS AVENUE/P.O. BOX 299/TOPEKA, KANSAS 66601

Your Name _____

Firm _____

Address _____

City _____

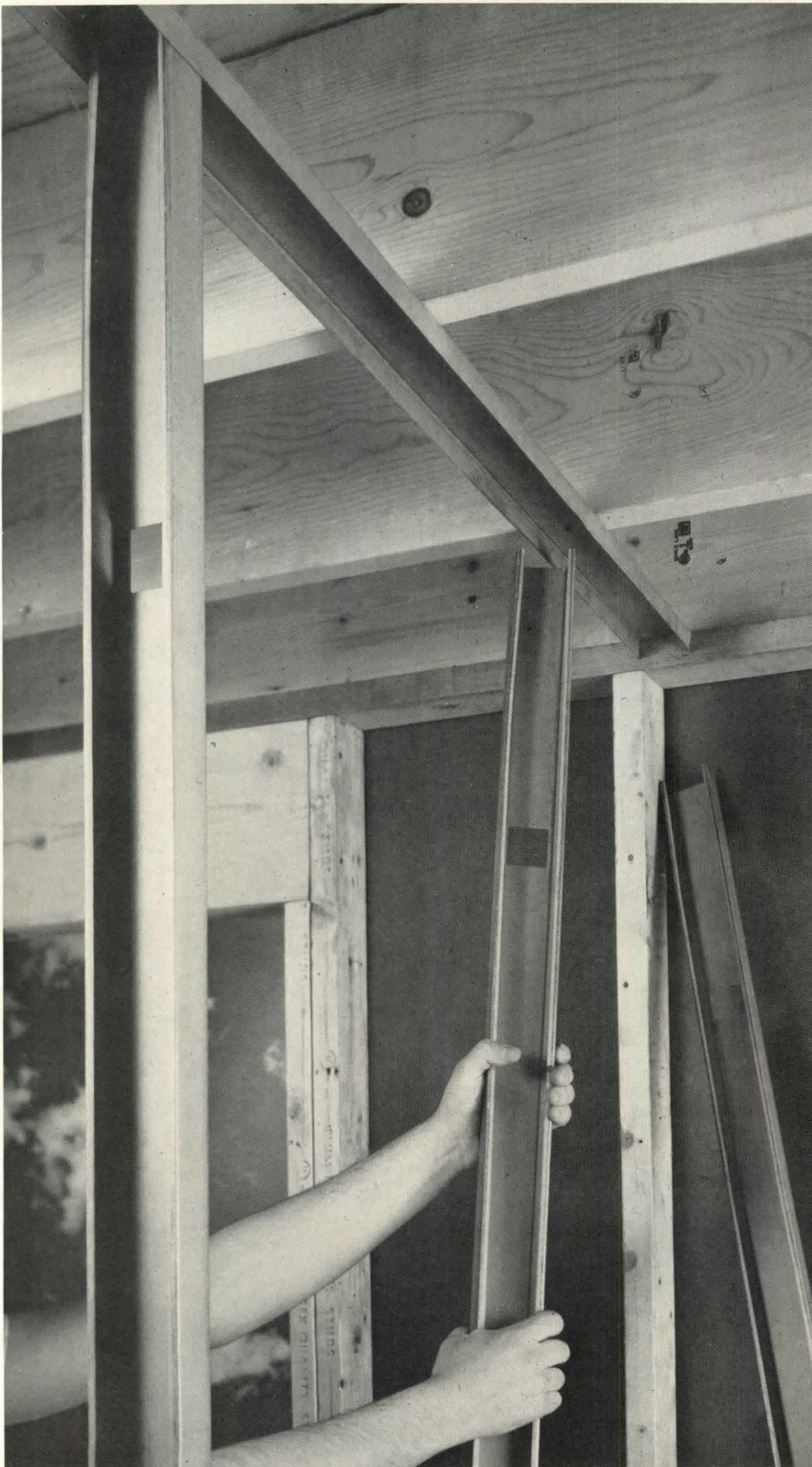
State _____

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Date _____

USG® Steel Studs for non-bearing walls beat 2x4's across the board!



COST SAVINGS! USG cut-to-length steel studs cost less than 2x4's, eliminate scrap waste and cutting expense. And pricing is predictable. Standard 24" o.c. spacing reduces materials handling and labor costs.

QUALITY! No more warpage, twists, shrinkage and knots. There's no variation in size or grade. The result is smoother, straighter walls. Screw attachment of wall panels minimizes "nail" pops.

EFFICIENCY! Easy-to-handle USG Steel Studs cut stud weight up to 73%; provide additional floor space. They snap into runners. And pre-punched openings make it easier to install wiring.

RETURN-ON-INVESTMENT! Overall beauty and quality of USG Steel Stud Drywall Partitions help maintain higher occupancy rates and reduce costly turnover. Tenants pay more to get solid quality, comfort and privacy.

BONUS FEATURES: USG Steel Studs transmit less sound because they're designed with a resilient flange and smaller cross-sectional area. This improves sound control to an average of 42 STC, compared to 35 STC for identical partitions built with 2x4 wood studs. And steel components are noncombustible.

See your U.S.G. Technical Representative for specifics. Or mail coupon today!

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Send free copy of "Metal Studs for
Residential Construction" to:

Name _____

Title _____

Firm _____

Address _____

City/State _____

Zip _____

UNITED STATES GYPSUM
BUILDING AMERICA

Put in the General Electric refrigerator with the features women choose themselves.

Your apartment house investment will pay bigger returns when the building is fully tenanted. And one way that helps to get and keep tenants is to give them a GE refrigerator with the features they want. The features that the ladies really like are: No Frost, Larger Capacity and the Automatic Ice Maker.

General Electric has three new models you can choose from to give your tenants 1, 2 or all 3 of these features.

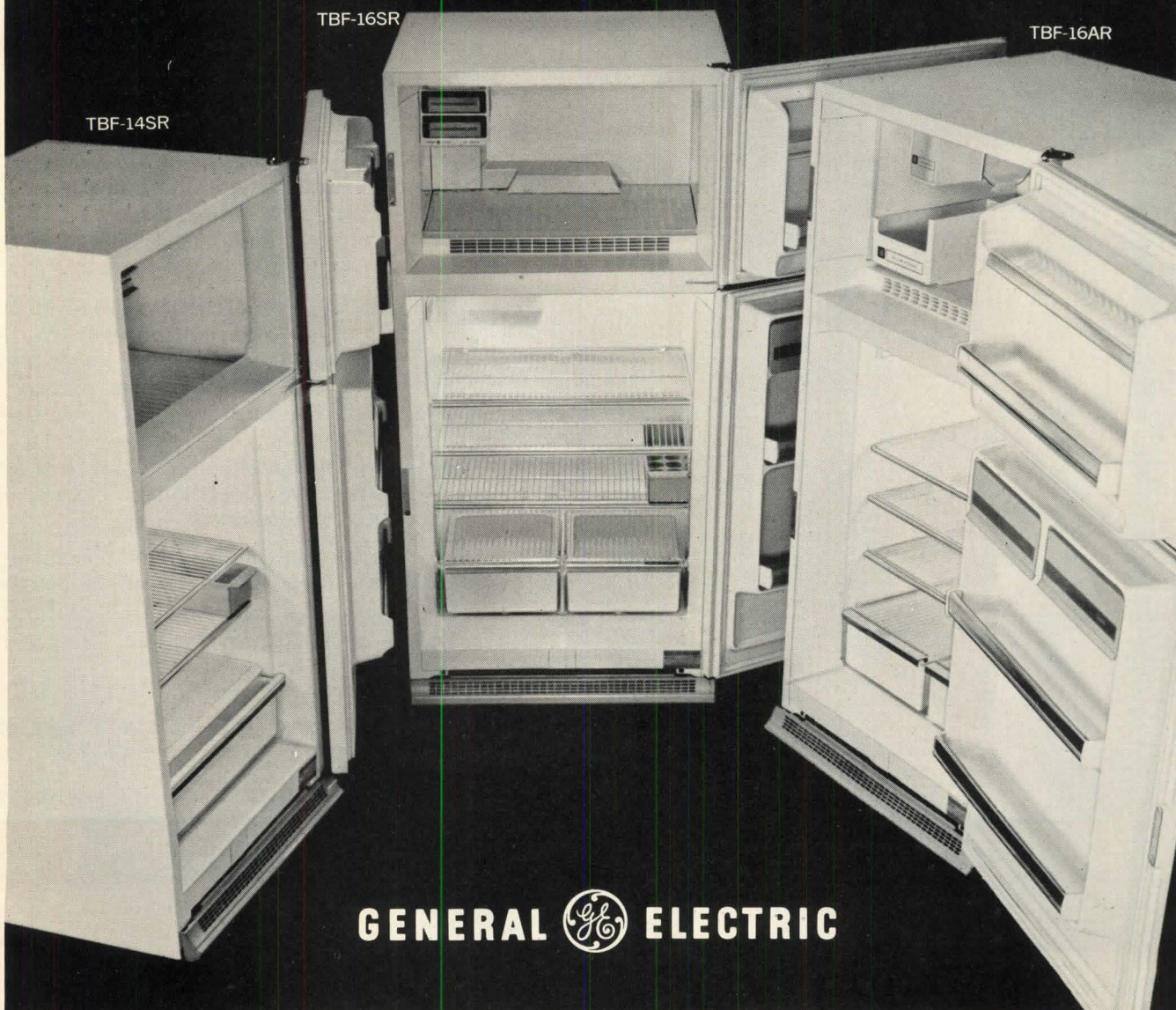
First, there's GE's TBF-14SR, a 14.2 cu. ft. No Frost refrigerator/freezer. Both the freezer and fresh food sections are no-frost with separate temperature con-

trols for each section.

Second is the TBF-16SR which adds to the preceding features a larger capacity of 15.6 cu. ft. and a power saver switch to conserve energy.

Third is the TBF-16AR that adds the Automatic Ice Maker, along with the power saver switch.

With each, comes General Electric Customer Care[®] service which means we have Factory Service Centers covering 350 cities, plus more than 5,000 franchised servicers across the country. Many of them are listed in the Yellow Pages.



GENERAL  ELECTRIC

Editorial

The case for conservative management

One reason so many homebuilders are in trouble right now is that over the years they have been living in a financial never-never land.

Consider for a moment how things used to be before the onset of the Late Unpleasantness:

Front money was plentiful, and REITs were banging on developers' doors begging them to accept more and more.

Land was appreciating at such a rate that an overfinanced project could turn into a modestly financed project in a year or two, so big land holdings were eminently feasible.

Thanks to the above factors, even a badly managed project could produce a whopping profit at the end of its build-out.

And finally, builders had so little of their own money in their projects that if things went really sour they simply walked away, leaving the lender holding the bag.

The inevitable result was managerial flabbiness. Why chase after nickels when dollars were flying around so freely? Why worry about front-end risk when there were so many ways to bail out if things did get hairy?

Well, the party's over. The nickels are very, very important. And if front-end risk isn't held to an absolute minimum, lenders won't touch a project with a ten-foot pole.

The homebuilder who wants to make it today must work to a totally different management philosophy—tight, careful, conservative, prudent. We've chosen to call it minimum-risk management, and we have included two very good examples of it in this issue. We urge their careful perusal; the business you save may be your own.

—M.C.H. JR.

MINIMUM-RISK MANAGEMENT

In these days of expensive money, rising construction costs, uncertain economic conditions and shifting markets, the successful builder is more often than not the prudent builder who trades maximum leverage for minimum risk. On the next eight pages HOUSE & HOME offers two case studies that exemplify this minimum-risk approach to management.

1

For a multifamily developer, minimum-risk management means keeping a lid on front-end costs



Dusco Inc. President:
Colin J. Powder

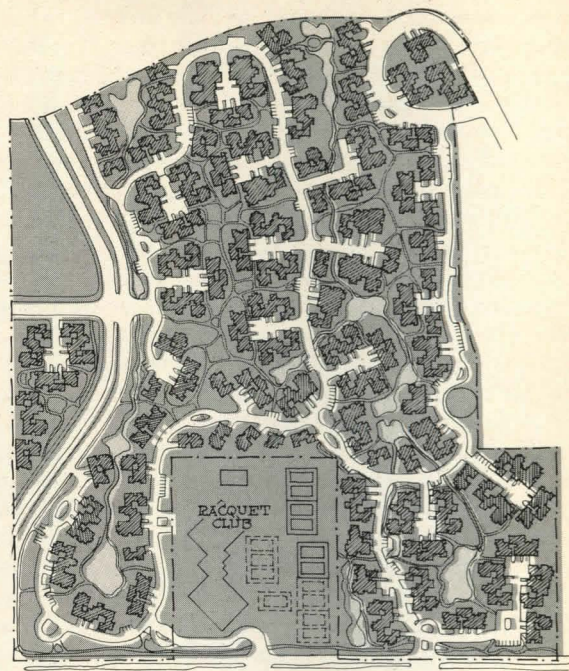


The developer in this case is Dusco Inc., a New York City-based real estate company which since 1970 has built, developed and managed residential and commercial ventures for both domestic and foreign investors.

Dusco's first Denver venture—a 46-acre, 284-unit, upper-income townhouse complex called Stoney Brook—provides an excellent example of the company's system for keeping risk at a minimum by holding down front-end exposure. Here's how the system is being applied to Stoney Brook.

Land: acreage is taken down only as it's needed

Stoney Brook's 46 acres is part of a large (850 acres) master-planned business, commercial and residential community being developed in Denver's southeast quadrant. Negotia-



Stoney Brook's site is being developed in small phases, beginning with unit clusters at the left of the racquet club. Included in this area are four furnished models from which 30 sales were made in the first 12 weeks. The site-planning development team included: David Clinger, land planner; A. Keeson, landscape architect; Ramon Martinez AIA, project architect; Tri-Consultant Inc., site engineer—all from Denver—and Pacific Lining Co. of Indio, Calif., water retention.

Townhouses, designed along the lines of country manor houses, are constructed with stained cedar siding and stone and accented with stone chimneys, French doors and multi-paned windows. Bob Miller of Design Spectrum, Newport Beach, Calif. designed the units.

from the Denver Technological Center were concluded two years ago. Dusco is taking the acreage down in small parcels as it's needed for construction so as not to tie up funds in land that won't be developed for some time. And it's using its own cash to keep down debt-service costs.

This step-by-step deal was negotiated on the basis of a no-recourse mortgage under which Dusco put down 15% in cash and gave the vendor a promissory note for the other 85% to be made in five equal payments at 7½% interest. The promissory note is secured by the land—not by Dusco as a company. So if Dusco decides it can't use the remaining acreage, the company cannot be sued for the balance of the payments.

"We probably pay a little more per acre this way than if we went on the note as a company," says Dusco president Colin J. Powter. "But it's worth

it because we're not sitting with a gun at our head paying a lot of money for land we can't use."

Land vendors will go along with this kind of arrangement, says Powter, because they know that if anyone can do anything with the land, Dusco can.

"In effect we're saying 'we'll pay you top dollar for your land, providing our plans work out.'

"Then if something goes wrong—for example, if the environmentalists stop us from developing as we want to—we're not stuck."

Building: pre-selling keeps loans to a minimum

Inventory is usually an interest-consuming problem for multi-family builders because unlike their single-family brethren they must build large numbers of units ahead of sales. But at Stoney Brook, Dusco builds in small phases (18 to 25 units) and approves construction only after

60% of a phase is actually sold. Once that target is reached, Dusco goes to the lender for construction funds. And the company is almost 100% certain of getting those funds, says Powter. Even the most cautious lender will be reassured by the 60% pre-sale figure and by the fact that Dusco's own money is in the land.

"We don't have commitments for all of our construction money," says Powter, "but we know the lenders well and we're not worrying. And if for some reason we find we can't get the money, we just won't build."

Dusco's pre-selling program has another purpose: "It tells us what the market wants," says Powter, "so we can adapt as we go along." For example, if a lot of buyers favor one particular plan, the project's duplex and triplex buildings can be redesigned to include more of that plan.

"Our only limitation is to stay within our original plat lines," says Powter.

Dusco opened four furnished models at Stoney Brook in February—again using its own money to hold down front-end costs. There are actually five plans, but Dusco felt that five furnished models would strain the front-end budget.

"We were taking a cautious attitude," says project manager Bob Ambridge, who operates out of Dusco's regional office in Denver. "We're dealing with a very conservative, sophisticated buyer in the upper end of the market. If we had built five models, we wouldn't have had the funds for the quality furnishings or for a sales office with the level of taste we felt buyers would respond to."

Dusco didn't eliminate one model indiscriminately; a lot of thought went into which plan to

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cut. It was decided to omit a two-story, three-bedroom plan for two reasons: It is always an inside unit, hence the least desirable from a sales standpoint, and it was very similar to other three-bedroom plans.

Interestingly, even without a representative model, several of the fifth plan have been sold from the rendering and floor plan posted in the sales office.

Keeping a tight rein on front-end costs is one major aspect of Dusco's management policy; another is rigid supervision of day-to-day activities by a team of skilled professionals.

For example, Stoney Brook's on-site construction manager is a registered engineer and the on-site marketing manager has a degree in business administration and majored in marketing. Both report directly to Ambridge who has a M.A. in Business Administration (majoring in real estate science) and a degree in construction management. Ambridge coordinates everything that happens on the job—construction, marketing, legal, zoning, etc. And the coordination begins right at the planning stage, which is also when marketing begins.

Marketing: it's controlled from design to move-in

The marketing program starts with extensive market research.

"We want to know exactly what features to design into our units and what needs to be emphasized in our ad campaign," says Ambridge.

The three key features that Dusco plays up in Stoney Brook ads are security, privacy and energy conservation.

"These were the areas of concern that showed up over and over again in our pre-planning research," says Ambridge. "So we knew they'd be marketable."

Responsibility for all construction at Stoney Brook is under Dusco's construction management subsidiary, Jarvis Construction Inc. The company employs its own crews only for framing and casual site labor. All other work is subbed out, under the supervision of the on-site construction manager, who handles estimating, planning, scheduling and also negotiates the sub contracts. A construction superintendent works

construction manager.

"We want to be able to keep our promise to buyers that 'This is the best-built house in Denver,'" says Powter. "So one of the most important jobs for our construction people is to make sure the subs don't take any short cuts."

The selling segment of Dusco's marketing program is handled by an on-site marketing manager who is responsible for everything that impinges on merchandising — advertising, interior design, etc.

The marketing manager also oversees the project's customer-service rep (whom Ambridge calls the project public relations person). This is a key spot in the marketing program because the rep becomes responsible for a buyer as soon as a sale is made.

The rep handles most of the details that are usually the responsibility of on-site salespeople—things like color selection, options, advice on financing, etc. After a buyer moves in, any call-back complaints are handled by the rep. And so are special events at the site—cocktail parties, for example, to which some families who have visited the project are invited.

"We like to get those families back because in this price range prospects do a lot of checking on whom they're buying from," says Ambridge. "And even if they aren't in the market for a new home themselves, they often recommend us to friends who are looking."

Dusco is very high on the value of its customer-rep system.

"If you give salespeople things to do other than direct selling, it dilutes their selling job," says Ambridge. "And our sales people also like the idea because it takes time-consuming, non-sales details off their backs and lets them concentrate on commission-producing work."

There are only two on-site salespeople at Stoney Brook, and each is paid on a different basis—as each requested.

One—a man—gets a small base salary and a large commission because he's more motivated when he can earn on a spec basis. The other—a woman with children to support—needs the feeling of security she gets from a larger base salary; her commis-



"We try to pay our salespeople in ways that will make them happiest," says Ambridge, "which is why we don't work on a straight commission basis. If we did, we could pack the sales office with as many people as we wanted to."

Dusco is about to try out a new commission policy at Stoney Brook based on the type of prospect this project draws—usually third- or fourth-time buyers who tend to visit the project many times before signing contracts.

"Since we only have two salespeople and no one else to take over on days off, a buyer often has to deal with both. So we have had trouble deciding who should get a commission. Our new system will let them split it."

All of the on-site people meet in Ambridge's office once a

ect-control meeting. There they discuss everything from sales to advertising to financing.

"Our concept of management is that the on-site people should do as much as possible right on the spot," says Ambridge. "But we check them regularly. For instance, I'm on the phone with the marketing manager two or three times a day."

The project itself: a new concept for the Denver market

Although Dusco had little difficulty getting Stoney Brook approved by Denver's zoning and planning department (the city has a relatively new ordinance covering planned communities), the developer had to apply to the water and sewer departments for variances to get planning approval.

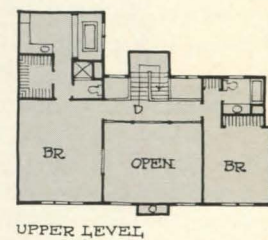
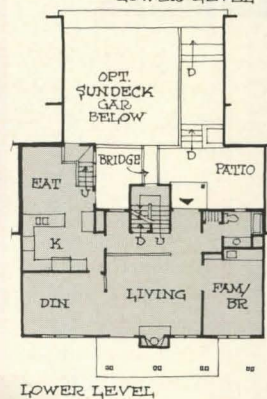
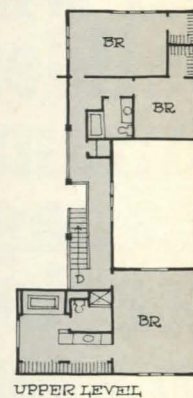
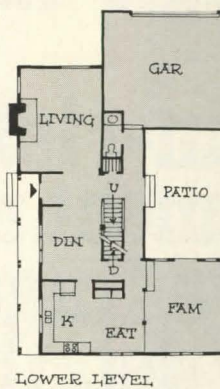
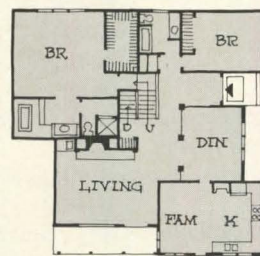
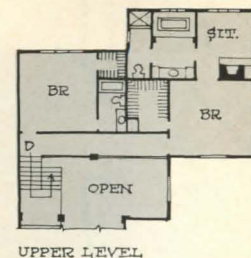
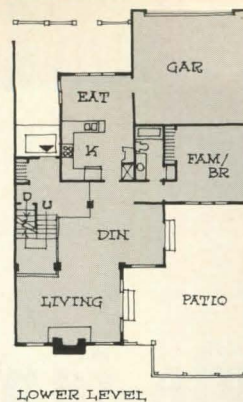
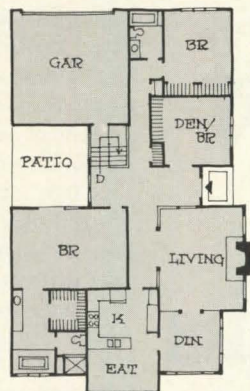
The problem was that Stoney Brook is the first Denver project



Model area includes a three-unit building (*top, far left*) which comprises one single-story and two 2-story plans, plus a detached unit (*bottom, far left*) with a split-level plan. All plans include full basements which, where the terrain allows, open to grade. For example, the detached model is set into a sloping area of the site, so its basement opens to the covered patio seen on the left side of that unit. Units in duplex and triplex groupings are planned so individual entries are completely private. In the model, for instance, end units are entered from the sides and the center unit from a recessed entry behind the window to the right of the chimney.

Model-unit interiors are decorated with the kind of top-quality furniture and accessories that Denver's high-end market is accustomed to. The decor was planned so it would emphasize the project's key marketing features; for example, luxury bathrooms, two-level living areas and informal kitchen eating space like the ones seen at left. The interior designer was Victoria De Gette of Denver.

Five floor plans let buyers choose from two-story, single-story or split-level layouts. The two-story, three-bedroom plan (*bottom, right*) is the one omitted from the model area.



the unit and the land under it, but with areas around each phase of attached units being held in common by a homeowner association. This put the project under the city's single-family, rather than condo, regulations for water and sewer purposes.

For example, a variance was needed for the sewer system because private sewer lines that connect each unit to the public main trunk run under commonly owned ground. And the developer had to work out similar easements for other utilities.

Stoney Brook's buildings are primarily duplexes and triplexes, with a few detached units. Each of the two- and three-bedroom plans is designed to appeal to an upper-income buyer who might otherwise contract for a custom-built home. All five plans have at least two full baths, large master-bed-

room suites with garden baths, formal and informal dining spaces and full basements. And to reflect the market-research findings about the need for security, privacy and energy conservation, the units were designed with these features:

- Wiring to accommodate a sophisticated alarm system. (The system, itself, is an option.)
- Recessed front entries, and bedroom and bathroom windows turned away from adjacent units.
- Nine inches of insulation in the attic, and wood-and-storm window combinations.

The units are large—from 1,875 to 2,732 sq. ft.—and sell for \$65,000 to \$90,000. Prices of surrounding housing range from \$40,000 to \$125,000.

There are no recreation amenities within the Stoney Brook site. But buyers will be able to join the adjoining Centre Court

Racquet Club, also being built by Dusco, where several tennis courts are already completed.

Dusco elected not to follow the usual course and scatter recreation facilities throughout the project.

"We're dealing primarily with an older market with few children," says Powter. "And these people aren't always crazy about having potentially noisy facilities near their homes."

"We've also found that scattered recreation facilities usually aren't large enough to warrant professional management, so they tend to be run on a haphazard basis. We believe that by concentrating on one large recreation center, we'll be able to attract professionals to run it."

Even though there are no on-site recreation amenities, Stoney Brook's common areas won't all be just greenbelts. There also will be a series of recirculating ponds and streams—a result of

the steep nature of the site.

The land falls 90'-in-1,200' in an east-to-west direction, and the city required a storm-water retention system. The ponds and streams satisfy that technical requirement and also serve as a visual amenity for many of the units. Other units are oriented to the foothills of the Rocky Mountains.

Stoney Brook's total plan, says Ambridge, reflects the needs of the marketplace as determined in the early research.

"We approach real estate development—especially housing—on a very personal basis," he says. "For Stoney Brook, we reacted to what we learned about Denver prospects in this price range. Too many PUD developers get carried away with things like swimming pools and other amenities and forget about the real needs of their buyers."

—JUNE R. VOLLMAN

2

For a single-family builder minimum-risk management means keeping a finger on every detail

Unlike Dusco, which operates all over the country out of a New York office, the Ross Organization of Orlando, Fla. builds in only two markets: Orlando and nearby St. Petersburg. This means its principals—president Herb Ross and executive vice president Betsy Godfrey—can have a hand in every aspect of the company's day-to-day work, from inspecting jobs to sales training.

Ross exercises tight control to keep his operations in tune with market conditions, and the company starts, stops or changes projects almost overnight. In the volatile Orlando market, this flexibility is the key to survival—as Ross learned the hard way.

At the end of 1973, sales suddenly stopped dead and Ross was caught with an inventory of 220 homes. It took a year to work it off.

"We were starting 50 homes here and 30 homes there and 24 homes somewhere else, and somebody asked me: 'What happens if the market changes?'" he recalls.

"I told him, well, we'd just complete what we'd started, and we should be able to sell that in a short time, because with 60 salespeople we needed an inventory of at least 40 homes at all times."

Ross still has 60 salespeople, but he carries almost no inventory at all. And that works just fine.

Back in 1973 when Orlando was riding the crest of the Disney World boom, some 18,181 units were built there. Ross was responsible for 400 of them, or just over 2%.

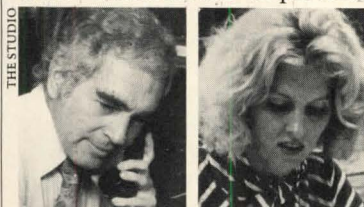
This year, industry sources estimate that only 1,450 units will be built in the Orlando area. But Ross expects to close 350 units—a staggering 25% of the total.

"I'm taking the conservative approach because of what happened in the past," Ross says. "And I find I like it."

Here's what he means.

Organization: It's both lean and diversified

Because Ross and Godfrey are involved in so much of the day-to-day work, the company can do without a whole middle level of management. (The one exception: construction supervisor



Ross Organization officers:
Herb Ross, president; Betsy Godfrey executive vice president

Richard Forbis, who also oversees purchasing.) Thus the entire construction division now numbers only about two dozen people, including secretaries and bookkeepers. Sales are handled by a separate company.

While the lines of responsibility are not hard and fast, financing and site selection is Ross's bailiwick and merchandising is Godfrey's. Both consult frequently with each other, with sales manager Mary Jordan, and with outside experts.

The company has no in-house architects or designers. "We find we're better off going to three or four different people for our designs," says Ross. "That way we get different ideas."

There are three people whose time is completely devoted to customer service: someone to take warranty calls, a service employee to remedy the complaints and a mortgage processor. The last is a wise investment, not only in terms of customer service, but also to speed processing and prevent rejection.

"Having someone with that capability has really helped us tremendously," says Ross. "If an approval doesn't come through in a reasonable time, our processor gets on the phone and finds out what's holding it up. After all, we're paying interest on our construction loans. We want to get those houses closed so we can build some more."

The processor also starts probing if the mortgage company turns down a buyer she feels was qualified. Often it turns out that a vital piece of information was missing from the application, either because the buyer was reluctant to give it or because he wasn't asked the right questions.

"Because of our processor we've closed many deals that had been turned down by the mortgage company," says Ross.

Overshadowing the construction division is a much larger sales division which operates as a separate company. This company is headed by sales manager Mary Jordan, and it has 60 sales associates who not only sell Ross homes but homes of other builders and general real estate as well. The resale department has expanded steadily in recent years to take up the slack in new-home sales and it should

account for between 30% and 35% of Ross's volume in 1975.

Ross set up the sales company some six or seven years ago because he felt he needed the capability of selling his own homes. He still encourages outside brokers, however, even going so far as to assign subdivision managers to work with them on sales. The subdivision managers are compensated for this and other extra duties by an override on every sale—normally between \$50 and \$100, depending on the project's activity, price range, etc.

And because other brokers sell Ross's properties, he feels it is only right to allow his people to sell general real estate. While sales associates cannot leave their subdivisions when they are scheduled to be there, they can work other sales on their days off or after hours or they can co-op a deal with a member of the Multiple Listing Service department that concentrates on general real estate.

"At first it was hard to get listings of existing homes because people looked upon us as builders who would be more interested in selling our own houses," says Ross. "But we've managed to adjust our image, and in the last three years our general brokerage business has grown tremendously."

Land: Ross buys developed lots a few at a time

"You need a much larger organization if you're going to do the engineering, planning and developing of the land," says Ross. "I'd rather let someone else make a profit on the land development as long as I can then make a profit on what he has done."

Even during the boom years Ross was able to arrange with several developers to prepare land just for him. Now, of course, there is a plentiful supply of developed lots in the Orlando area.

Ross's projects range from about 30 units to several hundred, depending on price range. He would not go into an area to build homes under \$30,000 unless there were at least 50 lots available, but as the price goes up the number of lots required goes down. Thirty is minimum, however.

"We put a superintendent in

each subdivision," he says, "and if there are only ten lots it doesn't pay."

In the past few years Ross has arranged with developers and sellers to hold lots for him, and he just pays for what he thinks he can use in a year.

"Because of our reputation, developers tend to go along with us," he says. "They have to risk their money on the entire package; we're not prepared to do that. We want flexibility until the project has been tried and tested and we are pretty sure it will go well."

Without the expense of a large land inventory, Ross can afford to start and stop projects according to market conditions. Lake Sparling, for example, was not particularly successful in 1973 when the first 30 units were built. So Ross pulled out. A year and a half later he came back with smaller homes priced from \$27,900 to \$30,900 and sold 60 of them in just 90 days.

On the other hand, Quail Trail, with homes selling from \$23,900 to \$27,000, was very successful for about sixteen months. Then other builders diluted the market by coming into

the area with a similar product. So Ross simply stopped building for a while. Now he is going back into the area with a new product that's slightly larger and more expensive than the original Quail Trail models.

Perhaps the ultimate in low-risk land policy is not acquiring the land at all. And that is what Ross is doing with a project called Amberwood, in a western suburb of Orlando. Instead, he is supplying the land developers with a housing package, including models, marketing and construction."

"We've got free rein," he says, "and we're going to give it the same enthusiasm that we give our own projects. We just didn't feel we wanted to risk our own financing in that particular venture."

Money: Here low risk gets carried a bit too far

The euphoria was so great during the Disney World boom, and the letdown so sudden and severe, that many lenders were hurt. Now they're reluctant to lend sizable sums to any one builder in the Orlando area, no matter how good his reputation.

This means Ross must scramble for money. If one lender gives him construction financing for, say, five spec homes, that lender won't give him any more money until the homes are not only sold, but transfer has taken place.

"Anywhere from 30 to 75 days may elapse," says Ross. "So here we are, sitting with the houses sold and we can't sell any others unless people are willing to wait for them to be built."

In an area where people are used to buying a home and moving right in, this is indeed a disadvantage. So Ross ends up going to several institutions for the financing on one project. He's not happy about it.

"After all," he says, "I'm risking money too, and while that may seem little compared to the total amount involved, still to me it's a lot. And I don't build on hunches; I've actually been in the area, I've built models, I've got a feel for the marketing and I know what sells. But it's hard to convince lenders of that."

Construction money is not the only problem; Ross also has to scramble for mortgages. This

means spending a lot of time keeping in touch with the financial market to find out who has money and buying small amounts—\$150,000 here and \$200,000 there—wherever he can find them.

Construction: Ross monitors starts, quality and costs

And the day-by-day control he exercises in this area accounts for much of his success in recent years.

Starts are scheduled frequently but in small increments. For example, Ross built eight houses in Quail Trail: three models and five specs. As these began to sell he started ten more, then another ten, etc. When sales were at the rate of five or six a week, he scheduled ten starts every two weeks.

"Back in 1972 we'd start 50 houses at a time," Ross recalls. "Then it was hard to start another 50 until the first 50 were completed, and often the quality of construction wasn't quite what we would have liked. With fewer and more frequent starts we can control quality a lot better and sell as many if not more homes."

Ross subcontracts all of his work, but quality is no problem now. First, each subdivision has its own superintendent—a worthwhile investment, he says, as costly mistakes occurred when he tried to save money by putting one man in charge of more than one job.

And he doesn't stop there. He believes that people tend to slip and overlook things when they're on a job 100% of the time, so he has construction supervisor Richard Forbis inspect the jobs at least twice a week.

And finally, Ross and/or Godfrey visit each job about once a week.

"The men say I'm worse than an FHA inspector," says Godfrey.

Is all this supervision necessary?

"Yes," says Ross. He cites the example of some bi-level houses he's building in Clermont on rolling terrain.

"The superintendents in this area aren't used to that kind of construction," he says, "so at the very beginning I'm out there at least twice a week because I

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It all began in Brooklyn, N. Y.

It was in Brooklyn that Herb Ross, fresh out of college with an engineering degree, landed a job as assistant superintendent on an eight-story, reinforced concrete apartment building, the first of several jobs chosen to give him experience in different phases of construction.

"I set a plan, like a roadmap," he says.

Ross then worked for a general contractor on three large suburban shopping centers, first as a job superintendent and then interviewing contractors and awarding contracts. But it was his next job—building single-family homes in fast-growing suburban Westchester county—that he really enjoyed.

"In the commercial end I was just doing one phase and I had to determine what was going on by getting reports and speaking with the various supervisors," he recalls. "Here I was actually on the job and doing practically everything: estimating the plans, speaking with the subcontractors, getting bids, awarding the plans and then supervising the job. I was even in contact with the sales department."

After three years in Westchester, Ross went into partnership with some investors and built a six-story apartment building in Brooklyn and a single-family development in Pennsylvania. Then it was time to go out on his own.

He had always wanted to live in Florida and this was the logical time to make the move. So he traveled through the state, surveying different areas

that might have potential. Orlando won out, in large part because of its natural beauty. The year was 1956.

Ross began spec building and later renovating homes under an FHA program.

"I was running a one-man operation," he recalls. "I typed my own letters, kept my own books—and I'm no bookkeeper, I made a lot of mistakes—I superintended the job, and on Saturdays and Sundays I'd sit on the job and sell. Many times I'd fall asleep on Sunday afternoons and prospects would have to wake me up so I could show them the house."

Betsy Godfrey joined the company in 1967 as a part-time receptionist. She had already had some experience in construction and it was soon to come in handy. At the time Ross was building between five and ten homes a year. Then came the Disney World boom and he was building 500 and more. Still, he and Godfrey did most of the work.

"During the day we'd go out and check the jobs," Godfrey recalls, "and at night I'd call the subcontractors and line up the work for the following day."

In 1971 the company closed 250 new homes. Total sales (including a few resales) were around \$7 million and profits around 7%. In 1972 it closed 500 new homes. Sales reached \$10 million and profits were around 6%. The jump from five homes a year to 500 had taken place almost overnight.

want to watch the grading. The way a person approaches a house and the impression he gets from the street are going to determine whether he'll like it. Also I want to make sure the footing drains are put in and there is adequate waterproofing on the walls that are below grade."

Just as construction is monitored every inch of the way, so are costs. The whole operation is computerized and Ross and Godfrey receive weekly reports. In addition, the construction people have been trained to keep careful tabs on materials.

"If we know it takes 1,000 blocks to build a house," says Ross, "we'd better not see more

"I said 'No way,'" Ross recalls. "We're not going to build this house unless we can do something about cost."

What Ross did was to call his subcontractors together and lay the facts on the line: Did they want to work three days a week six months a year, or did they want to work five or six days a week twelve months a year? If they wanted to work twelve months a year, they'd have to cut their costs 10%.

"Strangely enough this developed a lot of enthusiasm," says Ross. "We didn't squeeze them; we put it to them in a very logical way. When they left my office they said to me: 'I don't

Product: It's always geared to a void in the market

Ross is convinced that there's always a void somewhere in the market, and he's equally convinced that even in bad times someone is going to make money filling it.

That's why when the crunch came he aimed for the low end of the market, going back to the smaller house of the 1950s and even to two-bedroom units. And the impressive sales record he racked up at Quail Trail and Lake Sparling during 1974 when housing sales in general were at rock bottom—he sold 130 units in ten months at Quail Trail and virtually sold out Lake Sparling's 67 units in 90 days—shows he was right.

But Ross does not confine himself to the low end. He has a custom department that builds homes that may cost several hundred thousand dollars. And when the time is right, he also builds commercial and apartment buildings. (At the moment he merely owns and operates them.)

Ross feels that the next market is going to be for homes in the mid- to high-thirties, and he is already building them. At Lake Cane he offers three models ranging in size from 1,410 sq. ft. to 1,633 sq. ft. and in price from \$37,500 to \$39,900. At Sleepy Harbor the models range from 1,505 sq. ft. to 1,633 sq. ft. and the prices are the same as at Lake Cane.

"We're getting a lot of move-up sales," says Ross. "It's not uncommon for people to move every three years—like changing automobiles."

He's not neglecting the low end of the market, however, because a good portion of Ross's buyers are young married couples moving from apartments, rented homes and mobile homes or out-of-state retirees. The Quail Trail models, which range from an 805-sq.-ft., two-bedroom unit priced at \$23,900 to a 1,049-sq.-ft., four-bedroom unit priced at \$27,000, are being repeated in Amberwood, the project Ross is building and marketing as a package for the developer.

And the Lake Sparling models, which range from a 1,039-sq.-ft. three-bedroom unit for \$27,900 to a 1,305-sq.-ft., four-bedroom unit for \$30,900, have

called Briarcliff and priced \$1,000 higher.

Ross is now beginning to build slightly larger houses at Quail Trail—a 1,096-sq.-ft. and a 1,102-sq.-ft., three-bedroom unit and a 1,307-sq.-ft., four-bedroom unit. Prices are tentatively set at \$28,000 to \$31,000.

All of the homes are typically offered with a choice of three front elevations. They also have patios or terraces and attached garages. In the models, one of the garages is used as a sales office, which shows buyers the possibility of turning them into family rooms.

Ross is currently building two other subdivisions: Orange Hill at Clermont, a few miles west of Orlando, and Coquina Key in St. Petersburg.

Orange Hill offers four models, including a 2,332-sq.-ft. bi-level. Prices range from \$26,500 for the smallest, a 1,004-sq.-ft., three-bedroom unit, to \$33,100 for the three-bedroom bi-level. The project opened early in June and 20 units had been sold by the end of September—a particularly gratifying record to Ross because half a dozen lenders had turned him down before he found someone who would finance Orange Hill even on a limited basis.

The St. Petersburg project is a joint venture with a friend who already owned the land—which is right on Tampa Bay—and had built apartments on a portion of it. Ross is building three models, ranging from a 942-sq.-ft., two-bedroom unit for \$29,200 to a 1,102-sq.-ft., three-bedroom unit for \$30,600 and a 1,038-sq.-ft., three-bedroom unit for \$30,900. Canal and bayfront homes cost \$9,000 to \$13,000 more.

"I didn't want to go out of town because in these times you've got to say close to your operations," says Ross. "But it's a fantastic property, and I've worked out an arrangement whereby we can get out fast if it doesn't go."

On average, the selling price of Ross's homes breaks down as follows: land 20%, labor 25%, financing 11%, materials 31%. The remaining 13% is gross profit.

Marketing: The slow market required a new approach

Ross didn't pay much attention to marketing during the boom



Monday morning sales meeting is led by (l. to r.) sales manager Mary Jordan, mortgage processor Sue Agoes, Herb Ross and Betsy Godfrey. "A house isn't the biggest investment people make," Ross tells them. "Just compare it with cars. People think nothing about putting a couple of hundred dollars down on a new car every two or three years. And as soon as they take it out of the showroom, it's worth \$1,000 less."

than 1% waste or 1% leftover blocks after that house is built. The same thing with lumber; we monitor our deliveries very carefully and keep check. If we have lumber left over we make note of it so that the next time we build the same model we will have more accurate lists from which to order."

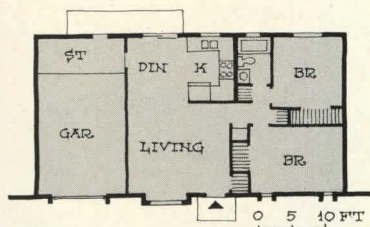
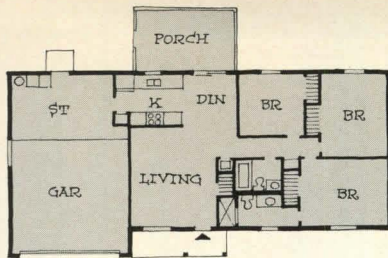
Costs almost got out of hand in early 1974 when Ross started Quail Trail. It was a period of steep inflation, and so Ross went along with the first two increases his subcontractors asked for. Then he decided to build Lake Sparling. He knew there was a market for homes in the \$28,000 to \$31,000 range. But when he started to price the models he wanted to build there, he found he would have to

know if I can do it, but I'm going to call my manufacturer and tell him what you told me."

The result was an 8% cut in costs.

Once he saw what he could do in Lake Sparling, Ross did the same thing with Quail Trail. The concessions he got from his subcontractors enabled him to go a whole year without raising prices there—quite a feat in 1974.

"Every time the subs would come in with an increase, we'd fight it," he says. "And they would go back to their suppliers and say: 'Hey, I can't get the increase but I'm doing a lot of business. You'll have to keep your percentage a little lower.' And they did, and we passed the savings on to the customer."



Best sellers include a 1,038-sq.-ft. three-bedroom, two-bath model (*top*) that sold for \$27,900 at Lake Sparling. It is now being repeated at Briarcliff for \$28,900. Also a top seller was an 805-sq.-ft., two-bedroom unit that sold for \$23,900 at Quail Trail (*center*). It is now being built at Amberwood.

Below is the interior of a Briarcliff model decorated by Betsy Godfrey, who designs all of Ross's models.

"I try to gear them to the market and to use affordable furnishings," she says.

Normally Godfrey tries to design one house for a family with three children, one for a family with one child and one for an empty-nester.

A little girl's room may have a mirrored wall and a ballet barre, and a little boy's may have a football or a nautical motif. And if the house lacks a family room, Godfrey usually decorates a bedroom as one.

"I try to make it look as though a family actually lived there and had stepped out for a minute," she says.

And one trick of the trade: she decorates the first model in yellow, which is eye-catching and arouses enthusiasm, even though people rarely buy yellow.

cusses each plan and answers questions. She also gives them some forms containing the questions that prospects are likely to ask about the neighborhood.

"The salespeople are more apt to retain the information if they get it themselves," she says. "The day we open they can tell prospects anything they need to know about the area."

As the opening date approaches, an advertising teaser campaign begins. Briarcliff, for example, had Briar Rabbit as its symbol. So billboards and newspaper advertisements showed a saucy rabbit lolling about with a butterfly—the Ross symbol—on his overalls. Underneath was the question: "Where's Briar Rabbit?"

"That really generated a lot of curiosity," says Godfrey. "Most people didn't associate Briar Rabbit with us, although a few did recognize the Ross butterfly."

Finally, on the day before the opening, all the billboards were repasted and new newspaper advertisements announced: "Briar Rabbit's at Briarcliff." Two hundred people turned out for the opening.

Catchy advertising of this sort makes Ross a name people recognize in the Orlando area. Ross believes this is important to sales, so he also makes himself available to the press whenever they need information about the industry. As a result, hardly a week goes by when he is not quoted on housing issues.

Ross is also active in community and industry affairs. He is on the board of the Central Florida development committee, a director of a local bank, chairman of the Chamber of Commerce better business committee and of several Board of Realtors committees. He is also a past president of the local builders association and in October he was elected to statewide office: secretary of the Florida Home Builders Association.

All of this effort seems to be paying off in sales. Ross estimates his volume for this year should be over \$15 million. By the end of September it was already over \$13 million. Quite a record for a company that was building between five and ten homes a year in the late 1960s.

—NATALIE GERARDI

when the slowdown came, he realized that marketing represented the margin between success and failure. So he did three things: 1) He hired Mary Jordan as sales manager, 2) he took an active role in sales training and 3) he hired a professional marketing consultant.

Jordan has been in the real estate business for 22 years and her no-nonsense, let's-get-on-with-the-deal-now approach kindles respect and enthusiasm among the sales associates. "She's on the job 24 hours a day, seven days a week," says Ross.

While Jordan trains new salespeople in the technical side of the business, Ross himself conducts a weekly class on selling that is required for new people and optional for others. He also conducts a weekly sales meeting and a biweekly sales managers meeting.

"I started running these meetings because I was drifting away from my people," says Ross. "I

was merely somebody in the back office with his door closed. And that showed in our sales. Now I know everybody by name, they know who I am and they feel they can come to me."

Perhaps the biggest change in Ross's marketing techniques came about because of his association with consultant Jack Risbrough.

"He's like our doctor, examining us every two months and giving us the prescription for financial health," says Ross.

Risbrough came aboard after Godfrey heard him speak at a HOUSE & HOME marketing seminar in New York.

"I was reluctant about sending her because we were in a tight situation," Ross recalls. "But I went ahead and did it, and I think it was the best investment I ever made—even including land purchases."

Risbrough did not recommend making sweeping changes but, rather, concentrated on get-

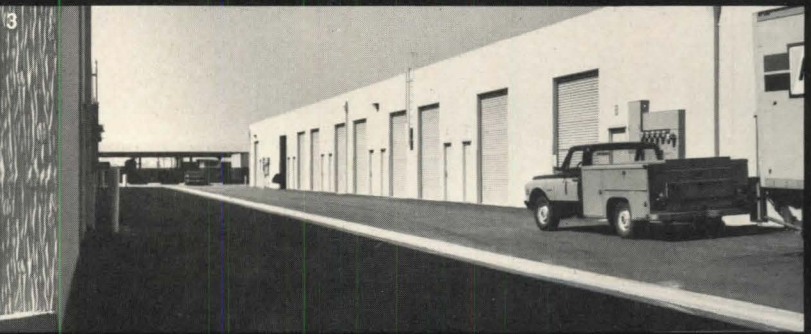
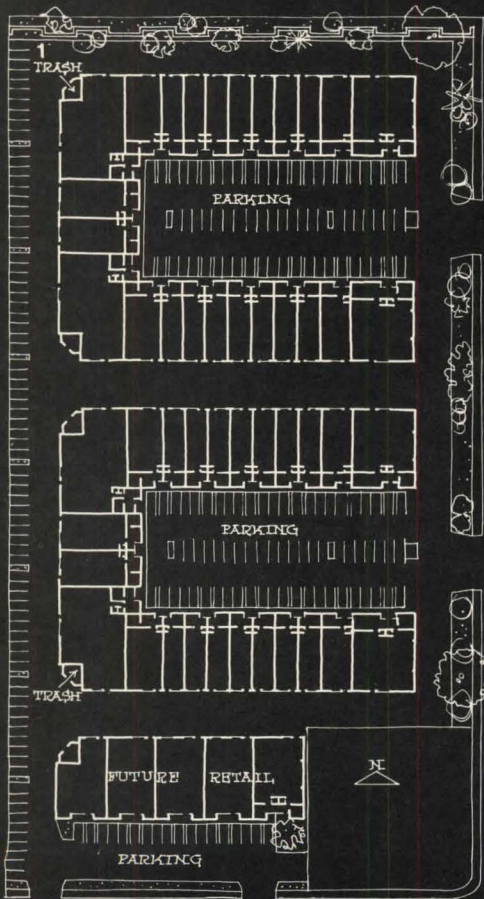
ting all the details right—such things as how the ads were designed, installing sales traps in the model areas and furnishing the two-bedroom model at Quail Trail as well as the three- and four-bedroom models. These details added up to a professional merchandising package.

Risbrough also interviewed the Ross sales personnel, helping some who had problems and determining which ones could not be helped.

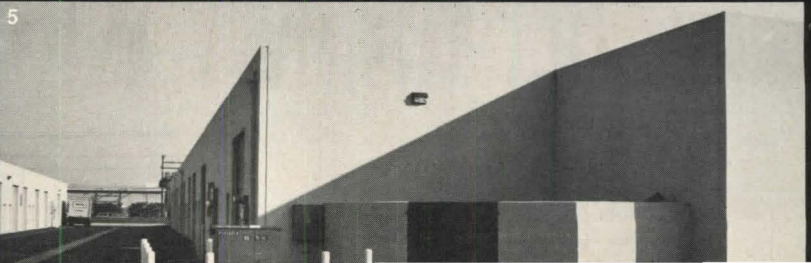
Ross's merchandising effort now starts early. While Godfrey is working with the architects on the plans, she decides how to decorate the models. At the same time she gets the design studio started on the advertising concept.

Salespeople are told only that a project is being planned. They don't get any specific information until about two or three weeks before the opening. Then Godfrey meets with them, dis-

Looking to branch out into non-residential? Check



Site plan (1) of Greenwood Center shows two main U-shaped buildings, plus a third building that will become a retail area. A grassed berm (2) separates the site from sidewalk and street. Most loading areas (3) are shielded from off-site view by adjacent buildings, but at the far end of the site a masonry wall (4) keeps neighboring houses from looking into a loading area. Trash is hidden behind walls (5) in outside corner niches.



the local demand for

Industrial parks for very small businesses

Chances are the demand will be there. In most cities, very small distribution and product-assembly companies don't have much to choose from when it comes to finding a desirable place to operate.

Moreover, small-business industrial parks can be attractive to developers because they're relatively simple. A small-scale, 60-tenant industrial park, for example, is generally no tougher to build, market and manage than a 60-tenant apartment building.

Case in point is six-acre, 120,000-sq.-ft. Greenwood Center in the Los Angeles suburb of Montebello. It opened last February and, despite a glut of vacant commercial/industrial space in the Los Angeles area and rents that are 20% higher than competitors', 60% of Greenwood Center's 53 spaces were leased within eight months. Since the developers allowed themselves 18 months to reach full occupancy, they still have ten left to rent the remaining 40%.

Greenwood Center was started two years ago by three partner companies—Oltmans Construction Co. of Monterey Park; W. H. Daum & Staff of Los Angeles, a realty firm; and Keystone Mortgage Co., Los Angeles, a mortgage broker—who in 1972 had pooled their expertise in a development group named Checkmate to specialize in industrial and commercial complexes.

Checkmate came up with the Greenwood Center concept as the only logical way to develop a six-acre site offered on a 99-year lease to the group's realty manager, Bill Davidson.

"Large-space buildings just weren't leasing then," said Davidson, "and they still aren't. In Los Angeles and Orange County there are 17 million sq. ft. available in large-space offices and warehouses."

But Davidson analyzed the marketplace and found 1) a strong demand for a multi-tenant park and 2) no competition within a five-mile radius.

He then analyzed the location and found

it ideal for small companies needing both accessibility and identification. The site is surrounded by a triangle formed by three major freeways. Its immediate environment is partly residential; it's on a corner bordered by a heavily traveled boulevard, a public school, a gas station and a neighborhood of single-family homes.

The decision: a park for small businesses

Its plan included three buildings with 53 spaces ranging from 1,440 to 5,549 sq. ft. with 20% of the area in decorated offices and 80% in unfinished warehouse and shop space.

Checkmate lists five main advantages in leasing to small companies rather than large ones:

1. *The risk is spread out.* One tenant's bankruptcy or a severe downturn in an entire industry doesn't empty out the center. Greenwood Center's first 30 tenants are in 25 different businesses. Among them: fastener assembly; printing equipment repair; re-upholstery; pneumatic-tube repair; book, plastics and burial-casket distribution; and sales representation for a variety of national companies.

2. *Leases are shorter so rents can be raised more often.* Leases range from one to three years at Greenwood Center vs. five years and up for typical large-tenant leases. And they contain clauses permitting cost-of-living rent increases and quarterly reassessments for common-area maintenance and utility costs.

(But shorter leases also have a negative aspect: More frequent refurbishing of tenants' spaces is necessary.)

3. *Lease negotiations are easier.* Small companies make leasing decisions much faster than big companies because, as a rule, one or two principals do all the decision-making.

To make industrial leasing as easy as apartment renting, Checkmate 1) set gross

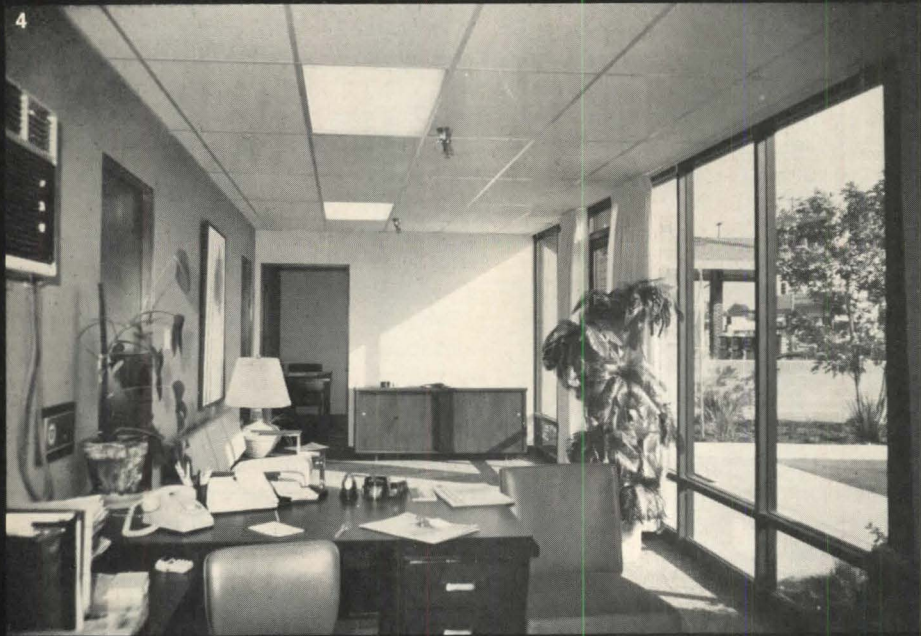
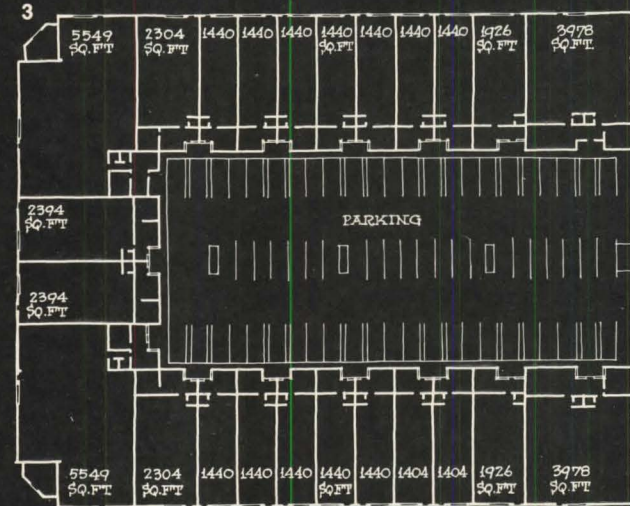


Principals in Checkmate include (l to r) William Davidson of W. H. Daum & Staff, realtors; Joe Oltmans, Oltmans Construction Co.; and Chris Turner, Keystone Mortgage Co., mortgage brokers.

TO NEXT PAGE



Signs for Greenwood Center include a directory board (1) at the end of each building and uniform plaques (2) beside each office entrance. Building plan (3) shows size of various spaces; the smaller ones have rented out most quickly, the 5,000-plus-sq.-ft. spaces at the corners most slowly. Note how office parking is on the inside of the U, shops and loading on the outside. Office space is rented fully decorated (4).



Typical uses in Greenwood Center include warehousing (5) and light assembly operations (6).



monthly rental rates for each space instead of square-footage rates, 2) built out all the spaces including restrooms and 3) decorated all the offices, including wall-to-wall carpet, drapes and acoustical ceilings with recessed fluorescent lighting. Rents, based roughly on 21¢ per sq. ft., range from \$295 for 1,440 sq. ft. to \$950 for 5,549 sq. ft.

4. *Space improvements are less complicated.* That's because most small companies have unsophisticated operations that adapt easily to existing spaces. And that's why Checkmate felt safe in building out the interiors.

"We've had to remove a few walls to combine spaces," says Joe Oltmans, the partnership's building manager, "but after a project's completed it's a lot cheaper to tear out a wall than to put one in."

Oltmans did delay interior finishing work in the smaller of the three buildings. It faces the heavily traveled boulevard, and because of the better exposure it is being held for store tenants who would pay 30% higher rents than the center's industrial tenants.

Checkmate has arranged with a commercial bank for a \$200,000 unsecured loan for tenant improvements. The reason: Substantial improvements would be required by the anticipated retail store tenants, and also by a clinic for emergency industrial accidents that is considering moving into the center. The line of credit is implemented by showing the bank a tenant's signed lease. Improvement work is done on the honor system—i.e., no inspections—and the cost is amortized over the tenant's lease payments.

5. *Tenant growth potential is greater.* Unlike large, established companies, most small businesses have their growth ahead of them.

"We have a high percentage of 'incubator' tenants," says Davidson. "These are businesses that could grow and move into larger spaces in the near future."

This has happened already, in fact. At least two tenants have expanded into adjacent spaces before completing their first year of occupancy.

Zoning helped create an attractive environment

To make the park possible, zoning for half of the site had to be changed from commercial to light industrial. In deference to neighboring homeowners and the public school, the planning commissioners held building coverage under the new zoning to 40%.

But greater-than-average openness had been part of Checkmate's plan, anyway. These were the major elements in that plan:

Landscaping. Mature olive trees, pines and flowering ground cover outline the buildings and dot the parking areas. A 4-high landscaped berm softens the center's

lines on the school side, a masonry wall shields the residential side and all utility lines are buried. All these features helped produce an acceptable environmental impact report and were also a great help in attracting and holding tenants.

Environmental control. Trash enclosures are notched into the corners of buildings and walled from view. Tenant signs and directory plaques are all of the same rustic design, pre-installed by the developers and then lettered to suit (for \$60). Landscape maintenance, window washing, trash pickup, common-area sweeping and repairs are done routinely by Checkmate and billed to the tenants quarterly, along with common-area utility costs.

Tenants pay these fees according to how much space they occupy. Example: A 1,440-sq.-ft. tenant currently pays \$14.37 per quarter out of total monthly common-area operating expenses of \$980.

Access. Greenwood Center's two main buildings are U-shaped, with customer parking and office entrances contained inside the "U" and loading entrances and truck lanes outside. Says Davidson: "This eliminates the clutter you see in older parks

where truck doors and office entrances are side by side." Checkmate provided 240 parking spaces for customers and 12'-high by 10'-wide rollup loading doors for trucks.

Other Greenwood Center features:

- Fire sprinklers throughout. This opens up the center to an unlimited range of tenants. Full sprinklers cost the developer an extra 65¢ per sq. ft., but saved 33% on fire insurance premiums compared with non-sprinklered buildings.

- Skylights and foil insulation in shop-area ceilings and ceiling clearances of 13'6" to 15'6".

- Lighted parking areas.

- Separate 100-amp, three-phase electrical service for each tenant space, plus over 200 amps for the largest units.

- Heating and air conditioning in offices. Tenants provide their own in shop areas, plus their own hot-water heaters.

Positive cash flow starts at 75% occupancy

And at that time Checkmate will go shopping for a permanent loan. Says Checkmate's mortgage manager, Chris Turner: "A lender probably will object to our short-term

tenant leases, our management obligations and our non-subordinated ground lease (because of the lender's liability for ground-lease payments in the event of default). If we can't get a conventional long-term loan, we may have to sell part of our equity to a lender so he can participate in rent increases or we may syndicate the equity so we can take a lower loan amount."

About 70% of the prospective renters who visit Greenwood Center's on-site leasing office are drive-bys attracted solely by on-site leasing signs. As Davidson explains, "Small tenants shop for new business quarters the same way most apartment renters shop. They just drive around in their cars on Saturday and Sunday and look."

To date, 80% of Greenwood Center's tenants have come from within a five-mile radius. Every space with from 2,000 to 3,000 sq. ft. is leased, but only one of the center's four 5,000-sq.-ft. spaces has been taken. The weekend flow of drive-by prospects is being boosted by 1) direct mailings to selected geographical areas and industrial classifications, 2) a leasing agent's cold calls on likely prospects and 3) referrals from outside brokers.

—H. CLARKE WELLS

The numbers show how—and why—Greenwood Center is a success

PHYSICAL VALUATION

Basic cost of building 120,000 sq. ft.		\$ 1,200,000
First occupancy costs:		
Advance ground rent	\$ 28,700	
Real estate taxes during construction	6,915	
Construction interest	34,000	
Construction loan fee 3%	38,250	
Loan fee to mortgage banker 1%	12,750	
Lease commission on completed bldg.	20,000	
Ground lease commission	30,000	
Interest during fill-up—1 yr.	125,000	
Ground rent during fill-up	43,049	
Real estate taxes during fill-up	40,000	
Insurance during fill-up	5,000	
		383,664
Total cost of project		\$ 1,583,664
Less: Rent pump during lease-up period		145,000
Net cost of project		\$ 1,438,664

ECONOMIC VALUATION

Gross annual rent 120,000 sq. ft.		\$ 294,360
Less vacancy 5%		14,718
Effective gross income		279,642
Less: expenses		
Real estate taxes	\$ 40,000	
Insurance	5,000	
Management 3%	8,389	
Repair & maintenance	4,800	
		58,189
Net income before ground rent		\$ 221,453
Ground rent		43,049
Net income after ground rent		178,404
Capitalized or economic value		
\$178,404 x 10%		\$ 1,784,040

PROJECT EVALUATION SUMMARY

Economic value of project		\$ 1,785,000
Net cost of project after rent pump		1,440,000
Potential created equity		345,000
Potential profit	\$ 345,000	24%
	\$1,440,000	

DEVELOPERS' RETURN ON EQUITY AFTER FINANCING

Economic valuation		\$ 1,785,000
75% of economic valuation		\$ 1,335,000
Total cost		\$ 1,440,000
Loan amount (75% of economic valuation)		1,335,000
Required equity		105,000
Net income		178,404
Debt service	1,335,000 x 10.91 (10% 25 yrs.)	145,649
Net income after debt service		32,755
Return on developers' equity		
	\$ 32,755	
	105,000	31.2%
Capitalized value of project after financing		
	\$32,755 x 9.5%	345,000
	Plus: mortgage loan	1,335,000
Total value of project after financing		\$ 1,680,000
Summary		
Actual cost of project		\$ 1,440,000
Economic value of project on a "free and clear" basis		\$ 1,785,000
Economic value of project after long-term financing		\$ 1,680,000

REMODEL



IN SHREVEPORT, LA.

Residential remodeler Ernie Turner takes on commercial work

For 12 years, Turner, an ex-homebuilder, ran a residential remodeling business that reached \$300,000 in annual volume. But he was continuously buffeted by boom-or-bust cycles and volume wasn't supporting overhead comfortably.

So Turner took two steps to boost his volume and, at the same time, to make his business less vulnerable to home-remodeling cycles: First, he expanded into commercial remodeling and, second, he started investing in commercial property.

"When home remodeling is down, commercial work is up," says Turner. "So I ride with what's selling best."

Today his volume is up to \$1 million—60% to 65% of it commercial and the remainder residential. And he has built up a portfolio of remodeled commercial buildings that provide tax shelter for the remodeling company's profits.

"Getting that first big commercial job is the tough part," says Turner, "partly because it is not always bid out and partly because you usually need at least one highly visible project before you're offered others."

Turner got his big commercial break after remodeling a restaurant owner's home. The owner was pleased—so pleased in fact that he asked Turner to re-do his restaurant. Soon after completing that job, Turner took on two other restaurant jobs and "then I was off and running as an established commercial remodeler."

In many ways, Turner says, commercial remodeling is similar to residential work: "Despite different specs and material lists, the skills are the same." But, he adds, there are nevertheless some important basic differences.

The risk is greater, he notes, because of the sheer size of most commercial jobs com-

pared to typical residential work. And the time factor is more critical: "If you fall behind schedule on a home remodeling, you inconvenience the owner and, of course, that's something we try to avoid. But delays on a commercial job—a store, for example, or a restaurant—can cost the owner real money in lost business time."

With these basic differences—plus some others—in mind, Turner offers this advice to other residential remodelers who want to increase their volume by expanding into commercial work:

Build up your cash reserves. "Cash is critical," he says. "You need enough to handle a major commercial job—one running around \$250,000, for instance—until the first partial payout. And you have to be in a position to buy from suppliers who have never dealt with you before and will thus demand payment in 30 days or even on delivery."

On most jobs, Turner figures he'll need at least 20% of the contract price in cash to cover labor and materials for the first 45 days. So for a \$250,000 project, his minimum cash requirement is \$50,000.

Strengthen your management. As a purely residential remodeler doing less than one-third of his present volume, Turner ran what was almost a one-man business. He did most of the estimating and selling and took a hand in supervising. A part-time secretary and his wife, when she could spare the time, were able to cope with the office work.

"That arrangement would never work today," says Turner.

Today he is backed up by a second line of management—a construction superintendent who doubles as expeditor; a sales manager who doubles as estimator and supervises two salesmen-estimators; and an

office manager who doubles as bookkeeper and has an assistant.

Strengthen your labor force. As a residential remodeler, Turner had seven carpenters and three laborers on his payroll.

"I was in good shape at the time," he says, "but I knew I'd be in bad shape when the commercial work started coming in."

The answer? He not only did the obvious—prepared to increase his permanent work force—but also started a program to upgrade the skills of his crews with emphasis on developing more lead men.

"We don't train all our lead men to reach the same level of ability," Turner says. "That's not necessary because all jobs aren't equally difficult. It's also not desirable because we can't afford to pay the highest going rate to everybody." His four lead men, all union carpenters, earn from \$12,000 to \$25,000 a year.

Turner now has 18 men on his work crews—the four lead men, five other carpenters, six laborers and three painters. So while his volume has tripled, his work force has increased by only 80%.

Why? Partly because of better management. And partly because he now subs out some of his carpentry to cope with peak workloads.

"I'd rather go entirely with my own crews," Turner says. "Control over quality and productivity is tighter. And, as a matter of fact, that's why I added painters to my payroll after getting into commercial work."

"But there are peak periods when our own crews can't handle all the work. Then we have to sub out some of it."

Don't pass up the small commercial jobs. "They may not generate much profit," says Turner, "but it's those little fix-up jobs that get you known, build your reputation for

ING

How three companies sought new opportunities—and why one stood pat

service and often lead to future big-ticket jobs from the same customers."

So Turner not only accepts small jobs—he makes an effort to get them. His method: Three of the company's 15 vans, each driven by a carpenter-mechanic, are equipped with two-way radios for quick response to requests for emergency repairs.

"We take these jobs on either a time-and-materials or bid basis," says Turner. "Our aim is to get businessmen to think of us first when they need work done quickly."

The radio-equipped trucks also respond to callbacks—not only on the company's own work but also for homebuilders.

"I value those contacts with builders," says Turner, who quit homebuilding in 1958 but is still active in his local NAHB chapter and a frequent speaker at NAHB remodeling seminars. "They're a good source of referrals. And, as any remodeler knows, referrals are one of the keys to success in this business. We get so many, in fact, that we haven't had to advertise in five years."

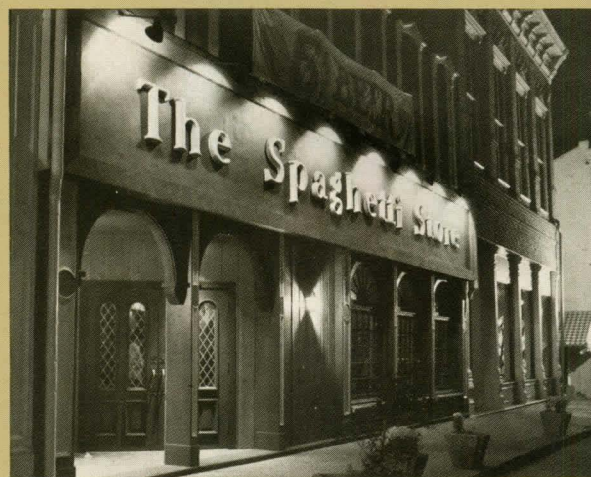
Find an appropriate way to shelter your profits. Turner's way: Buy up commercial buildings, fix them up and hold them for investment.

"It's a natural for me," he says. "And these properties also provide some cash flow and a good hedge against inflation over the long pull." His investments now include a variety of stores and office buildings ranging in value from \$100,000 to \$500,000.

Turner is quick to spot opportunities. When the gasoline shortage closed down three local service stations, for example, he bought them up and converted them into a florist shop, a fast-food restaurant and a finance company office. His latest venture: turning a defunct lumberyard into a complex for 15 offices.



Lumberyard conversion to 15 offices is Turner's latest venture for his own account. He tries to keep tax shelter from his commercial properties in balance with remodeling company's taxable income.



Restaurant remodeling is a Turner specialty. Warehouse-to-restaurant conversion (*left*) was a \$180,000 job. Another restaurant (*lower left*) was built into a turn-of-the-century building for \$230,000. Turner salvaged its unpainted cypress paneling and tin roof from a 100-year-old plantation barn. Both restaurants are in Shreve Square, a restored historic area on Shreveport's riverfront.



PHOTOS: GERALD MCCARTY



ZACCARIA



DYGERT

IN WESTCHESTER COUNTY, N.Y.

Custom remodelers Jerry Zaccaria and Roy Dygert

Zaccaria and Dygert head Remodeling Consultants Inc., which grew from \$200,000 in volume in 1969 to \$1.7 million in 1974. Most of the work was in the big-ticket category—\$10,000 to \$15,000 jobs on suburban houses.

But the two partners weren't entirely satisfied: "Too much business was slipping through our fingers," says Dygert. "We were getting plenty of solid leads but not enough signed contracts."

So they decided to analyze their sales calls to find out what action, if any, prospects took after the salesman had left. For every four prospects, here's what they found:

- One gave the job to Remodeling Consultants.
- One did nothing or gave the job to a competitor.
- One took advantage of the salesman's design ideas and contracted the job himself, buying his own materials and hiring carpenters, plumbers, electricians, etc.
- And one prospect (again using the salesman's ideas) bought the materials and did his own work.

"There wasn't much we could do about the guy who did nothing or went to a competitor," says Zaccaria. "But we could do something about the other two—the do-it-yourselfer and the contract-yourselfer. We could sell them the materials they needed."

So last April, Remodeling Consultants opened a lumber subsidiary, Construction City Corp. Its facilities are a 4,000-sq.-ft. retail outlet carved out of the remodeling company's rented headquarters in Mamaroneck, N.Y., and a rented warehouse and storage yard. Its initial inventory included dimensional lumber, millwork, insulation, roofing and siding, windows, hardware, tools, paneling, gutters and leaders. And it's run by transferees from the remodeling company—people like Al Collins, formerly assistant production boss of remodeling and now retail sales manager of the new operation.

"So far we're pleased with results," says Zaccaria. From April through June, the lumber subsidiary showed a 9.7% profit before taxes on sales of \$170,000. Sixty per cent of the business came from homeowners, either doing or contracting their own

jobs. Professional contractors accounted for 16% and the remodeling company itself for 24%.

It's a little early in the game to pinpoint all the reasons for Construction City's success. But one stands out:

"**We offer big discounts,**" says Collins. "Our fast start was largely the result of deep price cuts on popular items."

Some examples:

- Five hundred panels were priced at 25% off list. They sold out in two and a half weeks.
- A freight-car load of red cedar shingles priced at \$25 a square—a 43% reduction—sold out in three weeks.
- Five trailer loads of insulation priced at 20% off list sold out in three weeks.

Despite such discounts, Construction City marks up its merchandise by a reasonable 40% to 50%—enough, says Zaccaria, to bring in an 8% to 18% net before taxes.

"We do this by operating like most other lumberyards," says Collins, "but also by doing what many others can't, or won't, do."

Financing the new venture: an in-house stock offering

Partners Dygert and Zaccaria needed more than \$200,000 to start their lumber subsidiary—\$175,000 for inventory, \$35,000 for store and warehouse improvements and \$10,000 for such equipment as a forklift and gutter-forming machine.

To raise the money, they did what they had done twice before: sold stock in the parent company to their employees. But this time they added a new twist:

When the whole subscription, \$186,000, was committed, they borrowed the full amount from a bank. The subscribers—18 of the company's 60 employees—are repaying the five-year loan with weekly payroll deductions.

There are three major reasons why the company goes to its employees for working capital, according to Zaccaria: "It's relatively inexpensive. It's a morale booster. And it avoids involvement with outside investors, who might hassle us about our management."

Like its competitors, the company shops for the lowest possible price: "We get quotes from at least five sources," says Zaccaria. "And we follow market trends closely by constantly checking lumber companies and lumber brokers."

Unlike many of its competitors, Construction City follows three policies that cut costs and thus make discount selling possible:

1. Direct purchasing. "For the most part, we eliminate the distributor's 20% to 40% by buying directly from mills and manufacturers," says Zaccaria.

Products bought direct from the source include lumber, plywood, paneling, roofing, siding, hardware, tools, lighting fixtures, aluminum doors and windows and skydomes.

"Nine times out of ten, you can bypass the distributor if you buy in large lots," says Collins. "But a lot of lumberyards stick to the old lines of distribution either because they don't want to step on toes or because their storage facilities aren't large enough to accommodate volume purchasing." Construction City's facilities are large enough—the warehouse totals 18,000 sq. ft., the lumberyard 10,000.

2. Fast merchandise turnover. Construction City tries to buy only items that it can move in no more than 90 to 120 days.

"So we emphasize popular stock items," Collins says, "And try to weed out slow-moving merchandise."

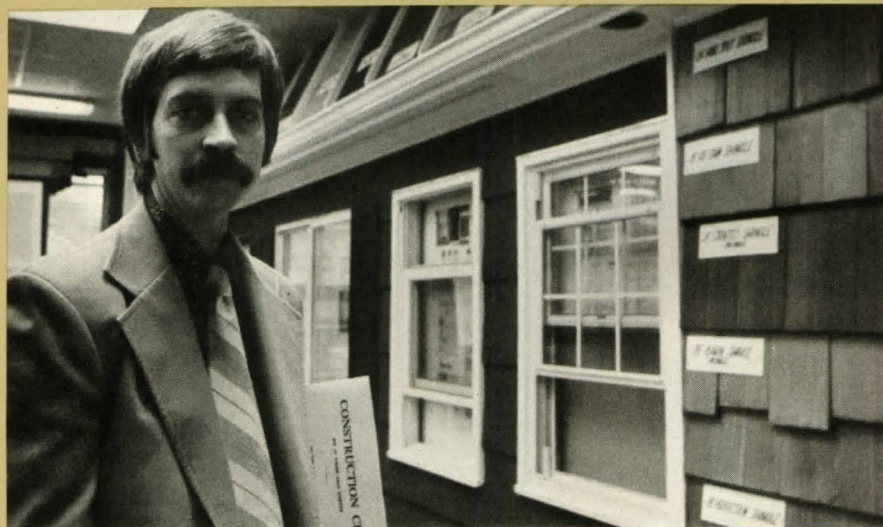
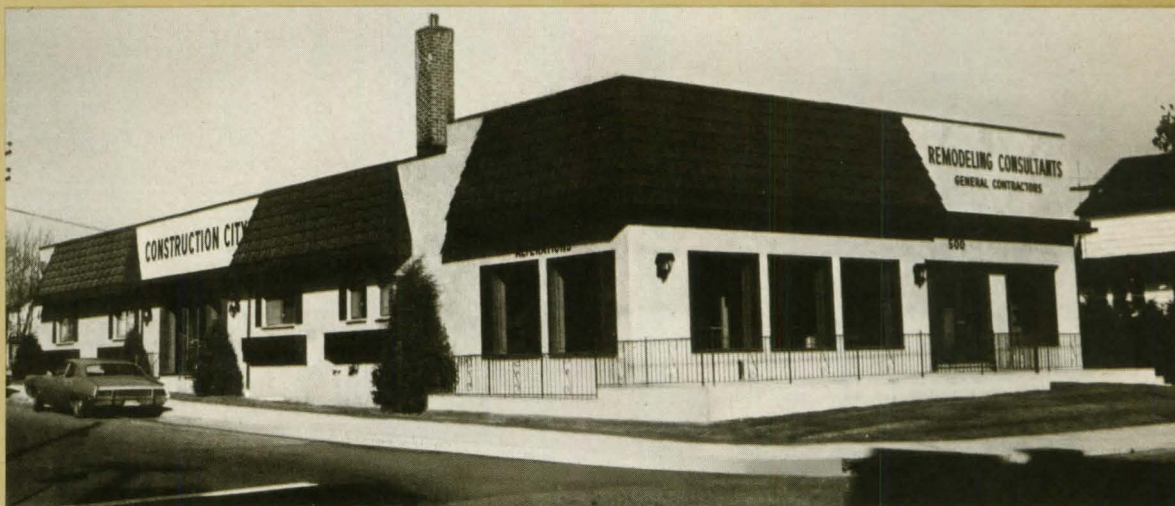
To get a line on what sells fastest, Zaccaria checks competitors, questions customers and analyzes the remodeling company's order patterns. Among other things, he has found that demand for some products is highly seasonal. Sliding glass doors, roofing and skydomes move quickly in the spring; insulation, double-glazed windows and black-top driveway coating sell best in the fall.

3. No charge accounts. All sales by Construction City are cash and carry or credit card. Only the parent remodeling company gets a break, "and it has to pay up promptly on the first of the following month," says Zaccaria.

Construction City has one other asset that gives it an edge over competitors, ac-

Tap the do-it-yourself market

Retail outlet (Construction City) was built into 4,000 sq. ft. of remodeling company's headquarters. Point-of-sale displays are responsibility of Retail Sales Manager Al Collins (below). Customers carry out small orders; central warehouse, one-half mile away, ships out large orders.



JOHN ASHWORTH

JOHN ASHWORTH

Central warehouse, with 18,000 sq. ft. inside and a 10,000-sq.-ft. yard, carries \$200,000 inventory. Railroad siding, in foreground, permits door-to-door freight-car deliveries.

According to Collins: a retail staff with experience in remodeling.

"Three of our men are carpenters," he says. "Whenever possible, they ask each buyer what he's planning to do, then offer advice and suggest other items he may need. I can't think of a much better way to increase sales and develop customer loyalty."

Along with discount prices, the company offered a free customer-service package in its two opening advertisements—full pages in a suburban edition of New York City's *Daily News*. The services included design consultation, working drawings and on-site instruction, plus help in obtaining building

permits and financing.

"We were so swamped with customers that we realized we didn't have to advertise the free services," recalls Zaccaria. "Now we provide services on a selective basis—only if we're asked and if there's a big order at stake."

What's ahead for Construction City? Zaccaria and Roy Dygert have big plans.

Specifically, they hope to open four more retail outlets—all served by the central warehouse and each costing roughly \$40,000 to set up and stock. And they expect to tackle the first one in January, a slow month when their remodeling crews will have

enough time to handle the necessary remodeling work.

The outlets will be located to capitalize on Construction City's successful advertising in a *Daily News* edition that covers five suburban counties.*

"A weekly ad costing \$1,100 now generates \$50,000 a month in sales at our Westchester County store," says Zaccaria. "We figure the same ad could bring in just as much business at each of the new outlets."

* Westchester, Putnam and Rockland, N.Y.; Bergen, N.J.; Fairfield, Conn.



IN OMAHA

Interior specialist Ron Andersen becomes a one-stop remodeler

By most standards, R. H. Andersen Construction Inc. is a successful remodeling company. Ron Andersen, a former construction superintendent, started it in 1969 and by 1974 it had grown to an annual volume of \$500,000. Almost all of this came from two specialty areas: kitchens and baths.

But while the gross was high, the net was another story. Andersen had begun to feel one of the unpleasant side effects of becoming a bigish remodeler—increasing competition from smaller operators with much lower overheads. He found himself forced to absorb big jumps in material costs in order to stay competitive; his profit margin took a sharp drop (8%) in 1974, and he could see no possibility of improvement the way things were going.

The only answer, as Andersen saw it, was to increase his volume, thus spread his current overhead over a broader base. And the best way to increase volume was to give up his narrow specialty market and become a full-fledged one-stop remodeler—taking on any job that presented itself.

While this was a big step, there were several sound reasons for taking it: There were no one-stop operators in the area, so the market was almost unlimited; head-to-head competition from smaller remodelers would diminish because small firms prefer not to take on large, complex jobs; and a one-stop operation opened the possibility of still another major step—opening a showroom that would serve both remodeling customers and do-it-yourselfers.

As Andersen pondered his decision, fate gave him a shove. In May of this year a tornado ripped through Omaha, leaving a trail not just of flattened houses, but of damaged roofs, facades, porches, windows and doors as well as chewed-up interiors.

"The decision was really forced on us," says Andersen. "If we wanted our usual interior work, we had to take on the rest of the house too."

So he did. Aided by subcontractors—whom he chose very carefully—Andersen plunged into his expanded field with the result that, between work already completed and work now on the books, his 1975 volume will reach \$670,000—up 34% from last

year. More important, Andersen has gotten back half of the profit margin he lost last year. And his target for the end of 1976 is an even bigger jump—to \$1.1 million—and his full profit margin again.

The biggest problem: finding the right distributors. Even though Andersen is only part way through his conversion to a full one-stop operation, he has found that his biggest hurdle is getting new distributors who will offer the right combination of low price, prompt delivery, good call-back service and overall reliability.

"It's much more difficult than finding good subs," says Andersen. "And it was especially difficult for us because of all the new types of jobs we were taking on: roofing, siding, additions, garages, swimming pools, alarm systems, retro-fit insulation, etc."

Second to this is the problem of supervision. Andersen chose not to increase his permanent staff appreciably in his new operation; he has added only three carpenters, bringing the total to 11. Instead he depends heavily on subs, particularly in the highly



Tornado-ravaged homes propelled Andersen into exterior jobs. For many customers he not only repaired damage but also upgraded houses. At this house, he repaired the roof and windows, replaced the garage and added a rear shed dormer.

Model kitchen in Andersen's present 1,250-sq.-ft. showroom will be replaced by nine complete kitchens in his new 15,000-sq.-ft., one-stop remodeling center.



specialized trades like pools and alarm systems. And rather than hire supervisors to oversee their work, he has devised a system that forces the subs to supervise themselves. Specifically:

Plumbers and electricians are required to take out \$250,000 completion and warranty bonds guaranteeing that they will 1) complete their work within an agreed-on period, 2) handle callbacks within 48 hours of notification and 3) guarantee their work for one year—just as Andersen himself does.

Carpenters must put up a \$500 completion guarantee in a bank account and sign a contract that promises 48-hour callback service. In a case of non-compliance, Andersen can hire someone else to do the work and deduct the cost from the completion account in the bank. (The carpenter also must guarantee his work for a year; that's how long the \$500 must remain on deposit after the sub's last job.)

Andersen himself is very marketing oriented, and he is presently in the process of giving his expanded company a marketing shot in the arm. His advertising budget, for example, was \$4,000 for 1975, for next year he has tripled it, and he says he won't be surprised if it gets as high as \$16,000 in 1977.

At the same time, Andersen is putting more emphasis on his sales program. Up to now his maximum sales force has been three people—himself and two salesmen; by the end of the year he will have three more salesmen. (And they should be able to do quite well for themselves—working on a 10% commission, Andersen's present salesmen are taking down from \$18,000 to \$25,000 a year.)

The remodeling showroom will be the last step in Andersen's one-stop program. It will have an area of 15,000 sq. ft., cost about \$145,000 and, if all goes according to schedule, open in March. Six more people, including salespeople, will be hired to staff it.

The showroom will be, literally, a showcase for Andersen's one-stop operation. It will include, according to present plans, nine complete kitchens, five bathrooms and displays of roofing and siding, alarm systems, insulation, wallpaper, carpeting, resilient tile, storm doors and windows, plus a model of an in-the-ground swimming pool.



BUT IN CROSSWICKS, N.J.

Custom-remodeler Harry Williams decided to stick with what he does best

Over the past 20 years Williams has built himself into an enviable position. He is doing an annual volume of \$420,000 in the affluent suburbs of Princeton, N.J. and 100% of his work comes from referrals and old customers. He has a top reputation for quality work and reliability, and the majority of his jobs fall into the big-ticket class—a \$14,000 family-room addition, a \$17,000 living-room expansion, a \$32,000 conversion of a Victorian mansion to apartments, etc.

But as his business grew, Williams gradually ran into trouble: the winter season. This is a slack time for most remodelers, and Williams had a particular problem. His jobs tend to get bigger as they pass through the talking, designing and working stages, and even though a particular job may begin as an indoor one, it's liable to expand outdoors. And in winter, in central New Jersey, outdoor work of any scope is seldom feasible.

So with the growth of Williams' business came also a large number of permanent salaried personnel to handle his busy-season work (four foremen, two carpenters, two helpers, a truck driver and a secretary). And Williams found himself pushed toward a decision.

"After a lot of soul searching," he says, "I decided that all my employees were necessary. There's no way to do a first-class job on a \$30,000 living-room expansion for a \$100,000 house without the best craftsmen and the best organization."

Nor does Williams want to use sub-contractors to do his rush-season finish work.

"Fine-finish carpentry is the backbone of my reputation," he says, "and I've got to have my own men do it if I want to control my quality."

Finally, winter layoffs were out of the question. "If I didn't pay my men all year round," Williams says, "they'd quit and go to work for someone who would."

So Williams considered a major change in his operation: setting up a new division in the lower-to-middle-income suburbs of nearby Trenton and taking on smaller-ticket general remodeling jobs. This kind of work, he reasoned, could be done with predominantly subcontracted labor because it wouldn't require the high quality of his present work; there would be enough indoor

work in winter to keep some of his permanent craftsmen busy; and there would be enough profit from the operation to pay his people even if they weren't completely occupied.

But as he looked more closely, Williams foresaw several serious difficulties. Specifically:

- He has no reputation in Trenton, and it would take heavy advertising and a long time to build up referral business.

- The jobs would be much smaller than his present ones, so he would need many more of them to create an adequate profit. Hence adequate supervision would be more difficult.

- There would be stiff competition from small, low-overhead contractors who push low-priced remodeling packages for kitchens, baths, etc. Williams would have to develop his own packages, and he felt there would be much more dissatisfaction and resultant callbacks from such low-cost jobs.

- His high-priced craftsmen couldn't be used on rough work or low-cost jobs, so they would have to be used for laying out or supervising. And this would take them away from the big custom jobs to some extent.

So Williams decided to stay out of Trenton and instead to push hard to increase the winter portion of his present business. His first efforts, just now getting under way, include three key elements:

1. He's started to advertise, for the first time in his business life, running most of his ads just before and during the winter season and stressing indoor jobs.

2. He's planning a publicity campaign that will involve photographing his best and most interesting indoor jobs and getting them published in local media.

3. He's hired a new salesman, who is now being trained.

"We write contracts on 70% of our bids," says Williams. "So all we need is the chance to make more bids."

—MICHAEL J. ROBINSON

LOW BUDGET REHAB

Turning a shabby old building into a valuable property needn't be a costly venture

... Here's a case in point



Minneapolis developers Gary Benson and Bob Mecay bought the 80-year-old hotel shown above for \$225,000, spent \$175,000 on improvements and wound up with a 34-unit apartment building capitalized at \$550,000.

The four-story, walk-up hotel with 78 rooms had deteriorated to the flophouse level when Benson and Mecay took over in September 1974. Their total investment averaged out to \$14.29 a sq. ft.—\$8.04 a sq. ft. to acquire the building and \$6.25 to restore and remodel the interior. And the average cost of the finished apartments—they range from studios to four bedrooms—came to \$11,765 per unit.

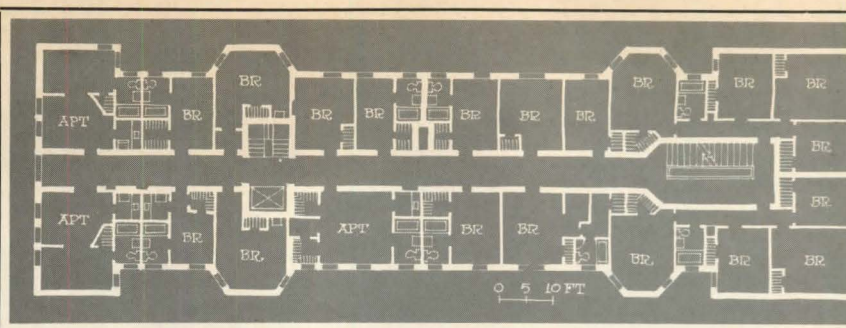
Despite its low state, the old hotel attracted Benson and Mecay for three reasons: Its structure was sound; some of its interior spaces—the lobby, for instance—had an old-time elegance that invited restoration; and its location, in the center of Minneapolis, was within easy walking distance of the city's best stores and offices.

Much of the fix-up and conversion money went for new kitchens with new plumbing and wiring. Except for minor exterior work—painting, landscaping, outside lighting, etc.—the job took seven months. But the first tenants moved in only six weeks after work started, and by the time the interior was finished, the building was fully rented.

Benson and Mecay needed no promotion to attract tenants. Their only ads were a few classifieds, some of which invited prospective renters to paint and paper their apartments in exchange for a rent reduction. (Six tenants accepted the offer.)

Rentals range from \$150 to \$325. And the apartment mix includes four studios, 18 with one bedroom, 9 with two bedrooms, 2 with three bedrooms and 1 with four bedrooms. Most of the tenants are working couples and singles

—H. CLARKE WELLS



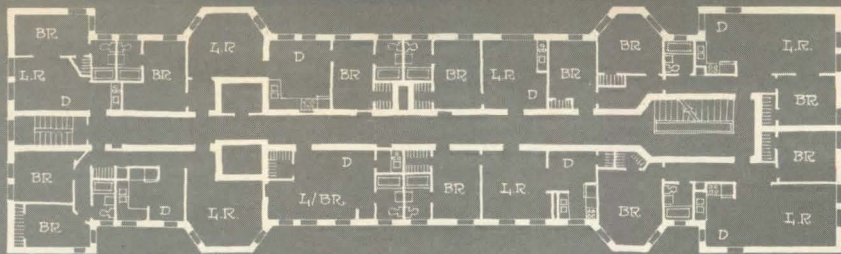
Walled-up windows were uncovered on the inside to form recesses for built-in bookcases and knick-knack shelves. Old brick in 12"-thick exterior walls was exposed. And ceilings and wood-framed interior partitions were finished with textured plaster.

Ceiling and floor gaps, left by removal of partitions, were filled with false beams and feature strips, which were antiqued to match original moldings. Wood grain was also antiqued onto old woodwork to avoid the expense of stripping down layers of enamel. And original hardwood floors were sanded and refinished. (Leases prohibit wall-to-wall carpeting.)



Rehab partners Benson (left) and Mecay, both 30, head TwinTown Realty Co., which also builds new housing. One current project: 60 townhouses on a three-acre urban renewal site in south-east Minneapolis.

Old third floor (left) had 22 living units—most of them single rooms—11 baths and four kitchens.



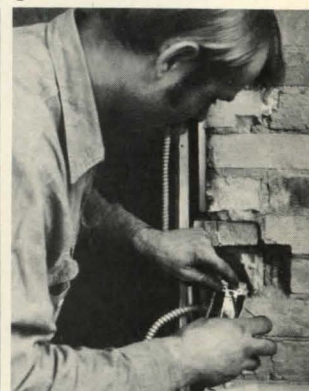
New third floor (right), with eight units, makes use of nine original baths and two original kitchen areas.



Outside facelifting, the last work done, included sandblasting and painting plus new entry canopy and light globes shown in this rendering.

Old bathroom fixtures like claw-foot bathtubs and vintage sinks were left in place—partly to save money but more importantly to play up building's turn-of-the-century charm.

New kitchens, built into most apartments, were only major cost problem. Largely because of necessary plumbing and 20-amp. circuits, their costs ran well over budget.



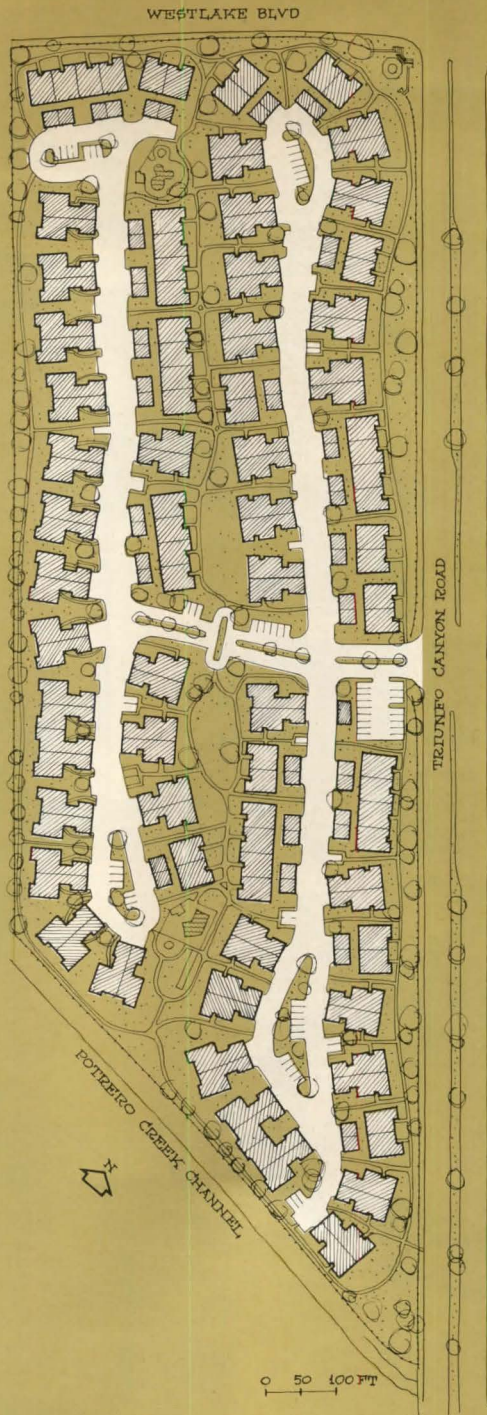
New light switches were notched into exposed-brick walls.

Gay Nineties lobby—its elegance restored with red velvet drapes, ornate chandelier and period furniture—was valuable merchandising aid while rest of hotel was being converted to apartments. Its focal point: an old oak switchboard that came with the building. Main stairwell, off the lobby and not shown here, is topped by a stained-glass skylight, also a feature of original building.

PHOTOS: PHILIP MACMILLAN JAMES ASSOCIATES

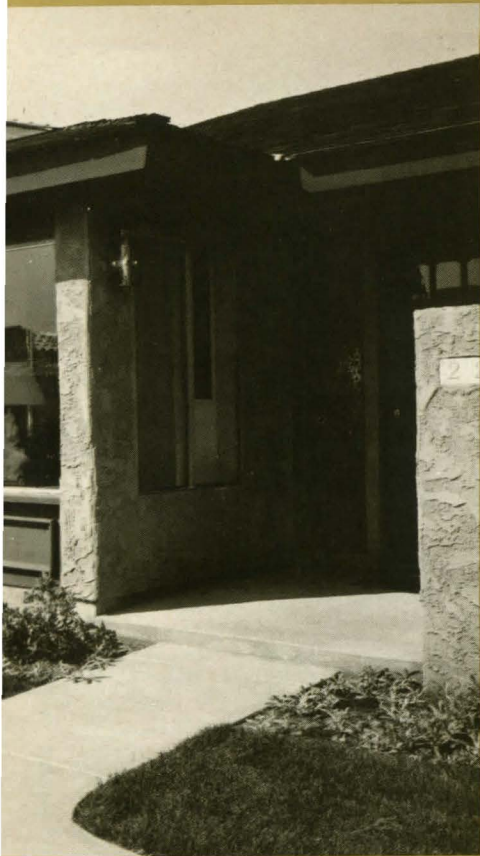
Q.

Why is this project such a smashing success?

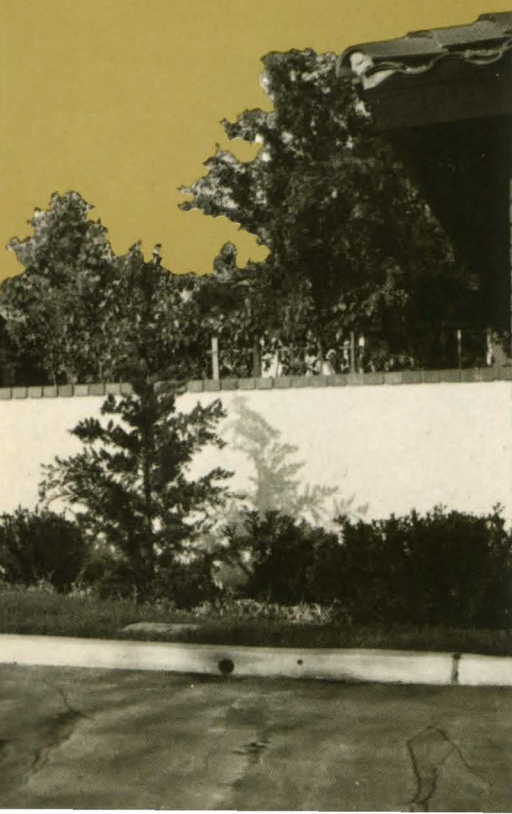


Final Triunfo West product, shown here, has the majority of its units arranged as duplexes. As built, the project reflects many minor, as well as major, changes suggested by local residents. For example, unit entrances are oriented to different directions for maximum privacy; front-door designs are varied to give units an individualized feeling; and outdoor living areas are completely screened from streets and walkways by wood-and-brick or textured stucco walls. Maintenance of the project's landscaped greenbelts, lawns and plantings, is covered by the monthly homeowner association fee of roughly \$40.





PHOTOS: HARRY CHAMBERLAIN



A.

It was fine-tuned by the people who have to live with it

Without a penny being spent on advertising or promotion, the project's 72-unit first phase was virtually sold out on opening weekend last June. And another 39 sales were rung up the following weekend after demand forced the developers to start marketing phase two.

The project is Triunfo West, a 132-unit, 19.2-acre fee-simple townhouse complex being developed in Westlake Village, Calif. by Belding Properties Inc. and Brown Realtors. And behind its impressive sales record is a comprehensive market research program that involved 1) pre-testing the project's original plan on people living in the marketing area and 2) fine-tuning the project to match what the people said they wanted.

Here's how the research program worked:

First, mail and telephone surveys were made of families who lived in previous projects built by Belding to learn what these owners liked and disliked about their communities.

Second, consultations about the proposed land plan were held with families living next to the project site.

Third, a floor-plan critique session was set up with a local women's group.

The research program got under way after Triunfo West's initial plan had been plotted (*see overleaf*), but before any development began.

Both developers knew the area very well: Richard Belding had already developed three successful Westlake projects and Joe Brown oversees a staff of 65 resale experts who concentrate on housing in the Thousand Oaks/Westlake area.

TO NEXT PAGE

This was the first step in the fine-tuning program

When developers Belding and Brown decided to crank data from Westlake area residents into their Triunfo West plan, the first people they went to were families living in Belding's older projects. A confidential survey asked ten key questions and included space for general comments; it was from those comments that the developers learned, among other things, that they'd better plan as many units as possible as duplexes and that private entrances and patios were essential.

Following are the ten specific questions asked in the survey and the answers that 68 families in one project gave:

Q. Are you happy, in general, with your home? Yes 64; No 4.

Q. Do you believe the market price of your home was a fair one by comparison with similar products? Yes 56; No 12.

Q. Are you happy with the neighborhood design, the common area, the landscaping, etc.? Yes 56; No 12.

Q. Do you make use of the pool and other common facilities? Are they worth their cost to you? Yes 45; No 23.

Q. Would you prefer a tennis court to the present swimming pool area? Yes 9; No 59.

Q. Is the kitchen in your home well designed and the appliances good? Yes 57; No 11.

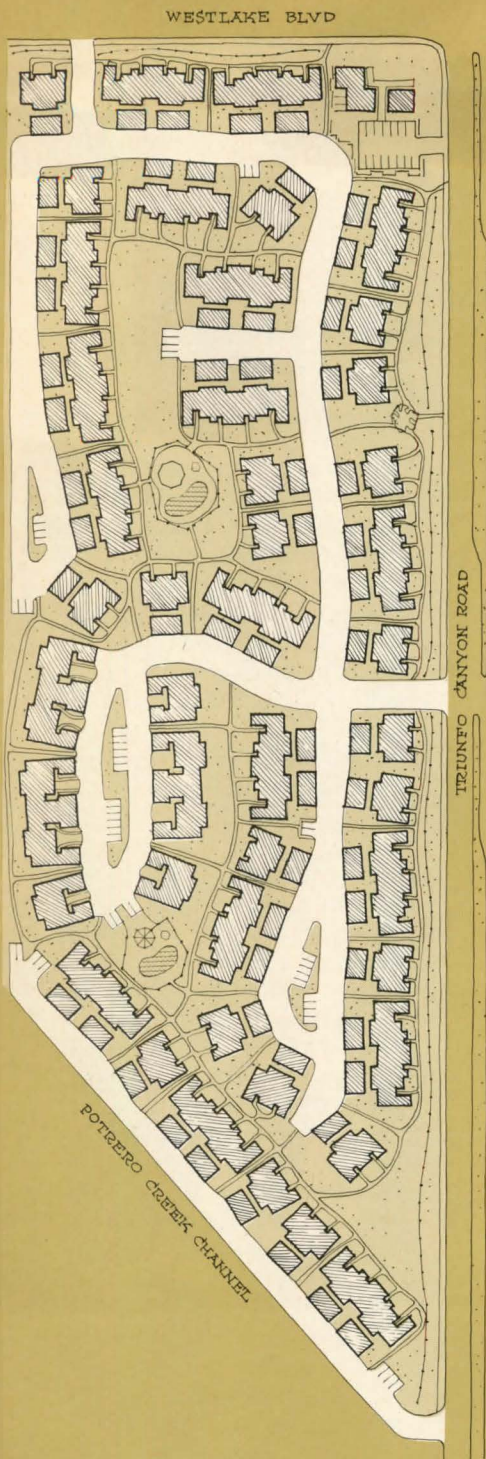
Q. Is the floor plan in your home as convenient as you'd like it to be? Yes 57; No 11.

Q. Is your home convenient to schools, shopping areas and other places you have to visit frequently? Yes 57; No 11.

Q. Do you like the general area? Yes 68; No 0.

Q. If you had to do it over again, would you still buy in the same area? Yes 61; No 7.

Here's how the site plan began . . .



Triunfo West's initial land plan (left) was found wanting in two primary respects.

The first major objection: Neighboring homeowners were unhappy about the street pattern at the project's rear boundary (far left in plan). Those neighbors didn't want to look out on garages and they were concerned about traffic noise and pollution.

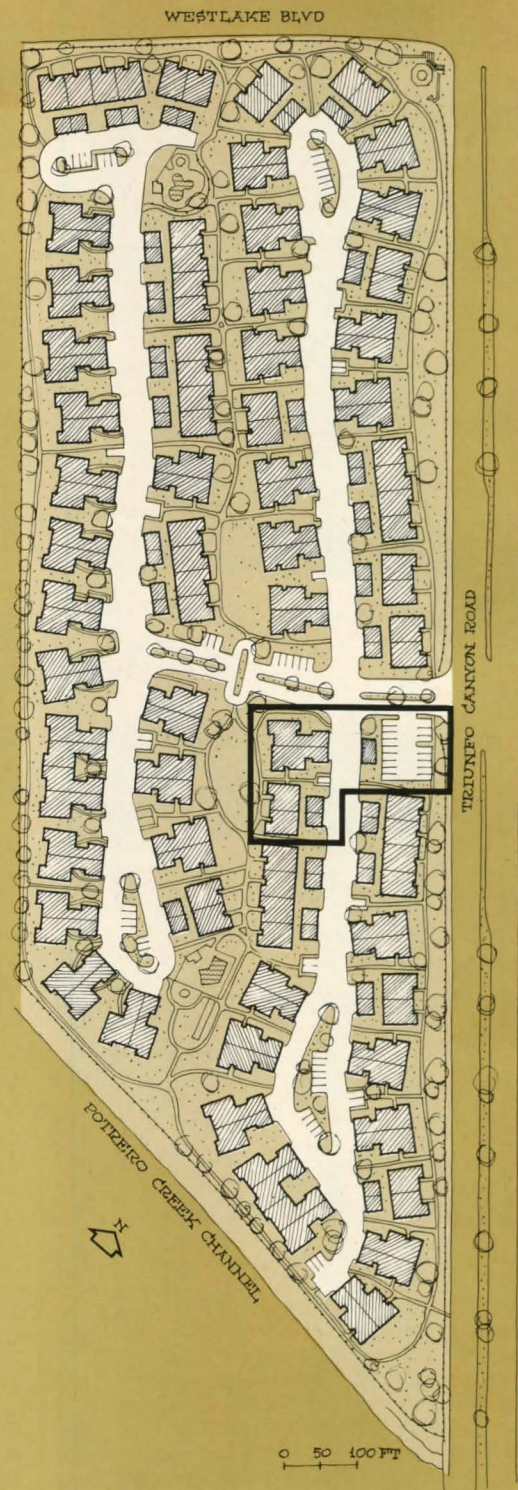
A second major problem showed up when surveys were returned by families living in older Belding communities. Most of them said they would want corner or outside units; yet Triunfo West's original plan called for a majority of the units to be built in rows of four.

A third, although less serious, objection: Some people felt the project's central greenbelt was too broken up.

As finally built (right) Triunfo West's plan overcomes most of these objections. First, to satisfy adjoining property owners, the streets serving rear units are relocated so yards rather than roads abut the rear boundary. Second, most of the buildings are duplexes (although some with four-unit groups are still necessary to achieve the 132-unit count). Third, the central greenbelt is more or less continuous because one swimming pool has been relocated and the angling of some units is changed.

The outlined area in the final plan shows the model complex from which all the first sales were made.

. . . and here's how it turned out



Triunfo West's townhouse units are priced via a lot-by-lot point system

Brown Realtors, one of Triunfo West's joint-venture partners, has developed a plus-and-minus point system for pricing units in their multifamily projects. The points (valued at \$500 each) are added to or subtracted from the base price for each unit. This is done after a project is walked to see the favorable and unfavorable aspects of each lot, for example, a unit's exposure to sun, heat, light, view and noise.

At Triunfo West, plus points were awarded for advantages—how much open space there is around a unit, how close a unit is to the recreational facilities and/or a greenbelt, and for units with tile roofs (some have shakes).

Minus points were given to inside units and to units close to Westlake Boulevard and Triunfo Canyon Road (see site plan). Each of those negative factors

cost a unit two points, or \$1,000 off the base price.

Triunfo West's base prices were set according to bedroom count as well as by square footage. The three-bedroom units (plan III, facing page) carry the highest per-sq.-ft. price because the developers believed there would be more market demand for these units than for the two-bedroom plans—even though the market was primarily empty

nesters. The per-sq.-ft. price of plan III (1,464 sq. ft.) was \$35.86 in phase one, \$36.58 in phase two.

Plan II, the larger of the two-bedroom units (1,507 sq. ft.) was priced at \$33.84 per sq. ft. in phase one, \$34.79 in phase two. And plan I (1,426 sq. ft.) was \$34.36 per sq. ft. in phase one, \$35.06 in phase two. Prices include Mexican tile entry floors and full carpeting.

Here's how one floor plan was stretched into three

FINE TUNING CONTINUED

But despite this expertise, Belding and Brown felt it would be a good idea to double-check their plan with area residents to make sure that nothing the market considered essential was being overlooked. And much to the developers' surprise, the plan fell far short in many ways.

For starters, families already living in Belding-built townhouse projects said they really preferred outside or corner units. So it looked like the developers might have trouble selling the large number of inside units in the four-unit buildings that were proposed in the new project's initial plan (*far left, facing page*).

Then, homeowners living next to Triunfo West's site criticized the proposed street pattern because it would channel traffic past their property.

Finally, a local women's group said the developers were making a serious mistake by not offering a choice of floor plans. And the women also had strong reservations about the single proposed layout (*floor plan, near right*).

The final Triunfo West product reflects all of these suggestions, which helps explain why so many of the buyers have come from the immediate area. In fact, 53% of them previously lived in Westlake Village itself. They are mainly empty nesters (only six of the families have children under 18 years old); the average age of the head-of-household is 45; and most of the primary wage earners have annual incomes between \$22,000 and \$30,000.

A final comment on the fast sales pace: In part it was aided by a substantial commission program which Brown set up for his staff, two of whom are permanently assigned to the project site.

Each off-site salesperson earns a flat \$600 for each sale generated; the two on-site salespeople also receive \$600 for each walk-in buyer, plus a \$200 override for following through escrow on each sale generated by an off-site staff member. This arrangement worked so well that 40 of the first 70 sales came from the off-site staff.

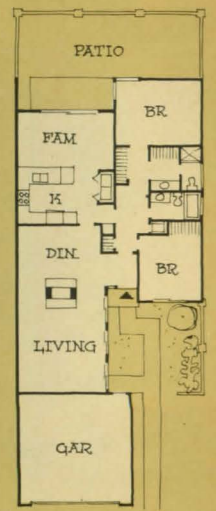
—JUNE R. VOLLMAN

Originally, all units at Triunfo West were to have identical layouts. But as the developers discussed this floor plan with a local women's group, it became clear that more variety was needed and that the single layout planned (*near right*) should be revised.

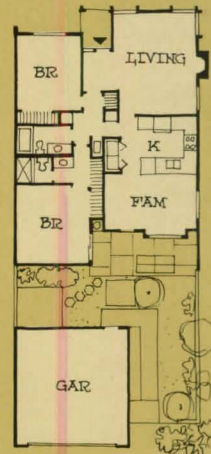
For example, the women suggested adding a dining area, extending sink countertops to provide a true counter/serving area for the dining space, and relocating the living-room fireplace and windows. These revisions are reflected in the center plan, far right. The dining area was created by pushing out the family-room wall and moving the patio so that its main focus is off the master bedroom. Note that one living-room window now looks out on the entry.

To create more variety, the developers also added two plan modifications. One answers requests for a more formal dining arrangement (*top plan, far right*), with the dining room separated from the kitchen by a full wall and from the living room by a freestanding, double-hearth fireplace (*photo, below right*). The second (*bottom, far right*) includes a third bedroom, which research indicated would be in heavy demand.

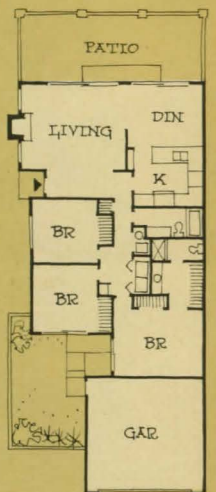
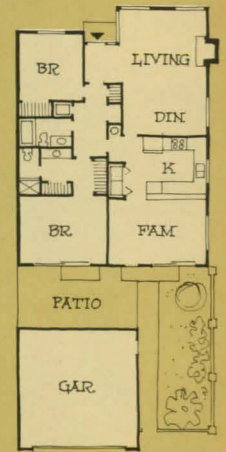
Both the units, which sell for \$48,750 to \$54,500, and the site plan are the work of architects Wellington & Associates of Westlake Village.



PLAN II



PLAN I



PLAN III

0 5 10 FT

PHOTOS: HARRY CHAMBERLAIN



Private patios and good-size dining areas were among the "musts" suggested by many of the families surveyed. Concept Design Inc. of Canoga Park, Calif. decorated the model units.

Report on air conditioning

High EERs

EER—or Energy Efficiency Ratio—is one of the most commonly misunderstood terms floating around today's energy-conscious housing industry. And that's too bad, because an understanding of EER can lead to lower costs for the investment builder and better marketing for the for-sale builder.

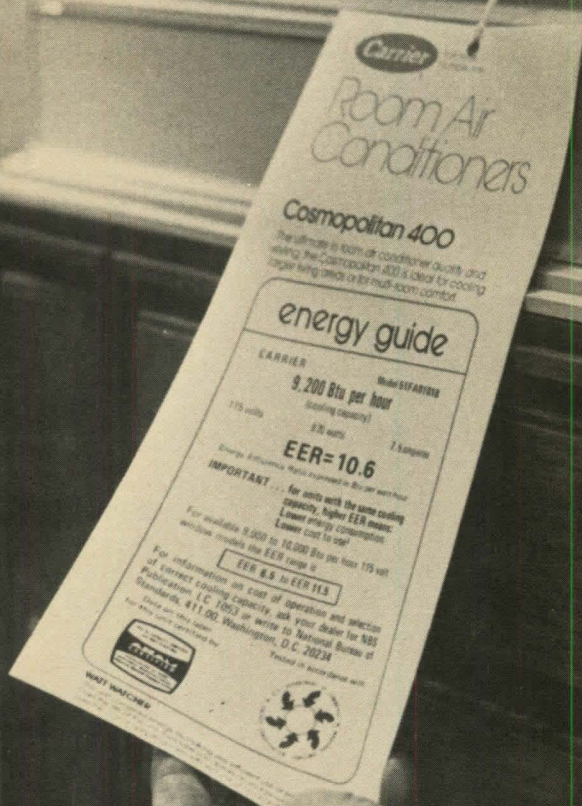
EER is the measure of operating efficiency of an air conditioner. It is computed simply by dividing an air conditioner's output (in BTUH) by its input (in watts); the higher the resultant EER the more efficient the unit. The range of current units is roughly 4 to 12; the former is relatively inefficient, the latter relatively efficient.

Since the efficient unit obviously costs less to operate, shouldn't it always be specified? Not necessarily, because it's more expensive. Achieving high efficiency costs more and requires physically bigger units. For example, General Electric's most efficient 10,000 BTUH room air conditioner with an EER of 11.6 costs about \$100 more than the company's standard model of the same capacity, which has an EER of 7.5. And the more expensive high-efficiency equipment may or may not pay for itself in the long run, depending on the number of cooling hours and the cost of electricity in an area.

Consider the cost difference between the two G.E. 10,000-BTUH models. If there are 500 annual cooling hours required in an area and electricity costs 3¢ per KWH, it will take 14.1 years to recover that difference. If 1000 cooling hours are needed, recovery time drops to 7.1 years. And at a 5¢ per KWH rate it will take 8.6 years at 500 hours and 4.3 at 1,000 hours to make up the difference.

Assuming the life-span of the high-EER unit to be about 10 years, it is clear that in low-usage areas where electric costs are reasonable this unit will be a losing proposition. But in high-usage regions with higher electric rates, that same unit can make up the \$100 difference more than twice in its lifetime.

Similarly, compare two 36,000 BTUH (three-ton) central systems. The more efficient one has an EER of 9 and costs about \$110 more than the standard model with an EER of 6.5. According to Fedders, the manufacturer, a savings of 2,307 KWHs, or nearly



Energy information tag (above) is being voluntarily attached to room air conditioners by all manufacturers. The tag gives the model name and number, the capacity of the unit, the EER of the unit and the range of EERs available in air conditioners of the same capacity. The latter is a basis for comparison.

Energy-saving "EER Package" and the money it can save buyers is the thrust of a marketing brochure (right) publicizing Huntington Farms, a condominium project in Leawood, Kans. According to builder/developer Saul Ellis, his higher initial investment for this heating/cooling system is paying off in higher sales.



SAVE \$150 TO \$200* PER YEAR ON YOUR UTILITY BILLS with the exclusive **EER** PACKAGE!**

It's built into every Huntington Farms town home.

*Based upon today's natural gas and electricity rates, expected to rise higher in the future.

**Energy Efficiency Rating.

save energy-and money too

\$75 a year, would be realized in a 1,500-hour season at 3¼¢ KWH.

Thus the builder of investment housing may be able to justify higher initial costs through savings in operating costs. But what about the for-sale builder?

While he won't realize operating savings from high-efficiency equipment, he may well be able to profit from high EERs by using them as a marketing tool. One builder who is doing this, Saul Ellis of Leawood, Kans., says his initial investment in high-EER equipment is definitely paying off. Thanks to what he calls an "EER Package," which includes high-efficiency heating and cooling systems, humidification and extra insulation, buyers of his Huntington Farms townhouses can anticipate savings of up to \$200 a year in energy costs. And in a combined marketing effort with his local subcontractor and the Carrier air conditioning distributor in his area, Ellis uses EERs as one of his main marketing features.

"It's a tremendously successful tool," he says. "People don't necessarily understand it completely, but they know they'll be saving energy and money and that's what counts."

The sales record of Ellis's \$60,000 to \$80,000 townhouses tends to confirm this. Thirty of the 50 or so units in the first phase have been sold since the project opened this summer.

Air conditioning manufacturers have agreed to having their products rated by accredited associations, and directories including these ratings are available from the Association of Home Appliance Manufacturers (AHAM)* for room units and from the Air Conditioning and Refrigeration Institute (ARI)** for central systems. Both these sources and most manufacturers are willing and able to provide more detailed information and services that can help builders select the most efficient and profitable air conditioning equipment.

—ELISE PLATT

* Single copies of AHAM's directory are free upon request from The Association of Home Appliance Manufacturers, 20 N. Wacker Dr., Chicago, Ill. 60606.

**For information about ARI's directory write to the Air Conditioning and Refrigeration Institute, 1815 N. Fort Meyer Dr., Arlington, Va. 22209.

COOLING LOAD ESTIMATE FORM						
Customer _____		Estimate by _____		Date _____		
HEAT GAIN FROM	QUANTITY	FACTORS				Btu/Hr (Quantity x Factor)
		NIGHT	DAY			
1. WINDOWS: Heat gain from sun.			No Shades*	Inside Shades*	Outside Awnings*	(Area x Factor)
Northeast	sq ft	0	60	25	20	_____
East	sq ft	0	80	40	25	_____
Southeast	sq ft	0	75	30	20	_____ Use
South	sq ft	0	75	35	20	_____ only
Southwest	sq ft	0	110	45	30	_____ the
West	sq ft	0	150	65	45	_____ largest
Northwest	sq ft	0	120	50	35	_____ load
North	sq ft	0	0	0	0	_____
*These factors are for single glass only. For glass block, multiply the above factors by 0.5; for double-glass or storm windows, multiply the above factors by 0.8.						
2. WINDOWS: Heat gain by conduction. (Total of all windows.)						
Single glass	sq ft	14			14	_____
Double glass or glass block	sq ft	7			7	_____
3. WALLS: (Based on linear feet of wall.)				Light Construction	Heavy Construction	
a. Outside walls						
North exposure	ft	30		30	20	_____
Other than North exposure	ft	30		60	30	_____
b. Inside Walls (between conditioned and unconditioned spaces only)						
_____	ft	30			30	_____
4. ROOF OR CEILING: (Use one only.)						
a. Roof, uninsulated		sq ft	5		19	_____
b. Roof, 1 inch or more insulation		sq ft	3		8	_____
c. Ceiling, occupied space above		sq ft	3		3	_____
d. Ceiling, insulated with attic space above		sq ft	4		5	_____
e. Ceiling, uninsulated, with attic space above		sq ft	7		12	_____
5. FLOOR: (Disregard if floor is directly on ground or over basement.)						
_____		3				_____
6. NUMBER OF PEOPLE:						
7. LIGHTS AND ELECTRICAL FOOT-CANDLES IN USE						
8. DOORS AND ARCHES OPEN TO UNCONDITIONED SPACE (Linear feet of width.)						
9. SUB-TOTAL						
10. TOTAL COOLING LOAD						

Cooling load estimate form available from AHAM is one of the aids and services offered by associations and manufacturers. The form can help builders/developers determine which size room air conditioners to install for various cooling situations. Correction factor map allows the form to be used throughout the country.

New and Important Books from McGraw-Hill

BUILDING CONSTRUCTION HANDBOOK, Third Edition

Frederick S. Merritt, Editor-in-Chief. This new Third Edition of a well-known reference incorporates all the latest developments in construction technology. Basic changes in design specification, the introduction of new materials and dimensions for building products, effective techniques for environmental control and energy conservation, innovations in building practices—all these breakthroughs necessitated the reworking of almost every existing section and the addition of several new sections. Still the first place to turn for authoritative explanations, data, and advice on potential building problems!

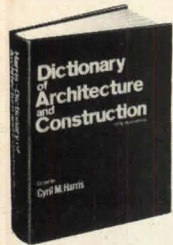
1,098 pages, 575 illustrations, \$34.50

LANDSCAPE ARCHITECTURE: An Ecological Approach to Environmental Planning

By John Ormsbee Simonds. This comprehensive handbook on environmental planning has established itself as *the* basic reference for architects, engineers, and planners. Beautifully written and superbly illustrated, it presents an articulate approach to the intelligent development of the landscape that surrounds us. The author, an eminent authority on environmental planning, outlines and analyzes the complete land-planning process, examining all of the factors involved in sound, meaningful planning. Hundreds of photographs and drawings reinforce the thoughtful proposals for achieving a more healthful and sensible living environment.

244 pages, illustrated, \$19.95

DICTIONARY OF ARCHITECTURE AND CONSTRUCTION

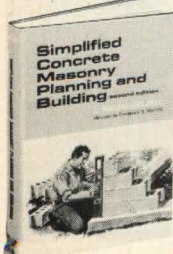


Edited by Cyril M. Harris. Completely up to date, this profusely illustrated reference covers both traditional and recently developed materials, finishes, coatings, surfaces, various types of construction units, assemblies, systems, and modules—plus the major terms from associated fields.

Featured are all the latest definitions in the systems concerned with internal-environment control: heating, air conditioning, refrigeration, electricity, illumination, water supply, waste disposal, fire protection, acoustics, and noise control.

553 pages 1,775 illustrations, \$35.00

SIMPLIFIED CONCRETE MASONRY PLANNING AND BUILDING, 2nd Ed.



By J. Ralph Dalzell; revised by Frederick S. Merritt. This updated edition—with new illustrations—of a highly regarded guide for novice masons reflects the changes that have occurred in the construction industry since the original edition was published. The author takes

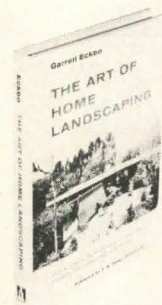
you, step by step, through every type of concrete job in home building—from foundations, walls, and floors to driveways and terraces—describing each so that even readers with no experience can follow directions.

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By John R. Zehner. Illustrated with realistic examples from actual projects, this how-to-do-it volume offers a practical overview of contracting and subcontracting. It shows you how to improve your bidding and estimating procedures, recognize potential dangers and avoid them, compare another contractor's procedures with your own, increase your profitability, and operate a successful construction project. The book presents examples of bids for 24 trades, representing case studies for a \$750,000 office building project, including the evaluation necessary to prepare a realistic lump sum proposal.

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"pat," stereotyped answers here; instead, you get hundreds of working answers to specific problems—such as how to draw plans, how to use surfacing, how to provide drainage, how and what to plant, how to screen small lots, how to build shelters, etc. Written by one of America's foremost landscape architects, this book shows you exactly what to do to achieve beautiful, livable outdoor space around your home.

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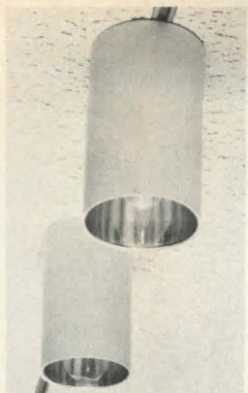
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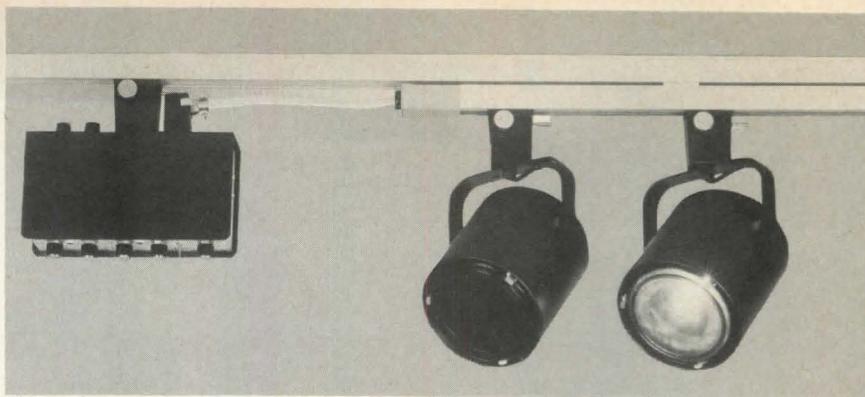
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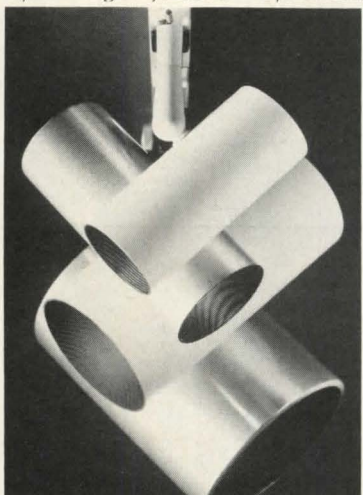
- 74 Doors & Windows
- 76 Lighting
- 78 Interiors
- 79 Interiors
- 80 Tools & equipment
- 82 Tools & equipment
- 86 Flooring
- 87 Flooring



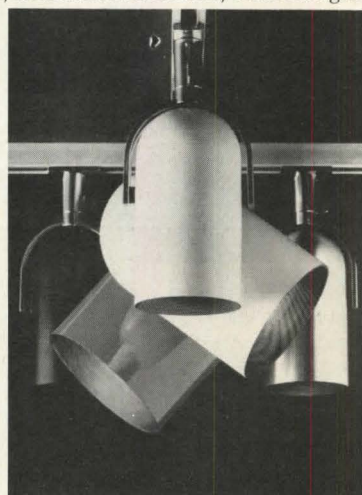
A) Downlight cylinders



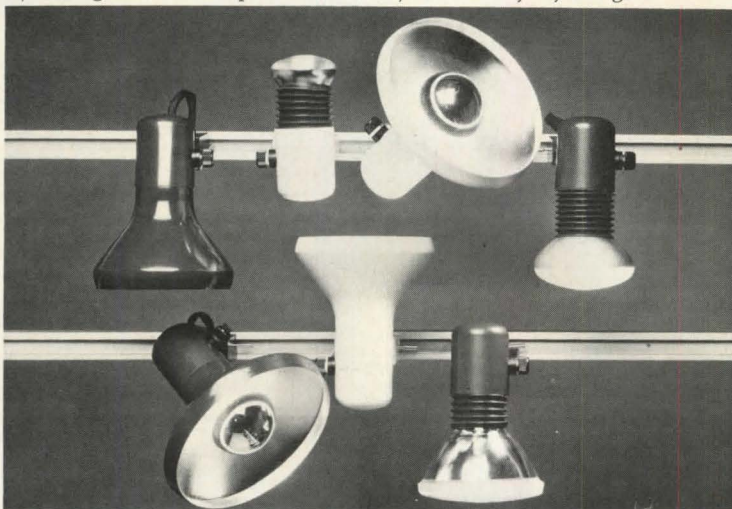
B) Autofade, automatic modulator, controls light intensity on two circuits



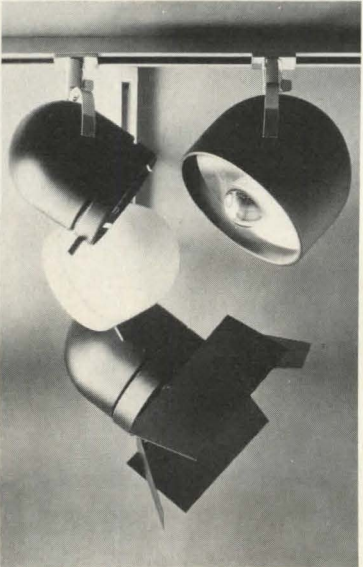
C) Multi-groove accent spots



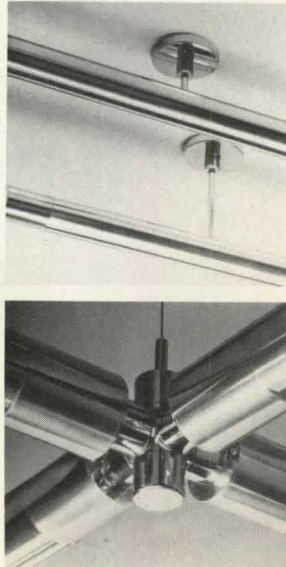
D) Theatrically-styled lights



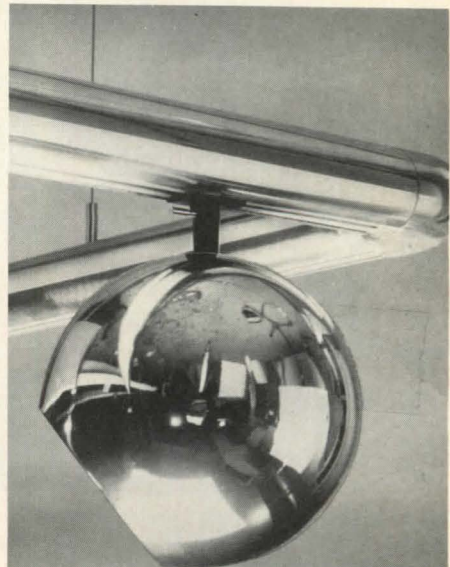
E) Compact lamp housing provides a variety of effects



F) Sleek bowl sets



G) "Lytestruct" integrated lighting and structural system



Versatile lighting: Total track system

The modular "Lytespan" system offers design flexibility, making it highly adaptable for use in model units and sales offices. Lights can be used for special effects or basic illumination. Interchangeable components can be rearranged or moved. Single and double circuit tracks are available for recessed, surface or stem mounting.

Originally designed as accent track lighting it is now a total illumination system. The addition of downlights, wall washers, fluorescent task lighting, space frames and kinetic lighting as well as an integrated light-and-space ceiling system have filled out the line.

The integrated, electrified light-and-space system, "Lytestruct," can support partitions or displays, providing an instant exhibition area.

A helpful lamp selection guide is included in a 64-page "Lytespan" brochure. Lightolier, Jersey City, N.J. CIRCLE 201 ON READER SERVICE CARD

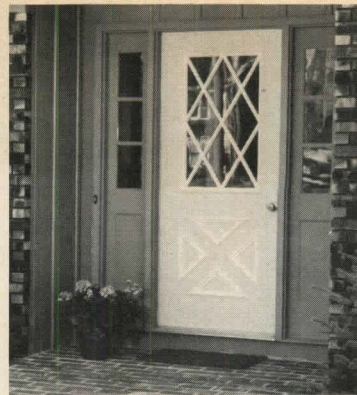
PRODUCTS/DOORS & WINDOWS



Wood core door with Masonite facings, "Colonist" (above), features Early American styling. Door with embossed woodgrain look is for interior applications. Stiles and rails, lock blocks and reinforcement are wood. Doors are furnished factory-primed, ready for painting. IDEAL, Waco, Texas. CIRCLE 272 ON READER SERVICE CARD



Weather-tight metal entrance door (above) has galvanized steel surface bonded to an insulating, rigid polyurethane core. Moisture-proof door is factory primed and ready to install. A selection of styles—in single and double designs—is offered. Northern Sash & Door, Hawkins, Wis. CIRCLE 273 ON READER SERVICE CARD

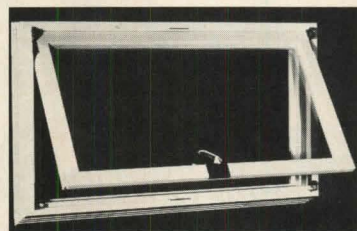


Molded doorlights (left) have no mitred corners to gap, will not warp or rot and are easy to maintain. "UNIGARD-22" series features 22" design that fits 2'8" and 3' doors. Ottawa, Zeeland, Mich. CIRCLE 275 ON READER SERVICE CARD

Steel door entry series, "The 400" (below), includes four- and six-panel designs. Decorative plant-ons or diamond-patterned lights are offered for top panel. Lake Shore Industries, Toledo, Ohio. CIRCLE 276 ON READER SERVICE CARD



Pre-finished white bi-fold doors complement any color scheme. Molded of high-density polyurethane, doors have appearance of wood but do not warp, crack, peel or chip. Two- and four-door sets are offered; size is 6'8". Grandor, Elmwood Park, N.J. CIRCLE 274 ON READER SERVICE CARD



Basement window is pre-finished with electrostatically-applied urethane coating. Wood sash and frame are preservative-treated. Dual position hinges and lock strike permit unit to be used either as a hopper or awning window (shown). Andersen, Bayport, Minn. CIRCLE 277 ON READER SERVICE CARD



Wood patio door with insulating glass forms a tight wind and water-resistant seal. Movable panel is outside the fixed panel; when wind blows, the outside panel presses against fixed panel and frame to form the seal. Malta, Malta, Ohio. CIRCLE 278 ON READER SERVICE CARD



***“So he can
write an order.
Does he follow through?”***

If he's one of the 140 Whirlpool builder territory managers, you can bank on it. For some very good reasons.

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What's more, to paraphrase that long-running Broadway smash musical, he's got to *know the territory, your territory*. He *has to*, or he wouldn't be calling on you for Whirlpool. (If he's just another order taker, who needs him?)

One of the ways we make sure he's more than that, is by sending him through one of our Builder Seminars, conducted through the facilities of our ultra-modern Whirlpool Educational Center opened in 1963.

Here, builder territory managers from all over the country

may participate in training programs to bone up on what's new in literally every phase of the building business. National, regional and local marketing trends and projections, Builder financing, merchandising, kitchen planning and Consulting Services, to name just a few.

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Help where it counts
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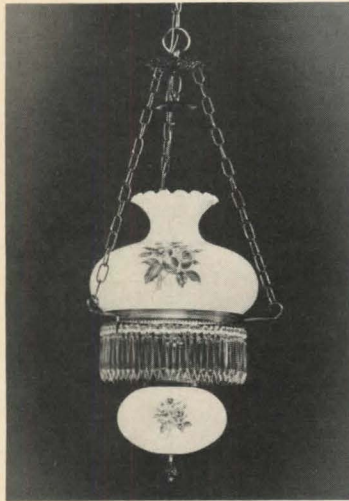

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PRODUCTS/LIGHTING

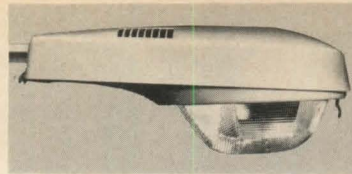
Ornately-styled fixture (below) is part of the "Gay Nineties" series. The unit, with a burnished brass bottom gallery, features floral-patterned lustre glass shade and font. Pendant-shape crystals hang from the shade. Fixture accommodates 100w incandescent above and 60w below. Thomas, Louisville, Ky.

CIRCLE 239 ON READER SERVICE CARD



Functional arc lamp (below) can be adjusted vertically from 30" to 100" and horizontally from 30" to 50". Lamp can be rotated 360° and shade tilted to any angle. It is offered in polished chrome with a black base. Laurel Lamp, Newark, N.J.

CIRCLE 242 ON READER SERVICE CARD



"Horizontal Burning Luminaire" (above) can accommodate energy-conserving 100w and 150w high-pressure sodium lamps at 120v. Housing is die-cast aluminum with a baked enamel finish. Unit features external leveling bolts. ITT Landmark, Southaven, Miss.

CIRCLE 240 ON READER SERVICE CARD

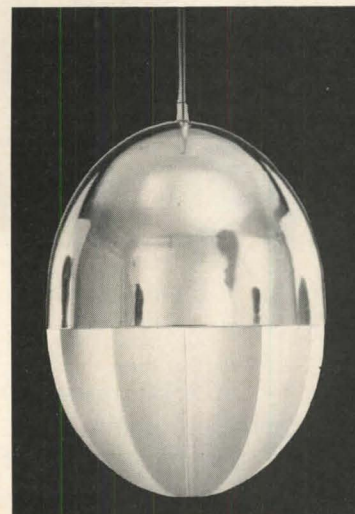
Mediterranean-style HID luminaire (below) is available for post or wall mounting. The "Manhattan," designed for high-lumen-output, low-energy-consuming light sources, features all-aluminum construction. Jet-Phillips, Houston, Tex.

CIRCLE 241 ON READER SERVICE CARD



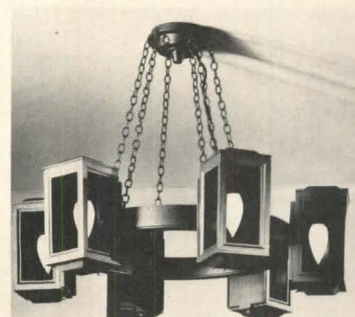
Contemporary-style table lamp (below) made of traditional material is designed by Milo Baughman. The lamp features a cage-like base handcrafted of pine dowels in interesting geometric patterns. Standing 23" high, the lamp has a white linen 24"-diameter shade. George Kovacs, New York City.

CIRCLE 243 ON READER SERVICE CARD



Contemporary fixture, "Louvre," (above) is inspired by the lighting in the French museum of the same name. The unit comes in the circular model shown, or in squares and rectangles. A choice of finishes is offered. Feldman, Los Angeles.

CIRCLE 245 ON READER SERVICE CARD

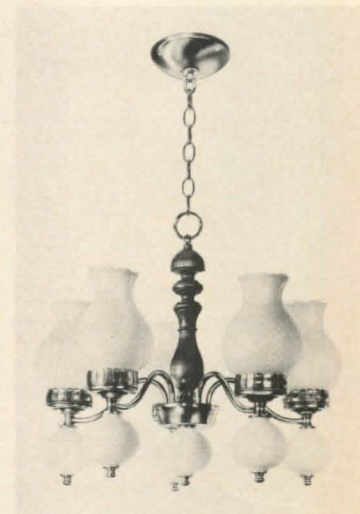


Simple rectangular lights mounted on a band give a bold traditional look to the chain-hung chandelier (above). Offered in a choice of finishes and sizes, fixture is compatible with bracket and post units. Hadco, Littlestown, Pa.

CIRCLE 247 ON READER SERVICE CARD

Traditionally-styled wall lantern, "The Country Milk Can" (below), is handcrafted of solid brass. The eight-sided fixture accommodates three candelabra bulbs up to 60w. Unit comes in antique brass, bronze or pewter finishes with a choice of clear, white or amber glass panels. Georgian Art, Lawrenceville, Ga.

CIRCLE 244 ON READER SERVICE CARD



Early American-style fixture (above) is equally at home in a kitchen eating area or a formal dining room. A grained fruitwood center column connects five colonial hobnail lights. Shades are amber glass. Progress Lighting, Philadelphia, Pa.

CIRCLE 246 ON READER SERVICE CARD



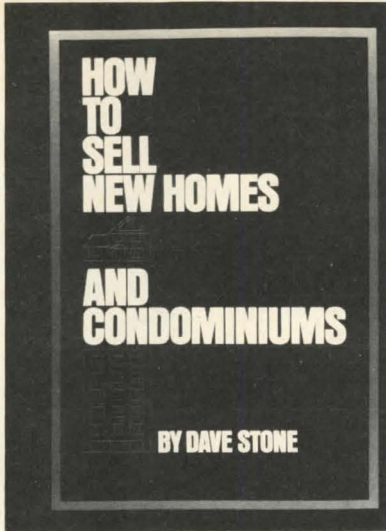
Globe fixture for outdoor lighting installations (above) is constructed of unbreakable Lexan®. Units are designed to resist thermal extremes and vandalism. Black or color poles are offered in 7' and 20' lengths. Trimblehouse, Norcross, Ga.

CIRCLE 248 ON READER SERVICE CARD

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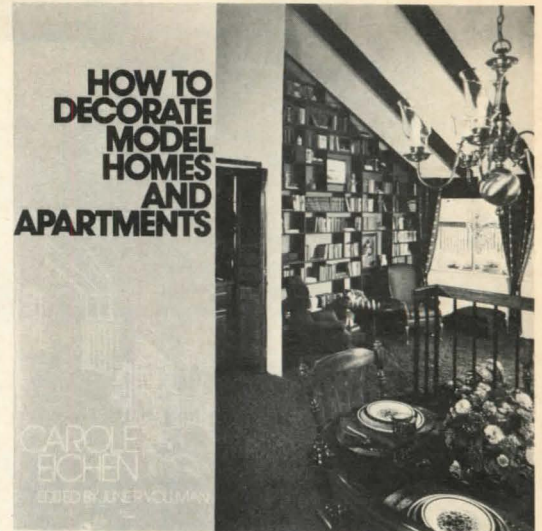
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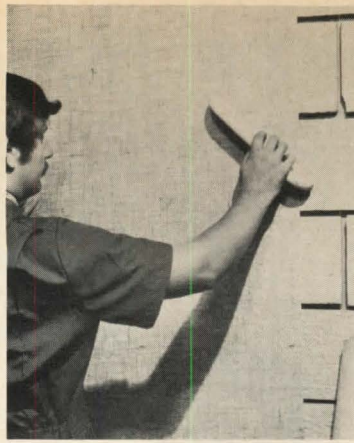
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PRODUCTS/INTERIORS

Wall-finishing "Plaster-in-a-roll" (right) can cover rough surfaces. Jute-and-gypsum material is applied like wallpaper and becomes a permanent part of the wall. Four-ft.-wide rolls cover 40 sq. ft. Flexi-Wall, Liberty, S.C. CIRCLE 210 ON READER SERVICE CARD



Fabric-backed vinyl wallcovering, "Bamboo" (below), is easy to apply, scrubbable and durable. Part of the "Fashion Originals II" collection, 27"-wide pre-trimmed pattern comes in four colorways. General Tire, New York City. CIRCLE 211 ON READER SERVICE CARD

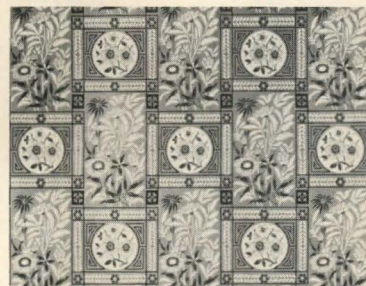
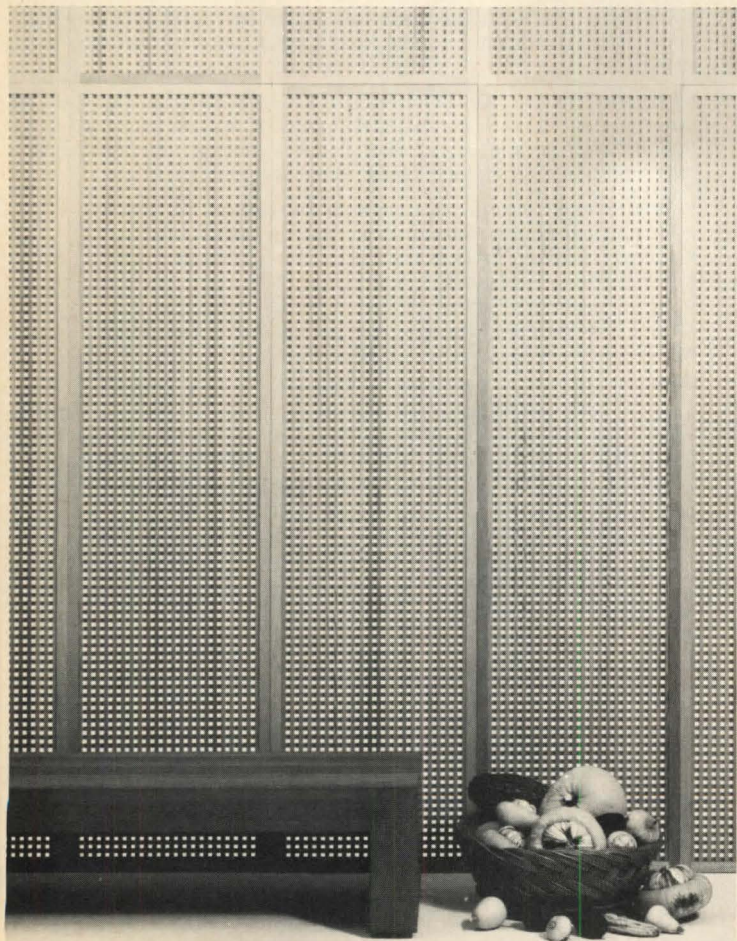


Vinyl wallcovering, "Imperial" (above), is designed for contract applications. Pattern is a four-tone stripe offered in six colorways. A coordinated grasscloth, "Brussels," is also available. Stauffer, South Plainfield, N.J. CIRCLE 212 ON READER SERVICE CARD



Acrylic-coated wallcovering, "Over the Rainbow" (left), has three-year no-fade guarantee. Washable pattern, suited for a child's room, is in primary colors or pastels on a white background. Imperial, Cleveland, Ohio. CIRCLE 214 ON READER SERVICE CARD

Wallcovering of polyester foil, "Polaris" (below), is shown in a contemporary dining room. Also offered in solid vinyl, wallcovering is pre-pasted and pre-trimmed for easy application. Commercial Plastics, Haddonfield, N.J. CIRCLE 215 ON READER SERVICE CARD

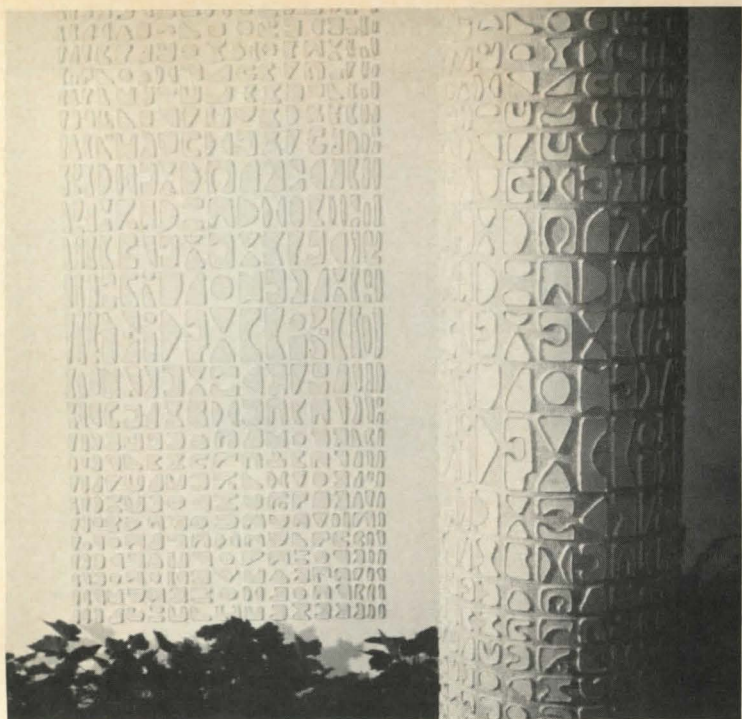


Hand-printed wallpaper comes in a variety of contemporary and traditional designs. "Stowe Document" (above, left) features a bicentennial, museum-piece look in brown on an old rose ground. A floral, "Calico Garden" (above, right), is offered in a range of colors. Manuscreens, J. Josephson, New York City. CIRCLE 216 ON READER SERVICE CARD



Interior/exterior glazed tile, "Valencia Smooth," is non-absorbent, stain-frost-, acid- and heat-resistant. Tiles come in 3"x3" squares mounted on 13"x13" sheets for easy application. Eight natural earth tones are available. LATCO, Los Angeles. CIRCLE 217 ON READER SERVICE CARD

See-through grilles feature simple geometric patterns that suit traditional and modern settings. Adaptable for a wide range of applications, redwood, hardwood or paintable wood grilles are 3/4" thick and carved on both sides. Forms & Surfaces, Santa Barbara, Calif. CIRCLE 213 ON READER SERVICE CARD



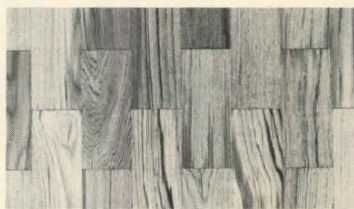
Three-dimensional wall design, "Stereogram" (above), is part of the "Elevations" group of cast acrylic resins on vinyl. The flexible material can be applied to straight or curved surfaces. General Tire, New York City. CIRCLE 268 ON READER SERVICE CARD

Butcher block wall paneling (right) comes in teak or Brazilian rosewood. The brick pattern can be installed vertically (shown) or horizontally. Prefinished 4'x8' panels are protected by a vinyl coating. Bangkok, Philadelphia, Pa. CIRCLE 269 ON READER SERVICE CARD



Vinyl wallcovering (above) is a textured, dimensionally-sculptured pattern from the Fabron® III Texture-Wall collection. Offered in 20 other designs also, it is scrubbable and strippable. Stauffer, So. Plainfield, N.J. CIRCLE 270 ON READER SERVICE CARD

Fiber glass ceiling panels, "Andes" (below), are sound absorbing and light reflecting. Easy-to-install flame-resistant 2'x4' panels, with a sculptured effect, have a washable white vinyl facing. Certain-teed, Valley Forge, Pa. CIRCLE 271 ON READER SERVICE CARD



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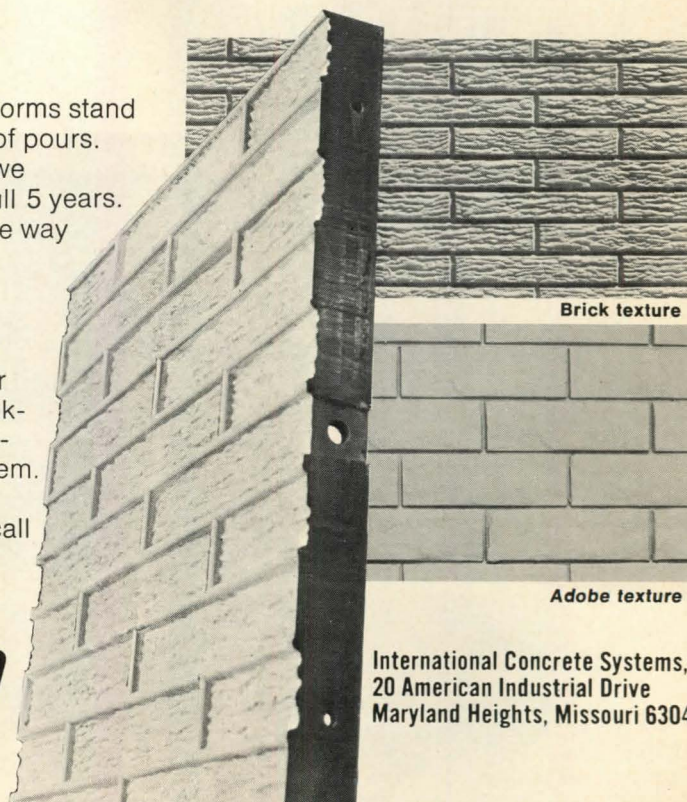
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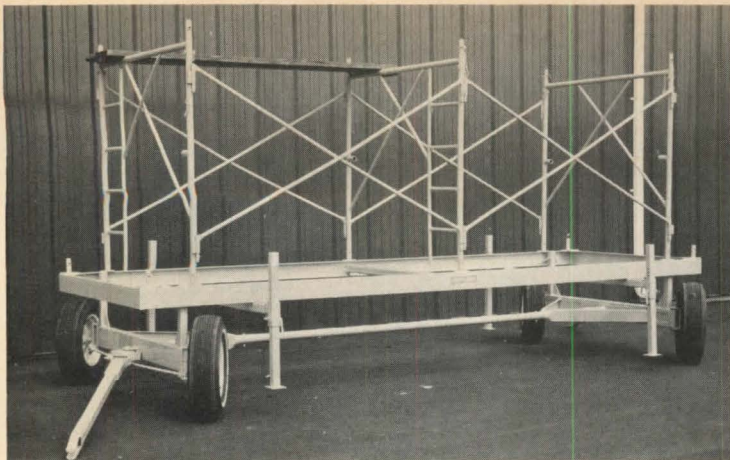


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PRODUCTS/TOOLS & EQUIPMENT

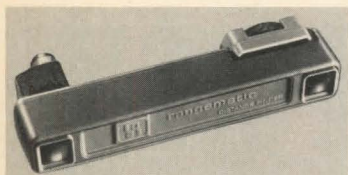


Scaffold/Mobile is a sturdy steel rig that can be easily rolled into position close to a building and locked in place. The unit is light and maneuverable and can be moved by a standard pick-up truck or a sedan. Jerr-Dan, Greencastle, Pa. CIRCLE 252 ON READER SERVICE CARD

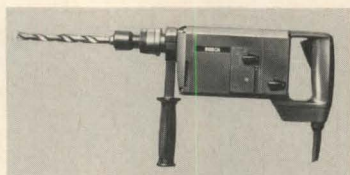
Three-in-one "Super Hammer" (below) can be used as a rotary hammer, a hammer with no rotation or a drill. Tool has a built-in preventive maintenance system and double insulation. Robert Bosch, Broadview, Ill. CIRCLE 253 ON READER SERVICE CARD



Wide-tracked, off-the-road vehicle, "Bombi" (above), is a three-man personnel carrier with an enclosed steel cab. The multi-terrain unit with a 1000-lb load capacity has a top speed of 20 mph. Bombardier, Valcourt, Quebec, Can. CIRCLE 256 ON READER SERVICE CARD

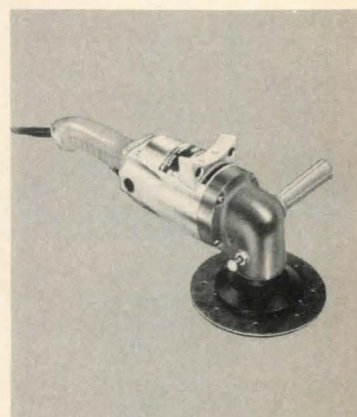


Rangematic® 400 (above) allows one person to measure distances from 100 to 400 feet. Available with scale in feet, yards or meters, unit can be used for vertical or horizontal measuring indoors or out. Ranging, East Rochester, N.Y. CIRCLE 254 ON READER SERVICE CARD



Compact elevating work platform (below) is self-propelled. Unit with a retracted height of 40' and a working height of 20', has a 1000-lb load capacity. Controls are on the platform and the base. Sky Witch, Oklahoma City. CIRCLE 255 ON READER SERVICE CARD

Lightweight 7" disc sander (right) is designed for working light gauge metals, curves and contours. Unit has spring-loaded drive mechanism. Milwaukee Electric Tool, Brookfield, Wis. CIRCLE 257 ON READER SERVICE CARD



Heavy duty forklift for rough terrain use (above) has a 5000-lb capacity and a 22" reach. The "5040" features a Massey Ferguson model 40 power train with gas or diesel engines. Optional equipment includes an all-weather cab and an electric heater. Badger Dynamics, Port Washington, Wis. CIRCLE 258 ON READER SERVICE CARD



Air impact wrench kit (left) includes a square drive impact wrench, a whip hose, a container of air motor oil, a carrying case and a set of heavy duty sockets. The tool for assembling and disassembling nuts, bolts, screws and setting has a speed of 6,200 rpm with 1,260 impacts per minute. K&E, Chicago. CIRCLE 259 ON READER SERVICE CARD



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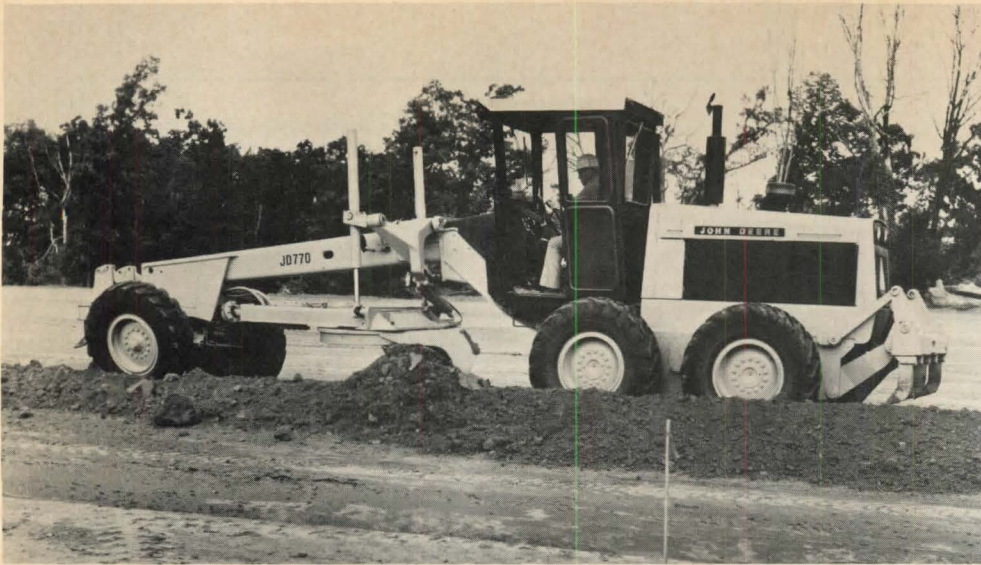
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PRODUCTS/TOOLS & EQUIPMENT



Articulated motor grader, "JD770," (above) features pushbutton hydraulic controls that operate seven functions: front wheel lean, blade pitch, circle sideshift, blade sideshift, circle rotation, front-mounted scarifier or snow plow and rear-mounted ripper. Deere, Moline, Ill. **CIRCLE 260 ON READER SERVICE CARD**

Breaking tool, "Nutcracker," (below) designed for mounting on a small rubber-tired backhoe, draws hydraulic power from the vehicle. Suitable for use on concrete, rock or asphalt, the breaker delivers 350 ft-lbs of energy per blow, 500 blows per minute. Construction Technology, Denver. **CIRCLE 261 ON READER SERVICE CARD**



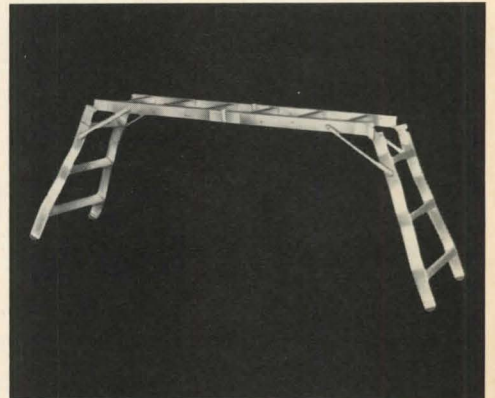
Gasoline-powered wheelbarrow (above) resembles a conventional unit in size and shape but can accommodate much heavier loads. Driven by a 3-hp, 2-cycle engine, the unit can handle up to 4 cu. ft. (600 lbs) of fresh concrete. Easy-to-operate thumb levers control motion and speed. National Concrete Machinery, Lancaster, Pa. **CIRCLE 265 ON READER SERVICE CARD**



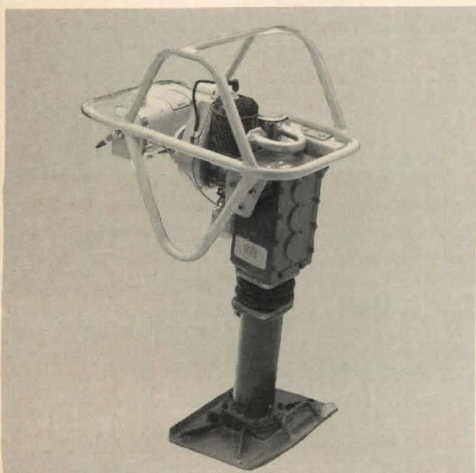
Economy model paint striper (above) can mark up to 120' per minute. The easy-to-operate unit is filled with paint and pumped until 20 lbs of pressure registers on the gauge. A trigger mechanism controls the flow of paint. Cooper Stanley, Denver. **CIRCLE 262 ON READER SERVICE CARD**



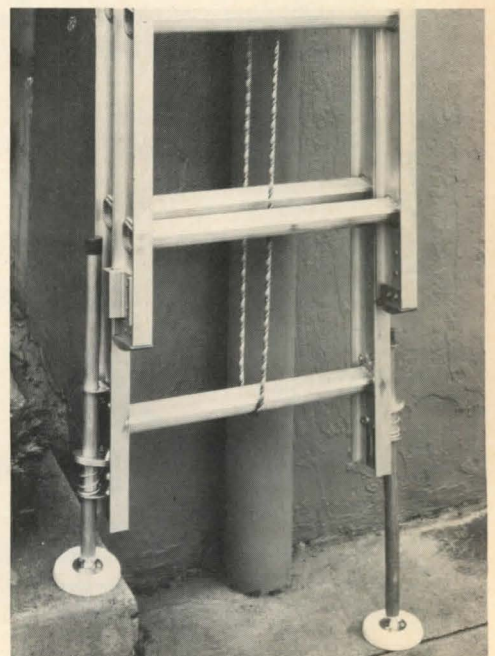
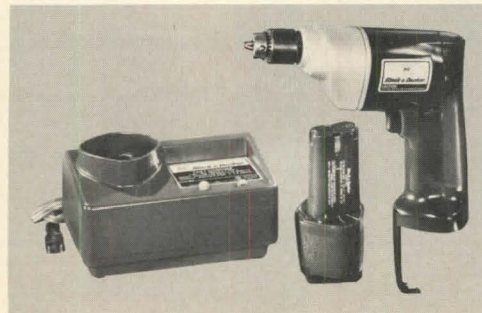
"Rammer tamper," (below) hits with an impact of 2,000 lbs, 700 times a minute. The lightweight 30-lb unit, designed to be handled by one man, features an enclosed oil bath which keeps parts lubricated. Stow, Binghamton, N.Y. **CIRCLE 263 ON READER SERVICE CARD**

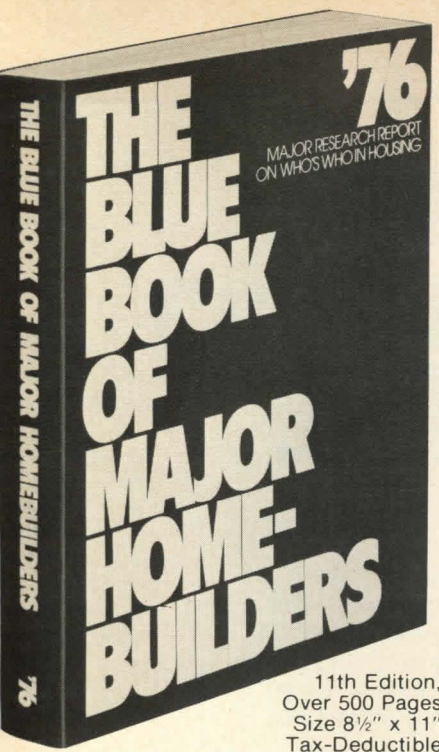


"Ladr-Leg-Level" accessory step for straight or extension ladders (below) keeps the ladder perpendicular when set on sloping surfaces or ground with varying elevations. Device can be easily adjusted. Utility Products, Oakland, Calif. **CIRCLE 267 ON READER SERVICE CARD**



Professional cordless drills (below) have the power required for continuous production operations. Three of the five models available feature a one-hour fast charge, the other two units have a 16-hour charge. Black & Decker, Towson, Md. **CIRCLE 264 ON READER SERVICE CARD**





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3. Our delivery system is geared to meet your schedule. Hotpoint's wholly owned distribution organization includes a network of local warehouses backed with strategically placed regional warehouses. The result: fast, dependable response to your orders, large or small.



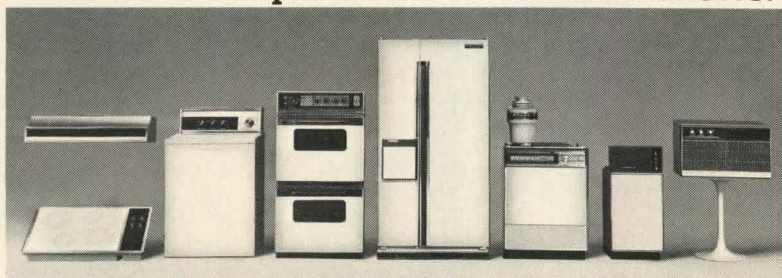
4. Service Contracts: An added selling tool. Hotpoint Service Contracts—available in over 350 cities—may be just what you need to clinch a sale. They not only establish your image as a quality builder, but tell a buyer you put long-term satisfaction above immediate profit. And any service contract you buy begins after the Hotpoint warranty expires.



5. Our service is a selling point, not a sore point. It's called Customer Care[®] Service—a network of factory service centers in over 350 cities plus over 5000 franchised servicers across the country. It helps build buyer and tenant confidence and can take service problems off your shoulders.

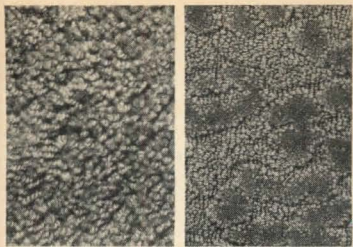


We hustle for your business. And it shows.



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Soil-hiding Super 4® carpets include "Very Best" (left), a nylon mini-saxony retailing at about \$6.95 a sq. yd., and multilevel "Fashionable" (right) at \$8.95 a sq. yd. Gulistan, New York City. CIRCLE 221 ON READER SERVICE CARD



Quarry tile line, "Old Colony," features a handcrafted look. Eight-inch red hexagons (above) and 4"x8" rectangles have textured surface and slightly irregular shape. Mid-State, Lexington, N.C. CIRCLE 223 ON READER SERVICE CARD



Patchwork-inspired area rug, "American Provincial," is tufted of soil-resistant Anso® nylon and has a five-year wear guarantee. Computerized injection dyeing makes precise print registration possible. Colorations offered include gold, green and rose; sizes are 4'x6', 6'x9' and 9'x12'. Milliken, New York City. CIRCLE 225 ON READER SERVICE CARD



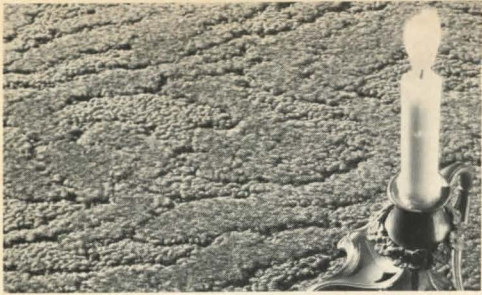
Nylon plush-pile carpet, "Huntington Plaid" (below), needs little maintenance. Offered in 12' widths with jute backing, carpet's suggested price is \$9.95 a sq. yd. Ozite, Libertyville, Ill. CIRCLE 222 ON READER SERVICE CARD



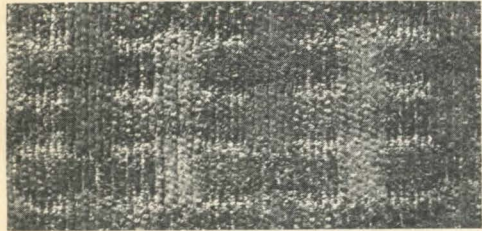
Saxony plush carpet, "Lyra," is thick, dense and durable. Constructed of soil-hiding Fortron® 50 yarn, carpet is easy to maintain. Twenty-one colors are offered. Suggested retail price: \$10.95 a sq. yd. Alexander Smith, Amsterdam, N.Y. CIRCLE 224 ON READER SERVICE CARD



Cut pile nylon carpet, "Grand Brocade," is shown with traditional furnishings. Scroll-patterned floorcovering has surface-wear guarantee and soil-hiding characteristics. Offered in 13 colors, carpet retails for about \$13.95 a sq. yd. Callaway, New York City. CIRCLE 226 ON READER SERVICE CARD



Three-level sculptured carpet, "Glenfield," (above) complements the decor of any room. Tip-sheared floorcovering meets federal flammability and pile-density specifications. Eleven colors are available in 12' or 15' widths. Suggested retail price is \$7 per sq. yd. Armstrong, Lancaster, Pa. CIRCLE 227 ON READER SERVICE CARD

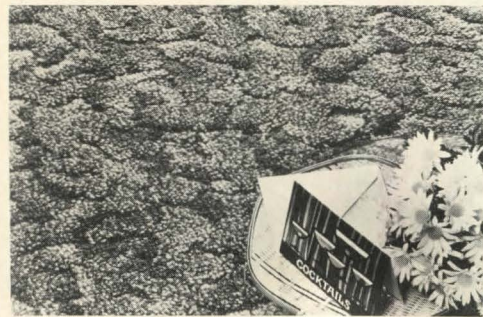


Cut-and-loop pile carpet, "Quadrille," (above) is for medium-use installations. The 100% Acrilan floorcovering features a modified small-scale plaid pattern that provides a mosaic effect. Carpet in 12' widths is available in six colorways and retails for about \$13.99 a sq. yd. Magee, New York City. CIRCLE 228 ON READER SERVICE CARD

Parquet floor tile, "Knollwood," (below) has a classic handcrafted appearance. Designed for family rooms, hallways and other residential installations, tile comes in traditional oak and teak tones. Vinyl asbestos tiles are 1/16" thick and measure 12"x12". Kentile, Brooklyn. CIRCLE 229 ON READER SERVICE CARD

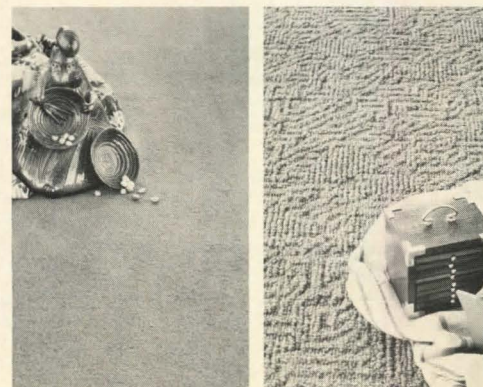


Multi-color, multi-level loop carpet, "Forest Wind," (above) has the texture of wind-blown sand. Constructed of continuous filament nylon, the carpeting blends with any decor. Available in a range of 15 colorations, it retails for about \$7.95 a sq. yd. Mohawk, Amsterdam, N.Y. CIRCLE 230 ON READER SERVICE CARD

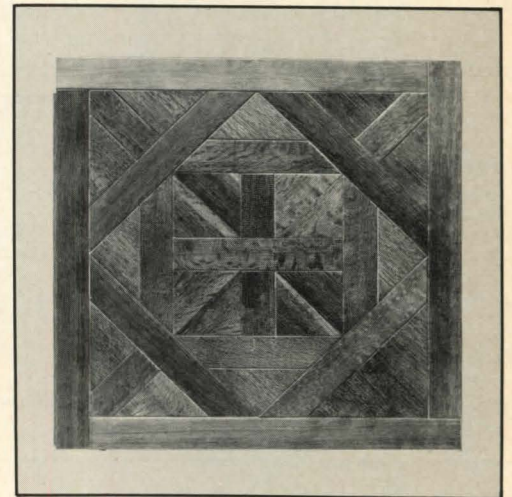


Sculptured-look carpet, "Kingsport," (above) is a multi-level loop. The scroll-like pattern is offered in 12 multi-colorations. Closely-spaced loop carpet is constructed of high-luster, continuous filament nylon. It retails for about \$6.95 a sq. yd. Philadelphia Carpet, Cartersville, Ga. CIRCLE 231 ON READER SERVICE CARD

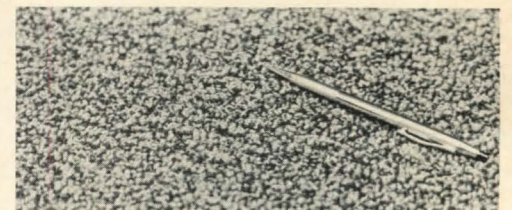
"Ransdell," a nylon shag (below left), comes in 15 solid colors and 8 two-tones. Retail price is about \$13.50 a sq. yd. "Country Classic" acrylic loop carpet with a non-directional pattern (below right) comes in eight colorations and retails for about \$8.95 a sq. yd. C.H. Masland, Carlisle, Pa. CIRCLE 232 ON READER SERVICE CARD



"Briarwood" ceramic tile (above) has a bark-like texture of brown over black undertones. Available in 4"-square, 4"x8", 8"-square, 8"-hexagon and two curved shapes, tile is suitable for interior or exterior wall installation and for moderate-use interior floors. American Olean, Lansdale, Pa. CIRCLE 233 ON READER SERVICE CARD



Hardwood flooring, "Gothic Oak," (above) achieves the look of English brown oak without the application of stains. A special heat and steam treatment colors the quarter white oak with its own juices. Color penetrates throughout the 3/4" thick T&G flooring. Wood-Mosaic, Louisville, Ky. CIRCLE 234 ON READER SERVICE CARD



Durable tweed carpet, "Shasta," is suitable for use in public areas and heavily trafficked rooms of the house. Constructed of soil-hiding, static-reducing Antron II® nylon, carpet is offered in 10 colorways with a choice of jute, standard foam or a fire-retardant backing. Burke Carpet, San Jose, Calif. CIRCLE 235 ON READER SERVICE CARD

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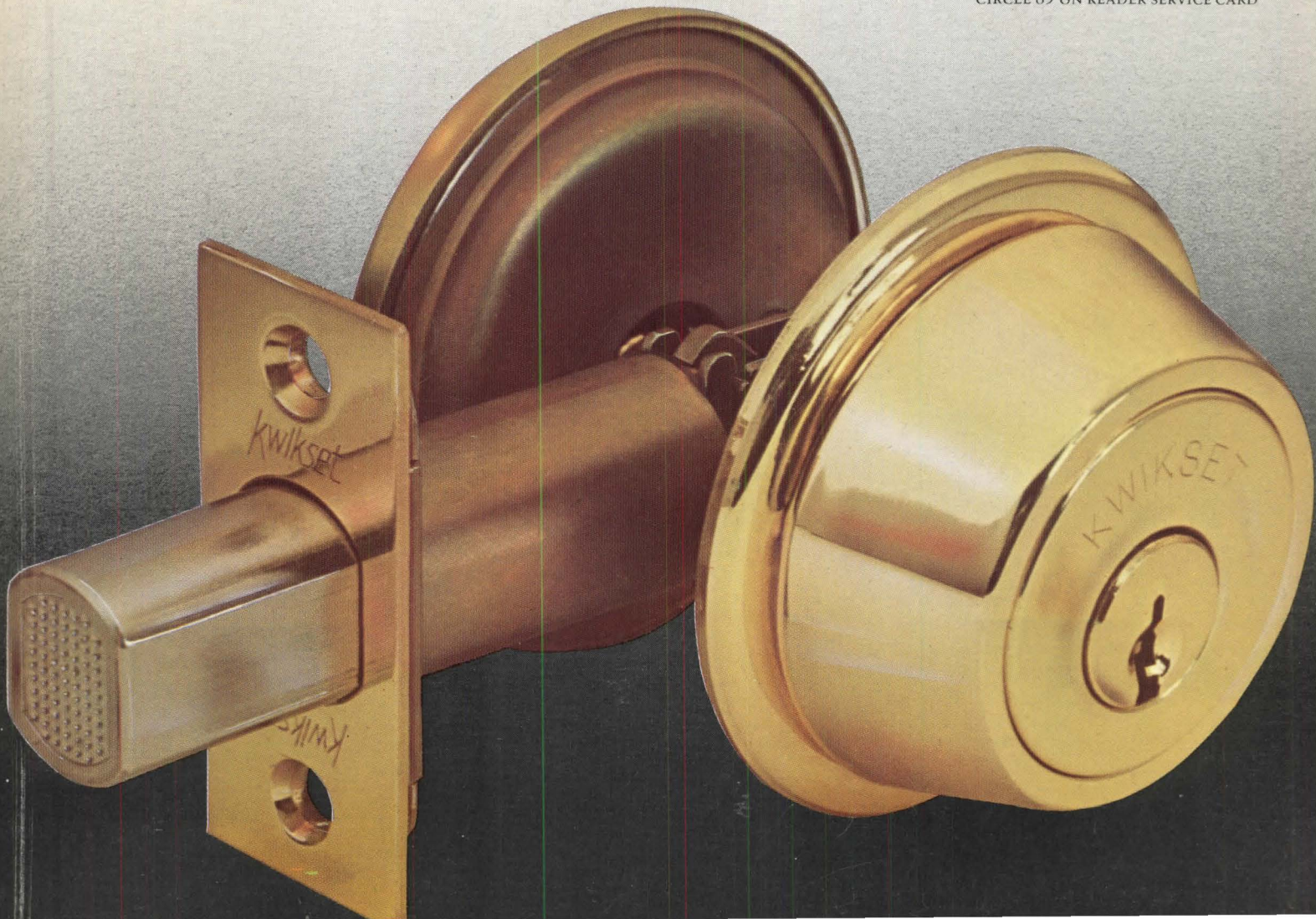


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October 1975

House & Home

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How to cut heating and cooling bills by 63%

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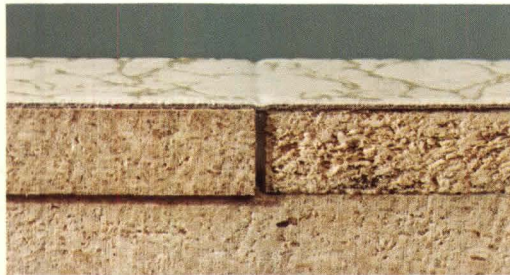
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Tredway goes down faster and easier, because it's as flexible as carpet to handle, cut, and fit. Overall cementing is eliminated. And Tredway installs simply by stapling around the edges! Or on concrete subfloors, a band of



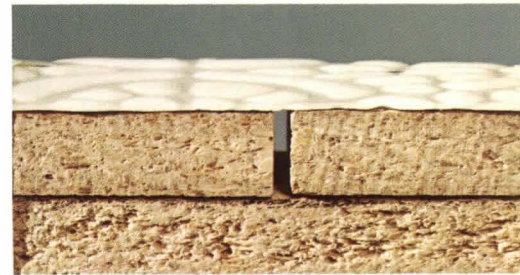
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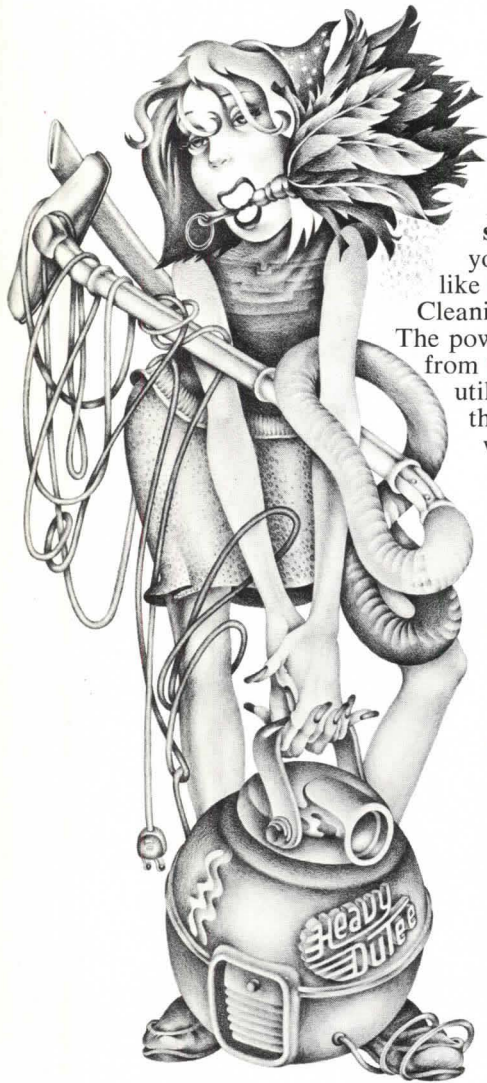
Now, more than ever, they could also use a little peace and quiet. Fulfill all these needs by installing the whisper-quiet NuTone Central Cleaning System.

Building a house that's easy to care for is a powerful way to turn a home shopper into a home owner.

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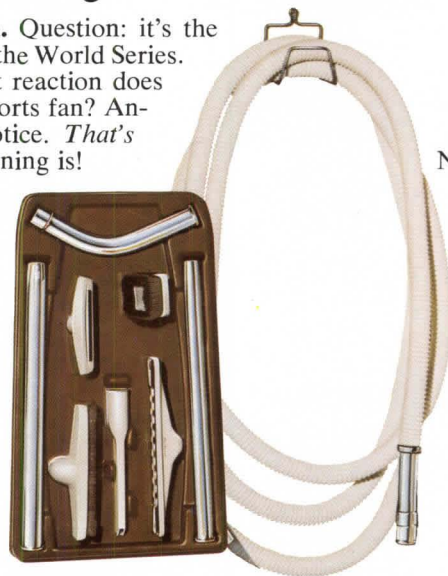
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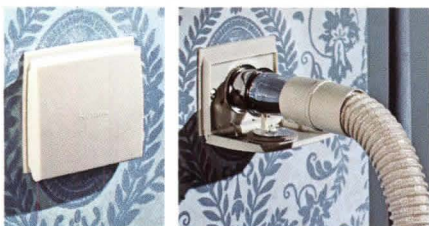
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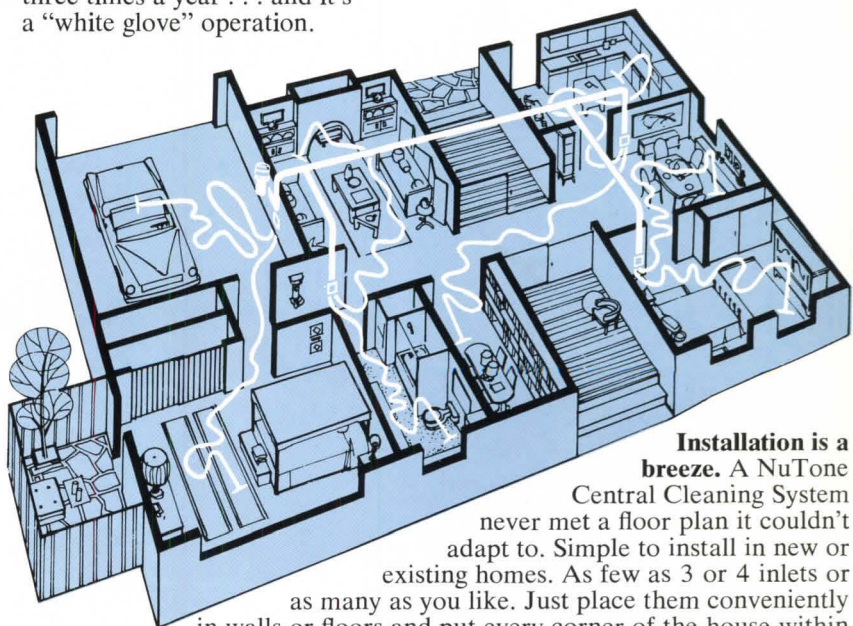
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Volume 47 Number 10/October 1975

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Cover/Lakeridge Park (see page 64)
Photo: Julius Shulman

Thermador makes life easy. For you and your customers.

The popular triple-oven Thermatronic unit, and NEW separate Stay-Hot Oven add convenience for the customer and faster sales for you.



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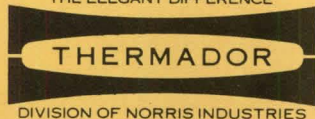
The Stay-Hot Oven — with black glass front — is located conveniently in between, keeps food serving hot.

NEW! Space Saver Stay-Hot Oven

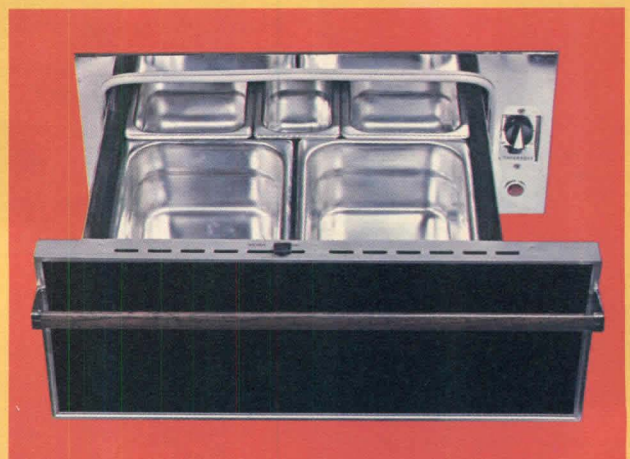
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Model: SHO-1BG

Can a new Cook force-feed a starveling FHA back to health?

David Sheldon Cook, HUD's new assistant secretary and FHA commissioner, was told during his confirmation hearings that his predecessor, Sheldon Lubar, "quit because he found it impossible to manage the FHA programs under the existing organization."

Chairman William Proxmire of the Senate Banking Committee said that Lubar, "a constituent of mine from Milwaukee" and like Cook a mortgage banker, became "frustrated and disappointed and I think critical of the organization" at the end of his 18 months in the post Cook was about to assume.

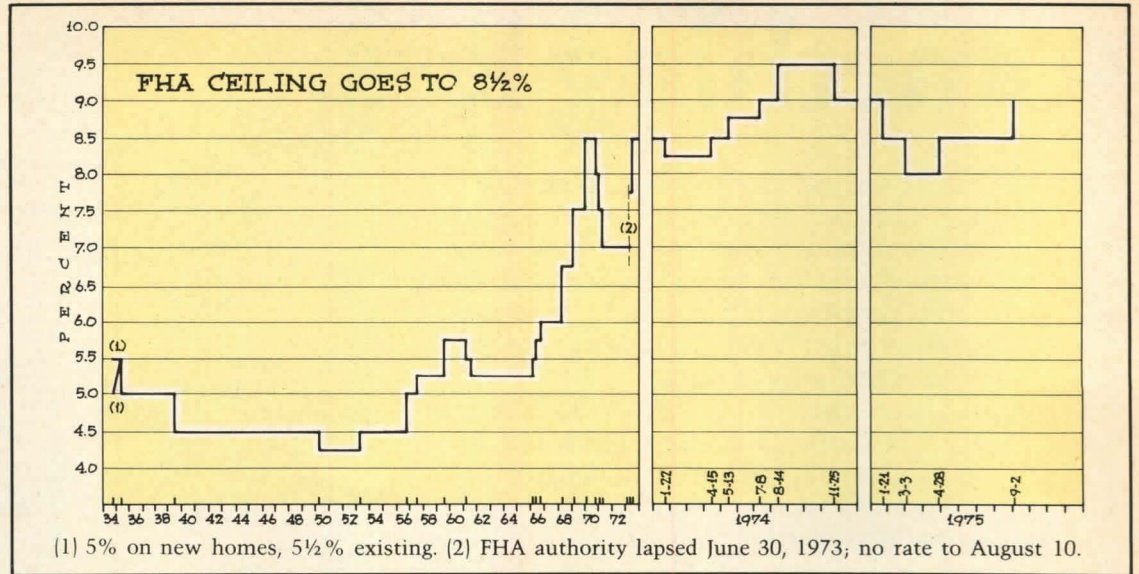
How, Proxmire wanted to know, could Cook be optimistic about the future of the all-but-forgotten FHA?

Cook replied: "If the builders can get quick answers and the support from FHA that they need—a quick no or yes—I think that an optimism can be aroused in the builders as well as the potential buyers."

FHA know-how. Cook, 54, has been president of the Galbreath Mortgage Co. of Columbus, Ohio, since 1964. He has been in mortgage banking for more than 25 years, and he knows the FHA's business from the industry side.

"My companies have pretty much specialized in making the FHA-VA residential mortgage as opposed to the conventional loan," he told the banking committee. "We have been experienced in the large-scale special projects, the multifamily developments, nursing homes and housing for the elderly." (Galbreath, a subsidiary of Chemical New York Corp., a bank holding company, services \$608 million in mortgages. The portfolio is heavily weighted to FHA and VA loans.)

Kind word for 235. Cook said his company had participated in the old Section 235 subsidized homeownership scheme—one of the highly controversial programs frozen by President Nixon in January, 1973—and that his view was "most favorable" toward it. He also said that one way to rebuild FHA morale would be to "continue to fill the vacant positions that are unfilled today (and) give good people credit" for the good work they do.



Proxmire said Cook's views "are those of the entire housing establishment except for HUD. Everybody but HUD and the office of management and budget want to do what you want to do."

Behind the scenes. Cook said in an interview that he did not know why he was selected. He added, however, that he and James Lynn—the Ohioan who was President Nixon's housing secretary and as director of the office of management and budget is now one of President Ford's most influential aides—are "acquainted."

"We had talked about this job in the past," Cook said, "but it never got beyond talk."

The post, vacant for eight months since Lubar's departure in November, 1974, had been offered to at least one other mortgage banker, Washington's George DeFranceaux, now chairman of the National Corporation for Housing Partnerships.

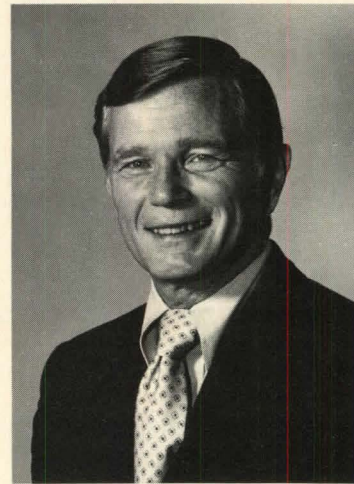
Cook said he had tremendous respect for Housing Secretary Carla Hills and her philosophy—including "her strong belief in the free enterprise system."

Low profile. Cook is described at HUD as "a low-key guy" who will follow the example set by Mrs. Hills when she took office a year ago—keep low profile for several months while getting a grasp of the job.

As the assistant secretary for housing production and mortgage credit as well as FHA commissioner, Cook has charge of all insurance programs. That in-

cludes the subsidy programs, the new Section 8 leasing subsidy program for poor families and the Government National Mortgage Corp.

Decline of FHA. The FHA's status is at an all-time low. In 1974 and the first six months of 1975 it insured only about 7% of the total number of housing starts. This compares with 23% during its early years, 1935-39;



FHA's COOK
Low-key guy in long-odds job

about 45% during the war years of 1940-44; and a range of 14% to 20% for the past three decades, except for 1970 and 1971. Then, the FHA's share jumped to 28% and 25% because the agency was insuring a flood of subsidized single and multifamily units under the widely criticized Section 235 and 236 programs.

The FHA is plagued with a continuing rash of scandals, the latest being a flurry of cases in Chicago where mortgage bankers have been accused of abusing

their lending powers and making premature foreclosures. (see story page 12).

Restricted role. Cook's range of influence is bound to be severely limited. The Ford administration's housing policies are fixed for the time being. The White House has—in Lynn and in James Mitchell, a former housing undersecretary now working for Lynn at OMB—the heavyweights who will decide what, if any, changes are to be made or recommended.

Cook's understanding of FHA and the industry could count in the inner councils of HUD later this fall as the President works up his election-year program for presentation to Congress in January.

Already a new task force of the Domestic Council is at work on a major review of housing subsidies, housing allowances, and other income-transfer programs of all kinds—including food stamps, social security and welfare. President Ford is expected to make a case for reform, whether or not he recommends legislation.

Several committees of Congress—including two subcommittees of the House Banking Committee—are at work on other recommendations for reforming the mortgage system. The question to be decided is the future role of the federal government in the housing industry.

The answer may not become known until after next year's presidential election.

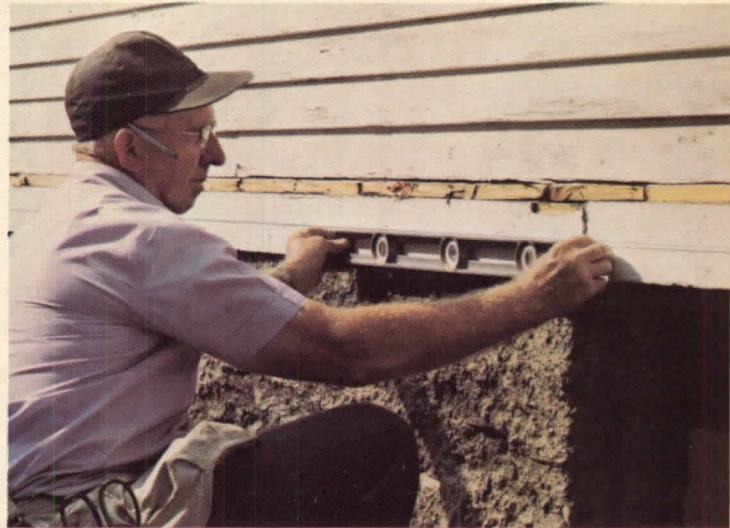
DON LOOMIS
McGraw-Hill World News,
Washington

Installing vinyl siding is something less.

"We figured it would be tougher to install vinyl siding. But we wanted to try it anyway. We felt home owners would be interested in what we were doing for them. Less maintenance, with jobs like painting eliminated." So says Donald E. Burtchin, Vice President, Koch Distributors, Sandusky, Ohio.

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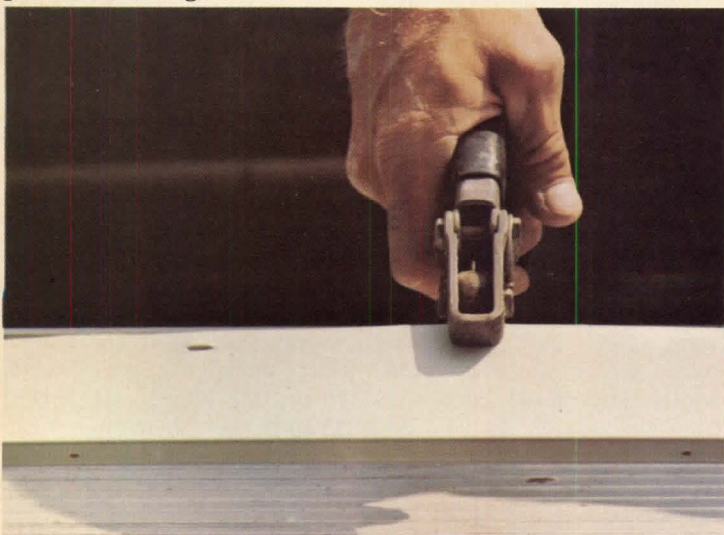
1. Check to see that all sidewalls and base are level and plumb. Snap chalk line for the starter strip.



4. Trim sides and tops of doors and windows with J channels or window/door caps. Installation of siding panels now begins.



5. Snap bottom panels into the starter strip and nail. Backer board can be used for extra insulation.



8. To fit a panel under a window, cut undersill trim the width of the opening and nail in place. Crimp the under window portion of panel with snap lock punch.



9. Slide the panel into the undersill trim. Installation of the top course follows a similar procedure.

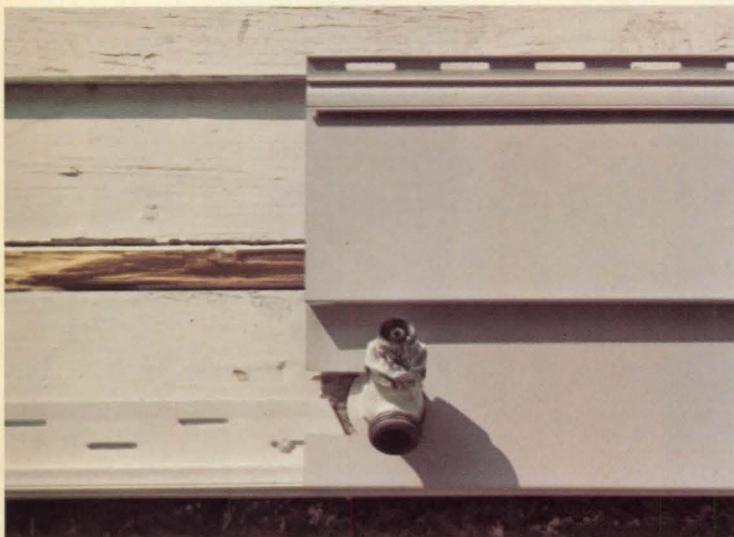
so easy, it's a shame to accept



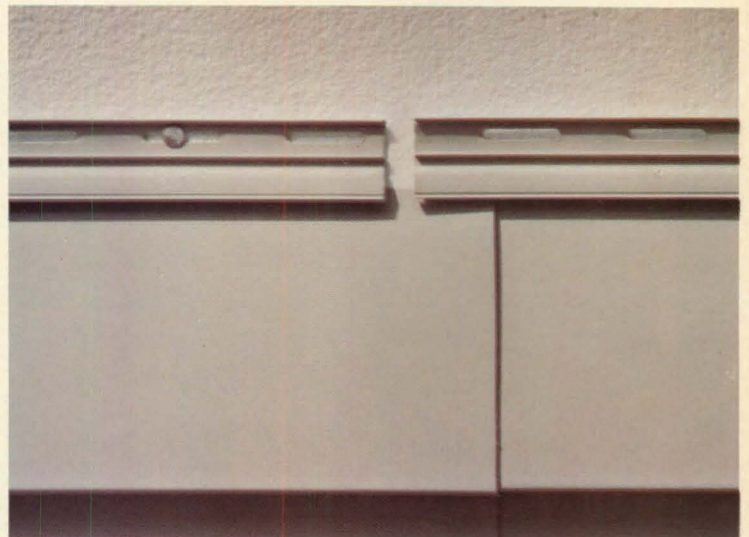
2. Install all inside and outside corner posts. Leave $\frac{1}{4}$ " at top. Finish nailing every 10" to 12" in the center of the slots.



3. Position starter strip with top edge on the chalk line. Do not nail too tight; stop when hammer head touches edges of nailing strips.



6. Obstructions, such as faucets, are easily passed. Cut a slot, using tinsnips, in one end of the siding panel.



7. Overlap panels by $\frac{1}{2}$ of the factory pre-notched cutouts. Leave $\frac{1}{2}$ inch space between the nailing strips.



10. When installation is completed, wipe clean with mild detergent solution and you have a vinyl clad house that will stay beautiful for years.

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CIRCLE 8 ON READER SERVICE CARD



U.S. companies rally for gold rush into Middle East housing market

Big construction outfits and small homebuilders are already tapping a major market for housing in such Middle Eastern countries as Saudi Arabia, Iran, Iraq and Kuwait. These countries are loaded with dollars and other hard currencies to back their plans for hundreds of thousands of housing units, including complete new towns and new subdivisions. (Some petrodollars are filtering into U.S. real estate; see story, p. 10.)

Already in the market are such giants as General Electric, Boise-Cascade, Bechtel, Kaiser Engineers and Starrett Housing Corp. Also on the scene, with contracts of varying sizes, are mobile home builders, concrete modular producers and prefab manufacturers (see box, p. 10).

Market in billions. "It's like a gold rush," says L. Wayne Gertmanian, top international-affairs aide to Housing Secretary Carla Hills. At a recent Washington housing producers' conference Gertmanian described the Middle East market this way:

"Iran plans to spend \$1 billion each year for the next ten years on housing ... Kuwait is implementing projects that will likely become a billion-dollar housing program ... Last December, Saudi Arabia invited contractors to qualify for the construction of 100,000 housing units in various parts of the country."

Governor Bill Waller of Mississippi, who led a trade mission from his state to the Middle East that has generated \$100 million in orders for a variety of products, said that there is a "fantastic market for housing and building products in the Middle East, but the competition is fierce." The people prefer and want American products, Waller told the conference, but other nations outsell the U.S. there because of what he called the almost lethargic attitude of U.S. government officials toward stimulating foreign trade.

Strategy conference. The two-day conference, organized by the National Association of Building Manufacturers, drew nearly 200 at \$200 per head to hear government officials from the Departments of Commerce, State, Housing and Urban Development; bankers from New



Prefab houses from GE, all in a row in Sar Cheshmeh, Iran. Besides building 500 units here (see story), GE's licensee, Gostareh Maskan Co., has a \$50,000,000 contract to start a new town for 200,000 people.

York; consultants from architectural or engineering firms; lawyers and housing producers. The speakers discussed their experiences and made strategy recommendations for companies now considering whether to take the plunge into the Middle Eastern market. Among those attending were 15 executives from manufactured housing companies, eight homebuilders, ten system builders, 12 developers and 26 building-products producers.

How to proceed. In dealing with the authorities and entrepreneurs in the Arab countries, government officials and industrial executives gave these guidelines:

- Expect to become a partner in a joint venture with a local contractor or entrepreneur. Expect to devote months to finding and establishing such a relationship with a local official or business executive.

- On private projects, expect to bring in capital along with management to run the enterprise.

- On government projects, expect to sign performance guarantees for the life of the contract.

- Expect to make a long-term commitment to the market, which means you have to expect to make these operations a large part of your business over the long-term.

As one government official advised, "Don't try to get in if you figure you'll pull out as soon as business picks up here at home."

And one builder told the conference that the "key to the entire operation is the right partner."

A small company. President Bernardo Majalca and vice president John Cameron of Worldwide Resources and Technologies, San Francisco, have airlifted to Saudi Arabia almost a million tons of equipment for mixing concrete and casting blocks under a contract they have to build 10,000 homes near Jidda.

The company had built houses in California on a small scale, Cameron says, but in the last 18 months Majalca has been spending 90% of his time in Saudi Arabia organizing production. Asked about competing in the same market with such companies as Bechtel and Kaiser, Cameron says only half facetiously: "Sure the big boys are in there ... 'We're just picking up the small \$10-million and \$20-million stuff.'" His own company's \$50-million contract, Cameron allows, could run to much larger figures if he performs successfully what he's doing now.

And a giant. Rudy A. Brown, who heads Boise-Cascade's Kingsberry Homes Division, has delivered 250 units to Saudi Arabia—all two- and three-bedroom panelized townhouses—under contract with Joe M. Rodgers & Associates, a Nashville, Tenn. general contractor building a hospital. The housing is for the nursing staff.

Brown believes, contrary to what other sources suggest, that there is a market there for wood housing, despite the almost universal preference for a flat-roofed, two-story, box-like dwelling with walls, roofs and decks of concrete or stone.

"They are not totally opposed to wood at all," Brown says, not-

ing that Aramco, the oil company, built stick housing in Arabia for years. "There is not the resistance that a lot of people would have you believe."

Warnings. Brown told the NABM meeting that the shortage of skilled labor of any kind—and the virtual absence of labor experienced with wood-frame construction—means that subcontracting is impossible, that means in turn that everything has to be brought in as part of the job.

Brown contends that the average U.S. homebuilder lacks the expertise to compete in the Middle Eastern market. Furthermore, shipping costs render it difficult for an exporter of panelized homes to compete—although buyers in Arabia have shown they will pay the price to get a quality unit quickly. He pointed out that returns can be high—that a 1,000-sq.-ft. "villa" can rent for \$1,000 to \$1,200 per month.

Steel and concrete. General Electric is building two projects in Iran. One utilizes a million-dollar plant that will produce 500 units at Sar Cheshmeh, with an additional 700 units to be supplied by other contractors. The development will take 1,615 units from a \$7-million plant still under construction at a new town near Bandar Shapur on the Persian Gulf, where 40,000 units in all are planned.

The units, according to William L. Dwyer, in charge of GE's international housing ventures, are of steel frame and cast concrete with stucco applied outside and plaster inside after erection. The roof is concrete. The walls have one-inch glass fiber insulation. The unit cost, he said, is about \$21 a square foot. The plants are expected to be used for other housing contracts or other production.

According to the Commerce Department's Frank Ocweije, "There's a preference for U.S. technology and prefab design, although the preferred material is concrete." He points out that all contracts generally are open to international bidding, so that a U.S. company could be up against Japanese, German, English or other foreign competitors.

—DON LOOMIS

McGraw-Hill World News
Washington

Story on Arabs and U.S. real estate: Lots of smoke, some fire

By contrast with overbought, inflated foreign real estate, the U.S. real estate market increasingly appeals to foreign capital as a place where prospects for investment appreciation in the late twentieth century are increasingly alluring. The fact that the world's greatest concentration of investable reserves is in the hands of land-minded Arabs adds fuel to guesses that many billions of dollars of foreign money will be showing up here eventually. Some of those billions appear to be closer to home than anyone realizes. *(And some are being earned abroad by U.S. builders; see story, p. 9.)*

Open buying. The Arabs operating most out in the open, and also the ones who are reputed to be most interested in residential activities, are the Kuwaitis. They are responsible for the two well-publicized big deals everyone has heard of, a \$200 million luxury resort project on Kiawah Island, South Carolina, and a \$10 million participation in a hotel/commercial building complex in Atlanta. In addition, a lot of Kuwaiti money seems to be directed to a lot of other places. About \$20 million is going into commercial and apartment buildings in the Boston area, and there is much talk of Kuwaiti activity in California. One large Southern California bank says the Kuwait Investment Company in Beverly Hills has come into the bank to talk real estate—including possible purchase of a race track in Las Vegas.

Rumor mills. As for other Arab activity, rumors—some true, some not—abound. It seems to be fact that a Saudi entrepreneur named Adnan Kashoggi has bought California and Arizona land. It is true that Bank of America and Chase Manhattan Bank are advising Arabs on real estate investments. But some industry people were burned on a rumor, so far false, that \$6 billion in Saudi money was going into Texas land.

The fact is, no reliable overall data exist; even a planned special Commerce Department survey, prompted when aggressive Japanese hotel-buying ruffled feathers recently in Hono-

lulu, is not likely to tell much. In general, notes a U.S. official, "Real estate is a difficult animal to tie down. It's really controlled at the county level, and nobody there asks, 'Hey man, are you Lebanese?'"

Moreover, many deals are not publicized because the beneficial foreign owners of the equities—including Arabs—choose to be screened by several layers of intermediaries.

Guessing totals. So even those close to foreign deals for American real estate disagree about

the scale of activity. One student of foreign buying is Frank Hawkinson, publisher of "Foreign Investment Inside the U.S.A. Report." He estimates that a major collapse of the British real estate market forced between \$500 million and \$1 billion in British and closely-affiliated Canadian real estate investment into the U.S. in the last 12 months; he counts the British as pacing current investment by foreigners. He numbers Arab investment, in toto, at not more than \$500 million as yet.

But other sources with reason to know calculate that if a fair proportion of the Arab deals now under discussion come off the aggregate volume could soar much higher than that in the next 12 months.

Virtually all informants agree with Hawkinson that there has been more talk than action—"There are a hell of a lot of Arab projects touted, but 75% of them have fallen through" so far, he says. He counts about five Iranian (non-Arab) real estate deals actually consummated, and roughly twice that many with funds out of Kuwait.

Seeking glamour. One reason for the fall-throughs is that Arabs, so far, are only attracted to the glamorous, big concept. They are still looking for the deal that is both surefire and offers an inordinately fat return. A story real estate men tell has a group of Saudi princelings being taken by a New York investment company on a limousine trip through the San Fernando valley of California to view some land parcels. The Saudis were cool to the offered parcels but, told Bob Hope had land in the valley, said, "Can't we buy next to him?"

Given high Arab profit expectations, says California lawyer John Thorpe, who is informed about some Middle East investments being made, the average homebuilder shouldn't look to this source of capital. "But," he adds, "they appear to be interested in financial institutions, which in turn will provide more capital to housing."

More a-coming. Discussion of real estate with Middle Easterners is proliferating. Arabs are certainly shopping around for long-term investments. And the disposable funds lurking behind all the talk is growing to be a gargantuan pile of cash. Last year the Organization of Petroleum Exporting Countries (OPEC) gained \$60 billion of surplus earnings, most of it going to Middle Easterners. By 1980 that hoard will have risen to a peak of \$250 billion. Says a U.S. Treasury official, "There's no question the potential for OPEC investment is there."

The real question is, when will all that potential be realized?

—STAN WILSON

McGraw-Hill World News

AMERICAN PIONEERS IN ARAB HOUSING MARKET

(See story on page 9)

IRAN

General Electric, Fairfield, Conn.—has built one house manufacturing plant at Sar Cheshmeh, is completing another at Bandar Shahpur. The plants will build 2,115 steel frame and cast concrete units on their initial orders.

Starrett Housing Corp., New York City—building a \$500-million, 6,000-unit highrise condominium development in suburban Tehran.

Skidmore, Owings & Merrill, Chicago—designing city for 200,000 near Bandar Shahpur.

Pacific Air Transport, Salt Lake City, subsidiary of K-Products—has contracted to build the first 5,000 to 10,000 prefabricated units of 50,000 planned in Tehran.

International Housing Ltd., Connecticut—building 2,000 units.

Kaiser Engineers Inc., Oakland, Calif.—one of 38 semi-finalists in a competition for \$2 billion of industrialized housing planned by government of Iran.

SAUDI ARABIA

J.A. Jones Construction Co., Charlotte, N.C.—has contracted, at \$90 million, with U.S. Corps of Engineers to build housing for hospital personnel at three sites.

Boise-Cascade, Kingsberry Homes division—has delivered 250 prefabricated units from its Fort Payne, Ala., plant to Riyadh under contract with an Arabian contractor.

Starcrete International Industries, St. Petersburg, Fla.—building \$5-million plant near Dahrhan to manufacture modular units.

Tidwell Industries, Haleyville, Ala.—has contracted to install mobile-home production lines in existing plants.

Worldwide Resources & Technologies, San Francisco—has air-freighted concrete machinery to build 10,000 units for project on Red Sea coast north of Jidda.

CRS Design Associates, Houston, Tex.—is building contractor for university in Riyadh and will build community of prefab houses and apartments.

Will Europeans buy here too?

Taxes, inflation, and political and economic insecurity have sapped the European investor's enthusiasm for placing money at home. Says Dutch investor Peter Van Deven, "In the U.S. there is optimism that inflation will go down. Real estate prices don't really reflect inflation, so you still have very long term mortgages with fixed rates. In Europe we've lost the belief that inflation will disappear."

Van Deven is representing a Dutch investment group, Buvvermo, which plans to inject \$5 million to \$10 million into Washington-area real estate dur-

ing the 1970s via a joint venture with the Savage/Fogarty Companies, a Washington builder-developer combine.

Europeans put first priority on safety. They look to tax breaks, and to amortization as the route to realize appreciation of capital. Most of them buying into the American market now are hunting for existing buildings with low mortgage costs. Says Savage/Fogarty's president, William Savage, "A European is much more willing to gamble on inflation and so he looks on amortization of the mortgage as profit."

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FHA scandals inspire great new idea at HUD: ounce of prevention

Was the recent FHA mortgage-company scandal in Chicago anything more than just a black eye for HUD? Most of those involved think it was and they claim that the shots fired in Chicago are still echoing in the central office in Washington.

"I think we've seen fantastic progress and activity on the part of Carla Hills," said John Waner, the often disgruntled and outspoken regional administrator for HUD in Chicago. It was Waner's accusations that precipitated the Chicago scandal [NEWS, Sept.], but now he seems mollified. Claiming that the flow of legalese from Hills and company in Washington has been in a word "prodigious," Waner said, "She began immediately instituting a system of new regulations, new orders and new directives. The audit teams came out immediately and so far her actions speak for themselves."

According to Waner those new regulations, orders and directives now demand that:

- Credit examiners and clients must verify the authenticity of employment and deposit verifications on all FHA transactions.
- Contract credit reports must be made on a minimum of 10% of the "firm stage" applications received from each mortgagee.
- A minimum of five cases per mortgagee per month must be covered in making these checks.
- These reviews apply to all mortgagees who frequently submit poorly prepared applications.
- All the particulars of names, places, and events will be gathered each time any case of falsehood is uncovered.
- Regional examiners must analyze each mortgage application for evidence of sloppy mortgage workmanship or material falsehood.
- All cases of material falsehood will be referred directly to the office of the Inspector General in Washington.
- FHA regional offices will cease correcting and developing applications for mortgage insurance—a job mortgagees are supposed to be doing.

Waner claims that these directives are only the begin-

ning and that there are more to come. "And if nothing else," he said, "one mortgagee, Advance Mortgage Corporation in Detroit, has been recommended for suspension—which is one more than has ever happened since 1968. That in itself is a 100% improvement."

Moss gathers. Advance Mortgage was one of five mortgage companies mentioned in the FHA "Moss Report," an in-house investigation made by the HUD central office of Chicago FHA mortgage practices last May. Others named include Unity Savings & Loan of Chicago, Percy Wilson Mortgage &

Builder offers new, wider warranty

A California building company believes it has gone the NAHB Home Owners Warranty program one better.

Covington Bros., of Fullerton, has just introduced a ten-year warranty that, the company contends, goes beyond HOW coverage. The new, transferable warranty is called Extrequity on the argument that it adds value to the house. It seems to have struck marketing gold, judging by initial reports.

"We sold 15 units the first Sunday it was offered," said a spokeswoman for the builder, "and at least one in each of the weekdays following," out of an inventory of about 120 units.

Before Extrequity, the spokeswoman said, sales had run at four or five a week.

The warranty program, she added, will be made available to other qualified builders by the insurer backing the plan.

Terms compared. The differences between the Covington program and HOW's are:

- Covington covers defects in workmanship and materials for ten years; HOW covers a home this thoroughly for only the first year, with more limited protection for subsequent years.
- Covington includes all built-in appliances—stove, water heater, garbage disposal and so forth—in the ten-year coverage (not as generous as it looks; Covington relies on five-year manufacturers' warranties, and covers only the depreciated value of the appliances thereafter). HOW covers appliances one year, if the manufacturer re-

Finance Corp. of Chicago, Mortgage Associates of Milwaukee, and National Homes Acceptance Corp. of Lafayette, Ind.

While the report said that in general most mortgagees in Chicago were assisting mortgagors, serious deficiencies in collection practices and property preservation and protection were noted—particularly in the cases of Mortgage Associates of Milwaukee and Advance of Detroit.

"The property deficiencies at both were significant enough to be deemed unacceptable," said a HUD official in Chicago.

Audit praised. Robert Mylod, president of Advance Mortgage

neges on his own warranty.

- Covington has nothing like HOW's complex mechanism for handling disputes.

- Covington includes a \$100 deductible clause; HOW's is a slightly more alluring \$50.

- The little matter of cost—Covington's plan currently costs \$250 to \$300 per unit, paid by the builder. This ain't cheap, and it may go higher in the future. HOW's charge is \$2 per \$1,000 of selling price (\$2.10 in Michigan)—only \$80 on a \$40,000 house.

Experience. Covington Bros., which closed \$22 million in sales last year, has been building in southern California and the Southwest for 14 years. The inspiration for its warranty, according to the company's spokeswoman, came from numerous small rental buildings the company has built, sold and then managed for the owners.

"We've been servicing some of these projects for 14 years," she said, "and our records showed we never had to replace anything like a dishwasher or a forced-air unit. That started the management thinking."

Insurer. The company spent more than a year putting the package together.

"It was months before we could find an insurer who would even talk to us," said the spokeswoman. "We were breaking completely new ground and insurers are very cautious."

The carrier that finally joined Covington is El Dorado Insurance Co. of Palo Alto, Calif.

—H. S.

in Southfield, Mich. said, "We received a letter from HUD saying that they were going to recommend suspension but it's now our understanding that they're doing some further analysis."

Mylod didn't knock the HUD audit that has put his company on the spot, but said, "I think audits are something HUD ought to do more of. It's a positive thing. Obviously the world changes and the regulations tend not to change as fast as the world does—but the end result will be positive."

Forbearance. William Long, vice president of marketing at Percy Wilson in Chicago is somewhat less optimistic. "The HUD actions are polarizing our communities," he said. "For example, out of 9,300 loans in the Chicago area we have 3,200 on partial payment programs which are a form of informal forbearance. No one asked us to do this and no one is printing that we've done it."

Long claims that Percy Wilson also has 400-500 formal forbearance programs in effect and has managed to reduce foreclosures by 50% despite unemployment that has risen 100% in the Chicago area over the last year.

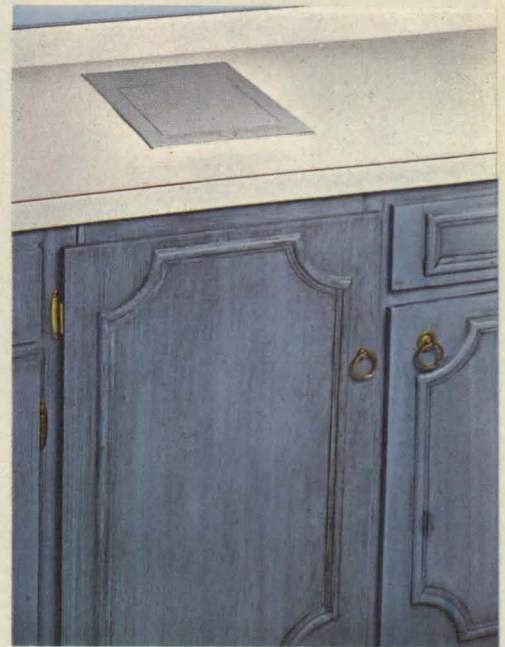
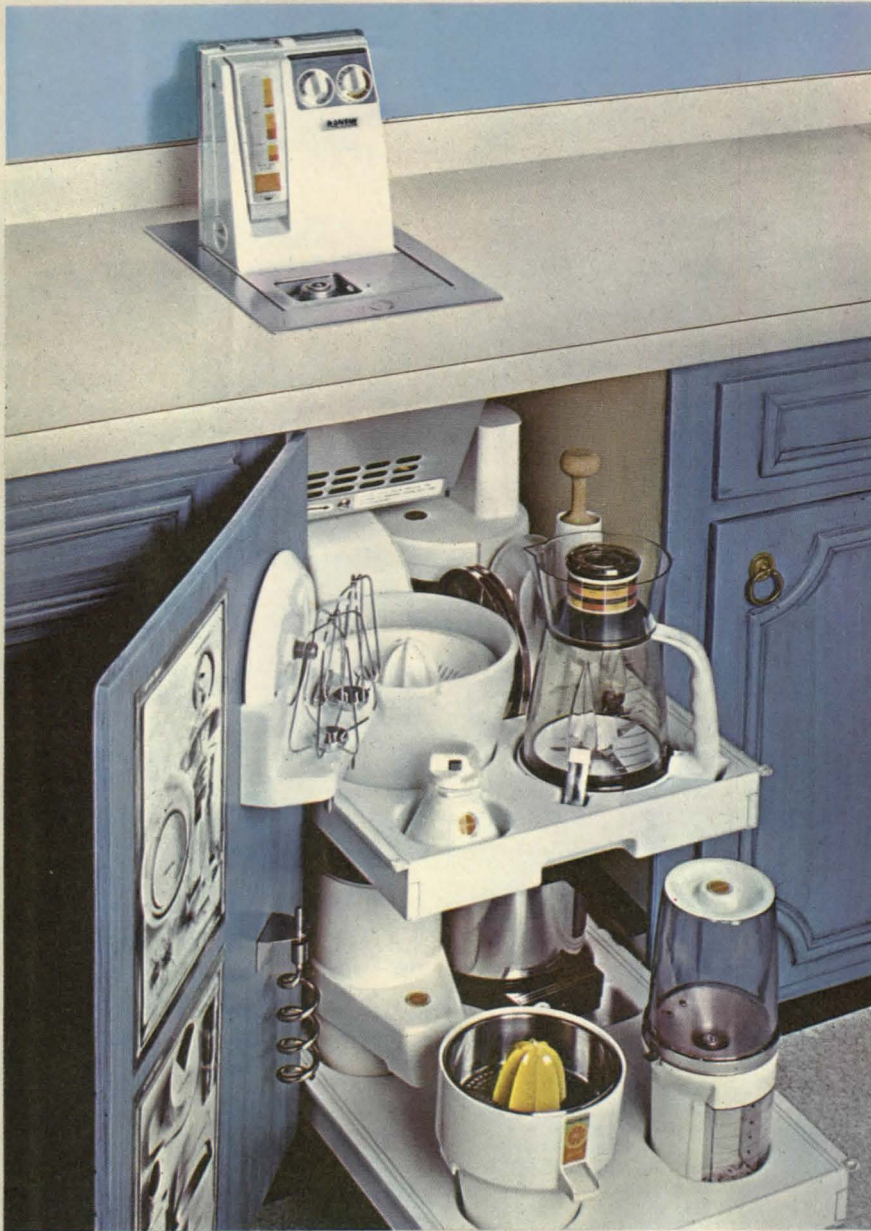
Limiting factor? Many in the mortgage banking industry in Chicago feel that the nasty picture that's being painted of "carpetbagging mortgage bankers" may actually backfire on HUD and, specifically, limit the success of David S. Cook, a former mortgage banker from Ohio, who is the new assistant commissioner for HUD in charge of FHA (see story, p. 5). "He may be put under unnecessary pressure by various interests who see him as a mortgage banker and who believe in guilt by association," said one observer. That very sort of pressure and the frustration that follows it, said the source, was the reason Cook's predecessor, Sheldon Lubar, formerly of Mortgage Associates in Milwaukee, left HUD in December to return to the Milwaukee banking community.

"He just couldn't get things done," said the banker, "and that's the real problem at HUD." —MIKE KOLBENSCHLAG

McGraw-Hill World News
Chicago

Ronson Foodmatic


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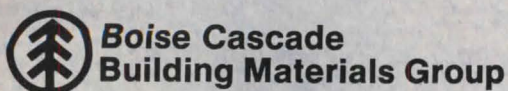
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California proposes goldfish-bowl rules to halt S&L redlining

Stiff new regulations to prevent state-licensed savings and loan associations from redlining have been announced by the California Business and Transportation Agency.

The regulations, proposed August 26, are scheduled to take effect January 1. Interested parties will be able to comment at hearings October 17 in Los Angeles and October 24 in San Francisco.

Under the regulations, the state-chartered S&L's would be required to make regular and extensive disclosure of loan distribution as well as geographical sources of their deposits. The rules would not apply to federally chartered associations or—as yet—to banks, but S&L's say a "domino effect" could lead to tougher regulations for all mortgage lenders.

Pooling. Donald E. Burns, Secretary of the Business and Transportation Agency, asked S&L's "to voluntarily join together to form a 'joint underwriting association' so as to provide a 'pool' of mortgage credit for areas which are redlined."

He also warned that the regulations "put the associations on notice" that the Savings and Loan Commissioner will closely review an association's redlining record before he approves branches, mergers, or changes of location.

Redlining defined. The regulations, which concern "family home loans" (on privately owned residential structures for one to four families) would "prohibit associations from denying mortgage loans, or approving them on terms less favorable than are usually offered, because of the association's assessment of neighborhood factors which in the view of the associations may affect present or future real estate values in the geographical area in which the property to be purchased is located."

An individual who thinks his loan application has been improperly denied, or granted under unfavorable terms, would be able to complain to one of six boards of inquiry which would be established around the state.

Baring the soul. As the proposals stand now, each association would be required to compile voluminous records for the Savings and Loan Commissioner, starting with the year

1976, and to make the information available for public inspection and copying at each principal and branch office. The data would include: number and total dollar amount of all mortgage loans; number and dollar amount of "family mortgage loans" separated into conventional, FHA-financed, and VA-guaranteed categories; number and dollar amount of all mortgage loans and savings accounts in the primary service area of each branch and principal office on a monthly basis by census tract (standard statistical area established by the U.S. Bureau of the Census); unpaid balances by census tract; number of loans denied; loans made to persons who reside outside the state;

loans to borrowers not intending to live in the property; forward commitments and other data.

Wait, there's more. The new regulations also would require S&L's to provide additional information when seeking to open new offices, to change the location, or to close a principal office or branch. Preparation of a neighborhood impact statement would be included. The proposals also call for S&L's to undertake affirmative marketing programs, to acquaint people with the opportunities for housing loans.

Llewellyn Werner, Assistant Secretary of the Business and Transportation Agency, said Gov. Edmund G. Brown Jr.'s ad-

ministration believes the dearth of available mortgage money for certain areas is one of the more serious problems in California.

"This basically results in economic strangulation of the inner city by impeding the flow of capital, rightful capital, to credit-worthy borrowers who are precluded from the availability of mortgage credit because of where they live," Werner said.

"In Los Angeles, the Watts area is heavily redlined," according to Werner. "A study of census tracts over a seven-quarter period shows less than \$100,000 loaned on family homes in the Watts area, and over \$5 million in a census tract in such areas as Beverly Hills."

Spreading the regulation. Redlining also is prevalent in certain areas of the San Fernando Valley, Altadena, Pasadena, and East Los Angeles, Werner said. In Northern California, some redlined areas include San Francisco's western addition and Hunters Point, and parts of Oakland.

The agency also supervises state-chartered banks, and is asking them for lending data which may result in similar regulations, Werner said.

"We are also strongly urging the Federal Home Loan Bank Board, which regulates federally chartered S&L's, and the Comptroller of the Currency, who regulates national banks, to come into compliance with the spirit and intent of our regulations," he added.

—J.K.



A mob scene at a nice place like this? That's how Barclay Hollander Corp. described reaction to the sales approach at this townhouse project in Torrance, Calif.; 37 of the 148 condos were sold the first two weekends, done with a computer. The prospect fills out a form and gets back a personalized, confidential printout comparing his own cost over five years of renting versus buying—taxes, interest, equity buildup, inflation, the whole bit. The computer's usual decision: You can't afford not to buy. Nice computer.

Los Angeles FHA fraud toll: 50 guilty so far, 9 more indicted

The FHA scandals in Los Angeles have elicited guilty pleas from nine more persons.

Total convictions won by the U.S. attorney's task force in Los Angeles now exceed fifty. Within a month of the convictions, nine fresh indictments were handed up as a result of the continuing, 20-month investigation headed by U.S. Attorney William D. Keller.

The latest convictions include Michael J. Whelan, an FHA-area management broker (responsible for the care of FHA-acquired properties); Angel Chavez, a former FHA realty specialist; and contractors John D.

Cummings and John H. Newton.

Complex of schemes. The Whelan group and five other men cooperated, the U.S. attorney's office said, in a series of schemes involving bribery, fraud and as many as six fictitious companies established to divert FHA money illegally—over \$200,000 to Whelan and his employee, William Radich.

Whelan drew a \$2,500 fine and five years' probation. Cummings drew a \$1,500 fine; Newton and Chavez are awaiting sentencing. Radich was sentenced to six months in prison.

104,500 repossessions. Frauds

related to the FHA's mortgage programs have been the subject of intensive investigation throughout the U.S. for several years [News, Feb. '74]. One measure of the vast damage wrought by these frauds is the volume of properties reclaimed by the FHA. That agency's inventory of single-family homes alone was 97,500 in 1974 and is expected to rise to 104,500 this year. The average mortgage approximates \$20,000.

In Los Angeles, the FHA inventory was 5,874 in 1974, with an average loss of \$8,514 on each house it acquired, rehabilitated and resold that year.

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CIRCLE 17 ON READER SERVICE CARD

FMI hits the fan: SEC charges fraud, banks seek Chapter 10

The walls are closing in on First Mortgage Investors, the oldest, one of the largest—and now one of the most troubled—of the mortgage REITs.

Four creditor savings banks petitioned a federal court in September to place FMI in involuntary bankruptcy under Chapter 10 of the Federal Bankruptcy Act.*

Within days of that motion, the Securities and Exchange Commission accused the trust of fraud and violation of disclosure rules. The SEC made its charges in a complaint filed in another U.S. court and sought an injunction halting the alleged practices.

Meanwhile, six other creditor banks have started legal actions to recover FMI debts.

Off the Big Board. The New York Stock Exchange delisted FMI's shares on Sept. 5 and the SEC halted over-the-counter dealing three days later. The stock had not been traded on the Big Board since its suspension on April 9, by which time it had plunged to a low of $\frac{1}{8}$. Its all-time high was $33\frac{3}{8}$ in 1971; this year's high was $2\frac{1}{4}$.

The reason for most of the trouble is red ink.

FMI took a whopping loss of \$160,269,000 for the fiscal year ended January 31. It lost another \$10,187,000 in the April 30 quarter.

Uncertainty complicates matters. The auditors, Arthur Young & Co. of New York City, have withdrawn their certifying opinions for the fiscal years 1971-74, and they say they are unable to express an opinion on the financial position of FMI as of January 31, 1974 or January 31, 1975.

REIT's reaction. FMI said it planned to fight the Chapter 10 action in court. The company acceded to the SEC injunction without admitting guilt—to avoid excessive legal costs, it said.

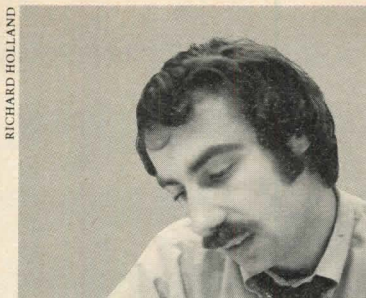
Commenting on the delisting, FMI Vice President Joseph Gratton said, "We're surprised it didn't happen sooner."

Prior to the bankruptcy motion, FMI proposed a restructuring plan that involved converting \$70 million in debt and un-

*Under Chapter 10, an outside trustee is appointed to manage the company's affairs.



FMI'S COURSHON
Accused in SEC complaint



FORBES'S LALLI
First revelations on FMI

paid interest into preferred stock; reducing—in some circumstances to 1%—the interest rate on \$400 million that had been lent to FMI by a consortium of 100 banks at 130% of prime; paying off some bank debt with mortgages and property held by FMI; deferring other debt payments and eliminating FMI's status as a REIT.

A Chapter 10 bankruptcy would, of course, set all this aside.

Creditors. The banks seeking the bankruptcy action were Bowery Savings and Anchor Savings, both of New York City; Home Savings Bank of Upstate New York in Albany, and Elmira (N.Y.) Savings. The four said they had claims totaling \$3,350,000 on FMI.

The banks contended that the REIT was planning transactions favoring holders of private debt to the injury of the banks and other holders of public debt. In particular, they cited an alleged transfer of property to Ford Motor Credit Co., a subsidiary of the auto manufacturer, made at a time when they claim FMI was insolvent.

They also said in the petition that FMI's capital deficit exceeded \$60 million as of May 31, and that at least 78% of its assets were in non-earning status. (As of January 31, FMI had reported a negative net worth of \$44,939,000.)

SEC action. The bankers filed in Boston, location of the REIT's principal offices. The SEC went to Federal District Court in Miami for its injunction—FMI is controlled from Florida by Jack R. Courshon, the well-known Miami Beach financier who is its founder and chairman and president of its advisory company.

The SEC accused the REIT, its advisory company and several of its officers of failing to tell regu-

lators and stockholders of allegedly fraudulent dealings and statements aimed at making earnings look better than they were.

The officers accused were Courshon; William H. Leach, former chief operating officer of FMI's management company; John W. Halvorson, who had been senior vice president of First Mortgage Advisory Co.; Frank E. Pero, former vice president, accounting, for FMI; and Stanley J. Magenheimer, former trustee and chairman of FMI's loan-policy committee.

Examples cited. In one of several noteworthy instances, the SEC said the REIT, faced with unsatisfactory earnings, arranged for apartment developer Walter J. Kassuba to take over troubled projects to get them off the REIT's books. FMI had foreclosed on \$7 million in mortgages on the properties.

As inducement, the SEC said, FMI lent Kassuba the money to buy the projects at 4% interest, at a time (September 1971) when most borrowers were charged the prime rate plus 4.5%.

In addition, claimed the SEC, the REIT offered Kassuba an \$80 million line of credit for future use. Another deal later added \$120 million more to Kassuba's line of credit, the SEC said.

The SEC charged that FMI did not reveal the true nature of the Kassuba deals as required by law.

The government agency detailed half a dozen other instances of what it considered fraud or violations of disclosure rules.

First voice. The existence of questionable, if not fraudulent dealings at FMI was first revealed in February of this year by *Forbes* magazine, after a lengthy investigation spearheaded by a former associate editor of *HOUSE & HOME*, Frank

Lalli. Many of the *Forbes* allegations were reiterated and substantially expanded in the SEC complaint.

At the time the article appeared, G. N. Buffington, executive vice president of the National Association of Real Estate Investment Trusts, dismissed the revelations as "a bit of yellow journalism."

—HAROLD SENEKER

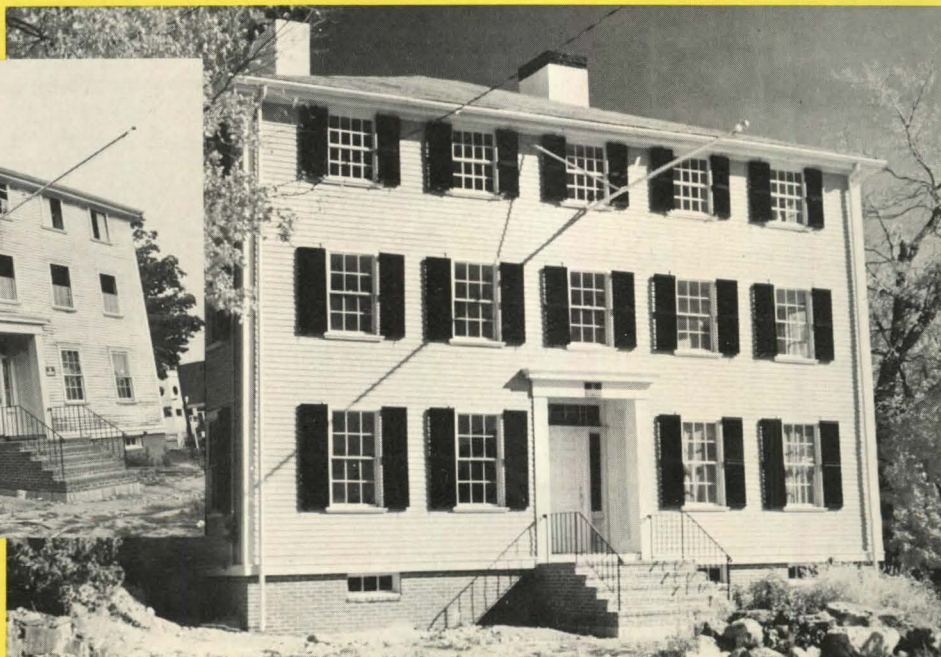
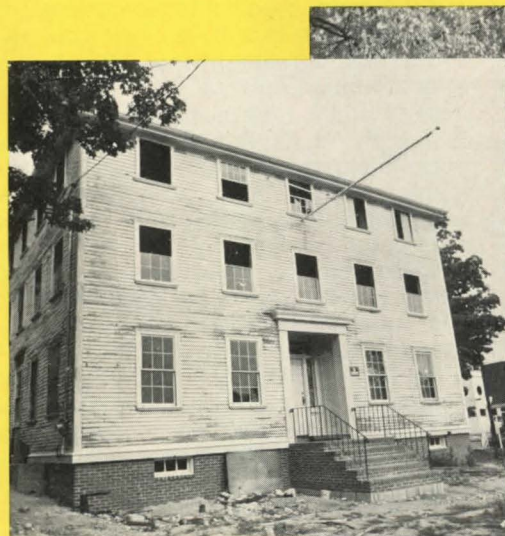
First Mortgage Investors is not the only housing stock to cease trading in the last few weeks. Four other companies have seen their shares suspended by the major exchanges. Continental Mortgage Investors, a major mortgage trust based in Boston, and Cavanagh Communities, a land developer based in Miami Beach, were suspended by the New York Stock Exchange. Empire Financial Corp., an S&L holding company in Van Nuys, Calif., and Pacific Coast Properties, a diversified real estate concern in Los Angeles, received the same treatment from the American Exchange.

FHA's watchdogs

A new group of inspectors has been created inside the Federal Housing Administration in Washington. It will seek out and recommend improvements in the business practices of mortgage lenders who are having "problems" in the origination of mortgages that fall short of serious violations of HUD regulations or the law. Heading up the new unit is veteran FHA official C.E. Hall Jr., who hopes to have ten men at work by September and perhaps another 15 within a year.

On-the-spot inspections will be made of mortgage lenders referred to the new unit by local FHA officials. Hall says his men won't be "investigators" but will focus on helping mortgagees who may be cutting corners in following FHA rules and practices. Outright violations will be referred to HUD's Inspector General, who has a force of about 500 investigators. The new unit is in HUD's Office of Management Systems, whose director reports to FHA Commissioner David Cook.

Hall says his staff of ten will make about 600 examinations a year.



Where the profits are

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The chance to make money—good money—is what keeps home improvement ticking year after year. Professionals in the field have known it all along. They've been making a tidy profit ever since the home improvement boom began in the early 1950's. More than that, most remodelers have racked up profits in banner years and bad years. The cyclical nature of construction affects remodeling contractors less than any other single group in the field. *House & Home* (Feb. '75) reporting on Belie Williams, a building executive who went into remodeling in a big way, said that Williams thought "remodeling can be just as respectable as homebuilding, just as profitable and a lot less cyclical."

One of the 20 largest home builders in the country, American Housing Guild, considers remodeling important enough to establish a fully-staffed division of the company, AHG Home Improvement Co., now the largest remodeling contractor in San Diego.

Is the remodeling market, good as it is now, going to decline in the years ahead? Just the reverse. The numbers have been going up ever since 1950, and economists, building industry researchers and even experts outside the field say the numbers and the potential will keep right on climbing. For example, from NYSE member Tucker Anthony & R. L. Day comes a report entitled "Maintenance, Repair and Remodeling: The Growth Segment of the Building Industry." The report, dated January, 1975, states: "... growth in expenditures for repair and remodeling is expected to accelerate from 6.5% during the last eight years to perhaps 9% annually."

The author bases his prediction on seven trends. (1) Despite such movements as Zero Population Growth,

numbers of people in the U.S. continue to rise. Add to this more family formations and increasing family income. (2) An aging housing stock far larger than it was a decade ago—a stock that will demand increasing maintenance. (3) Rising costs for service and repairmen. Fed up with paying higher and higher rates to fix the old refrigerator, more owners will opt to remodel the kitchen and start fresh. (4) The increasing cost of new housing and the high cost and shortage of mortgage funds. (5) A more sophisticated and effective distribution system. (6) Product innovations. (7) Possibly legislation to provide tax incentives for home improvements.

And there's another stimulant for the remodeling market: energy conservation. While much of the public is already bored about saving energy generally, when energy losses in the home begin to cost the consumer more money, he perks up his interest about savings. Edward Gerber, Director of the NAHB Rehabilitation and Remodeling department, says in the *NAHB Journal-Scope* (Sept. 1, 1975) that the market for remodeling to conserve energy is enormous. Gerber says the most impelling reason can be traced to the dramatic rise expected for all home heating fuels. He also attributes his comment to the fact that a whopping majority of U.S. homes are inefficient from an energy-saving standpoint.

Even the gloomiest seer would have to admit the remodeling market is out there, and the potential is nothing short of electrifying.

Yet, for all the business begging to be written and all the success stories of present and past remodeling contractors, more than a few have failed in remodeling. If the business is so profitable, how does anyone go broke? The consistent winners hold a not-so-secret ingredient: knowledge. It takes know-how to run a remodeling operation profitably. Most who have built their business in new construction and then taken on remodeling would second the motion that remodeling holds more risks. Each alteration, every wall that's moved or removed, every sagging beam shored up can present a new set of problems. Profits go to the company that meets and overcomes the problems with an experienced hand. Developing experience is an individual, very personal enterprise. No one buys it. But help is available. A great deal of help—from the people who are already successful, through their organi-

zation, the National Home Improvement Council.

N.H.I.C.— WHAT IS IT?

In 1955, President Eisenhower foresaw a shortage of mortgage money looming on the 1956 horizon. He urged members of the building industry to take up the slack by expanding the market for remodeling. (Story sound familiar so far?) Material manufacturers, distributors, dealers, builders and remodeling contractors pooled their promotional efforts and came up with a slogan, "'56, the Year to Fix", a home improvement drive unequalled until that year, and an organizational name, "Operation Home Improvement."

Their efforts proved resoundingly successful. Homeowners throughout the country got the message to the tune of \$8 billion, the largest expenditure for maintenance, repair and home improvement made to that date. The inevitable sequel was agreement that a continuing effort would enlarge the remodeling market again. As a result, what was temporary at the President's behest became permanent. After a time, a more lasting name than Operation Home Improvement was assumed, and from that point on OHI was known as the National Home Improvement Council. The Council, next year celebrating its 20th Anniversary, anticipates many more years of lusty life in the business.

Today, NHIC is an organization binding together building material manufacturers (29), other national organizations partially dependent on home improvement business (4), shelter-oriented consumer magazines (4) and nearly 1,800 contractors, dealers, builders and local suppliers belonging to 30 regional NHIC chapters spread from Boston to Los Angeles and Milwaukee to Mobile.

Today, the combined efforts of all these industry members are helping generate \$23 billion in revenues for 1975, nearly three times the 1956 figure and another record. No one has to be reminded of the problems currently besetting new construction.

Tomorrow, the NHIC picture is still brighter. Based on a no-nonsense estimate, by 1980, NHIC will have 100 chapters, over 6,000 members and at least 75 national participants.

Continued

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AlSCO's Rigid Bak-R-Foam® provides a complete insulated wall system – here's how . . .

① Aluminum Siding

Aluminum is the outer portion of AlSCO's Rigid Bak-R-Foam insulation "sandwich". No other material known to man can so economically provide the long lasting benefits necessary to give both protection and ease of maintenance.

② Insulation

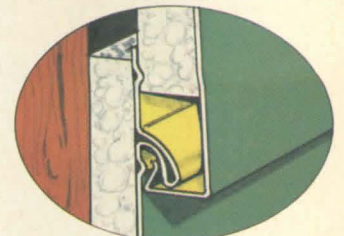
The center of the Bak-R-Foam insulation "sandwich" is made of polystyrene foam. This same material, in the form of a cup, permits you to hold boiling coffee or ice water with little apparent temperature change to the outer surface.

③ Reflective Foil

The third and inner portion of AlSCO's insulation "sandwich" is a special reflective foil coated with an epoxy resin to protect against corrosion. This foil is adhered to the polystyrene foam and the foam to the aluminum, making a one piece panel ready to install, that can increase your insulation value by an R-factor of 2.96.

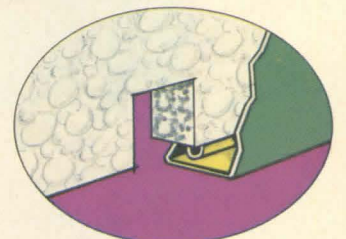


④ Thermal Break



Thermal break . . . top ridge of aluminum rests on foam insulation, breaks metal to metal contact, prevents air infiltration.

⑤ Moisture Control

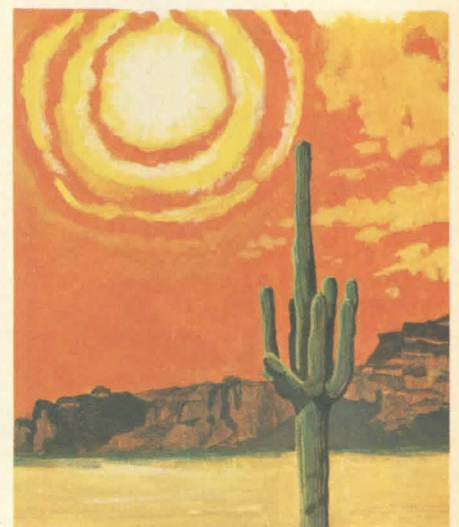


Moisture control notches spaced every 3 1/2" in foam insulation board . . . help dissipate trapped moisture.

AlSCO gives you a choice of either smooth or embossed in two exterior surfaces on the aluminum panel. Our Premium 30® panel is surfaced with DuPont Tedlar® and carries a 40-year non-prorated warranty. Our Dymalar panel is a thermal set polyester chemical coating and carries a 20-year prorated warranty. Both are available in a variety of beautiful mellow-tone colors. All panels come with an exclusive AlSCO "Zip Shield" protective cover which is easily removed for a quick clean-up after installation. All panels have AlSCO's exclusive Electrical Grounding System "built-in". AlSCO's "wall system" permits the wall to "breathe" and helps dissipate moisture. AlSCO's Rigid Bak-R-Foam panels are approved for direct stud application by the major building codes.

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• VISIT ALSCO ANACONDA'S BOOTH AT THE NHIC SHOW JAN. 30, 31, FEB. 1, '76

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Electric people were a major factor in cooling problems at Harbor Point."

Joseph Downey, Vice President, Seay & Thomas, Inc.



It was a team effort that made Harbor Point in Chicago the success it is.

"I recommended GE Zonline™ packaged terminal air conditioners with 2 fan motors in each unit. GE supplied precisely what was specified!"

William Goodman, Consulting Engineer

"GE customized their Zonline cabinets so they would create an unbroken line with our interior design in each room!"

John B. Buenz, Solomon, Cordwell, Buenz & Assoc., Inc.

"...and I can't praise the GE people enough for their recommendations to us on setting up a system for servicing the Zonline units and for their excellent service!"

Joseph Downey, Seay & Thomas, Inc.

Technical and Merchandising Assistance. GE's specialists will work with your engineers and architects at the planning stage, to help with your heating and cooling needs. And merchandising people can help develop programs for your sales or rental objectives.

On-Time Delivery. General Electric can get your appliances to you where and when you need them. We have 9 factories, 5 regional distribution centers and over 60 warehouses throughout the country. Our Contract Register records and updates your delivery requirements.

Kitchen and Laundry Design. GE's designers can custom-style kitchen and laundry plans based on your budget, space, etc. You can choose from an array of efficient, dependable GE appliances.

Customer Care® Service. This means we have Factory Service Centers covering 350 cities, and, in addition, there are more than 5,000 franchised servicers across the country. Many of them are listed in the Yellow Pages.

Nationwide Staff of Contract Sales Reps. They coordinate and expedite all GE builder services. When you order GE products you also get know-how, service and professionalism...all from a single source. You can reach a GE Contract Sales Representative through your local GE Major Appliance Distributor.

Over 25 years of consistent service to builders.

GENERAL  ELECTRIC



OK, WHAT'S IN IT FOR YOU?

If you want a slice—a profitable slice—of this huge remodeling pie, affiliation with NHIC can help. There you can gain the know-how that is the key ingredient in a successful remodeling operation. This is true no matter where you are in the chain of distribution between maker and user.

In fact, a primary advantage to you bears on the membership mix. If your problem is distribution, you can meet and talk to the people who do the distributing. Trouble finding the right product and the right price? There's more than one supplier of the same general item in the membership. You want to develop new markets? You'll meet people out on the "selling line" who can do it.

As the figures above clearly tell, contractors, dealers and builders outnumber their compatriots in the association. Of course, there are many more remodeling contractors in the nation than manufacturers in the building business, but the real reason lies in the drawing power of NHIC. Pittsburgh contractor Joseph Billante explains it this way, "I joined NHIC to get information from successful business people in the remodeling industry, and the rewards were much greater than I expected. I've learned about overhead, material prices, discounts and how to pay salesmen—just the kind of education a small contractor needs. But more than that, I met representatives of Pittsburgh's biggest banks—the Mellon, Equi-bank and Pittsburgh National. With that kind of contact, as long as I qualify, there's no limit to the amount of business I can write. Where else can one go to meet the people who make the remodeling business go?"

Contractor Joe Howard of Denver, who has built new houses and remodeled existing ones, urges home builders thinking about remodeling to join NHIC. Remodeling calls for a different set of

skills, and an NHIC chapter is the source of that new information you need," he said.

Paul and Sydney Kemper, principals of Welsh Construction Remodeling Co. in the Baltimore area, would agree. They switched to remodeling after having engaged in home building, community development and apartment construction. They've found their NHIC membership invaluable.

CONVENING TO LEARN

Meetings. That's where it happens. In the seminars, at the buffet table, on the golf course, at a cocktail party—this is where dealer, contractor, builder, distributor, supplier, utility people, national company executive and expert speaker mingle. This is where valuable trade information is passed along. And where the sum of proven experience is given freely for the asking.

Without belaboring the point, what distinguishes NHIC meetings from those of other trade groups is, again, the mix—the opportunity to swap stories with men and women from every facet of the remodeling business. It's no fluke at all when the executive vice-president of a national manufacturing concern stops between seminars to chat with a salesman from a Canton, Ohio, home improvement company.

High point in a year liberally sprinkled with local, regional and national meetings is the NHIC national convention. What awaits you here is an unparalleled chance to refine and sharpen what you know and absorb what you don't know. It is a meeting devoted essentially to providing hard information usable now, not in the theoretical future. While a number of manufacturers lay out tabletop exhibits during a portion of the convention, there are no floor displays.



Serious conferences at NHIC meetings bring together industry members from all levels of the business.

At NHIC, the stress is on learning. Entertainment? Of course. Who ever heard of a convention without some frivolity. But when convention attendees return to their desks a day or so after the final banquet, the lessons learned are what will put their businesses ahead of the competition.

That's why a contractor like Mel Gardner of Kansas City said of the convention last winter in Houston, "To say that we received our money's worth is an understatement." Or from utility executive Willa Owens of Cleveland, "I feel sorry for anyone in the business who missed your conference."

Here are some of the subjects typically presented: bathroom and kitchen remodeling (the two most frequently renovated areas in U.S. dwellings); how to hire and train salesmen; the keys to market research; how your business is affected by the new laws; what OSHA wants you to do; how to meet consumerism head on; inventory control; getting the most out of advertising; finding new sources of money.

Early next year, NHIC will hold its fifth annual convention in Miami Beach. The dates: January 30 to February 1, 1976. (Rather a pleasant time to go, especially since business is often slower in mid-winter). Meetings will be held at the Americana Hotel.

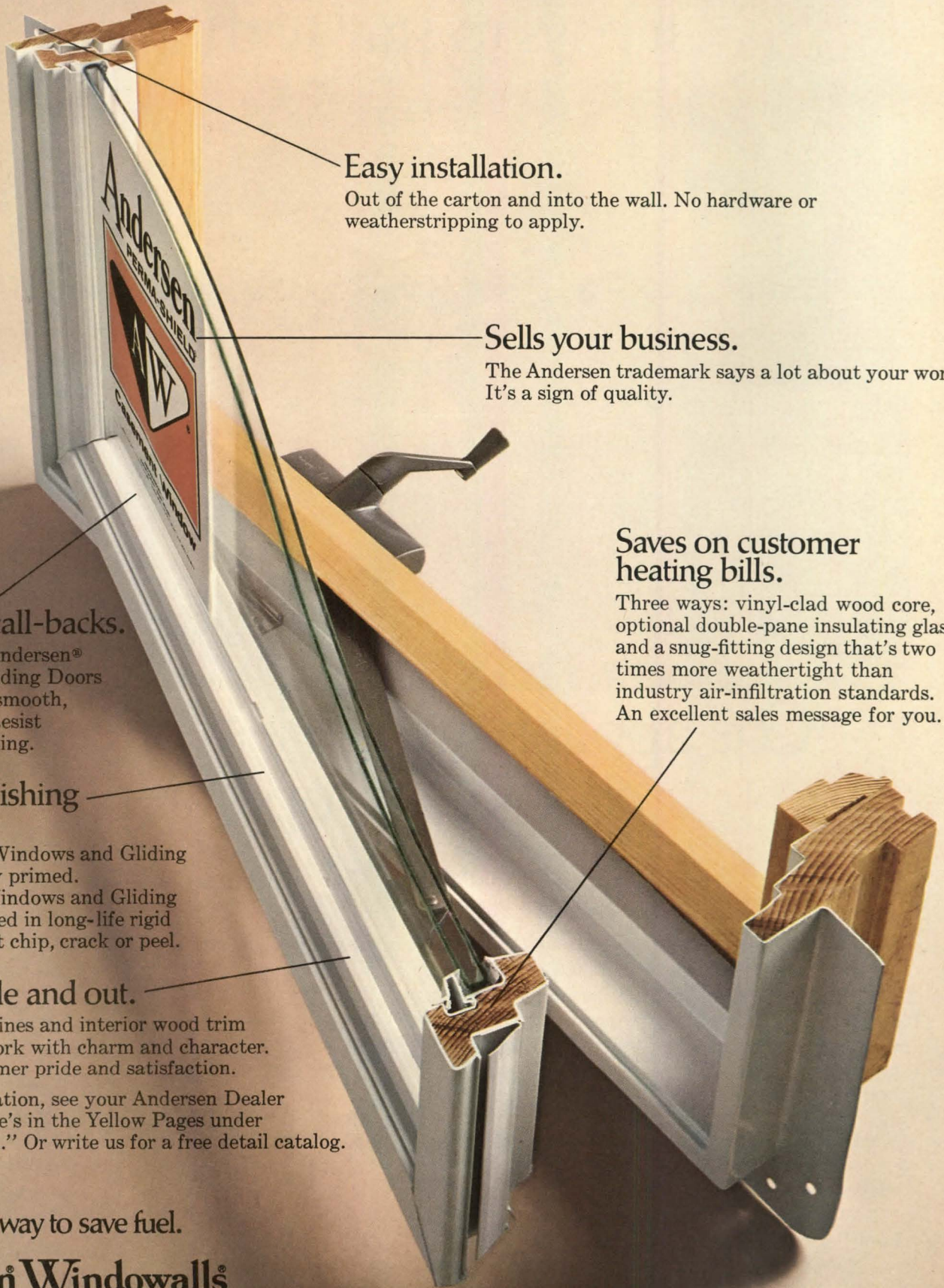
If the NHIC convention sounds enticing and you want more information, circle Reader Service Card No. 24

HOW TO GAIN IN YOUR OWN MARKET

National meetings are beneficial, enjoyable and help you plan for both the short and long range. Local meetings are beneficial, enjoyable and may well bring you new business tomorrow. In a very real sense, joining an NHIC local chapter is like hiring a half-dozen super salesmen. With the strength of its membership, chapter efforts can capture the attention of prospective customers through publicity, advertising, home shows or, often, simply by existing. General contractor Ken Skowronski of Franklin, Wisconsin, says, "As a member of NHIC's Milwaukee Chapter, I've benefited from the image of reliability and quality presented by our chapter advertising. As soon as a new customer learns

Continued

What more could you want in a window?



Easy installation.

Out of the carton and into the wall. No hardware or weatherstripping to apply.

Sells your business.

The Andersen trademark says a lot about your work. It's a sign of quality.

Saves on customer heating bills.

Three ways: vinyl-clad wood core, optional double-pane insulating glass and a snug-fitting design that's two times more weathertight than industry air-infiltration standards. An excellent sales message for you.

Cuts costly call-backs.

Installed right, Andersen® Windows and Gliding Doors provide years of smooth, easy operation. Resist sticking and binding.

Saves on finishing costs.

Andersen Wood Windows and Gliding Doors are factory primed. Perma-Shield® Windows and Gliding Doors are sheathed in long-life rigid vinyl that doesn't chip, crack or peel.

Beauty, inside and out.

Neat, attractive lines and interior wood trim highlight your work with charm and character. Help build customer pride and satisfaction.

For more information, see your Andersen Dealer or Distributor. He's in the Yellow Pages under "Windows, Wood." Or write us for a free detail catalog.

The beautiful way to save fuel.

Andersen Windowwalls®
ANDERSEN CORPORATION BAYPORT, MINNESOTA 55003



5102 Copyright © Andersen Corp., Bayport, Minn. 1975.

Tell your remodeling customers: It pays to stay with gas.



Gas appliances use less energy, cost less to operate.

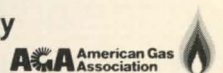
Huge remodeling/replacement market. 33 million families heat with gas. 29 million families heat water with gas. 32 million families cook with gas. 9 million families dry clothes with gas. A lot of them will be remodeling this year and replacing their gas equipment. Here are some facts you should know about gas:

Gas is the efficient energy. People replacing their old gas equipment with new gas equipment don't add to the energy problem. Studies by the U.S. Government's Council on Environmental Quality show that gas appliances use considerably less of America's energy resources than other comparable types of appliances. And they cost less than half as much to operate.

Gas will keep coming. The Federal Power Commission has specified that the natural gas industry's first priority must be to keep on supplying homes that now have gas. So your customers for home additions and other remodeling can expect to have continued gas service.

How to have satisfied clients. Recommend that your customers stay with gas. They already know about the convenience and dependability of natural gas. They'll thank you for pointing out its efficiency and economy. Now more than ever, it pays to stay with gas.

**Use gas wisely. It's clean energy
for today and tomorrow.**





Andersen® Perma-Shield®

THE NO-SHUDDER SHUTTERS.



No frightful appearance. Even close up, Andersen® Perma-Shield® Shutters have the beauty of traditional wood shutters. Deep vacuum forming gives sharp details at corners and an attractive, natural pine grain pattern on every panel and louver.



No troublesome installation. All hardware is factory fitted for easy mounting. Special mounting brackets are available for brick.

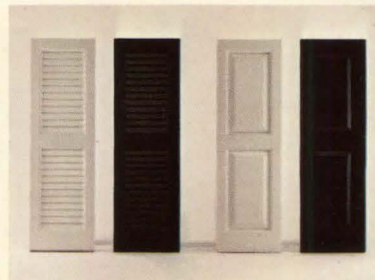


No questionable quality. Treated wood sub-frame means rigidity with lightness. Corners are mortised and tenoned and pinned. Center frame bar glued to one-piece rigid vinyl shell. Shell formed around frame edge for added durability.

No costly painting. Perma-Shield long-life rigid vinyl instead. Doesn't chip, crack or peel.

No nervous waiting. Your Andersen Dealer or Distributor will provide prompt delivery of louver or raised panel styles, in black or white and in your choice of 10 heights and two widths.

For more details about Perma-Shield Shutters, call your Andersen Dealer or Distributor. He's in the Yellow Pages under "Windows." Or write us direct.



The beautiful, carefree shutters.

**Andersen®
Windowalls®**



ANDERSEN CORPORATION
BAYPORT, MINNESOTA 55003

5032 Copyright © Andersen Corp., Bayport, Minn., 1975

Masonite® it's the difference between

Durability. Ease of installation. Weatherability. Thermal insulation. Reliability. With Masonite brand hardboard sidings, you get all these qualities in one superior product.

Plus, Masonite brand siding adds an important, extraordinary difference—an unequalled choice of styles, textures and colors for the exact architectural effect you want. Check this sampling of the selections.

RUF-X® REVERSE BATTEN. Ruf-X, in four styles, has an embossed surface with a cross-sawn texture. Reverse Batten panel has 1½" wide grooves, 12" o.c., as shown. Also available in Panelgroove® with ½" wide grooves, 8" o.c.; an ungrooved panel for use with battens; and a 12" wide lap siding. All are primed or unprimed; Reverse Batten and Panelgroove available in three prestained colors.

WOODSMAN™ LAP. The embossed rough cedar texture has no repeat pattern in the full length of any piece, for a truly natural look. 12" widths. Primed, unprimed or pre-stained in four colors.

STUCCATO® The look of professional skip-trowel stucco on panels you merely nail up. Primed or prefinished white.



RUF-X

WOODSMAN LAP

STUCCATO

siding: ordinary and extraordinary.

BAYSIDE® The rustic informality of cedar shingles or shakes in convenient lap siding. Use on mansard roofs as well as side walls. Unprimed or prestained in four colors.

COLORLOK® LAP. Smooth, hard finish in white and popular colors. Laps are 12" and 9³/₈". Also offered in panels. Both styles feature concealed nailing.

WOODSMAN™ PLANKED PANEL. ³/₄" wide grooves separate what appear to be 8" wide rough cedar planks. Primed, unprimed, or prestained in four colors.

WOODSMAN™ BATT-N-PANEL (not shown). A unique panel with a rough cedar surface texture and raised integral battens 12" o.c. Primed or unprimed.

All lap sidings are 16" long. All panels are available in 4'x8' and 4'x9' sizes.

BAYSIDE

COLORLOK LAP

CIRCLE 29 ON READER SERVICE CARD



WOODSMAN PLANKED



The extraordinary difference.



we're members of NHIC, his confidence in us goes up 100%."

Some examples may underscore the advantages of belonging to a chapter. In Kansas City, NHICmen have tapped a lode so valuable they gained a bundle of local publicity, including prime-time on local television. The idea? Here's a quote from the newspaper program notes: "7:00

④ The HOME Awards—The Kansas City Office of Consumer Affairs gives awards to the homeowner and contractor with the best resolution for home remodeling problems. Presented by the Kansas City Home Improvement Assn. Amanda Jones—Miss U.S.A., Channel 4 News Team, and Mayor Charles Wheeler. Project Director—Rob Feder." As you can imagine, the concept began with the K.C. HICA, an NHIC chapter.

Milwaukee area homeowners now anticipate the Annual Home Improvement Show, an event held by the Milwaukee Chapter of NHIC and the *Milwaukee Sentinel*. The event generally falls around the beginning of February, when Milwaukee homeowners are fed up with snow and cold, and ache for Spring (and the chance to get out and fix up their home). Sixty-seven exhibitors displayed their products and services on the Show Hall floor last February. Because the crowds and sales were larger than at any previous show, still more exhibitors are expected next year. The modest price to an NHIC member for a booth is \$150. To a man, exhibitors said their investment was repaid many, many times over. For the price of their ticket, visitors saw a wide array of home products, watched an Add-A-Room demonstration and heard speakers talk about (and show) the pleasures of remodeling and the basics of good decorating and gardening.

New York's Long Island chapter has become so strong it now publishes a regional magazine, *The Professional Remodeler*, six times a year. Distribution is free to contractors and builders in the area interested in home improvement (non-members, as well as members). Articles in the most recent issue discussed: recision, siding material

costs and comparisons, member news, the details of the chapter's yearly trade show (with 84 exhibitors in 1975), arbitration and recruiting members. The issue was 42 pages thick, and carried 43 display ads and two columns of classified advertising.

As unique and important as the magazine is, Executive Director Bill Seitz says, "Probably the most important aspect of chapter activities is our advertising program. This produces over one million dollars in sales each year and at least 3,000 leads for chapter members." The ads, which appear primarily in Long Island newspapers, are aimed at building a favorable image for members of the Council. Two typical headlines: "We pledge your dream-house won't become a nightmare. . . . The members of the Home Improvement Council are men you can trust for professional results," and "Your home improvement should be a sweet experience" (beneath a rendition of Hansel and Gretel's Gingerbread House.)

Those are examples of star events. Though the day by day job of chapter councils is far less noticeable, the results benefit members every bit as much. For example, maintaining contact with local code and licensing officials, to keep members right up to date on changes, as well as represent the Council attitude on a change deemed necessary.



Add-A-Room demonstration gets under way at the annual Milwaukee Home Remodeling Show in February.

Or keeping in touch with the many other legal and legislative bodies, the consumer groups, Better Business Bureau, FHA and the financial institutions. Most chapters also hold periodic seminars on issues vital to their membership and on the basics of selling, advertising and merchandising.

There's a lighter side, too. Christmas parties sprout around the second week in December, and during the summer, members usually find a good reason to convene at a country club, where golf and tennis, swimming and conviviality are the

order of the day.

If you're anxious to join a chapter, or want more information about local NHIC groups, circle Reader Service Card No. 30

MOTIVATION FOR MANUFACTURERS

Executives of building material manufacturers do not become deeply involved in trade association activities without a reason. Nor do representatives of other national groups. One reason is self-serving. NHIC represents a smooth route for building sales. But there's more to it than that.

One of the underlying attractions to NHIC for any organization with national goals is the deep-seated belief that concerted effort *can* broaden the market. This was the impetus for diverse elements of the industry to combine forces back in 1956. It remains a sound and profitable reason for doing so today. If more owners are persuaded to improve their homes, more business ensues and everyone gains.

There is also at work an inverse learning quotient. Just as contractors absorb usable knowledge from suppliers, so in equal measure do the building product makers learn from contractors. Call it instant research. One plywood maker vice-president said, "NHIC meetings give me valuable insights into the current market trends for remodeling. I get those impressions from only one source at the meetings—the contractor members themselves. I am delighted to have the chance every year to talk to so many contractors first hand in so short a time."

Membership for national organizations gives them a chance to truly get a handle on the market. By pitching into the work of joint committees on marketing, research and financing, they can help solve industry problems facing everyone in the business.

The names of those that have found it profitable to belong to NHIC make up an impressive list.

Manufacturers

Abitibi Corporation
Alcoa Building Products, Inc.
AlSCO Anaconda, Inc.
Alside, Inc.
Andersen Corporation
Bird & Son, Inc.

Continued

Roofscape® by Bird.

A beautiful way to help sell homes this year.

These days, people are more conscious than ever of the investment they're making when they buy a new home. And a Bird Architect® 70 roofscape could be just what you need to clinch a sale.

The value of an Architect 70 roof is tough to beat. Its deep, irregular shadow lines give the richness of wood shake shingles. But it's actually today's premium quality asphalt. That means it won't rot, warp, or burn like wood. And it'll save money in the long run.

Architect 70 offers more than superior resistance to wind, weather, and fire. It improves the landscape, too. We call it Roofscape because its warm, textured earthtones are in harmony with the sky, trees, and terrain . . . blending with everything from formal shrubbery to rugged wilderness. It's a look that makes single homes move faster, and gives apartments and condominiums more curb appeal.

Bird Architect 70's are backed by a 25-year prorated warranty covering materials and initial cost of application. Their weight: approximately 345 lbs. per square.

Look into a total Roofscape by Bird for your next job. And if you'd like to know more about why "the best dressed homes wear Bird," mail in the coupon below.

Bird & Son, inc.

E. Walpole, MA 02032

House & Home

October '75

Please rush me additional information and samples on Bird Architect 70 Asphalt Shingles.

Name _____

Company _____

Street _____

City _____ County _____

State _____ Zip _____

CIRCLE 31 ON READER SERVICE CARD





help your company, but couldn't quite justify spending the time. For most industry members, keeping in touch with events and people in government falls into the category of shelved activities.

Balanced against your lack of time to stay abreast of Washington happenings that affect remodeling is the uneasy feeling that if you don't, you'll face problems ahead. The legislative arms reaching into the home improvement business today are many indeed.

If you were an NHIC member, someone "on your side" would have the job of making those contacts for you. NHIC's general counsel, Randolph J. Seifert keeps up a regular liaison with the alphabet groups, FHA, FTC, OSHA, along with the White House Office of Consumer Affairs, Bureau of the Census, Department of Labor and Congressional Committees working in areas that influence the remodeling industry.



NHIC President John E. St. Lawrence, standing, addresses the first NHIC/Congressional breakfast meeting in Washington.

"It's impossible for the small contractor to know all the laws passed recently by the Federal Government on OSHA, flood control, consumer protection and so on," said Contractor Billante. "By being a member of NHIC, I get all the facts and can operate my business in a legal manner."

Any results? Yes. Listen to a statement made recently by NHIC Executive Vice-President Edgar V. Hall:

"When President Ford called a Summit Conference on the Economy, he invited NHIC to contribute its thinking on the problem.

"When the Federal Energy Administration plans programs to encourage Americans to retrofit their houses, it invites our representatives to sit in on the planning.

"Virginia Knauer, White House Consumer Adviser, writes Council personnel: 'Thank you for your splendid work in making our fuel conservation program a big success. We are grateful for your efforts.'



Congressman Bob Casey (Tex.) greets a visitor at the NHIC/Congressional breakfast.

"Michael Moskow, former Assistant Secretary for HUD, cited suggestions from the Council that have received favorable Administration consideration.

"And the Secretary of Commerce has sent us a letter of thanks for work well done."

Without the right industry statistics in hand, business planning is hobbled if not halted. One seemingly small but vital NHIC effort was the resurrection of the Census report on remodeling (which report was slated for dumping). Moreover, NHIC helped in remapping the survey so as to provide data that means more to industry members.

Reflecting the current sentiment of members on NHIC's Washington voice, John Marshall, President of Alumabilt in West Newton, Massachusetts, says, "I believe it's very important for me and my company to belong to NHIC, since it vigorously supports legislation that strengthens the home improvement industry, as well as its relationship with the consumer. I think such efforts produce a more truthful and more favorable image of our business."

On June 5, 1975, with the support and cooperation of Congressman Bob Casey of Texas, NHIC held the first of what it expects will be many congressional breakfast meetings. Fifty-two congressmen and women, including staff members met with 53 NHIC representatives. At the meeting, NHIC President John E. St. Lawrence, an executive at General Electric, pledged member efforts to assist federal and local governments in carrying out the Community and Neighborhood Development Act of 1974. This legislation is directed at healing the sick urban core reserve of housing.

St. Lawrence tied with his pledge the need for a home improvement tax incentive. Specifically, he told the legislators:

"It is our understanding that municipalities are now preparing programs for presentation to HUD for federal assistance to improve housing in urban core

Continued

Certain-teed Products Corporation
Durawood Industries, Inc.
Eljer Plumbingware Division
The Flintkote Company
Formica Corporation
GAF Corporation
General Electric Company
Georgia-Pacific Corporation
Globe Industries
Johns-Manville Sales Corporation
Masonite Corporation
National Gypsum Company
Owens-Corning Fiberglas Corporation
Pacesetter Building Systems, Inc.
Reynolds Aluminum
Season-All Industries
Stanadyne, Inc.
The Tappan Company
U.S. Plywood-Champion Papers, Inc.
White-Westinghouse Corporation
Whirlpool Corporation

National Associations

American Gas Association, Inc.
American Plywood Association
Architectural Aluminum Manufacturers Association
Edison Electric Institute

Consumer Magazines

Better Homes & Gardens
House Beautiful
House & Garden
Popular Science

Financial Groups

FBS Financial, Inc.

Retail Organizations

Lowe's Companies

Should any national organization or supplier want information on the advantages of NHIC membership, circle Reader Service Card No. 32

A VOICE IN WASHINGTON

Your time is valuable. The most pressing business takes precedence over those things you've always wanted to do to

If you're selling
to the remodeling
market...



“It pays to sell Kemper”

Why? Because Kemper understands remodeling better than any other cabinet-maker. It takes the right lines to satisfy the remodeling business and Kemper has them. It takes a different attitude and different policies toward credit, delivery, stocking, training and dealer help. Kemper's right on target here, too. So if you want to get a larger share of the important remodeling business, Kemper wants to talk with you. For complete details, call or write now.

Pictured is Kemper's exciting all new Pinehurst line.

Kemper

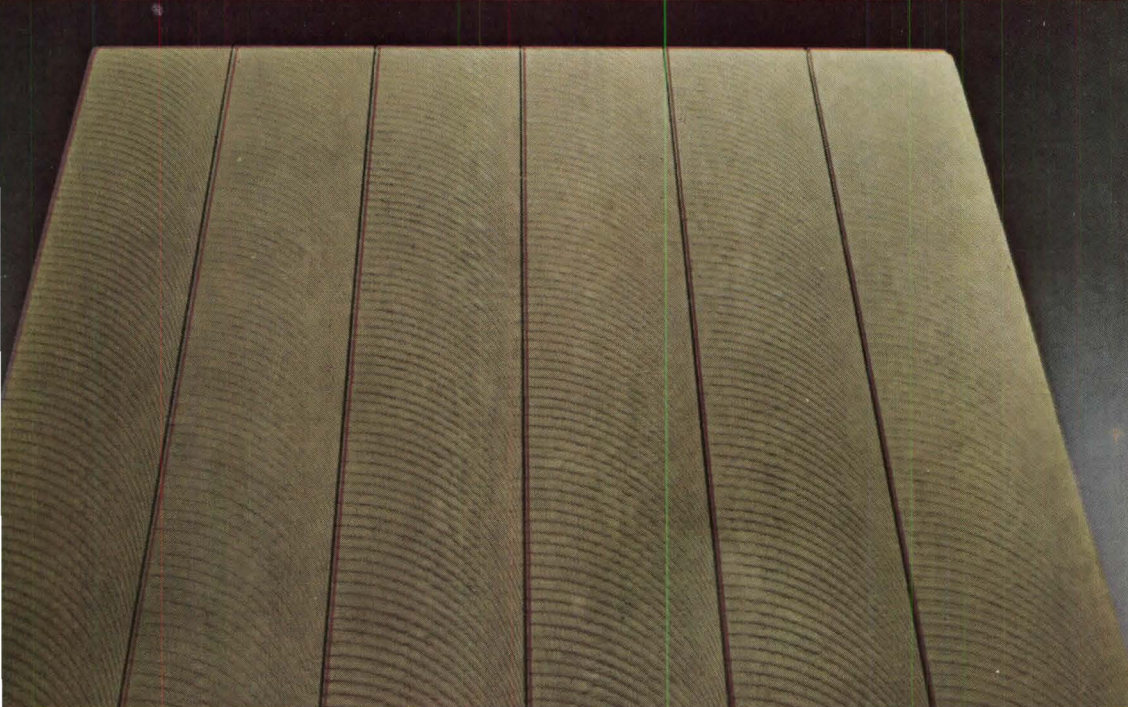
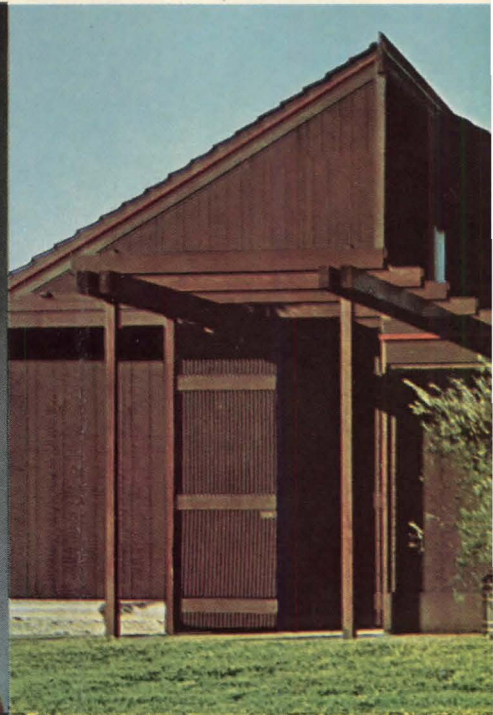
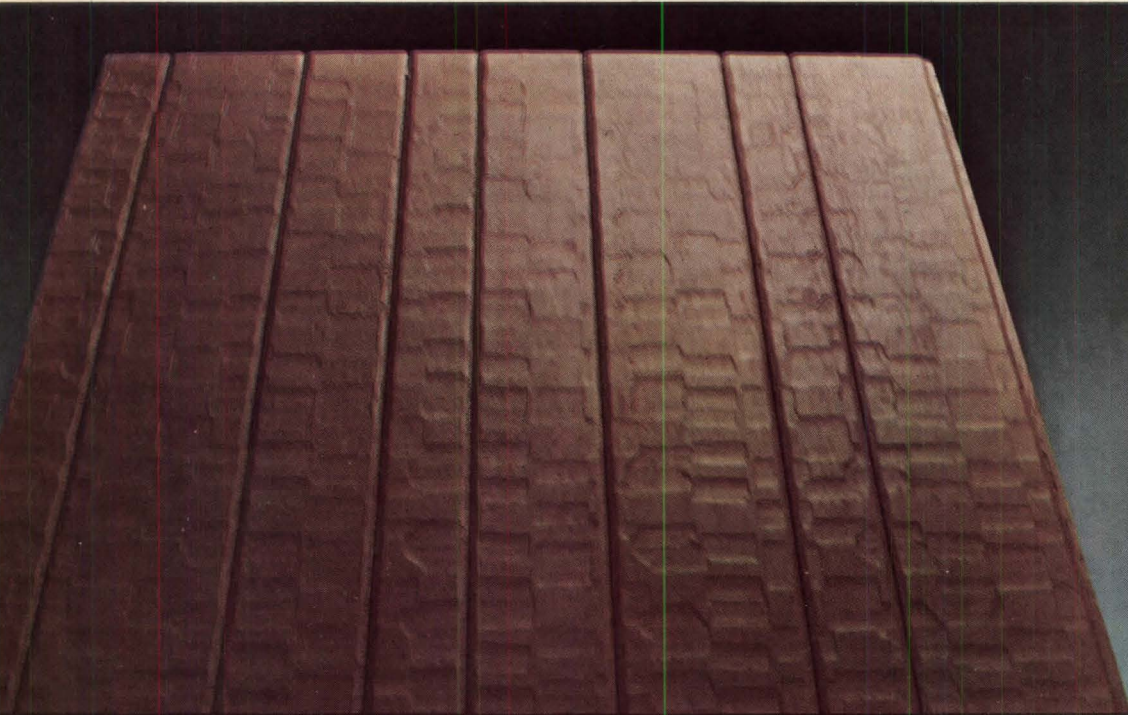


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701 South N Street • Richmond, Indiana 47374 • 317/962-2511



**A TEXTURED SIDING WITHOUT A UNIQUE TEXTURE
IS LIKE A SAW WITHOUT TEETH
AND SANDPAPER WITHOUT BITE.**

Oldbridge



Planktex

**THAT'S WHY U.S. PLYWOOD GIVES YOU
OLDBRIDGE AND PLANKTEX TEXTURED PLYWOOD SIDING
WITH THE RUSTIC LOOK THAT'S IN DEMAND TODAY.**

It's the look a home buyer wants. Because it's natural basic Americana.

U.S. Plywood has two distinct kinds of textured sidings to give the homes you build and remodel that look.

Oldbridge® with the hand-hewn look of the adze that was used when man

built his own home.

Planktex® with circular saw cuts creating a pattern etched into the wood.

Two totally original sidings.

But Oldbridge and Planktex are only part of the largest collection of textured sidings available today from

U.S. Plywood. Available prestained in 26 handsome tones of red, brown, gold, green, blue and gray.

All easy and economical to install.

For more information about these unique textured sidings, call your local U.S. Plywood Branch Office.

 **U.S. Plywood**
Champion International Corporation

Owens-Corning Fiberglas announces 15 new sales aids for turning bathroom browsers into bathroom buyers

We like to think that the beauty, durability and easy installation of our Tub/Showers help them sell themselves. But with homeowners pinching pennies hard these days, a strong merchandising program doesn't hurt, either.

That's why we've come up with over 15 different sales aids to help build your bathroom installation business. Some of these aids are designed to bring customers into your store. Some to demonstrate the selling points of our Tub/Showers and Shower Stalls. And some to help you clinch the sale.

They're all listed in a free brochure, which we'll send you when you fill out the coupon below. Among the items:

Beautiful showroom displays

Now you can have full-size Owens-Corning Tub/Shower and Shower units standing in your showroom or window.

They come in their own sturdy jewel-case settings, so you don't have to build stud pockets. There's even a "silent salesman" turning panel describing the unique features and benefits of each unit.

Other showroom eye-catchers include a vividly illuminated clock sign that identifies you with Owens-Corning Bathrooms Beautiful, window decals and satin banners that help to associate your reputation for quality with ours.

Your own traffic-building ads

To help bring customer traffic into your showroom in the first place, we've designed an entire program of local consumer advertising that can bear your imprint.

There are six newspaper ads that flag the benefits of installing Bathrooms Beautiful. These consumer benefits range from "Increase the value of your home now" to "Turn your bathroom into a beautiful room... at a price you can afford."

There's even an ad featuring a "plumber's helper" program which enables your customers to save a

few dollars by doing some of the simpler work themselves, while you do the major installations.

And we also have radio advertisements, envelope stuffers and doorknob hangers. Use only the ads you need, to precisely tailor a program to your own market.

At last, a contract proposal that will help sell the homeowner

We even have merchandising aids that can help lock up a sale while you're talking about it — and that can help you do a little extra selling in the bargain.

One of these aids is a contract proposal that actually assists in the sale. It's surprisingly easy to understand. It uses simple checkoff boxes to clearly state who is responsible for each step of a job, from securing permits to painting. What's more, the contract gives your customer an opportunity to specify you for extra jobs when he orders a new Tub/Shower or Shower Stall. Jobs from electrical work, to bathroom vanity installations, to new flooring.

There's even more, from specification sheets, to catalogs, to a merchandising portfolio. Mail coupon for full details on this business-building opportunity or write Z. M. Meeks, Owens-Corning Fiberglas Corp., Fiberglas Tower, Toledo, Ohio 43659.



Send coupon, see everything

Z. M. Meeks
Owens-Corning Fiberglas Corp.
Fiberglas Tower, Toledo, Ohio 43659

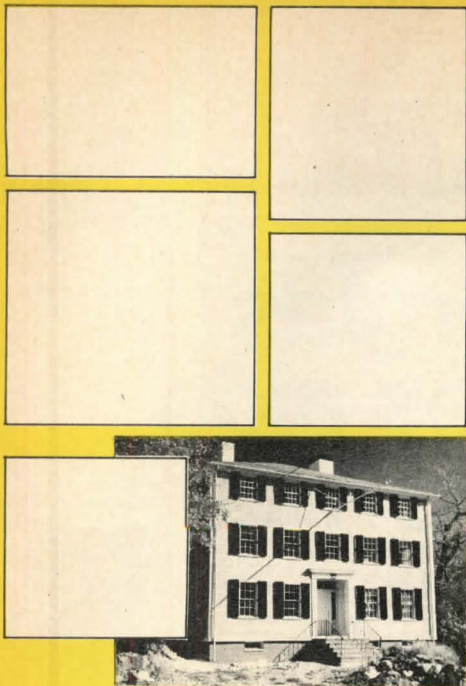
Sure I could use more bathroom installation business. Please send me free literature on all the sales and advertising aids you have available.

Name _____ Title _____

Company Name _____

Address _____

City _____ State _____ Zip _____



areas. We have experience and knowledge of existing structures that can be tapped by local agencies trying to upgrade urban housing while preserving the character and legacy of neighborhoods. We are urging our national and local members to volunteer their services to local planners who must write the overall program, for we know what it costs to get the job done properly.

"The National Home Improvement Council is hoping that as the Congress continues legislation to improve the nation's housing, it will include a tax incentive for some portion of the owner's cost of remodeling. This would be a very modest and affordable incentive for constituents back home to preserve their homes and neighborhoods.

"We are not asking for this tax incentive plan as a stimulant for our business, but rather as a long-term insurance premium for the preservation of family, neighborhood and community living."

What this said beyond the surface to the Congressional representatives was "maturity". The home improvement business has come of age. When asked about future Congressional get-togethers, General Counsel Seifert said, "The Congressional breakfast is but one of a series of meetings we intend to bring about to reinforce our efforts toward establishing home improvement and remodeling as a responsible, substantial and professional segment of the American construction industry."

REMODELING IN THE NATIONAL SPOTLIGHT

All would agree that local publicity brings in the business—right now. And much of the individual chapter efforts are pointed toward that goal. Results of national publicity are not as easy to trace, but the impact is many times as effective, even though some writings stir the ire of an industry member here and

there. For example, a July, 1974, *Business Week* article on home remodeling, that ran six pages, without any question tipped the scales for many of its readers from "... not so sure we ought to do it right now" to "... go ahead!". Yet, because the report was a balanced news story, including a few jabs at the charlatans in the business, some people grumbled. They thought it wasn't necessary to show the black side of the coin. What these few complainers missed was the force of human nature. *Because* the report was straight, readers tended to believe it more readily than if only the bright side of that coin had been shown.

But even the grumblers would have no quarrel with most of the publicity generated by NHIC efforts. Certainly contractor Bob Becht of Cleveland (and a Regional Vice-President of NHIC) had few complaints when NHIC initiated a cooperative publicity effort between Becht's company and *House Beautiful*. That combination brought about a seven-page color story of an old house rejuvenation by the Becht Company in the May, 1975 issue. In 1976, the magazine will publish a bathroom remodeling, elegantly carried out by Busy Beaver Remodelers in Pittsburgh. NHIC Director Felix Oppenheimer is the principal of that company.

Even when NHIC does not start a story rolling, it usually becomes involved simply by existing. For example, Oppenheimer and other NHIC members were quoted liberally in the *Business Week* article mentioned above. The reporter had contacted the NHIC office before beginning the story. It happens constantly, and is as good a reason as any for having a national office, a focal point where reporters can get remodeling data quickly and, even more important, dependably.

As a result, one way or another, of NHIC work, the good news about remodeling has been spread every year in the national media. That includes trade reports in this magazine, *Professional Builder*, *Qualified Remodeler*, *Home Improvements*, *American Building Supplies*, *Home Center*, *Building Supply News*, and many others. Among consumer magazines, the list is long and impressive. NHIC-aided stories have appeared in *Time*, *Redbook*, *McCall's*, *Good Housekeeping*, *Better Homes & Gardens*, *American Home*, *House & Garden*, *Popular Science*, *Reader's Digest*, and the list continues. There was even a remodeled bath, complete with appropriate model, in *Playboy*, an event which

occurred unbeknownst to NHIC, but which nevertheless was partially a result, indirectly, of that office.

For television, the Council has produced 10 30-minute shows directed to educational stations. The series, entitled "More Room for Living," has reached as many as 20 million viewers through approximately 100 stations.

NHIC has also produced 31 five-minute radio features, completely pre-recorded. The series, called "Fix-up Facts" have been picked up by radio stations throughout the nation.

The Council, in cooperation with Metro Newspaper Services, delivers a sheaf of home improvement stories to 4,000 newspapers each year, a service that has continued uninterrupted for 15 years. All the foregoing publicity is in addition to the regular flow of monthly NHIC press releases sent out to all media.

The nation's press also leans on NHIC for information, and barely a week goes by when the national office isn't delivering some statistical or factual nugget to a major newspaper, such as *The National Observer*, *Christian Science Monitor*, *New York Times*, *Chicago Tribune*, *Wall Street Journal*, and the like.

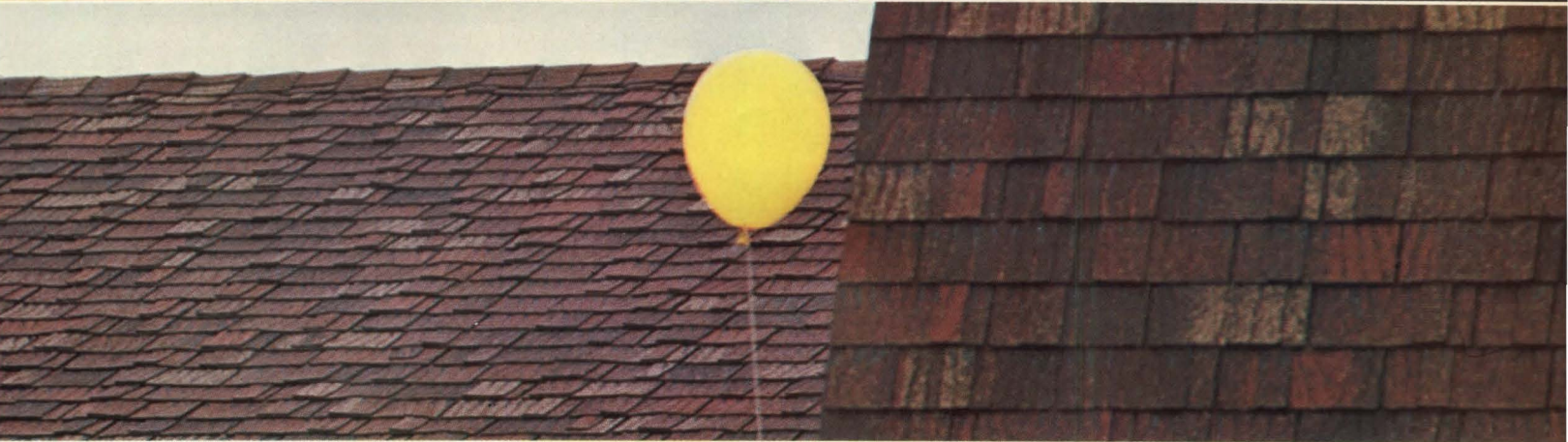
Far and away the most concentrated effort by NHIC is the stimulation for and direct aid in producing a special, multi-page editorial and advertising section on home improvement in *House Beautiful* each May and September. The section often runs to more than 40 pages total. The section begins with an opening page produced by NHIC, headlined, "It's Home Improvement Time", and ended last May with a full-page ad and member listing by NHIC, with the admonition that readers should "Look for the National Home Improvement Council Member in your community".

AND THEN SOME

NHIC benefits to members are not exhausted by the comments above. Considering the complexity of the industry, it's remarkable that NHIC has made so much progress. For example, within the most recent decade, NHIC has:

- Established a lenders task force, a cooperative group made up of NHIC members and leading representatives of the banking community. This group works toward improving the terms of remodeling financing, among other aims.
- Sponsored more than 100 "How to Im-

Continued



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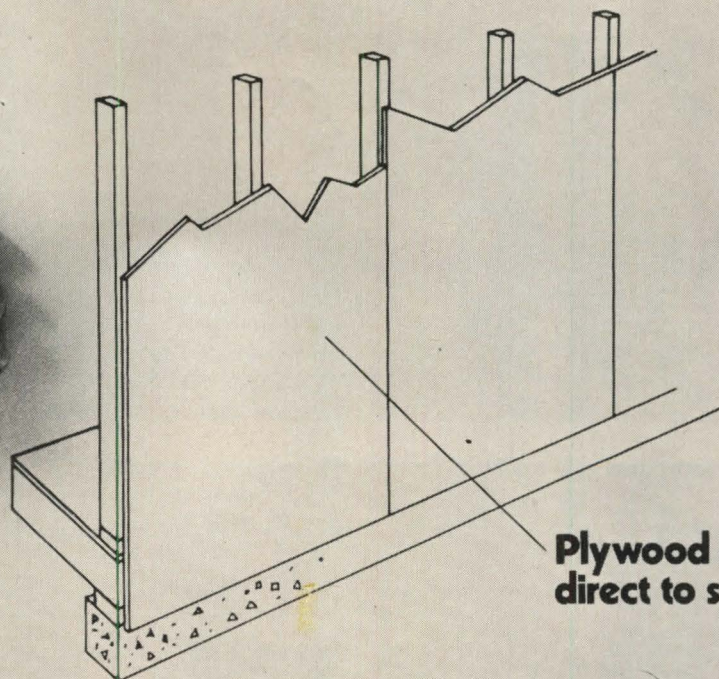


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"We studied systems for two years before we decided on APA Single Wall with studs spaced 24 inches o.c. Saves time.

Saves material. And the heat and energy loss rating is very good." *Burton Eaton, Beaton Builders, Inc., Hartsdale, New York.*



"To me, APA Single Wall means great insulation and minimum utility bills. Also, we use Texture 1-11 on the interior.

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My walls cut costs 30-40% compared to double wall construction.

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My walls are super energy savers because I use insulation that completely fills the stud space.

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Free.



"We have built 1,000 homes using APA Single Wall. And in a nutshell, they sell faster than others. We use a stain that

really brings out the natural beauty of plywood." *Ralph Heavrin, Pacesetter Homes, Inc., Omaha, Nebraska.*



"Erection time is less. Maintenance is minimum. The appearance is great. I'd recommend Single Wall to anyone."

Gene Schnippel, Schnippel Construction, Inc., Botkins, Ohio.

AMERICAN PLYWOOD ASSOCIATION

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the cost cutter



"Speed and cost is the big advantage. APA Single Wall fits right into our panelized operation. We prefab the walls in

our yard. And compared to stucco, which is big in this area, Single Wall is a lot cleaner and faster." *Bob Campbell, Sun Home Builders, Inc., Las Vegas, Nevada.*

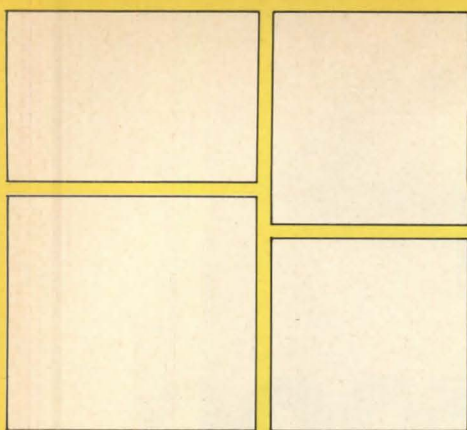


"I like to use plywood with a resawn finish. Single Wall is the best of both worlds, speed of erection and great looks."

Wilburn Wallace, Janis Construction Corp., Sausalito, California.

Can your walls pass the Scrooge Test?

My walls are a single layer of rack-resistant plywood siding nailed right on the studs.



prove Your Home" schools around the nation, which have drawn a total of more than 40,000 homeowners.

- In cooperation with local chapters, held clinics for contractor, distributor and supplier members to improve management techniques. Some of the topics were perennial, such as "How to Train Top Salesmen" and "Stretching Your Advertising Dollar". Others were more specific, dealing with topical subjects, such as "The new OSHA rules", and "Dealing with the Recision Laws Intelligently."

- Published and distributed over 500,000 copies of the *NHIC Newsletter*, a monthly compilation of NHIC, national and chapter news. The letter maintains a continuing tie among all members and apprises them of upcoming events, laws, regulations, and marketing news, often before non-members receive the same data. Naturally, members gain a knowledgeable and sometimes competitive edge on others in the industry.

- Organized and administered Home Improvement Time, a nationwide promotion that has yearly turned the thoughts of homeowners toward improving their dwellings. HIT occurs in May and September, timed to fall when owners think most about home improvements, and slotted as well to match the *House Beautiful* special HIT remodeling section. This, in turn, is backed up by newspaper and market promotion at the local level.

- Has made great strides in reducing and in some cases eliminating the small but damaging percentage of unethical elements in the business. Some of the results have been brought about by the potency of NHIC itself, and the chapter advertising and promotion at the local level. The impression is left in an owner's mind that NHIC members are ethical and ready to perform quality service and deliver products at a fair price.

In addition, membership in NHIC entitles members to order a wide range of sales and management aids, which are often gratis, or carry only a nominal price.

Through a Council grant of several thousand dollars, the University of Texas produced a manual on home improvement selling. The twofold aim was to aid marketing students in schools throughout the nation, and at the same time provide a teaching vehicle for NHIC local member use. The manual covers such subjects of vital concern to the contractor as selling, locating prospective customers, qualifying the prospect, the importance of the closing, accurate costing techniques, preparing plans, designing for remodeling, financing, managing a home improvement company and sales promotion and advertising.



Showroom bath display at Welsh Construction was inspired by knowledge gained at NHIC marketing seminars.

Moreover, contractor membership in NHIC entitles those who qualify to a set of Sweet's Light Construction File, provided free of charge through NHIC. As anyone dealing with the most basic room addition knows, this is an invaluable tool for the contractor.

NHIC AND THE CONSUMER

In one form or another, the consumer movement has been with us for decades. Prior to Ralph Nader's reign and the spearheading consumer groups that followed, Mr. and Mrs. Homeowner exercised their own brand of watchfulness. It was called, "no sale."

Let it be said that NHIC was one of the earliest advocates of consumer protection. For though most people in those early days were able to see through the gyp, some owners were burned. An early and good example of policy in favor of the consumer is NHIC's Code of Ethics, adopted soon after the Council was formed 20 years ago.

In addition, NHIC has set out advertising guidelines for the industry (flatly discouraging, for example, any ad that even smacked of "bait and switch"), and encourages arbitration and bonding programs for its chapters.

The Council's pamphlet, "How to Start Your Home Improvement Project With the Help of a Reliable Contractor" has been distributed to over 1,000,000 people. An additional 5,000,000 readers were reached when the pamphlet was placed in a national magazine as an advertisement.

Consumer confidence is elevated in still another way. NHIC has recently been teaming with the Brand Names Foundation to help select the "Quality Remodeler of the Year". The Becht Company, Alumabilt, Inc. and K-S Remodelers (headed by Ken Skowronski), all mentioned above, have won this award. The benefits that accrue are on the local level, where local newspaper, radio and television publicity shine a spotlight on the remodeler for a respectable period of time. The competition is open to all home improvement companies, but it is a credit to NHIC that its members have consistently walked away with the coveted top prize.

A WORD FROM THE PRESIDENT

Summing up the enormously wide range of industry projects initiated by NHIC and the real results they brought for each and every member (and could for you), NHIC President John E. St. Lawrence said, "The National Home Improvement Council has been an effective and forceful stimulus in the remodeling market.

"As the coordinated voice of the home improvement industry, including home modernization contractors, builder-remodelers, building material dealers and manufacturers, lending institutions, utilities and trade associations with interests in the remodeling market, NHIC encourages millions of homeowners each year to invest in better living by improving their homes.

"The Council is the definitive information source on home improvement matters. This is true for the government, industry, press and consumer.

"And by organizing home improvement councils on the local level, NHIC provides focal points for industry promotional programs, management training for professional contractors and establishment of ethical practices.

"In short, NHIC continually and effectively contributes to the upgrading of this industry."



Build your customers a new home on top of their old one.

your remodeling customers don't have to
house hunting to cure house problems.
ot if you tell them about GAF®
modeling products.

Show your customers our beautiful
GAF® Timberline® asphalt roofing shingles.
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Unlike other forms of siding, Vanguard
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full-color ads to television com-
mercials featuring Henry Fonda.

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CIRCLE 41 ON READER SERVICE CARD

and GAF Timberline asphalt shingles. The
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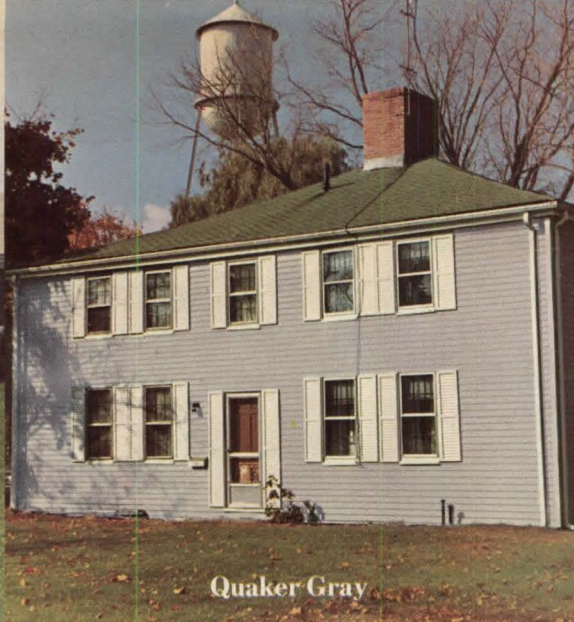
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When you want to sell beauty that's virtually maintenance-free, Bird Solid Vinyl Siding is a great beginning. But it's often color that closes a sale. And that's where we can make a big difference in your profits.

Bird offers more color choices, and a wider distribution network, than any other manufacturer. So you and your customers can get what you want exactly when you want it. What's more, each one of our six shades is a proven favorite that's included in the House & Garden's Color Program. It's a color selection system that places identical chips of today's fastest-selling shades in the hands of the most important purchasing influences in the country. And it really



works when it comes to predicting what people will buy this year and every year.

The color you get with Bird solid vinyl goes all the way through from front to back, so our siding never needs paint. It can't blister, peel, flake, or rot like wood . . . or rust, corrode, scratch, attract electricity and spoil TV reception like metal. And we offer a complete line of complementing accessories and ornamental plastic shutters.

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Bird Solid Vinyl Siding. Now the quality leader is the color leader.

Levitt and Sons looking for the bottom after \$73,203,000 loss

The court's trustee for Levitt and Sons has made plans to reduce sharply the company's size and to restructure what's left after closing the books on massive financial losses.

On August 5, the 1974 audit for Levitt and Sons was finally completed for the trustee, Victor Palmieri & Co. The seven-month delay is one measure of the problems the trustee must deal with; the figures themselves are another.

Ouch. The company endured a 1974 pretax loss of \$64,813,000 on total revenues of \$143,658,000—a "loss margin," if you will, of 44.4%. (This includes \$5,688,000 in red-ink accounting changes last year, but does not include \$35,116,000, pretax, of additional accounting-change losses applied to prior years.)

The after-tax operating deficit for 1974 was \$51,335,000, or 35.7% of sales. Throwing in all the accounting changes produces a total after-tax loss of \$73,203,000.

Ouch II? And this may not be the final figure; the auditors included a qualified opinion with the report—they were unable to estimate what might be realized from certain land and money-losing operations still carried on the books at about \$108 million. They made no provision for losses from these assets.

Quo vadis? What is the trustee doing to turn Levitt and Sons around?

First and foremost, he is chopping down the size of the company drastically.

Volume is down; the company started 568 houses in the first half of this year, compared to a depressed 1,382 in the first half of 1974, the trustee reports.

Employment is down too. At the beginning of the year, Levitt and Sons had 725 "indirect" employees, that is, management and staff people not directly involved in construction; by mid-year their number was reduced to 607. The trustee, in his recent report to Judge M. Joseph Blumenfeld of U.S. District Court in Hartford, Conn., promises to cut the number again, by a similar amount.

Shrinking property. Inventory is being dumped. Some of it is unsold homes; there were 1,405 as of March 23, the date of a nose count, but only 943 on June 30.

The huge land inventory is also being prepared for disposition, which in many cases will mean sale.

Subsidiaries and operating divisions are being consolidated or eliminated. Regional offices are being moved or combined in California, Washington, France,

Chicago and Detroit. It is not yet clear which of the company's present 16 regional markets might be retained and which abandoned.

Leaving Lake Success. Levitt and Sons' palatial headquarters building in Lake Success on Long Island has become too

large and expensive for what is left of the company. The trustee has been negotiating for space in southeastern Connecticut and the Lake Success building is on the block. Headquarters' office space will shrink, after the move, approximately 70%.

On the positive side, Palmieri & Co. is dividing Levitt and Sons into two major divisions: the Homebuilding Division and the Land Development Division. In homebuilding, the trustee noted in a report to the court, "apparently profitable building operations (may be) only marginally profitable, if profitable at all, the profits actually being generated by appreciation in the value of the underlying land."

Buy and sell. The building division, as the trustee envisions it, will buy land at the going rate from the development division or from outside the company, as it chooses. And the development division will be free to sell land to other builders. The two units will calculate profits separately.

The trustee is also recruiting new officers for certain key positions even as the staff shrinks in total numbers.

Losses cut. These actions appear to be bearing some fruit. The company lost \$10,799,000 in the first half, \$7,000,000 less than in the 1974 first half. Levitt's heavy negative cash flow, \$6,209,000 in the first quarter, improved to \$4,500,000 in the second, and was near zero in May and June. (Levitt also borrowed, as a result of the cash outflow, another \$10,709,000 from its parent, ITT.)

Easier land costs. Those accounting changes, so costly in 1974, will benefit later results. The bulk of them involved "unwinding" previously capitalized carrying costs in the land inventory and expensing them instead. Land will appear far more profitable when sold without this burden of accumulated costs. (The changes, by the way, were instituted by previous management, before the trustee's arrival.)

What will emerge from the trusteeship is unknown. Levitt and Sons will be smaller. But how small the once largest private homebuilding concern can become is not yet clear. —H.S.



Paradise Lost. The central atrium of Levitt and Sons' headquarters at Lake Success, N.Y. Only about half the building consists of office space, but even that's too much now for the sadly shrunken company. So are sky-high operating costs of the energy-inefficient structure.

Aluminum wiring may burn makers

Convinced that aluminum-wire home electrical systems are inherently unsafe, the Consumer Product Safety Commission has begun a countdown on them that could culminate in a manufacturer-paid recall of especially hazardous wiring installed in more than 2 million homes between 1965 and 1971.

The first step in the countdown will be hearings, for which no date has been set, at which both CPSC staff attorneys and manufacturers will be allowed to present evidence and cross-examine witnesses. This will be the producers' best chance to challenge recent commission decisions that brand all aluminum-based home electrical systems as "unreasonable risks" and "old technology" pure-aluminum wire systems as "a substantial hazard."

Pure-aluminum electrical wire has been found to be incompatible with many terminals and connectors: It apparently tends to corrode and creep, causing loose connections and heat buildup.

Revised standards. Underwriters Laboratories, Inc. approved all copper-technology-based connectors for use

with aluminum wiring in 1965, except one type in which wire was merely pushed into the connection with no fastening device. But less than three years later UL began receiving reports of serious problems with pure-aluminum wire.

The earlier, pure-aluminum wire systems have been linked to some 500 fires and at least 12 deaths. The CPSC, through its hot line, now receives an average of two aluminum-wire hazard complaints every day. These range from "wall socket is hot to the touch," to "flashing lights," to "burning smell behind the wall."

If replacement or repair of pure-aluminum wire connecting devices is required, it will be complicated by the fact that only devices marked **CO/ALR** have UL approval for use with aluminum wire. Currently only one style of snap switch and one double wall socket with the **CO/ALR** rating are commercially available. Many of the homes with wiring liable for recall have double and triple switch plates, dimmer switches, and mercury switches that couldn't be replaced with currently available devices.

Enter the 1976 HOMES FOR BETTER LIVING AWARDS PROGRAM now!

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REGISTRATION FORM

Mail entries to: Dept. HFBL,
House & Home, McGraw-Hill,
41st floor, 1221 Avenue of the
Americas, New York, N.Y. 10020
by midnight, October 31, 1975.

Eligibility: Any house or apartment building in the United States or its possessions built since January 1, 1973 and designed by a registered architect is eligible. Entries may be submitted by any architect, builder, developer or owner.

Entry categories: Custom-designed houses—one-of-a-kind detached houses, designed for private clients including year-round and vacation houses and remodelings and additions.

Merchant-built houses—single-family detached houses for sale or rent including vacation and year-round, promotional and zero-lot-line houses and remodelings.

Multifamily housing—apartment buildings: Attached housing such as townhouses, duplexes, triplexes and fourplexes. Multi-building projects including PUDs and sections of PUDs.

Remodelings must take in the whole structure. Custom additions to a detached house must be tied into original design of house. No single room or single apartment remodelings are admissible. Redecorations are not admissible. Changes must be structural. Photos of both before and after construction will be required for judging. All categories include modular housing.

Registration date and fee: \$40 entry fee per entry. **Deadline:** postmarked by midnight, October 31, 1975.

Submission of material: A spiral binder—color coded to project category—will be sent to each registered entrant. This should be filled with sufficient black and white photographs and plans to illustrate the design. Detailed instructions will be included in the binders.

Judging: Will be held on March 9 & 10, 1976 at the American Institute of Architects headquarters in Washington, D.C. The panel will consist of outstanding architects, housing industry leaders and editors of *Architectural Record* and *House & Home*. There are two types of awards; First Honor Awards and Awards of Merit.

Winners: Will be notified by telegram immediately after judging. Award certificates will be presented and photos of winning projects will be displayed during the 108th annual convention of the American Institute of Architects, May 3-5, 1976 in Philadelphia, Pa. Winners will be expected to prepare and ship to the AIA convention—at their own expense—a project display board representing the winning entry. Instructions for these will be forwarded to winners. Winning binders and display boards will not be returned.

Conditions: Entries must be approved by all parties concerned. The Entrant represents that he is the sole proprietor of all rights in and to the material, illustrations and photographs submitted; that such items are free from copyright restrictions that would prohibit publication by *House & Home*; that Entrant hereby grants to *House & Home* the right to publish such material, illustrations and photographs at such times and in such manner as *House & Home* shall determine, and agrees to indemnify and defend *House & Home* from any claims arising out of or in connection with any such publication by *House & Home*. The Identification sheet [white] must be signed to validate your entry.

I wish to submit a project in the 1976 HOMES FOR BETTER LIVING AWARDS PROGRAM. Enclosed is \$40 per entry in check or money order made payable to HOMES FOR BETTER LIVING. I have used a separate form [or photocopy] for each entry. Please send me my entry material for the following category.

Custom-designed house Merchant-built house Multifamily housing

Architect name _____

Street, city, state, zip _____

Project name & location _____

Entry submitted by _____ (Name of one person to whom correspondence should be addressed) (Phone) _____

Company and address _____

Check appropriate company category[ies] Builder Architect Developer Owner

Who knows how to build an Electric/Gas cooling-heating unit that can reduce gas heating fuel consumption by up to 19%*?

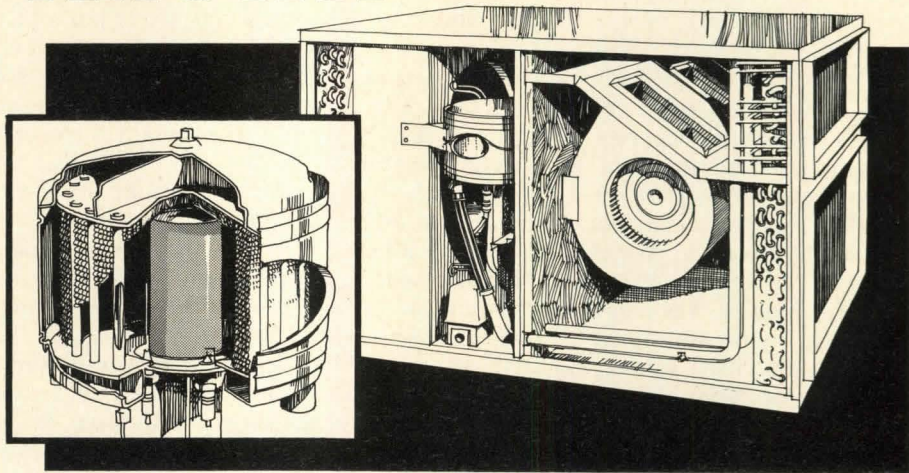
Amana[®] knows.

The Amana Electric/Gas unit is the perfect answer to your customers' growing needs for a complete energy saving cooling-heating system.

The remarkable fuel savings come from the exclusive Amana Heat Transfer Module (HTM†), the first major breakthrough in heating technology in years. The HTM is a heat exchanger that's small enough to hold in your hands, yet powerful enough to heat an average size home. It uses outdoor air for fuel combustion eliminating much up-the-chimney heat loss common to conventional gas furnaces.

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*Based on Institute of Gas Technology laboratory tests and projected performance for a northeastern Ohio city, compared to published performance for a conventional gas furnace.

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for the energy saving ideas
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Petaluma's no-growth plan victorious in U.S. Court of Appeals

Builders' hopes that a ban of the controversial "Petaluma Plan" would be upheld by a federal appellate court were dashed in San Francisco August 13.

Unanimously, the three-man Court of Appeals for the Ninth Circuit reversed a finding by a U.S. District Court, which found the Plan unconstitutional on grounds that it interfered with the right to travel (NEWS, March '74). The higher court ruled that the Plan, limiting new dwelling units to an average of 500 a year for five years, is a reasonable and legitimate exercise of the city's police power.*

Lack standing. The plaintiffs, the Construction Industry Association of Sonoma County and two landowners, did not have standing to raise the "right to travel" issue, the court said: This right was only being asserted by builders for a group of "unknown third persons allegedly excluded from living in Petaluma."

Further, while developers are adversely affected by the Plan, "their economic interests are indisputably outside the zone of interest to be protected by any purported constitutional right to travel... the only connection between any of the appellees and any of the persons who purportedly are excluded from Petaluma is the possibility that but for the Plan they would be parties to a purchase-sale agreement."

About due process. The court turned down the builders' contention that the Plan violates their rights of due process guaranteed by the Fourteenth Amendment, and their claim that it burdens interstate commerce.

The judges said due process rights are not necessarily violated because a local entity exercises the police power delegated by the state. If the present system of delegated zoning power needs adjusting, they argued, it should be done by the state legislatures and not by the federal court, which is not "a super zoning board."

Plan's defenses. The court said that although some people might be excluded from Petaluma and although the Plan may frustrate regional housing needs, it is not arbitrary or unreasonable, and serves a legitimate government interest—the public welfare.

"The concept of public welfare is sufficiently broad to uphold Petaluma's desire to preserve its small-town character, its open spaces and low density of population, and to grow at an orderly and deliberate pace," the court declared.

It said the Plan does not freeze the population at present levels and "does not have the undesirable effect of walling out any particular income class nor any racial minority group."

A few REITs lending short-term—but carefully

Much of the short-term lending segment of the REIT industry has been at death's door for some time [NEWS, Feb.]. Except for honoring old commitments, all but a few real estate investment trusts completely halted their short-term lending long ago.

But at least five REITs have cautiously started up again, responding to a recovery in their financial situations or their nerve.

One returnee is Wells Fargo Mortgage Investors of San Francisco, which turned slightly profitable in its fiscal fourth quarter (June 30).

Prudent stance. It was a happy turnaround for Wells. The trust lost \$2.21 million in its March quarter on top of a \$1.14 million deficit in the December quarter. The trust was out of the short-term market for a year and a half.

And now that it's back, it is chastened. Says President Carl E. Reichart, "We're looking, on a very selective basis, for sound projects with strong takeout commitments, run by strong, experienced builders. And we're generally confining activity to the West and Southwest, which we know."

Consensus of caution. Similar comment came from the heads of other REITs returning to the short-term market—Equitable Life Mortgage & Realty Investors of Boston, First Continental REIT of Houston, MONY Mortgage Investors of New York City

Petaluma, 42 miles north of San Francisco, said it implemented the Plan to slow and balance its growth while completing planning. Population increased from 10,000 in 1950 to 30,500 in 1972, and was growing by 3,000 persons a year. Builders warned that the Plan would drive up the cost of housing, keep newcomers out of Petaluma, and shift the burden of housing to neighboring communities.

Ruling stayed. After the District Court ruled against Petaluma, Supreme Court Justice William O. Douglas stayed the order pending decision by the appeals court.

So the city is reviewing applications for 568 units under the Plan, the lowest number in four years. Proposals are judged on a point system. Frank Gray, director of environmental affairs, said applications for 400 units are for the heavily-developed east side of town, where only 250 units will be approved. The Plan does not restrict construction of single-family homes up to five units, unless they are part of a larger project.

The case is expected to be decided ultimately by the U.S. Supreme Court.

—JENNESS KEENE
McGraw-Hill World News,
San Francisco

and Northwestern Mutual Life Mortgage & Realty Investors of Milwaukee.

President W. E. Daniels of First Continental, for example, explained:

"We'll concentrate our possible volume of \$20 million in new business this year entirely in residential construction loans. But we'll do business only in Texas, and a project has to fit FHA-VA or FNMA or have a firm commitment from a permanent lender."

Veterans. The returnees sound, in sum, as though they had served recent apprenticeships in caution under three REITs that never altogether stopped making new short-term loans—Baird & Warner Mortgage and Realty Investors of Chicago, Lomas & Nettleton Mortgage Investors of Dallas and M&T Mortgage Investors of Houston.

Witness Lomas & Nettleton's creed, as set forth by President Theodore Enloe:

"We have tightened our requirements. In the past we did land and development loans. We don't do those now. And we don't move without permanent financing. We want builders who have experience but not huge projects—our average loan is \$1.3 million."

Nix to strangers. Baird & Warner's President, John W. Baird puts it this way:

"We're sticking close to metro Chicago. Where we've deviated we've regretted it."

And M&T says it will make its new loans only to its old, established customers.

Others who are able to lend are so cautious that they won't. One is Connecticut General Mortgage and Realty Investments of Springfield, Mass., which is widely assumed to be active because of its strong financial statement.

Not so, says Vice President Thomas Gallagher. "Add up the builder's cost for your money—prime plus comp balance plus return of principal plus overhead plus return to shareholders—and his long-term money at maybe 10% or 11%.

"We don't see enough opportunity in this market for sound investments that make sense for both us and the developer.

"If sensible opportunities don't open up in the next few months, we'll be inclined to let our short-term position (just under one-third of a \$415 million portfolio) run off."

Age of virtue. All in all, it looks as though the easy-money days of REIT lending are gone for good—those times a couple of years ago when any plausible project would set the trusts to making eyes at builders and whispering, "Come on up and see me some time."

Today, the active short-term trusts are all virtuous ladies, difficult to woo—or else reformed ones, which are even tougher.

And if present indications mean anything, they may well stay that way. —H.S.

*Case No. 74-2100, U.S. Court of Appeals for the Ninth Circuit

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Savings and loan leagues choose their 1976 officers

The United States League of Savings Associations nominates **Robert H. Hazen** for its 1976 president. He moves up to that office from the League's vice presidency to replace **Lloyd S. Bowles** in the top spot.

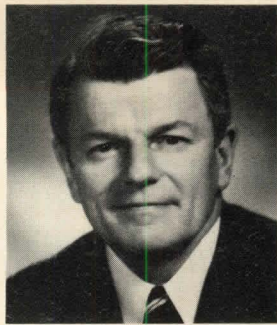
Hazen is the president and chairman of the board of the Benj. Franklin Federal S&L in Portland, Ore.

He is also the second half of the League's only father-and-son act in the top spot; **Ben H. Hazen** was president in 1952.

Since Hazen *fills* became president, in 1959, of the Oregon S&L he still heads, it has grown from \$80 million in assets to \$750 million.

John A. Hardin wins the nomination for the vice president's spot vacated by Hazen. Hardin is president of First Federal Savings and Loan Association of Rock Hill, S.C., a position he has held since 1966. He first joined the \$76-million S&L in 1947, as a director.

Hardin is an active fellow in southern S&L circles. He has



U.S. LEAGUE'S HAZEN...
Like father, like son

been president of the South Carolina S&L League, served on the Southern Conference of the U.S. League, and was a director of the Federal Home Loan Bank then in Greensboro, N.C. and now in Atlanta.

In addition, he has been elected mayor three times in his home base of Rock Hill. He is currently commissioner of the South Carolina Housing Authority.

The U.S. League is holding its annual convention at Miami Beach this year, on Nov. 9-14. The League currently has 4,550



NATIONAL LEAGUE'S TONSMEIRE
Moving to the top spot

member associations, which control 98% of the nation's total S&L assets of over \$300 billion. Its headquarters are in Chicago.

The National Savings and Loan League selects **Arthur Tonsmeire, Jr.** as its nominee for president in 1976. He replaces **Edwin G. Alexander** in the post.

Tonsmeire is president of First Southern Federal Savings and Loan Association in Mobile, Ala. Most recently the League vice president, he formerly served as chairman of its legislative and international committee and has long been on its

board of directors.

In addition, Tonsmeire is a director of the Federal Home Loan Bank in Atlanta and a past president of the Alabama Savings and Loan League.

Succeeding him in the League vice presidency is **D. D. McClatchy**. He is president of Olney Savings Association in Olney, Tex. and is a member of the League's legislative and executive committees.

McClatchy, too, claims involvement with a Federal Home Loan Bank, this one in Little Rock, Ark. He is also the most recent past president of the Southwestern Savings and Loan Conference, and is also a past president of the Texas Savings and Loan League.

The National League holds its annual meeting in Las Vegas this year on Oct. 23-26. It was going to be in Spain, before the weak 1975 economy made the league change its plans.

The league has about 500 members and is headquartered in Washington, D.C.

Homebuilders on the move: U.S. Home, Kaiser-Aetna and other companies

U.S. Home writes in several new names on its organizational charts, starting with a new president [NEWS, July], and continuing with four division presidents.

Douglas D. Roach becomes president of the Pinellas Division, based in Clearwater, Fla. His predecessor, **Maurice J. Hillmeyer**, moves up to group vice president of U.S. Home. Roach (he had been Hillmeyer's executive vice president) has been with the giant homebuilder and its precursor companies 18 years.

Robert Jordan takes over the Sarasota-Manatee Division headquartered in Sarasota, Fla. He had been an executive vice president too, of Jordan-Caldwell, another U.S. Home division.

Sydney Israel heads up the newly created Central Division of U.S. Home of Florida. **James J. Shapiro** joins him as vice president, marketing, and Robert Caldwell as vice president of operations.

Theodore J. Johnson is the new president of U.S.H. Properties Corp., the parent company's

commercial properties division.

He had been vice president, contract management, of the diverse corporation.

In addition, **H. Conrad Blackerby**, who had been assistant controller at U.S. Pipe and Foundry, follows his old boss, **Ben F. Harrison** to U.S. Home, where Blackerby is now controller.

And one more. **Jack A. Short** is named executive vice president of Witkin Homes, the U.S. Home division based in Denver. He moves up from vice president.

Enough U.S. Home for a while; try Kaiser-Aetna, based in Oakland, Calif. Its president, **Fred K. Greenlaw**, 61, retires after running the company since its formation. He is succeeded by **K. Tim Yee**, 49, president of the successful Hawaii Kai project and vice president and general manager of the newly formed Pacific area division. **Barry R. Okuda**, 41, replaces Yee in the general manager slot.

With Gulf Oil Real Estate Development Corp.'s president, **W. H. Magness**, planning his retirement, **W. L. Henry**, executive

vice president of parent Gulf Oil, is named new president and chief executive officer. Magness remains on the board of directors of the real estate company.

Mobil Oil gets into the act too; it appoints **Donald G. Warren** vice president and general manager of its subsidiary, Mobil Oil Estates (Redwood) Limited, in Redwood City, Calif. He moves up from senior development manager.

Horizon Corp., of Tucson, Ariz., appoints **Lee S. Darragh** vice president, Waterwood Mar-

keting Services. Waterwood is a 25,000-acre resort community 76 miles north of Houston.

And elsewhere in Texas, the Home and Apartment Builders Association of Metropolitan Dallas names its officers for 1976, including president **Eric Eriksson** and vice president **Roy Cresswell**.

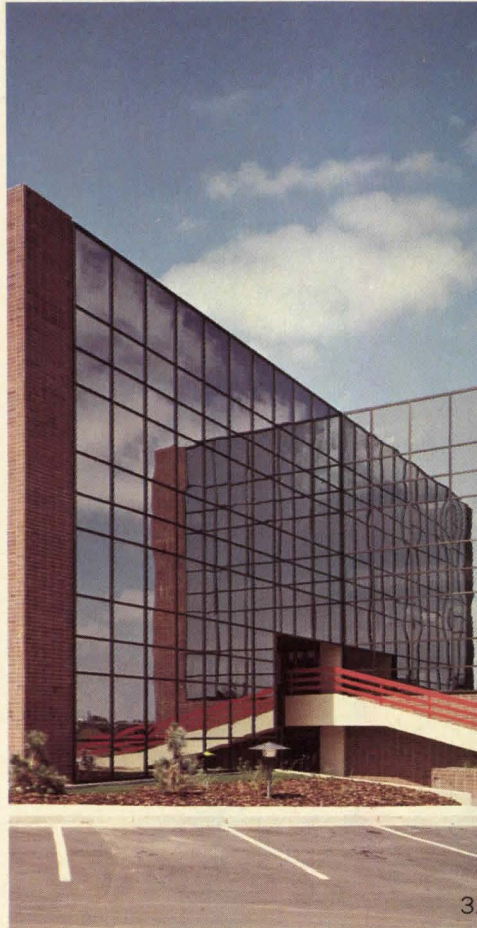
NO-FRILL TASK FORCE

Correction: Al Fay is vice president, marketing for National Gypsum Co. An article on these pages (August, p. 18) erroneously placed him with United States Gypsum.



Scottish builders back at their desks in Edinburgh after tour of U.S. developments [NEWS, Aug.]. **W. Ian Mitchell** (left) and **D. R. Lewis** of Miller Homes Northern Ltd. will seek to fit relatively aggressive U.S. marketing philosophies into their future. Though public ("council") housing predominates in Britain, they note that most of the young people, even more than their parents, "want to own a home of their own. It's their dream."

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PPG: a Concern for the Future

1. Mesa Verde High School, Sacramento County, Calif.
Architect: Porter, Jensen & Partners
Associate Architect: Earl John Taylor
Contractor: Nimbus Construction Co.
2. Chamber of Commerce Building, Tampa, Fla.
Architect: Fletcher & Valenti, PA
Contractor: E. M. Scott Co.
3. Denver Technological Center, Denver, Colo.
Architect: ABR Partnership
Contractor: Olson Construction Co.

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This 7th annual pocket-size guide to the exhibits is a collection of building products, materials, tools and equipment . . . in each case especially selected by the exhibitors themselves as being the best, the newest, the most exciting they will be offering in 1976. Each product will be handsomely illustrated in full color, described in detail and identified by company and booth number.

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ucts '76 will be by booth sequence enabling you to move quickly and efficiently through the aisles pinpointing just the specific products of interest to you. This means you can start your Products '76 tour at any exhibit and still save hours of time and thousands of footsteps.

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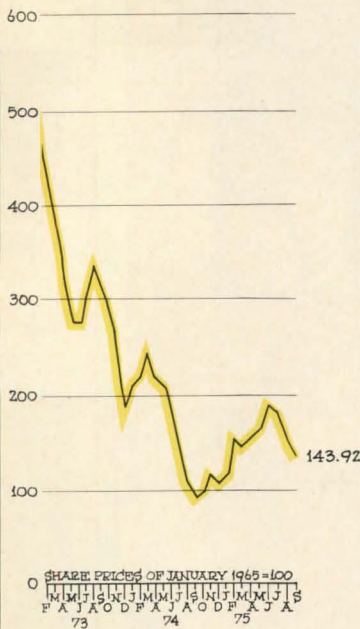
Housing stocks down for third month—Retreat is broadly based

HOUSE & HOME's value index of 25 of the housing industry's most representative stocks sank to 143.92 from 150.92 in the month ended Sept. 2.

It was the third straight monthly loss for the list, and the decline extended through all five sections of the index.

Issues on the index are over-printed in yellow in the tables that follow.

Here's the graph of 25 stocks.



Here's how the companies in each sector performed.

	Sept. '74	Aug. '75	Sept. '75
Builders	73	154	146
Land developers	71	95	88
Mortgage cos.	155	198	196
Mobile homes	259	434	415
S&Ls	51	101	95

Company	Sept. 2 Bid/ close	Chng. Prev. Month
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Company	Sept. 2 Bid/ close	Chng. Prev. Month
BUILDING COMPANIES		
Alodex—d	OT .08	+ .04
AVCO Comm. Devel.—d	PC 11/16	+ 1/16
American Cont. Homes	OT 2	- 1/4
American Urban Corp.	OT 1/4	.....
Bramalea Con. (Can.)	TR 4.80	- 325
Campanelli Ind.	OT 1 3/8	- 3/8
(New America Ind.)		
Capital Divers (Can.)—d	OT 3 1/2	+ .036
Centex Corp.	NY 8 7/8	- 1/2
Cenvill Communities—d	AM 3 3/8	- 1/8
Cheezem Dev. Corp.	OT 1/2	- 1/8
Christiana Cos.	AM 1 1/2	- 1/4
Cons. Bldg. (Can.)	TR 2.80	.....
Dev. Corp. Amer.	AM 3 3/8	- 3/4
Dev. Int. Corp.—d	OT .03	- .02
Edwards Indus.	OT 2 7/8	- 1/8
FPA Corp.—d	AM 3	- 1/4
Carl Freeman Assoc.	OT 2 1/4	- 3/8
Frouge Corp.—d	OT 4	.....
General Builders	AM 1	- 3/8
Hoffman Rosner Corp.	OT 2 3/4	.....
Homewood Corp.	OT 6 1/2	- 1/2
Hunt Building Corp.	OT 1 1/2	- 1/2
Kaufman & Broad	NY 7 3/8	- 1/8
Key Co.	AM 2 1/8	+ 5/8
Leisure Technology	AM 1 5/8	- 1/8
Lennar Corp.	NY 5 3/8	- 7/8
McCarthy Co.—d	PC 1	- 1/4
McKeon Const.	AM 2 1/4	- 1/2
H. Miller & Sons	AM 8	- 1/2
Mitchell Energy & Dev.	AM 16 3/4	+ 1 3/4
Orlie Homes Corp.	AM 5 1/2	- 1 3/8

Company	Sept. 2 Bid/ close	Chng. Prev. Month
Presidential Realty—d	AM 4 1/8	- 1/4
Presley Development	AM 4 1/8	+ 3/4
Pulte Home Corp.—d	AM 2 1/4	- 5/8
Robino-Ladd Co.—d	AM 1	.....
Rossmoor Corp.	AM 3 1/8	- 3/8
Ryan Homes	AM 19	- 5/8
Ryland Group	OT 8 3/4	- 1 3/4
Shapell Industries	NY 9 3/8	- 1 3/8
Shelter Cp. of Amer.—d	OT 1 1/2	.....
Standard Pacific—d	AM 3 3/8	- 1/4
Universal House & Dev.—d	PC 3 1/8	- 1/16
U.S. Home Corp.	NY 5 3/8	- 3/4
Valley Forge Corp.—d	OT 1 1/2	.....
Washington Homes	OT 2 1/4	+ 3/4
Del. E. Webb	NY 4 1/4	+ 1/4
Westchester Corp.—d	OT 1 1/8	- 1/4

Company	Sept. 2 Bid/ close	Chng. Prev. Month
SAVINGS & LOAN ASSNS.		
American Fin. Corp.	OT 10 5/8	- 1/4
Calif. Fin.	NY 2 3/4	- 1/2
Far West Fin.	NY 6 1/8	- 1/4
Fin. Corp. Santa Barb.	AM 9	- 7/8
Fin. Fed.	NY 8 7/8	- 1 1/4
First Charter Fin.	NY 11 1/4	- 1/2
First Lincoln Fin.	OT 1 7/8	- 1/4
First S&L Shares	AM 5 5/8	- 5/8
First Surety	OT 2 5/8	.....
First West Fin.	OT 1 5/8	- 1/8
Gibraltar Fin.	NY 8 7/8	- 1
Golden West Fin.	NY 10 3/4	- 1 3/8
Great West Fin.	NY 13 3/8	- 5/8
Hawthorne Fin.	OT 7 3/4	- 1/2
Imperial Corp.	NY 8 3/8	- 7/8
Transohio Fin.	NY 5 3/8	- 1
(Union Fin.)		
Trans World Fin.	NY 10	- 1
United Fin. Cal.	NY 6 1/2	- 1/2
Wesco Fin.	NY 10	- 7/8

Company	Sept. 2 Bid/ close	Chng. Prev. Month
MORTGAGING		
Charter Co.	NY 4 7/8	.....
CMI Investment Corp.	NY 8 3/8	- 3/4
Colwell—d	AM 4 1/8	- 1/4
Cont. Illinois Realty	NY 2	- 3/4
Fed. Nat. Mtg. Assn.	NY 13 3/8	- 1
Fin. Resources Gp.	OT 1 1/4	- 1/8
(Globe Mortgage)		
Lomas & Net. Fin.	NY 6 1/8	- 7/8
MGIC Inv. Corp.	NY 12 3/8	+ 1/8
Palomar Fin.	AM 1 3/4	- 3/8
United Guaranty Corp.	NY 8 3/8	- 1/4
(formerly FMIC Corp.)		
Western Pac. Fin. Corp.	OT 3 3/4	- 1/2
(formerly So. Cal. Mort. & Loan Corp.)		
UPI Corp.	AM 3	- 1/2
(United Imp. & Inv.)		

Company	Sept. 2 Bid/ close	Chng. Prev. Month
REAL ESTATE INV. TRUSTS		
Alison Mtg.	NY 3 7/8	- 3/4
American Century	AM 1 3/4	- 1/4
Arien Property Invest.	OT 6	.....
Atico Mtg.	NY 2 7/8	- 1/2
Baird & Warner	OT 5	+ 1/4
Bank America Rlty.	OT 6 1/4	- 1/8
Barnes Mtg. Inv.	OT 2 1/4	- 1/4
Barnett Mtg. Tr.—d	NY 2	.....
Beneficial Standard Mtg.	AM 3 1/4	- 1/4
BT Mort. Investors	NY 2 5/8	- 1
Cameron Brown	NY 1 3/4	- 3/8
Capitol Mortgage SBI	NY 1 5/8	- 1/4
Chase Manhattan	NY 3 1/4	- 1/2
CI Mortgage Group	NY 1 3/8	- 3/8
Citizens Mtg.	AM 2	.....
Citizens & So. Rlty.	NY 2 1/8	- 5/8
Cleve. Trust Rlty. Inv.	OT 2 1/4	- 3/8
Colwell Mtg. Trust	AM 2 1/4	- 3/4
Conn. General	NY 13 1/2	- 1 3/8
Cont. Mtg. Investors—d	NY 1 1/8	.....
Cousins Mtg. & Eq.		
Inv.—d	NY 2 7/8	.....
Diversified Mtg. Inv.	NY 1 5/8	- 1/8
Equitable Life	NY 18	+ 1/4
Fidelco Growth Inv.	AM 7 1/8	- 2 3/8
First Memphis Realty	OT 2 3/4	- 1/4
First of Denver	AM 2 3/8	- 1/2
First of Pennsylvania	NY 2 1/8	- 1/4
Franklin Realty	AM 2 7/8	+ 1/2
Fraser Mtg.	OT 8 1/2	- 3/4
Gould Investors—d	AM 4	.....
Great Amer. Mtg. Inv.—d	NY 2 3/4	- 1/2
Guardian Mtg.	AM 1 7/8	- 1/2
Gulf Mtg. & Realty	AM 2	- 1/2
Hamilton Inv.	OT 1 1/2	- 1/8
Heitman Mtg. Investors	AM 1 7/8	- 3/8
Hubbard R. E. Inv.	NY 13 1/4	- 1/2
ICM Realty	AM 8 7/8	- 7/8
Lincoln Mtg.	OT 5/8	.....
LMI Investors	NY 1 3/8	- 3/8
(Larwin Mort. Inv.)		
Mass Mutual Mtg. & Rlty	NY 10 1/8	- 1/8
Mission Inv. Trust	AM 1	- 1/4
(formerly Palomar)		
Mony Mtg. Inv.	NY 6 3/4	- 1/4
Mortgage Trust of Amer.	NY 2 3/4	- 1/2
National Mortgage		
Fund—d	NY 1 5/8	.....
Nationwide R.E. Inv.	OT 3 1/4	- 1
(Galbreath Mtg. Inv.)		
North Amer. Mtg. Inv.	NY 5 7/8	- 3/4

Company	Sept. 2 Bid/ close	Chng. Prev. Month
Northwest Mut. Life		
Mtg. & Rlty.	NY 9 1/2	- 1 1/2
PNB Mtg. Rlty. Inv.	NY 4 3/4	- 3/8
Penn. R. E. Inv. Tr.	AM 9 7/8	.....
Property Capital	AM 6 3/8	- 1/4
Realty Income Tr.—d	AM 5 5/8	.....
Republic Mtg. Inv.—d	NY 1 1/2	- 1/4
B. F. Saul, R.E.I.T.	NY 3 1/8	- 5/8
Security Mtg. Inv.	AM 1	- 1/2
Stadium Realty Tr.	OT 4	+ 1/8
State Mutual SBI	NY 1 5/8	- 1/4
Sutro Mtg.	NY 4 3/4	- 1/4
Unionamerica Mtg. & Equity	AM 1 1/2	- 3/8
United Realty Tr.	AM 5 1/2	+ 1/8
(Larwin Realty & Mortgage Trust)		
U.S. Realty Inv.	NY 2	- 5/8
Wachovia Realty Inc.	NY 3 1/2	- 1/4
Wells Fargo Mortgage	NY 6 1/2	- 5/8

Company	Sept. 2 Bid/ close	Chng. Prev. Month
LAND DEVELOPERS		
All-State Properties	OT 1/4	.....
AMREP Corp.	NY 2 3/8	- 1/4
Arvida Corp.	OT 4 3/4	- 1/2
Canaval Int.	AM 5 1/8	- 1/8
Canaword Corp.	OT 4	.....
Deltona Corp.	NY 4 3/4	- 7/8
Dominion Holding	OT 3 1/2	.....
(Disc. Inc. of America)		
Fairfield Communities—d	OT 1/2	+ 1/4
Gen. Development	NY 4 3/8	- 5/8
Getty Financial Corp.	OT 2 1/2	+ 1 1/2
(Don the Beachcomer)		
Horizon Corp.	NY 2 1/4	- 1/2
Landmark Land Co.	AM 1 5/8	- 1/8
(Gulf State Land)		
Land Resources	OT 3/4	- 1/4
Major Realty	OT 1	- 1/8
McCulloch Oil	AM 4 3/8	- 1/8
Sea Pines Co.	OT 1 3/8	- 1/8

Company	Sept. 2 Bid/ close	Chng. Prev. Month
MOBILE HOMES & MODULES		
Champion Home Bldrs.	AM 3 3/8	- 3/8
Commodore Corp.—d	AM 1 1/4	.....
Conchemco—d	AM 6	- 1 1/4
De Rose Industries—d	AM 1 3/8	.....
Fleetwood	NY 11 1/2	.....
Golden West—d	AM 3 3/8	- 3/8
Moamco Corp.—d	AM 1 3/4	+ 1/8
(formerly Mobil Americana)		
Mobile Home Ind.	NY 3 3/4	- 1/8
Monarch Inc.	OT 1	- 1/4
Redman Inc.	NY 2 3/4	- 1/4
Rex Noreco	NY 1 1/4	- 1/4
Skyline	NY 16 1/4	- 1/2
Town and Country	AM 2 7/8	- 1/4
Zimmer Homes	AM 3	- 1/4

Company	Sept. 2 Bid/ close	Chng. Prev. Month
Brigadier Inc.	OT 1	- 5/8
Hodgson Houses—d	OT 1 1/2	+ 3/4
Liberty Homes	OT 1 5/8	- 3/4
Lindal Cedar Homes	OT 1 3/4	- 1/4
Nationwide Homes	AM 15 3/4	- 1/2
Shelter Resources	AM 3 1/2	- 3/8
Swift Industries—d	OT 1/4	+ 1/8

Company	Sept. 2 Bid/ close	Chng. Prev. Month
DIVERSIFIED COMPANIES		
American Cyanamid	NY 24	- 1 5/8
Amer. Standard	NY 13 3/4	- 3/4
Amerter Development	OT 7/8	- 1/8
Arlen Realty & Develop.	NY 2 5/8	- 3/8
AVCO Corp.	NY 5 1/8	- 3/8
Bendix Corp.	NY 40	+ 1 3/8
Bethlehem Steel	NY 37 3/8	+ 3 1/8
Boise Cascade	NY 22 7/8	+ 1 1/2
Building & Land Tech.	OT 1	- 1/4
CNA Financial (Larwin)	NY 6	- 5/8
Campeau Corp.	TR 5 1/4	- 3/8
Castle & Cooke	NY 14 3/4	- 1 3/8
(Oceanic Prop.)		
CBS (Klingbell)	NY 44 5/8	- 1 1/2
Champion Int. Corp.	NY 16	- 1/2
(U.S. Plywood-Champion)		
Christiana Securities	OT 117	- 1
Citizens Financial	AM 3 1/2	- 1/16
City Investing	NY 7 1/2	+ 3/8
(Sterling Forest)		
Corning Glass	NY 41 1/2	- 4 1/4
Cousins Properties	OT 1 3/4	- 3/4
Dreyfus Corp.	NY 6 1/8	- 3/8
(Bert Smokler)		
ERC Corp.	OT 17 1/4	- 1 1/4
(Midwestern Fin.)		
Evans Products	NY 5 1/8	- 1/2
Ferro Corp.	NY 22	- 1 1/4
First Gen. Resources—OT	1/16	+ 0 1
First Rlty. Inv. Corp.—d	AM 3 3/4	- 1/4
Fishback & Moore	NY 27 1/8	+ 1 3/8
Forest City Ent.	AM 3 7/8	- 5/8
Flag Industries—d	AM 2	.....
Frank Paxton Corp.	OT 7 1/4	- 1/4
(Builders Assistance Corp)		
Fruehauf Corp.	NY 16 5/8	+ 1/8
Fuqua Corp.	NY 5 1/8	- 1/8
Georgia Pacific—e	NY 43 7/8	+ 3 3/8
Glassrock Products	AM 2 3/4	- 3/8
Great Southwest Corp.—d	OT 1/4	+ 1/16
Gulf Oil (Gulf Reston)	NY 20 5/8	- 1/2

Company	Sept. 2 Bid/ close	Chng. Prev. Month
Gulfstream Land & Dev.	AM 5 3/8	- 3/8
(Bel-Aire Homes)		
INA Corp. (M. J. Brock)	NY 33 1/8	- 3/8
Inland Steel (Scholz)	NY 41 7/8	+ 4 5/8
International Basic Econ.	OT 2 1/4	- 1/2
International Paper	NY 57 1/2	+ 4 1/4
Inter. Tel. & Tel.	NY 20	- 2 1/8
Investors Funding—d	AM 1	.....
Killearn Properties—d	AM 1 3/4	.....
Leroy Corp.	OT 1 1/4	+ 1/4
Ludlow Corp.	NY 7 7/8	.....
Monogram Industries	NY 6 1/8	- 1 7/8
Monumental Corp.	OT 8 3/8	- 1 1/8
(Jos. Meyerhoff Org.)		
Mountain States Fin. Corp.	OT 4	.....
National Homes	NY 3 3/8	- 5/8
National Kinney	AM 3 1/8	- 1/8
(Uris Bldg.)		
NEI Corp.	OT 1	.....
Occidental Petroleum	NY 17 1/2	- 3/8
(Occ. Pet. Land & Dev.)		
Perini Corp.	AM 5	- 1/4
Philip Morris	NY 43 1/2	- 5 1/4
(Mission Viejo Co.)		
Pope & Talbot	NY 15 5/8	+ 1/8
Republic Housing Corp.	AM 1 3/4	- 1/8
Rouse Co.	OT 3 3/8	- 3/8
Santa Anita Consol.	OT 5 1/2	-

Speakman

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Balanced Pressure Valve
...stands guard over safety, comfort and economy

Here's a new concept in design for single-handle controlled shower and shower/bath valves, developed especially for institutional, commercial or residential installations. The benefits will please you and your customers . . . at a price you can both live with!

Speakman's Pressure Compensating Valve* protects against sudden, dangerous changes in water temperature due to pressure variation. As an added safety feature, water flow is automatically reduced to an insignificant trickle when either cold or hot water supplies are cut off completely.

There's even less chance of scalding because the valve must be turned off in the cold position. Selection of desired water temperature must progress from cold . . . through warm . . . to hot . . . and back.

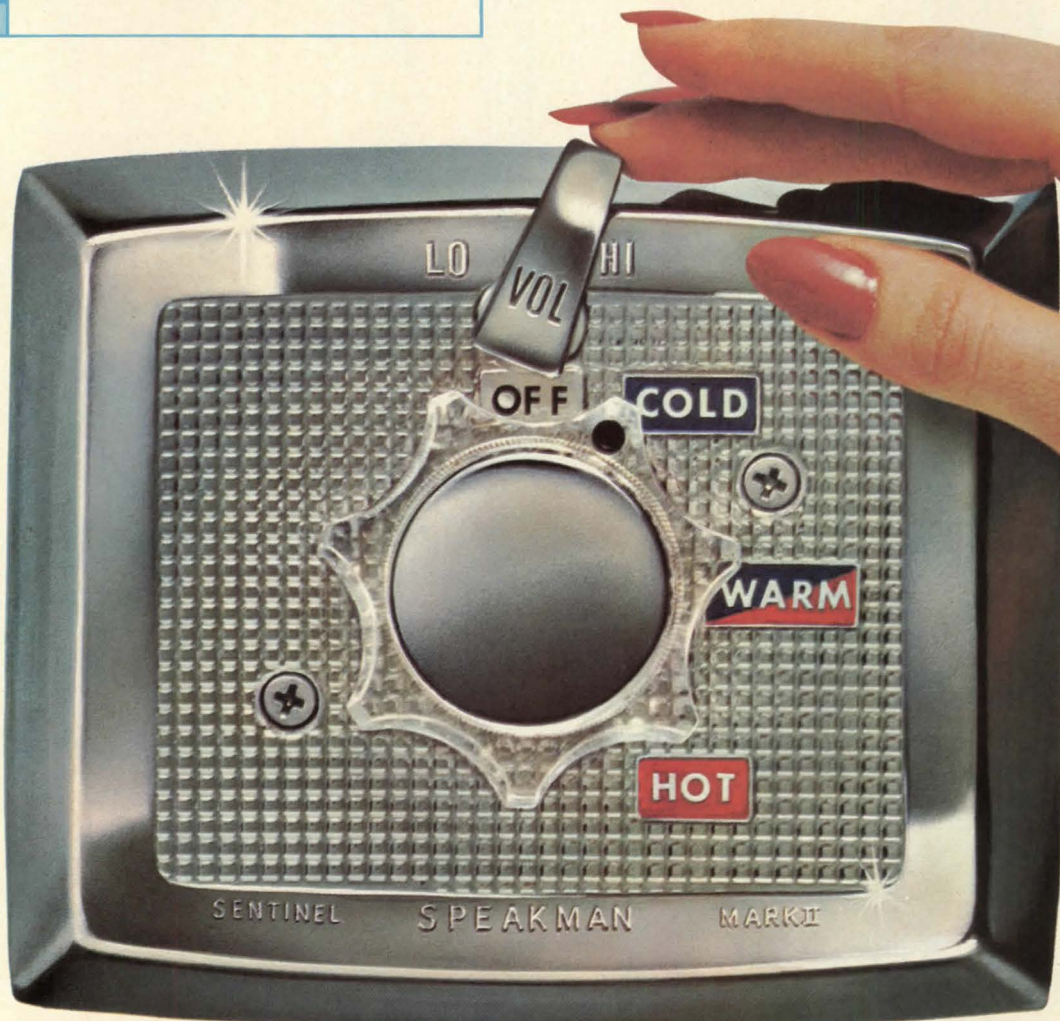
Adjustable Temperature Limit Stop, an added safety feature (standard on all models), can be set to limit the temperature

by restricting travel of the control handle. You get not only additional protection, but water and fuel conservation as well. Volume control is available on Sentinel Mark II, conveniently located on the face plate.

Factory-sealed balancing module is easy to replace as inlet seals are located at the back where they can't bind. Long-lasting ceramic valve module is also easy to remove and concealed stops are available. And for Back-to-Back installations, a reversible supply requires only a simple reversal of the ceramic valve module.

Combine the features of laboratory and field tested Sentinel Mark II with the traditional quality you get from Speakman. Then call your Speakman representative. He'll see you get the full story on all 32 models. Or write Speakman Company, P.O. Box 191, Wilmington, Del. 19899, for free brochure.

*Patent Pending





Pecky Cypress
Gray Design #211



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But now you can specify the beauty of Pecky Cypress in durable, economical, hardboard paneling. Only from Masonite. We've captured the rich random look of real Pecky Cypress. Right down to the rare "character marks" and impressions.

Just look at what happens when you put it in a rec room, bedroom or study. Masonite's Pecky Cypress Design turns an ordinary room into a showcase.

And our Pecky Cypress Design paneling features a man-made finish on real Masonite brand hardboard. So it's tough. It can take knocks, bumps and bruises; won't splinter or crack. And like all Masonite hardboard paneling, cleaning Pecky Cypress Design is as easy as a wipe with a damp sponge.

You can put six panels of the Pecky Cypress Design side-by-side without repeating the design. So you can maintain a random planking look, even on long walls.



Pecky Cypress
White Design #210



Pecky Cypress
Golden Design #213



Pecky Cypress
Brown Design #214

So, when you're looking for the elegant authenticity of Pecky Cypress, specify Masonite's new Pecky Cypress Design; it's available in four intriguing finishes.

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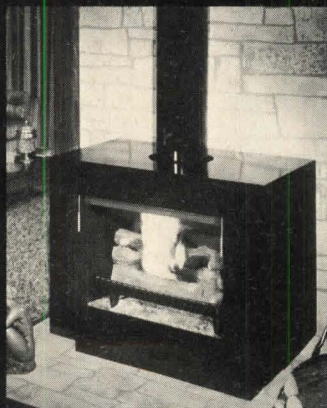


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Memo to owners/managers: Rent is due on the 1st of the month; it's late on the 2nd; and if it's not paid by the 3rd...

... start knocking on delinquent tenants' doors. Otherwise your complex could lose thousands of dollars a year needlessly if you have to borrow to pay bills when rents are late.

Your long-term troubles start the first time you let tenants fall behind. Why? Because today many people spend all their monthly income. So once they've slipped behind on their rent, it's very hard for them to ever catch up. As an owner with many years of experience once told me: "If a tenant can't pay one month's rent, how can he pay for two? And if he can't pay for two, he'll never pay for three."

The late payers. For the most part it's no mystery who's going to be late each month. That's because paying rent is a matter of habit. A tenant who starts out by paying on time generally continues to do so. And a tenant who is habitually late will continue that bad habit—unless you do something about it.

Try this experiment: Write down the names of tenants whose rent you think will be unpaid by the tenth of next month. Compare this list with what actually happens. You'll discover the list is 100% correct—or close to it.

One way to improve your collection rate is to spot potential late payers before they move in. Here are two warning signals:

- If a tenant's rent will be more than 25% of his gross income, that's bad. And the risk of late payments increases sharply for each rent dollar beyond the 25% mark.

- You're in danger, too, if the combination of rent plus the tenant's monthly installment payments will take up 40% of his income. There won't be enough money to go around and someone will be short-changed—usually the landlord.

A third warning sign comes after a tenant moves in. It's a rent check that bounces. If you get one, visit the tenant immediately and demand cash or a certified check. And make it clear that another bad check will mean trouble.

Set up a tough program. Even more important than spotting warning signals is the need for a firm policy on rent collections. And that policy should be spelled out twice: first when a would-be tenant fills out his

application and again when he signs the lease.

Make the policy very clear: "Rent is due on the first; it's late on the second; and we'll start eviction proceedings on the third."

Granted, in most states you can't evict on the third day. But you must convince tenants you mean business. By spelling out your tough collection policy up front, before they move in, you'll eliminate 90% of potential delinquencies before they start.

And you have to stick with that firm policy at the first hint of late-payment trouble because tenants quickly discover how late they can be with their rent and get away with it. They learn your routine collection procedure: 1) reminder notice; 2) five-day notice; 3) final notice; 4) letter; 5) telephone call; and finally 6) attorney. So they'll wait until just before the nasty personal letter or phone call before they pay up.

That being the case, why waste time on the preliminaries?

Take quick action. If rent isn't paid by the third day, knock on the delinquent's door on the fourth day. A personal visit is the strongest medicine. Next best is a phone call. Either way, your message is clear: Pay up now or we'll take action.

Some tenants will try to make a deal. Instead of admitting they don't have their rent money, they'll submit a list of problems in their apartments and refuse to pay rent until the problems are corrected. The problems may or may not exist. But the main problem really is that these tenants don't have the rent money and are stalling for time.

Or they may try the time-payment deal, saying they're waiting for a bonus or a tax refund, etc. In this kind of situation, chances are other creditors are waiting too. So don't you wait. Tell these tenants to borrow from a bank or loan company. Your job is to collect rent when it's due, not to finance tenants.

'Alibi-Ike' tenants. A lot of owners have late-payment problems because their rent-collection programs give tenants excuses to be late. Here's what *not* to do:

- Don't bill for rent except in unusual circumstances, e.g., when variable charges have to be tacked on. If tenants wait to be billed, chronic late payers can claim they

didn't get their bills or that there was an error in the billing.

- Don't have tenants pay to a central lock-box if you can avoid it. Information is so slow in getting back to the office that 15 days may pass before you find out whose rent is late. Obviously, this is too long if you're going to take quick action against delinquencies.

- Don't refuse to accept cash. Some complexes set this rule because they're afraid the central office will be robbed. But cash is legal tender; so if you refuse cash payments you may forfeit a legal claim to the debt. To minimize any loss in case of theft, make daily bank deposits.

- Don't set a late-penalty policy. Some owners and management companies think they can avoid unpleasantness by imposing a charge for late payments. This is a bad idea because, in effect, it's telling tenants they can be late if they pay for the privilege. Furthermore, penalty charges usually are not collectible in court.

When all else fails. If you can't collect the rent, you must start eviction proceedings. Some owners resist this step; they think it's better to be owed rent than to have vacant apartments.

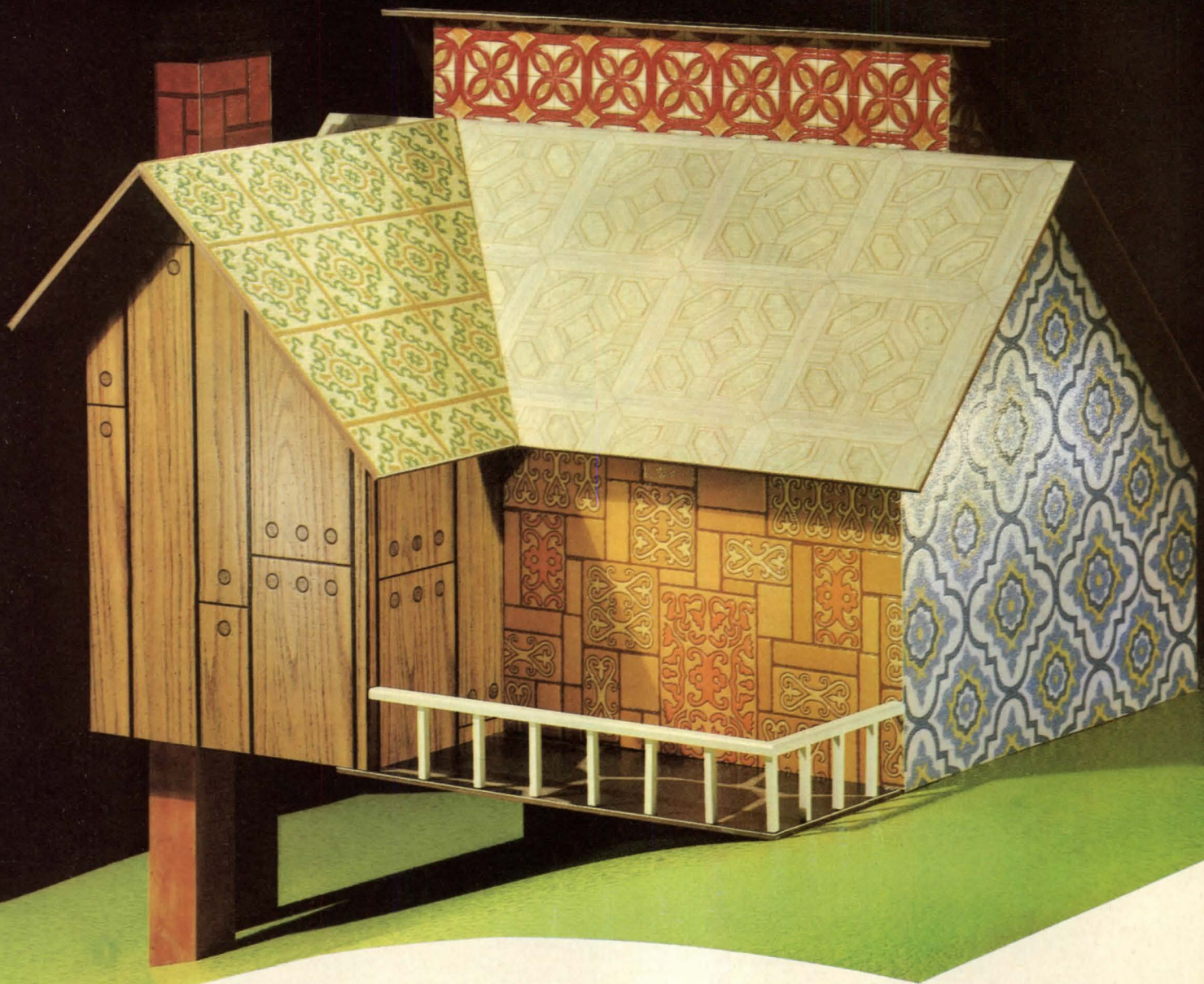
That's wrong. It's far better to have an apartment waiting ready for someone who can pay for it than to have the apartment occupied by someone who can't.

Besides, if you fail to follow through on your tough collection policy, word will get around and you'll jeopardize on-time payments from other borderline tenants.

If by this time you're wondering just how good (or bad) your rent-collection program is, see how your complex ranks on this scale:

RATING	% LOSS OF GROSS POSSIBLE INCOME
Excellent	.25%
Good	.5
Average	1.0
Poor	over 1.0

If you don't like what the scale shows about your complex, remember this: The weaker the rental market, the stronger your rent-collection policy must be. Rent has no value unless it's collected. So set up a get-tough policy.



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First of all, the GE name is assurance to you and prospective home buyers that the Home Sentry Smoke Alarm is a reliable quality product. In addition, hard-hitting national television and print advertising throughout the fall will make your customers aware of the benefits of GE's Home Sentry Smoke Alarm.

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HAS THE DESIGN CONCEPTS THAT PUT HOUSING
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Spacemaker Series: more than a house, it's a house and a half—pre-planned for expansion. It's a home series that grows with the buyer's needs, is affordable by all the families in your market who have been priced out of housing.

Challenger Series: a wet-core, ranch type series that gives more on-site cost control than you ever thought possible. Core engineering and low cost build-out can boost your profits as much as 30%.

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Because nobody else makes cabinets quite like Scheirich.

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To our knowledge, no other cabinet manufacturer offers such a guarantee.

But then, how many cabinet manufacturers still sand and stain a cabinet by hand? Or use self-closing hinges? Or custom-designed hardware?

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Editorial

Condo is alive . . . now let's get it healthy again

Recent reports that the condominium market isn't as sick as some of us feared should come as good news to an industry that needs all the good news it can get.

It's good news too that HUD recently recommended that condominium abuses be policed by the states, not the federal government [NEWS, Aug.]. Anyone who's worked with federal housing programs knows that most of them embody an important but little-known corollary of Murphy's law: the higher the level of government, the more red tape. Federal control could stop condo building dead in its tracks.

It's terribly important right now that all unreasonable barriers to the building of condominiums be eliminated. Condos fill needs that other kinds of housing don't. They can be offered at lower prices than comparably-sized detached units. And they have proven extraordinarily popular with the empty nester and single person who doesn't want the maintenance headaches of a house, but would rather buy than rent.

More than a million condo sales have been generated by these appeals since 1970. The housing industry desperately needs to move back toward previous levels of production, and as soon as possible.

There are, it seems to us, two things that must be done if condos are to regain their importance in the market:

First, public confidence, badly eroded by the actions of a few unscrupulous builders, chiefly in Florida, must be restored. And second, the way in which the states regulate condos must not cripple the builder or force his costs so high that his units are priced out of the market.

Who says you can't build in energy savings without boosting housing costs?

Most of the housing industry, that's who. But most of the housing industry could be wrong. And now evidence of just that comes from Arkansas where a handful of small builders have completed 74 houses that save up to 63% on heating and cooling bills and cost no more than conventional homes built to FHA's Minimum Property Standards.

The story of these houses starts on page 68. But a couple of points should be made here.

First of all, these houses are not prototypes or special designs aimed at a special market.

Most of them look like ordinary, run-of-the-subdivision ranch homes. They are priced as low as \$25,000. And many of them could qualify as the so-called basic, no-frills house that so much of the industry is

Both of these goals can be achieved by the same means—intelligent condominium statutes. Fortunately, the model for such statutes exists; in fact it has been in force for more than a year now. It's the Virginia Condominium Act [H&H, Sept., 74], a statute so sensible and so protective of the rights of both builder and buyer that more than half of the 50 states have so far indicated that they have or will use it as a model for their own condo legislation.

Among other things, the Virginia Act deals effectively with the problems which, according to HUD's recent report on condominium abuses, are highest on condo owners' complaint lists: lowballed common fees (budgets and reserve funds must be disclosed in detail); undecipherable and inadequate documentation (subjects are spelled out at length and in detail, but they can be incorporated in the builder's documentation reference—a much simpler and shorter method); and rip-off recreation lease-backs (once the owners take over the association they can terminate any lease deal).

On the other side of the fence, while that act is very demanding of the builder, it is also very fair. And in many cases—particularly the area of expandable and contractible condominiums—it gives him far more flexibility than does any other statute.

There is considerable agitation in Congress, if not for federal condo control, at least for standards that would apply where state laws were considered inadequate. We infinitely prefer HUD's position: Keep the federal fingers out of the pie. But if politics prevails and a standards bill is passed, we hope it will be modeled on the Virginia Act. That would make the federal presence bearable if not desirable. —MCH JR.

talking about—and striving to produce—these days.

Secondly, the reported energy savings, which may strike you as almost unbelievable, are not the result of some high-powered, heavily bank-rolled technological breakthrough. They are simply the result of doing what comes logically—namely, packing in extra insulation where it can do the most good.

Of course, there are obstacles. Local codes, for example, and subcontractors who may balk at change.

But this much is clear: The energy problem is bound to get worse before it gets better. The Arkansas builders have demonstrated a simple way to deal with it. Now what's stopping the rest of the housing industry? —JFG

How to buck the tide and come up with a winner

If developer Max Schechter had paid attention to conventional wisdom, he'd never have built Lakeridge Park.

It's a condominium project at a time when everyone's talking single family.

It's in a less than prime neighborhood, with factories on one side, a school for dropouts on another, 1950s tract houses on a third.

It's priced higher than anything else in the neighborhood.

It has conventional financing—rates have gone as high as 9¾%—at a time when nearby builders offer 7¾% Tandem Plan mortgages.

Even its stucco exteriors represent a potential handicap, for buyers in its market area—the San Diego suburb of El Cajon—tend to equate stucco with economy.

Still, Lakeridge Park has averaged more than two sales a week since opening in January. And today it is almost two-thirds sold.

The obvious question: Why?

First, and most important, developer Schechter knew his market—he's been building in the San Diego area for 17 years—and so he knew there was still a demand for quality condominiums.

Second, an imaginative concept—a Mediterranean village—gave the project emotional appeal and made the most of a steep, rocky site.

Third, a well-thought-out land plan by architect Paul Thoryk set the project apart from its neighbors and turned it into a separate enclave. Houses are clustered around landscaped courtyards and buffered from the surrounding area by greenbelts, picnic grounds and the swimming pool complex. All have good views, either of the project itself or of a mountain range on the eastern horizon.

Fourth, a large percentage of end units—the nearest thing to single-family—was achieved by keeping clusters small—four units or less.

Fifth, Schechter countered bad publicity

about condominiums by building out the whole project at once. Although this meant higher financing costs, it paid off in creating buyer confidence.

Other builders had sought to develop the Lakeridge Park site before Schechter's company, College Ranch Properties, of La Mesa, Calif., acquired the 16.5 acre parcel in 1973 for \$12,000 an acre. But everyone had thought in terms of blasting away the rock outcroppings and building apartments—and so had quickly aroused strong community opposition.

Schechter, just back from a trip through France and Spain, saw the site's potential for re-creating a Mediterranean village. Despite its drawbacks, the location has several advantages: It is just 20 miles from downtown San Diego, within walking distance of a major regional shopping center and just below a prestigious hillside residential area.

So Schechter decided to work within the limits of the R-2 zoning—two units per 6,000-sq.-ft. lot—and to preserve the natural rock outcroppings, some of which are four stories high (*photo, right*). The final plan has a density of only 5.8 units to the acre and leaves 62% of the land in open space. Even so, it took nine months to convince the community that the project would not destroy the site's natural beauty.

The job of preserving the natural beauty fell to two men: Paul Thoryk of Del Mar, Calif., the architect, and Gerald Fischer of Environmental Research Associates, Del Mar, the landscape architect.

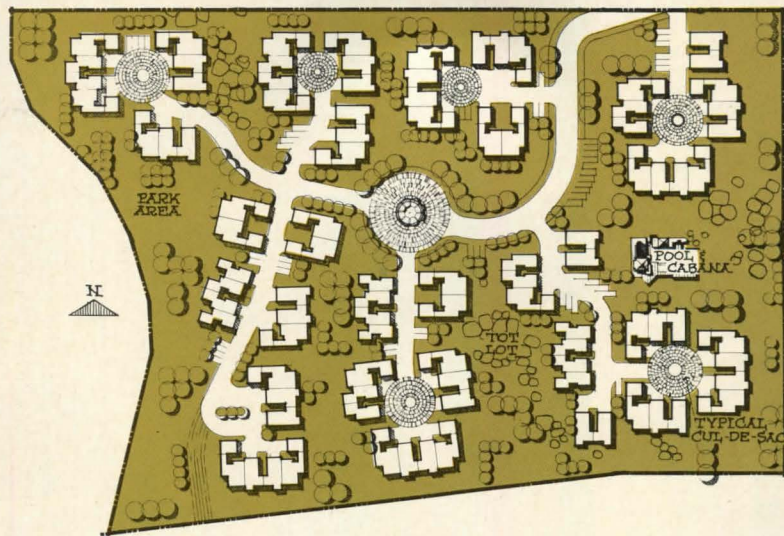
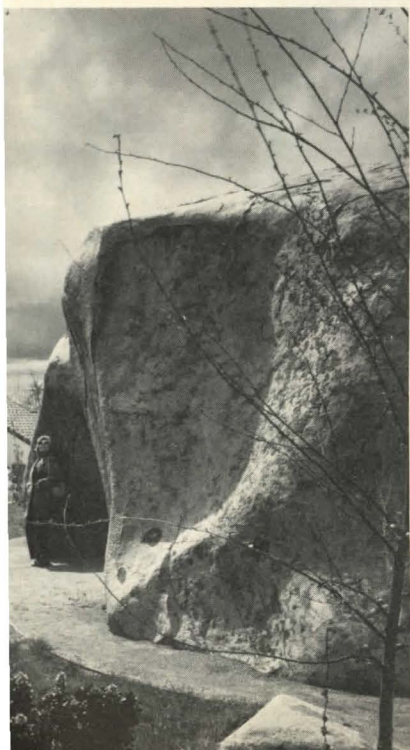
Thoryk managed to weave the housing clusters in and out of the boulders and to work with the terrain to keep cut-and-fill banks and retaining walls to a minimum. And in the process he added interest to the facades and floor plans by the use of different levels.

The smallest unit, for example, is built on four different levels. And a meandering path leading to one of the two-story units rises a few steps, continues, rises again, etc., for



PHOTOS: JULIUS SHULMAN





Recreation complex (above and cover) was limited to a large swimming pool, a Jacuzzi, dressing rooms, saunas and barbecue areas because developer felt buyers were tired of paying for fancy facilities they rarely used. Later surveys showed he was right—with one exception: Buyers would also have liked a tennis court.

Site plan (left) for 16.5-acre site clusters 96 units on 38% of the land leaving rock outcroppings and boulders undisturbed (photo, left).

a total of eight or nine feet, producing an attractive and private entryway. In the only one-story model, a flight of stairs leads from the house to the garage, which is about 6 ft. lower on the slope.

Fischer came in after building had already begun. When he looked at the grading that had been done to solve engineering and drainage problems, he found it was unsuitable for landscaping. So Schechter doubled the landscaping budget—to about \$250,000—and began an ambitious regrading operation.

About 20,000 cu. yds. of earth and a number of huge boulders were moved, corners and sharp edges were softened, and the steep slope was turned into a rolling hillside. After that, the landscaping was mainly a matter of planting grass and trees.

Fischer departed from California custom by planting a good many deciduous trees to shield the units from the sun in summer and let in the sun in winter. He was also careful to plant trees of all sizes—from seedlings to full-grown—to re-create the natural look of a forest.

Finally, he treated a gully that ran through half the project as a dry stream bed, strewing rocks and boulders along its path and planting it with alder trees and other plants that grow naturally in California water canyons.

The money that went into the architecture and landscaping was well spent: Lakeridge Park is easily outselling its less expensive competitors. Many of the buyers are empty nesters moving out of \$90,000-to-\$120,000 homes and paying cash for their condominiums. Others include divorced people in their thirties, widows and young families. Schechter has not tried to segregate the families with children, and so far there have been no complaints.

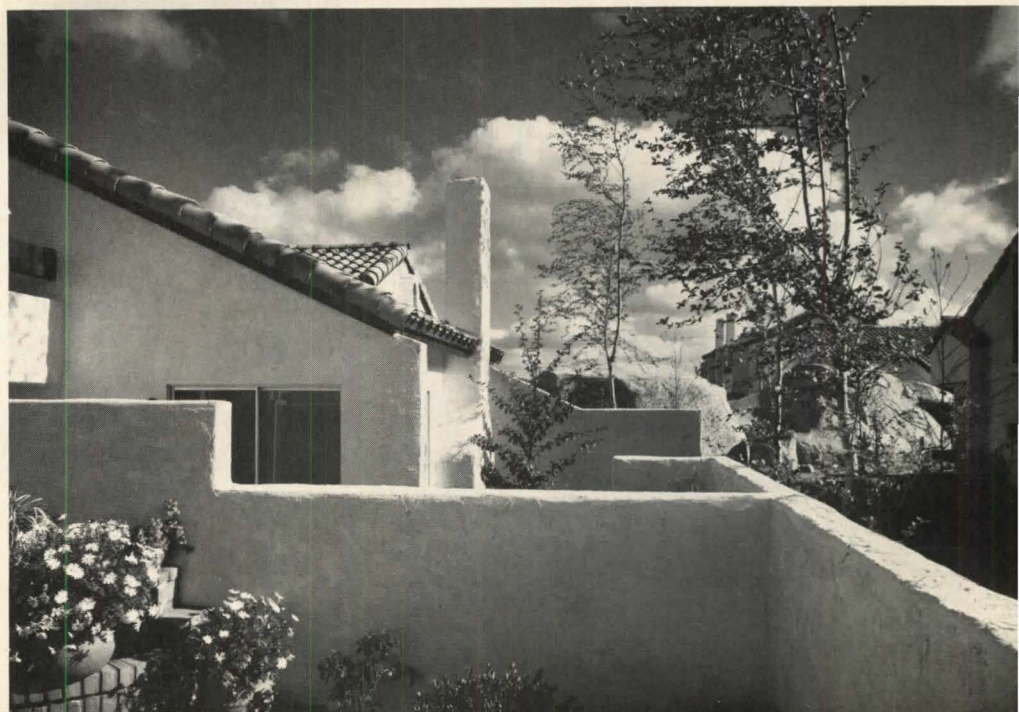
While most of the Lakeridge Park buyers came from within 20 miles of the project, only about 10% came from within three miles. A good number are from the beach areas.

"A lot of people who come to San Diego settle in La Jolla, because that's our Beverly Hills," says Schechter. "After a year or two they discover they don't like it because of the fog and the dampness. Then they move inland where it's dry."

Most of the earlier buyers learned about Lakeridge Park from newspaper advertising. "Sales really lagged for a while," Schechter recalls. "People kept coming back and looking at the project, but they didn't buy. Later they admitted that they wanted to see what it was going to look like before they bought."

Today prospects are drawn by the red tile roofs, which are visible for miles around. And a healthy 25% of sales come from referrals.

—NATALIE GERARDI



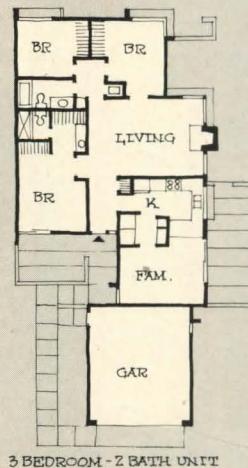
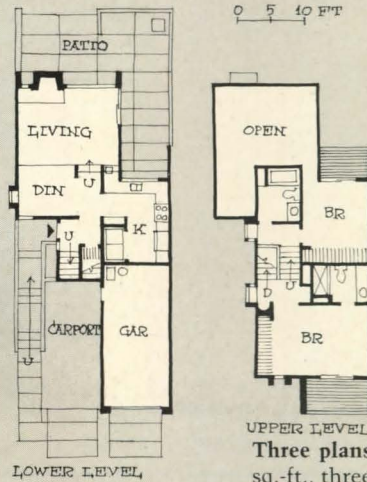
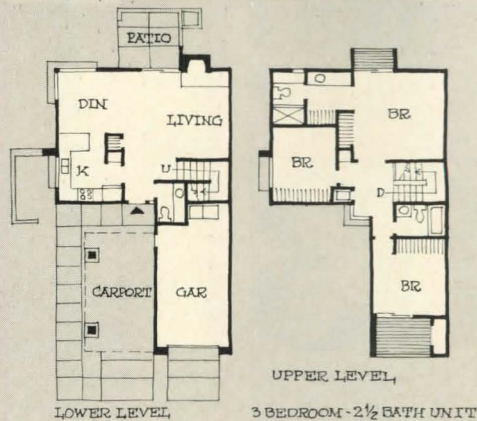


Clusters (photo, above) were kept to four units or less so that there would be a high percentage of end units, always the top sellers in townhouses.

Patios (photo, far left) and decks are popular with buyers, who are adding such creative touches as fountains, barbecues and hibachi stands—most of them built by Joseph Thoryk, the architect's father, who did the project's brickwork.

Staggered entryways (photo, left) were made necessary by the irregular terrain, but they lend interest to the facades and afford privacy.

NEW TOWNHOUSES: SOLOHO



Three plans include a 1,378-sq.-ft., three-bedroom plan at \$39,000-\$45,000 (top plan and photo above); a 1,109-sq.-ft., two-bedroom plan at \$36,500-\$39,500 (center); and a one-story, 1,391-sq.-ft., three-bedroom plan at \$42,000-\$45,000 (left), the best seller.

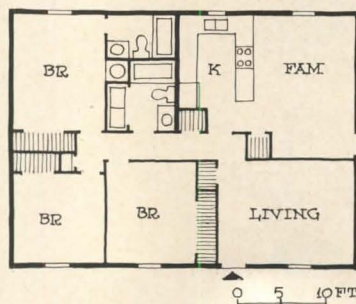
One-car garages plus carports were built instead of two-car garages. The architect wanted to avoid having rows of garage doors facing the courtyards, and he felt that the carports would have the feel of patios.

Models were decorated by Gary Donaldson and Associates of Irvine.

Here is a house that cuts heating and cooling bills by 63%



Energy-saving house by builder Whited, at right, has slightly larger plan than the one below, which was used for heat-loss comparisons shown in table.



It slashes heating and cooling bills, according to the local power utility. Yet the builder says it cost no more to build than a conventional house of the same size.

More importantly, builder Bill Whited's house in Jacksonville, Ark. is no isolated example of how to build for lower fuel costs. It is one of 74 energy-saving houses built since late 1974 in a 3,300-degree-day belt between Little Rock and Marion, Ark.

Each of the 74 includes most, if not all, of the energy-saving features developed over a 15-year period by three Little Rock men—an Arkansas Power & Light Co. engineer, a HUD construction analyst and an HVAC equipment wholesaler (see p. 71). And 10 of the 74 have been monitored in a test program by Arkansas Power & Light. Results: Their electric heating and cooling bills average 63% lower than the bills of similar, conventionally built houses in the same area.

Those savings come surprisingly close to the 65% heat-loss

reduction shown in the table at left. Several factors may account for the spread of two percentage points. For instance, the houses were tested for four to nine months instead of for a full year. And there were significant house-to-house differences in internal heat loads generated by ovens, washers, dryers, television sets, etc.

How do the energy-saving houses cut down heat loss?

Mainly with lots of insulation in all the places that really count. Specifically:

- Heat loss through doors and windows is reduced by 77%. Doors are metal with urethane cores and magnetic weatherstripping. Windows are double glazed and total only 8% of the floor area compared with 12% to 20% in conventional houses.

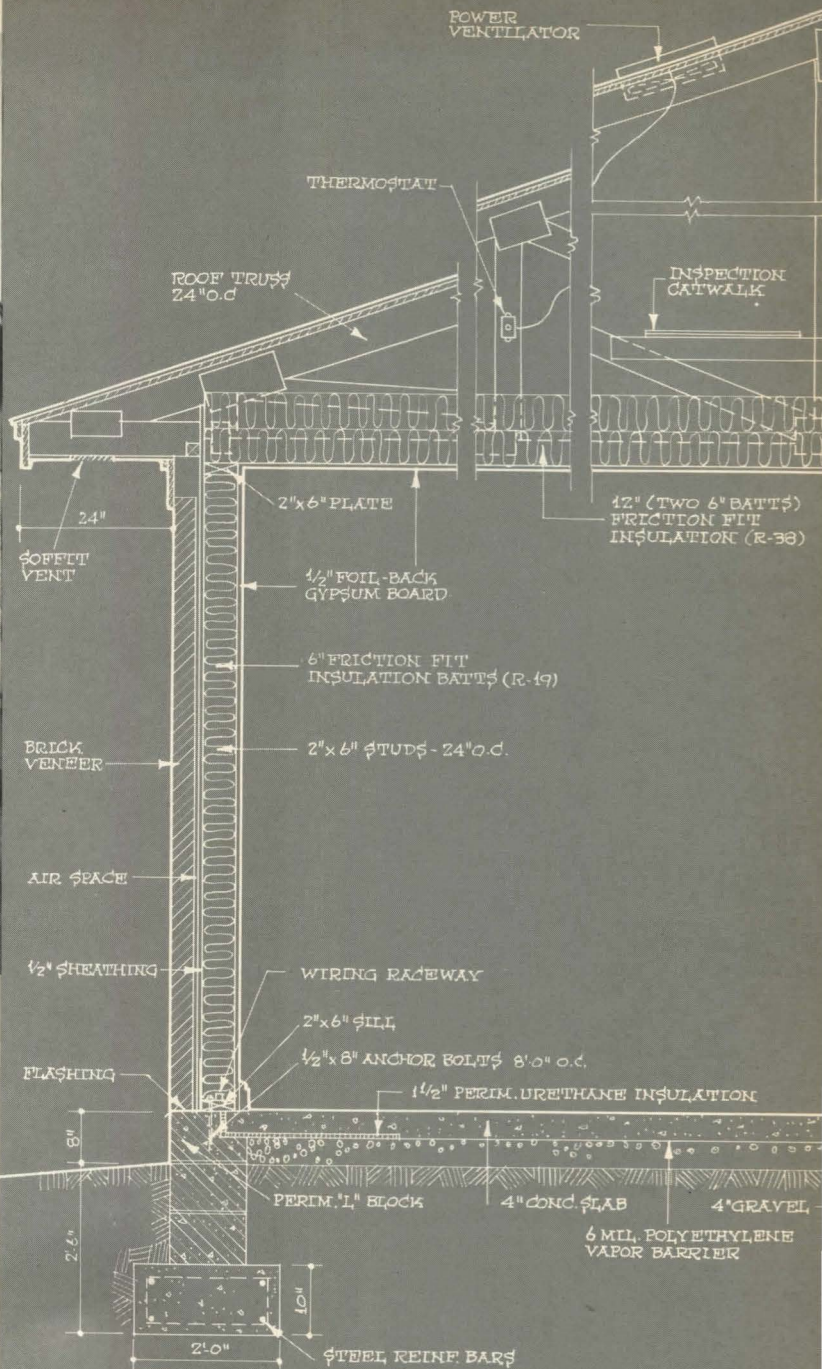
- Heat loss through the floor is reduced by 64%. There is either 1½"-thick urethane sheeting around the perimeter of a floating slab or 6" of friction-fit insulation between the floor joists (drawings, right).

- Overhead heat loss is re-

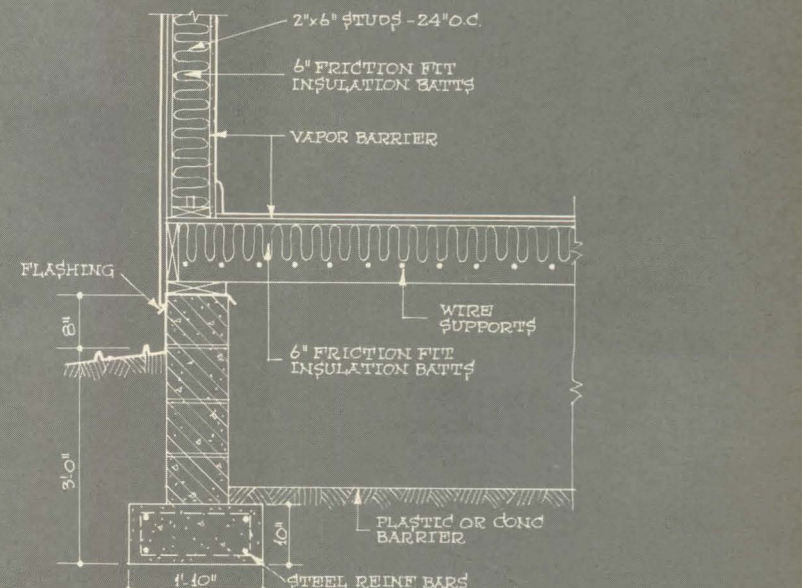
Heat loss: conventional house vs. energy-saving house

	FHA MPS Construction	Energy-saving Construction	Reduction
Windows/doors	13,131 BTUH	3,050 BTUH	77%
Flooring	8,722	3,179	64%
Ceiling	4,320	2,041	53%
Walls	6,757	4,411	35%
Ducting	6,072	471	92%
Infiltration	7,548	3,007	60%
TOTAL	46,550	16,159	65%

Based on 1,131 sq. ft. of conditioned space (plan, above) on slab foundation in Little Rock



TYPICAL WALL SECTION—FLOATING SLAB ENERGY SAVING CONSTRUCTION



CRAWL SPACE AND BASEMENT IN ENERGY SAVING CONSTRUCTION

12" of blanket insulation or the equivalent in blown-in insulation.

- Heat loss through the walls is reduced by 35%. Outside walls have 6" of friction-fit insulation between 2x6 studs 24" o.c.

- Heat loss through ductwork is reduced by 92%. All ducts are in furred-down space below the ceiling. So there is almost no leakage of heated or cooled air to the outdoors.

- Finally, heat loss caused by the infiltration of outside air is reduced by 60%. Ceilings as well as walls have vapor barriers—either foil-backed gypsum board or 6 mil polyethylene. There's also polyethylene sheathing under the slab or under the floor in a crawl-space house.

All that extra insulation adds from \$500 to \$700 to the cost of a house with 1,131 sq. ft. of heated and cooled space.

Nevertheless, builders like Whited and Rex Rogers of Marion, Ark. (a Memphis, Tenn. bedroom community) are bringing in energy-saving houses at the cost of conventional houses built to FHA's Minimum Property Standards.

Whited has built 11 energy-savers ranging from 1,050 to 1,660 sq. ft. and priced from \$25,400 to \$36,500. Rogers has completed 30 of them; they range from 1,017 sq. ft. for \$28,000 to 1,560 sq. ft. for \$38,000.

"I can put one of these houses on a lot for no more than the cost of conventional construction," Rogers says.

So how do builders Whited and Rogers save enough elsewhere in the house to offset the cost of extra insulation?

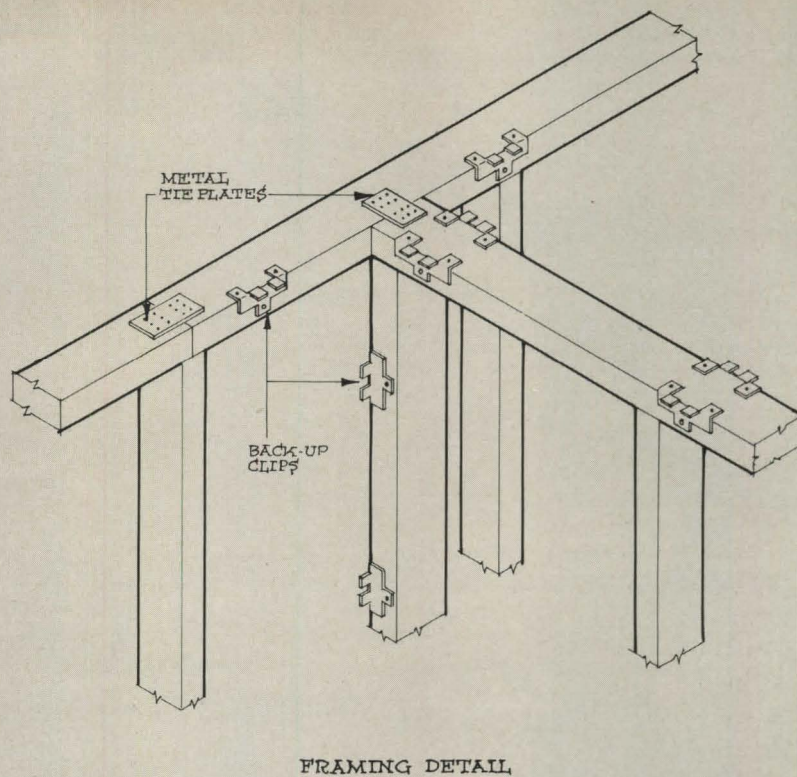
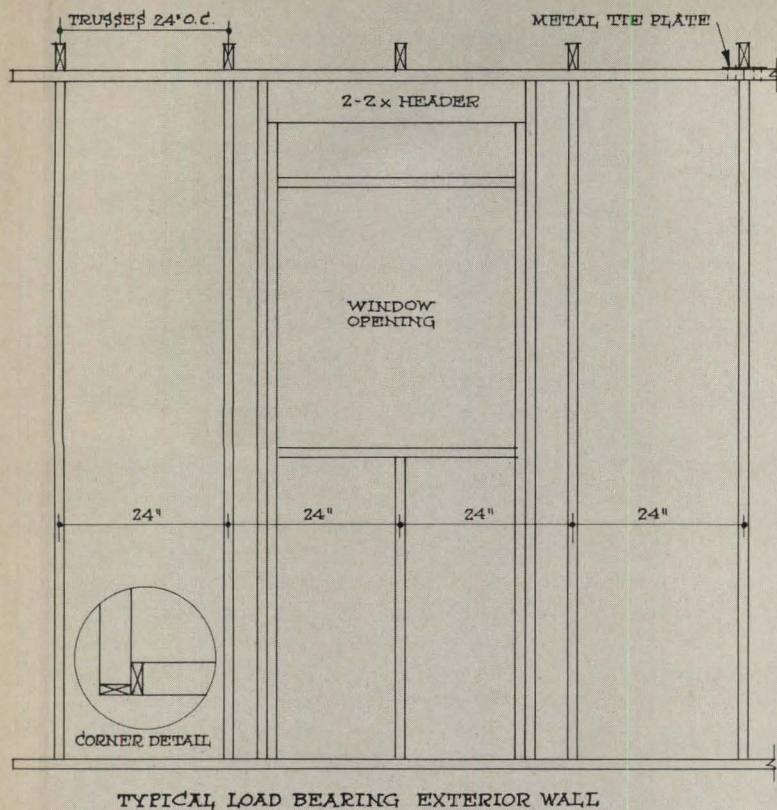
Mainly in two ways.

Framing shortcuts save from \$400 to \$500

Even though he uses 2x6 studs instead of 2x4s, Whited says his energy-saving houses require 30% to 35% less framing lumber than conventional houses of the same size.

In a 30'x54' house, that's a reduction of about 1,300 bd. ft., according to HUD construction analyst Frank Holtzclaw, one of the three originators of the energy-saving designs.

Labor, too, is reduced because there are less board feet in the house. And Whited saves by



using a 2x6 grade—No. 3 pine at \$150 per 1,000 bd. ft.—that's less expensive than pre-cut cedar 2x4s (\$210).

Framing shortcuts in the energy-saving houses have been discussed by housing research groups for years but generally ignored by builders. They include not only 2x6 studs 24" o.c. in outside walls but also the following:

- Steel gussets (tie plates) are used instead of double top plates. So each top-plate splice must occur right over the stud centerline.

- Steel back-up clips replace T's to support gypsum board where partitions occur between the 24" o.c. studs.

- Trusses drop squarely over studs eliminating jacks, cripples and headers except where openings exceed 24" in width.

- Windows drop between studs without extra framing.

- Interior partitions are framed with 2x3 studs 24" o.c.

Such shortcuts and innovations are bound to arouse a certain amount of opposition.

Framing crews are resistant—partly because at first the old

way is always the easier way and partly because they make less money per house. In fact, Rogers faced so much opposition that he finally switched framing subs.

Local codes are also an obstacle. In Marion, Rogers got his permits by pointing out that his framing was akin to post-and-beam construction. But in adjacent West Memphis, the building department still insists on double top plates.

Framing aside, unfamiliar materials also pose a problem. Both Rogers and Whited found they had to allow three- to four-week lead times when ordering such specialty items as insulated doors and foil-backed gypsum board.

Says Whited: "My first three energy-saving houses actually cost about \$200 to \$300 more than my previous houses. But after a lot of sweat, I found the right suppliers and re-educated my subs."

Some HVAC subs also take a dim view of the energy-saving houses. Their objections are understandable because the heating and cooling systems used are

scaled down—and thus less profitable for the subs.

A smaller-than-normal HVAC package saves about \$400

That figure is based on the installed costs of a split system—separate heating and cooling units—in a typical 1,131-sq.-ft. house in Arkansas.

Costs in a conventionally built house come to about \$1,500. Equipment includes a 2½-ton air conditioner, a 15-kw electric furnace and round ducting in the attic.

By contrast, costs in an energy-saving house total roughly \$1,100. Equipment includes a 1½-ton air conditioner, a fan coil over a 5-kw strip heater and rectangular ducts that are lined to reduce noise. Another \$40 or \$50 could be trimmed from costs by dropping down to a one-ton air conditioner, which, according to HUD's Holtzclaw, would be quite adequate for cooling a house of this size.

A split system costs some \$200 less than a heat pump of equivalent capacity. Nevertheless, 30 of the 74 energy-saving houses have 1½-ton heat

pumps. The reason? An impression among several builders, including Rogers, that heat pumps last longer and are more reliable.

Would energy-saving houses like those in Arkansas slash fuel bills in cold northern areas?

"Of course," says Holtzclaw. "The higher the cost of energy and the higher the number of degree days, the more the homeowner stands to save. In northern Michigan, for example, he'd save twice as much on heating as here in Arkansas."

—MICHAEL J. ROBINSON
and LORRAINE SMITH

MORE DETAILS AVAILABLE

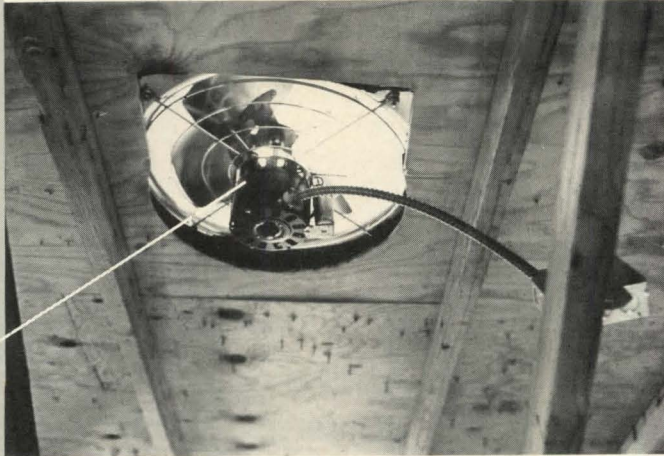
As a service to builders, Owens/Corning has just published a basic report on the energy-saving house called "The Arkansas Story—Report No. 1—Energy Conservation Ideas to Build On." Requests for copies may be sent to Stewart Byrne, Special Projects Manager, Owens/Corning Fiberglas Corp., Toledo, Ohio 43659.

KEY ELEMENTS OF ENERGY-SAVING HOUSE

12" of fiber glass insulation (R-38) in ceiling



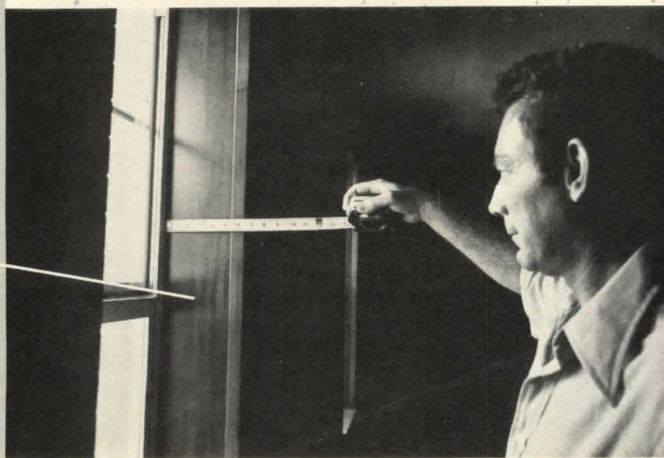
Thermostat-controlled attic fan—turns on at 100°F and off at 85°F



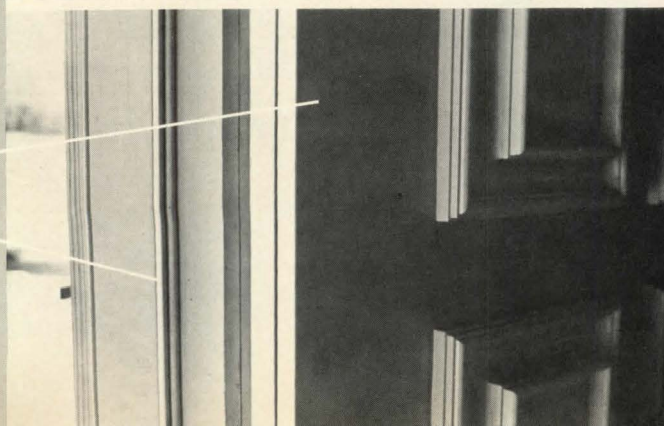
6" of fiber glass insulation (R-19) in walls



6" stud makes for deep window recess



Metal door with urethane core and magnetic weatherstripping



‘They said we were crazy for preaching such nonsense’

The Arkansas energy-saving houses are not the results of a highly organized research program generated by the energy crisis. Instead, they were developed over a 15-year period by three friends working together and independently in their free time.

Two of the trio are Frank Holtzclaw, a construction analyst in HUD’s Little Rock office and a former homebuilder, and Harry Tschumi, an HVAC equipment wholesaler. The third, who died late in 1974, was Les Blades, an Arkansas Power & Light Co. engineer.

“We felt real strongly that a hell of a lot of energy was being wasted with conventional construction and oversized heating and cooling equipment,” says Tschumi. “But when we showed builders how much they could cut heating and cooling bills for their buyers, they said we were crazy for preaching such nonsense.”

That all changed, however, with the sharp rise in electrical rates. Three builders went ahead with energy-saving houses. And when meter readings on the first houses confirmed the test data gathered by Holtzclaw, Tschumi and Blades, Arkansas Power & Light started promoting energy-saving design to other utilities and to builder groups as far away as Denver.

“The response has been nothing short of phenomenal,” says Fred Clark, AP&L’s technical services manager.

But Holtzclaw, who put together the framing shortcuts that help to offset the cost of extra insulation, warns that code acceptance won’t come easily. He has little official support outside his local office. In fact, other HUD offices may withhold approval.

“So far,” he says, “I haven’t seen much evidence that local codes will be changed to accept the energy-saving house. So builders will have to fight to win acceptance.”

REMODELING

FOUR AWARD- WINNING PROJECTS

The renovation of older buildings has always offered advantages, particularly in terms of location and construction costs. These award winners from the 1975 Homes for Better Living program* illustrate yet another important advantage: a quality—and quantity—of interior space which would be absolutely prohibitive at today's new construction rates. Two of the buildings began life as barns, one as a large mansion and one as a factory; they have been turned into what the program judges deemed to be two outstanding private residences, a condominium and an apartment building.

* All 1975 HBFL winners [H&H, May] were chosen in a two-day session at the headquarters of the American Institute of Architects, which sponsors



FIRST HONOR AWARD

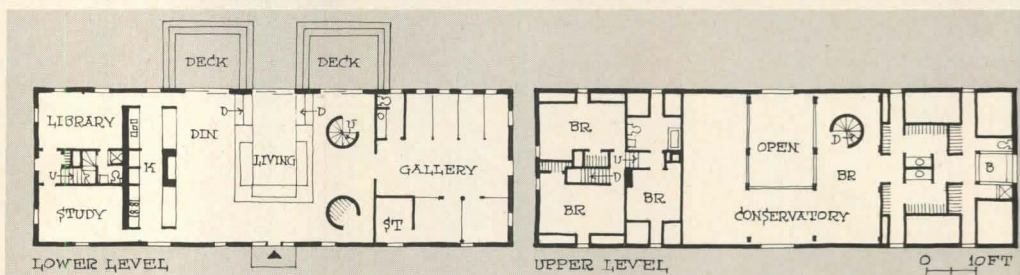
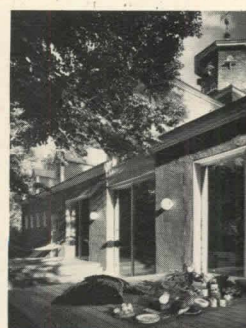
From carriage house to residence

This is a big building (40'x100'), and its original interior demarcation was carried over as the basis for the new living zones. Specifically, the central garage area became an enormous main living-dining area (*photo, facing page*); the stable at one end of the building was turned into a sizable art gallery for the owner, and what used to be chauffeur's quarters is now a study-library area

downstairs, with three guest bedrooms above. The second-floor sector above the gallery was turned into a commodious master-bedroom suite. Existing openings and dormers were kept, but large glass doors were added in the rear (*below, right*).

Architect: Myron Goldfinger; Builder: John Allen; Location: Bedford, N.Y.

PHOTOS: NORMAN MCCRATH



PHOTOS: GREG HEINS



FIRST HONOR AWARD

From factory to specialty apartment building

This renovation project was so successful HOUSE & HOME devoted six pages of its February issue to it; now the HFBL judges have recognized its esthetic merit with an honor award. A former piano factory, the building

The photo at right shows some original structural elements.

Architect: Gelardin/Bruner/Cott, Inc.; Developer: Gelardin-Bruner, Inc.; Contractor: [unreadable]





AWARD OF MERIT

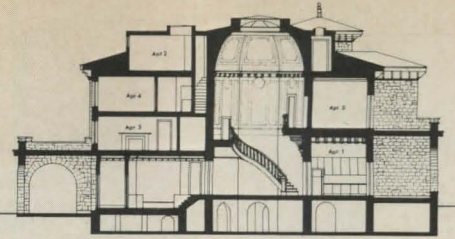
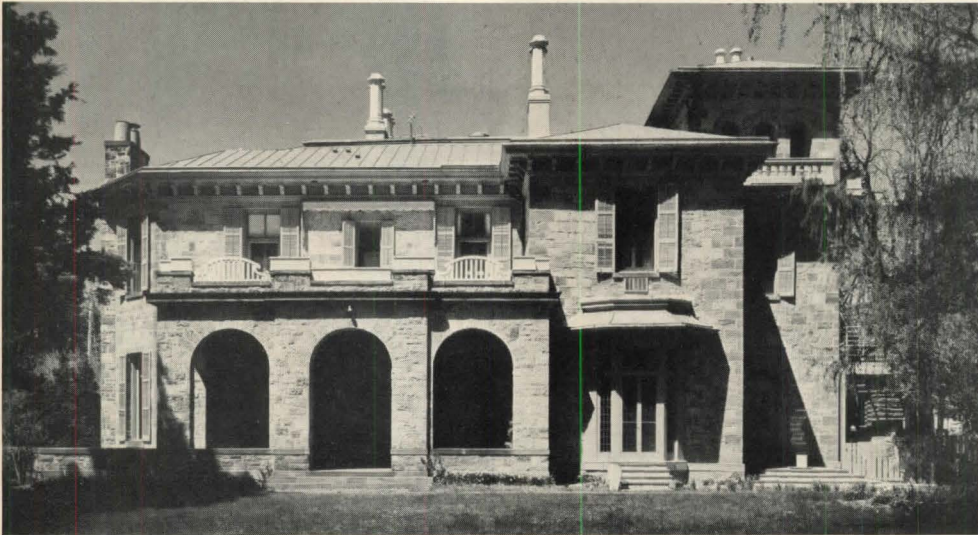
From villa to luxury condominiums

In 1850, when it was built, this mansion was considered an excellent example of the Italian Villa style; in 1971, when demolition was threatened, the surrounding community felt that such an architectural landmark should be preserved. One of the leaders in the successful preservation fight was the architect who later turned the mansion into six condominium apartments, ranging in size from 933 sq. ft. to 2,706 sq. ft., and in price from \$95,000 to \$115,000. The plans

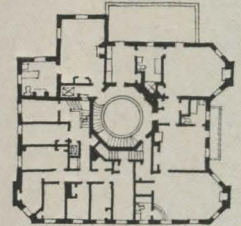
at right show how the original house was turned into apartments, some on one floor and some on two. And the photo on the facing page shows the high ceilings, trim details and cabinet work that make the units unique and impossible to duplicate today.

Architect: William H. Short; Builder: SBH Builders Inc.; Developer: Guernsey Hall, Inc.; Landscape Architect: William F. Shellman; Location: Princeton, N.J.

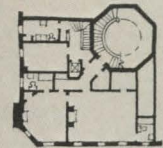
PHOTOS: OTTO BAITZ



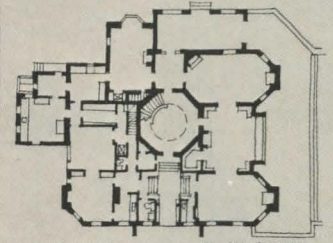
LEVEL 3



LEVEL 2 1/2 LEVEL 2



LEVEL 1 1/2



LEVEL 1 0 10 20 FT



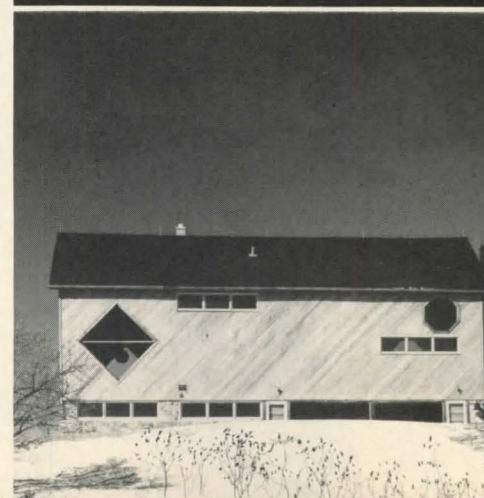
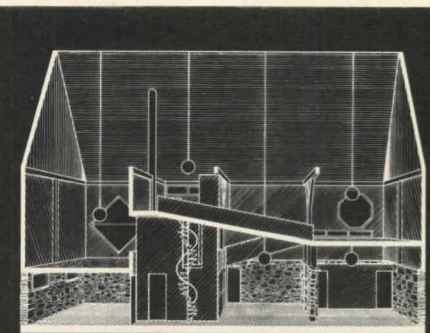
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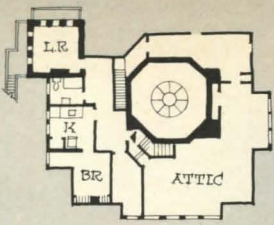
From dairy barn to country house

The owners of this house discovered that the best site on their 200-acre farm was occupied by a dilapidated but still basically sound barn. The obvious conclusion: rebuild the barn. The existing structure—post and beam with knee braces—was preserved, and diagonal boards were used as both interior and exterior finish (set at right angles to each other for strength). The bottom story is set into the foundation of the old barn, adding space and getting esthetic mileage out of the handsome old stone walls (photo,

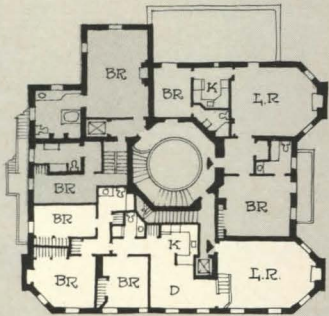
facing page). Informal living areas and bedrooms are on this bottom level, formal living is on a second level reached by a circular stairway, and there is also a guest bedroom and bath in a small third-level area. An adjoining silo had blown down, but its foundation was used for an extra conversation room (*plans, facing page*).

Architect: Stanley Tigerman & Associates; Builder: Lee Whitmore; Location: Burlington, Wis.





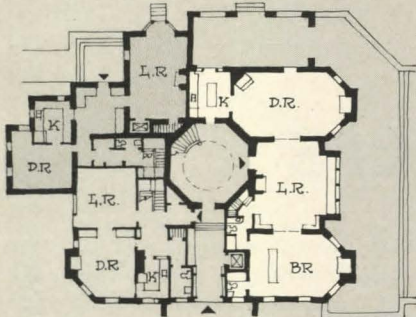
LEVEL 3



LEVEL 2 1/2 LEVEL 2



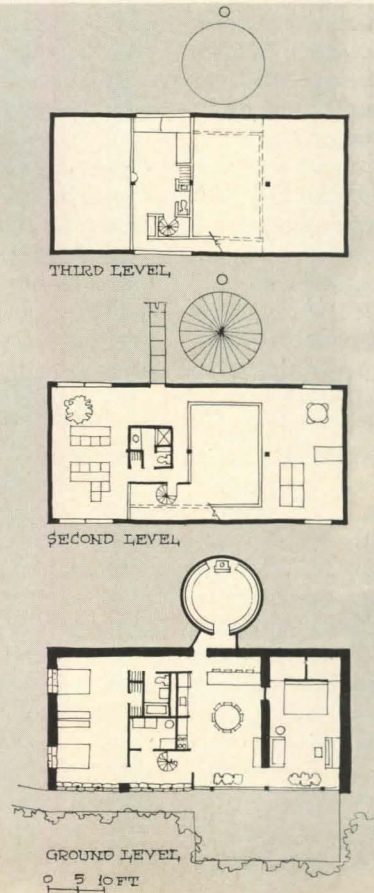
LEVEL 1 1/2



LEVEL 1 0 40 20 FT



PHOTOS: PHILIP TURNER





Custom tailored condos for well-heeled empty nesters

Most builders entering a new market do at least some research. But few go to the trouble of asking specific prospects exactly what kind of home they'd like to buy, and fewer actually build what those prospects ask for.

Yet that's just what Bobby Davenport did when he set out to develop Stonedge, an 11-acre condo project on the east brow of Lookout Mountain, overlooking Chattanooga, Tenn. And the results suggest that any builder shooting for the high-income condo market might follow Davenport's lead.

He has sold 25 out of his first 32 units at prices that range from \$58,000 to \$250,000. More than half were sold before ground was broken. And while the economic slump put a temporary damper on sales (they dropped to one every two months during much of this year), interest is now reviving to the point where Davenport is preparing to start the remainder of the project's ultimate 48 units.

Davenport made the in-depth survey of his market for several reasons. Specifically:

No one had built luxury condominiums in the Chattanooga market before. So even though the prospective project's site was spectacular—a former estate with formal gardens, a stream, and a breathtaking view from its 2,000-ft. elevation—Davenport was unsure of his market potential.

The projected price range would have been high for conventional single-family homes; for condos it seemed astronomical.

Davenport himself was new to the housing business. Before undertaking Stonedge

he had spent 18 years as an executive in his family's fast-food chain. So he felt keenly the need for a strong basic understanding of his proposed market.

His approach was sensible and direct. He and his wife traveled from Massachusetts to California, talking to residents of high-income condominiums and noting their likes and dislikes.

Then, reasoning that most of their buyers would come from the immediate Chattanooga area, they called on 150 friends, acquaintances and friends of friends in the economic bracket that would qualify them as prospects, and asked them specifically what kind of appeals would lure them out of their present homes and into condominiums.

The project shown here is the result of the answers Davenport received. These are its key elements:

A strongly traditional environment

Davenport engaged architect William Thompson, former resident architect of Colonial Williamsburg, and Thompson translated this demand into homes with exteriors of brick, native stone and clapboard, cedar-shake roofs, off-white trim and black-green shutters.

Land planner Phillip Winslow, an associate of Edward D. Stone, Jr. & Associates, sited the houses (42 attached, six detached) in quadrangles surrounded by mature trees and dense foliage (see plan, facing page). Brick walks link the clusters with each other and with the woods and gardens.

But while most prospects asked for colonial-style architecture, a few also expressed a liking for contemporary homes. So Davenport changed his original plans to include six contemporary units "that will hang out over the edge of the mountain." They will be sited on a lower level where they can't be seen from the colonial-style units.

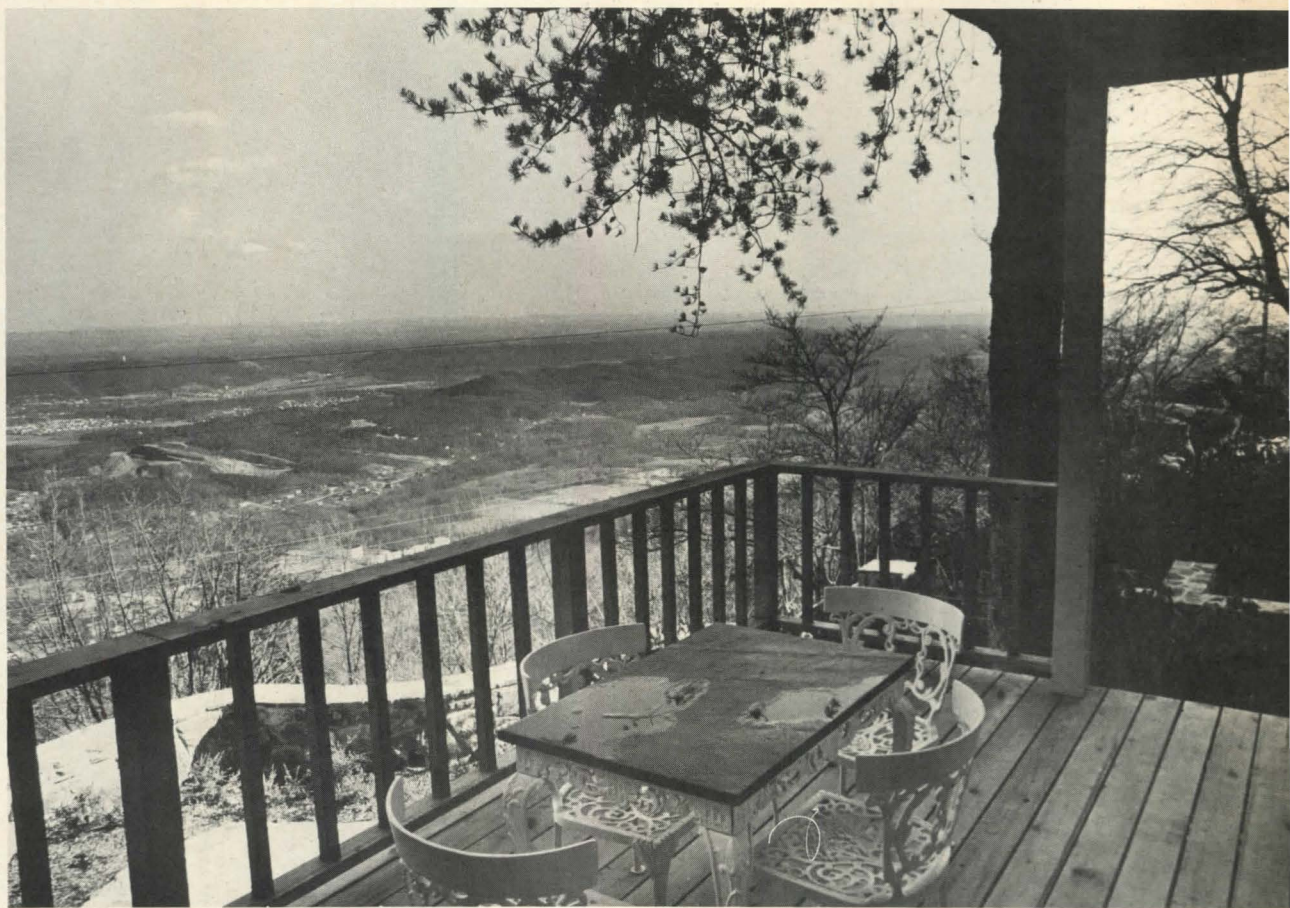
This design change also represents a small shift in Davenport's marketing plan. Originally, he intended to sell only to empty nesters. But some buyers and prospects said they'd like to have younger families with children in the project. So Davenport decided to include the contemporary homes to appeal to young families. And he is also building five smaller units (under 1,500 sq. ft.) that relatively less affluent young families can afford. All five have been sold at from \$58,500 to \$71,500.

Amenities that don't attract crowds

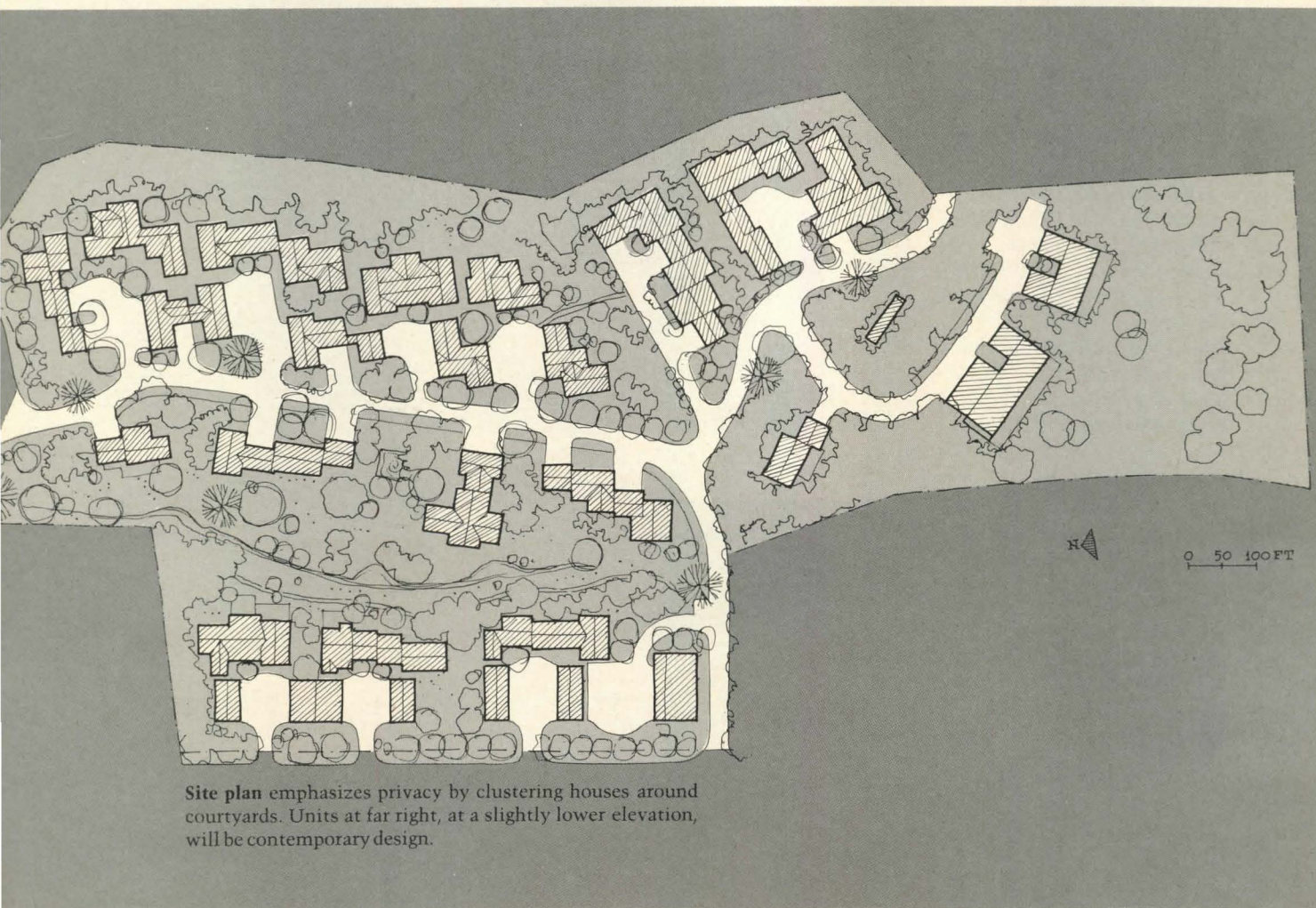
Peace and quiet is very important to people in this market, says Davenport. They don't want tennis courts, swimming pools or anything else that creates crowds or causes a commotion. Those that want active recreation facilities already belong to nearby country clubs.

What these prospects do want, Davenport found, are what might be called passive amenities—the environment. So Davenport put a lot of effort into landscaping, refurbishing existing gardens and a lily pond and creating seven more pools in an existing stream.

TO NEXT PAGE



View from Stonedge, (right), 2,000 ft. above Chattanooga, encompasses five states. Porches and decks take advantage of this panorama. Typical courtyard (at left, facing page) serves as entry for several units. Garage buildings are at extreme left and right sides of the photo.



Site plan emphasizes privacy by clustering houses around courtyards. Units at far right, at a slightly lower elevation, will be contemporary design.

custom tailored condos

CONTINUED

Privacy and security

Davenport found this to be a key need for condo buyers in all parts of the country. So Stonedge is a limited-access project. There are two entrances; one is locked at night, and a security guard is posted at a gatehouse at the other entrance. (Part of the gatehouse also answers another request—a private dining facility where residents and their guests can order evening meals.)

Houses with views

This request came from the prospects Davenport talked to in Chattanooga. They knew where his land was, and that its 2,000-ft. elevation provided a spectacular panorama.

So Stonedge has an abundance of patios, decks, upper-story porches and large windows opening to the views and those units that are not on the perimeter of the project look out over expanses of greenery and stream-fed pools.

On the negative side of this request, prospects said they strongly objected to eyesores such as overhead wires and garbage cans. Hence all utility lines were laid underground, even though the subsoil is 99.7% rock. And each unit has its own arrangement of latticework, shrubbery or fencing to screen electric meters, mailboxes, bicycles, etc.

Emphasis on gracious living

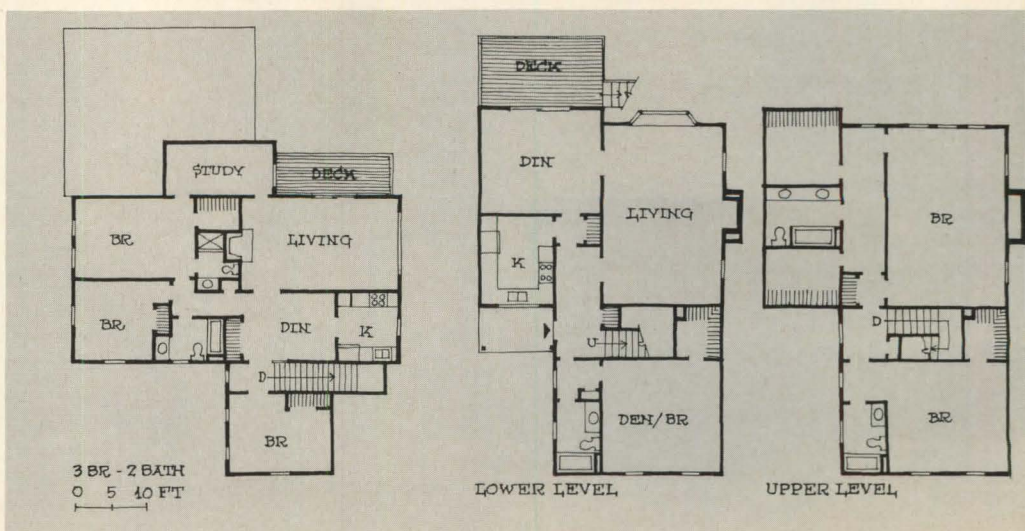
This request was translated by Davenport into a number of design features. Items:

Large living areas, so buyers have space for the furniture they bring from large, single-family houses. Living rooms are typically 16' x 24' and adjacent dining rooms at least 14' x 16'.

A main-floor bedroom. It can be called a den, sitting room or library and it should have one or two full-baths adjacent to it. That's so it can be converted to a master bedroom should the owners become unable to climb stairs. (Even so, some owners have asked for small elevators to be installed.)

Trash compactors. These were requested for two reasons: 1) residents will need only one garbage can per unit, and 2) they will need less frequent garbage pick-up service, minimizing both the sound and the smell of garbage trucks.

—MICHAEL J. ROBINSON



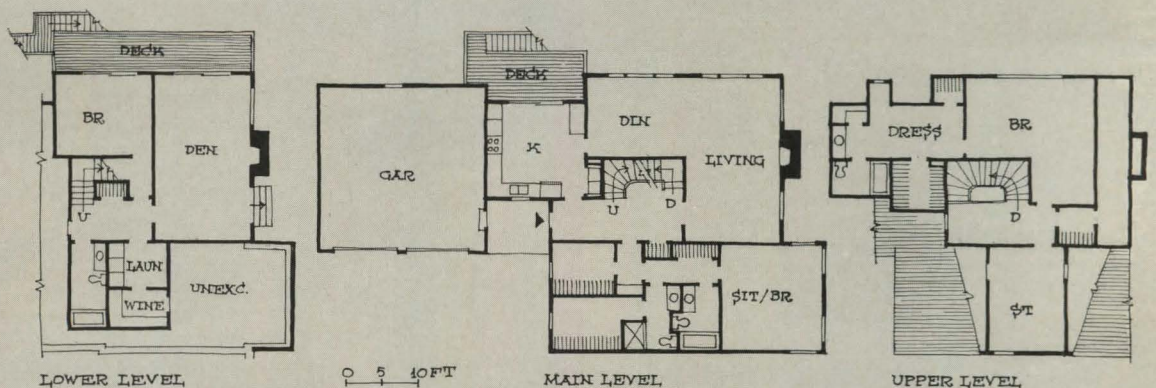


Model living room (left), designed by interior decorator Edith Hills, appeals to affluent empty nesters with conservative, traditional furniture. Most garages (below) are in buildings whose second levels house one lowest-priced unit. Each house gets two garage spaces.

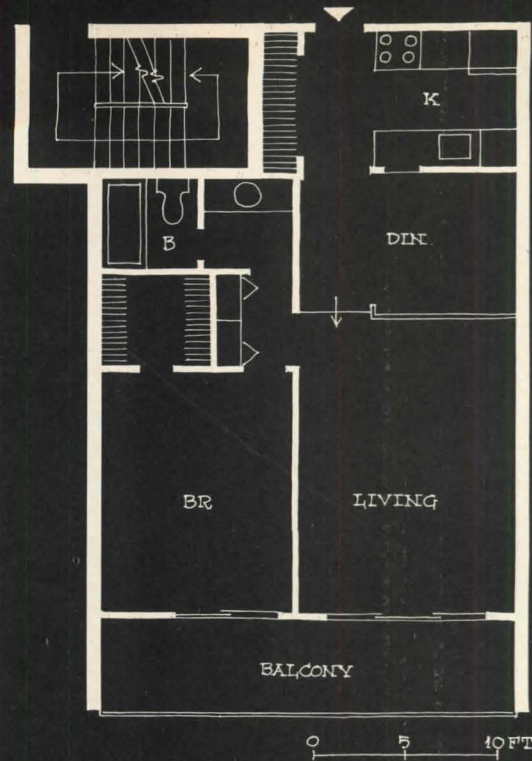
Private entrance court (left) with wrought-iron gate is surrounded by native stone walls. In keeping with colonial tone, exteriors of clapboard are combined with antiqued brick. Note that a mature tree was preserved despite its proximity to the house. Main gate (right) is locked at dusk; residents and visitors then must pass a guard posted at the other end of the project.



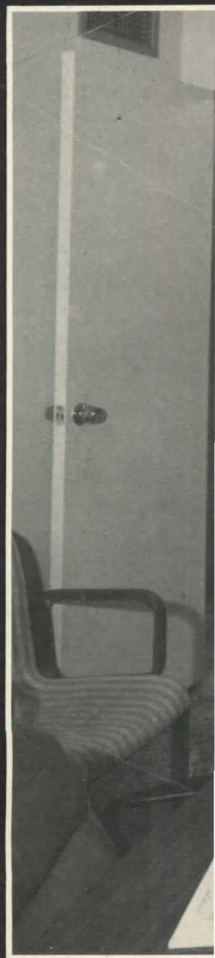
Floor plans of three typical units include (from left to right): a single-level, 1,500-sq-ft. unit with two baths; a two-level, 3,250-sq-ft. townhouse with three baths; and a three-level, 3,600-sq-ft. townhouse with four baths.



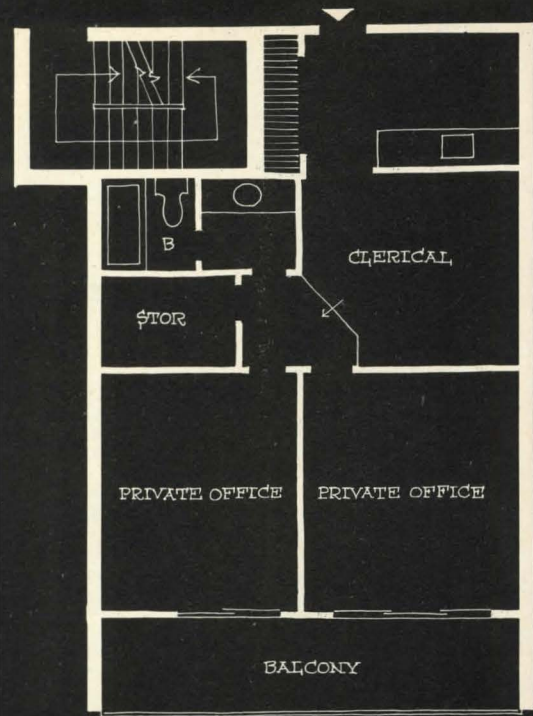
How a Denver apartment operator boosts rents by 28% — and gives his tenants a bargain



He turns apartments renting at 27¢ a sq. ft. into offices



Living-dining area converts to a private office plus reception-secretarial space when a partition is installed.



at 37½¢ a sq. ft.



Apartment developer Harold Simpson had the usual headaches with a 120-unit midrise apartment complex in Denver's fashionable southeastern quadrant: high vacancies—his rate was better than average but it was still 15%—and soaring operating costs. The building had required 78% occupancy to break even when it opened in 1971; by the end of 1974 it needed 94%. But Simpson found a way to raise the rents 28% and fill the empty units at the same time: He turned the apartments into offices.

What's more, he offered the offices at the bargain price of \$4.50 a sq. ft.—\$3.00 below the going rate for comparable space in nearby office buildings. And by August, lawyers, engineers, architects, real estate brokers, insurance agents, CPAs, manufacturers' representatives and a host of small businesses had snapped up 60% of the space. (Another 32% is still rented to residents.)

Simpson's 680-to-790-sq.-ft., one-bedroom apartments had rented for \$184-\$213 a month and the 1,000-sq.-ft., two-bedroom apartments had averaged \$270—for an overall average of 27¢ a sq. ft. Now, as offices, the same space rents for \$4.50 a sq. ft. a year, which works out to 37½¢ a sq. ft. a month. With the higher rent schedule, the project's break-even point is down to 68%.

One reason for the below-market rate is that Simpson cannot offer tenants the same flexibility in subdividing space as would be possible in a complex built especially for offices. This has not been a problem, however, and the one- and two-bedroom apartments have been equally popular. Five tenants have rented more than one unit.

Simpson also saves 40¢ a sq. ft. by offering the space without the usual office cleaning services. But mainly the rate was pegged at a level that would provide him with a good return when the building achieves 90%-95% occupancy.

By the standards of today's suburban office complexes, Simpson's apartment project was made to order for conversion. It is in the area where Denver's most prestigious office complexes are located, about a mile from an interstate freeway and 20 minutes from downtown. It is also across the street from a shopping center with restaurants and banks.

The project's amenities—indoor and outdoor swimming pools, saunas and steam rooms, exercise room with lockers, whirlpool bath and tennis courts—are the types of things now being touted by suburban office developers. And as the residents move out, the party and card rooms will become conference and cafeteria facilities. Also, an 80-car underground garage has turned out to be a strong selling point in Denver's chill winters.

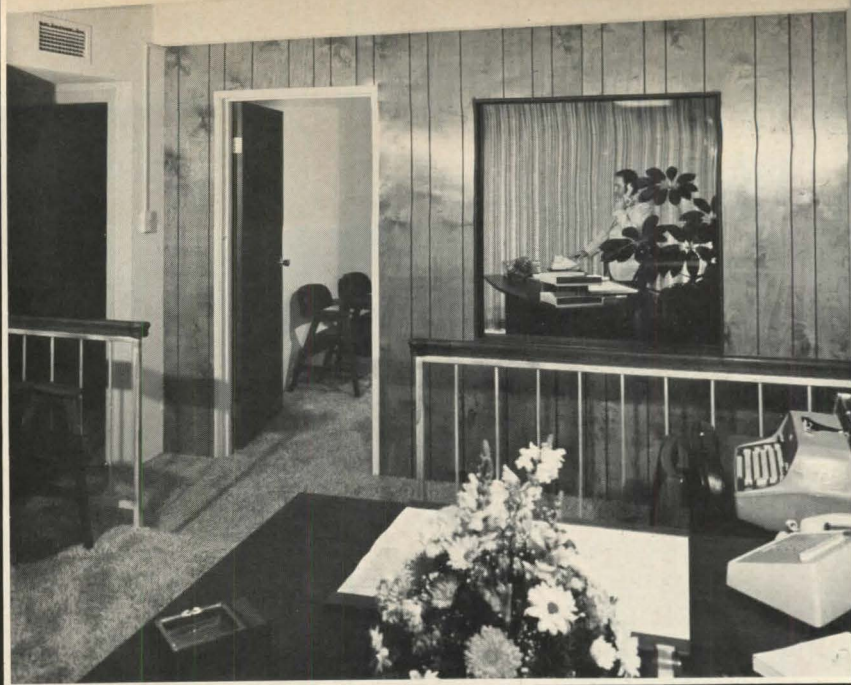
The apartments also have some conveniences that conventional offices don't have: private bathrooms, private balconies with views of the Rocky Mountains, and kitchens. The homelike atmosphere appeals to tenants, and only one has had his kitchen removed. A few others have taken out the range to make room for a copying machine.

OFFICE CONVERSION CONTINUED

The apartment plans, too, lend themselves to conversion. The main remodeling that has been done—at the tenants' expense—has been to partition the living-dining areas to create private offices, cut doorways through party walls to connect two or more apartments, and eliminate or enlarge closets.

Finally—and perhaps most important—the complex was made to order for conversion because of its zoning. It is in an R-4 area, which means that residential apartments and offices are permitted in the same building. Thus all Simpson had to do to meet zoning requirements was to add more outdoor parking spaces, for offices require one space per 500 gross sq. ft. while apartments need only 1.5 spaces per unit. Simpson was generous with the new parking spaces; he wanted to keep office visitors from parking in the lots of two adjacent apartment buildings which he also owns.

Adding these parking spaces and installing the underground conduit and other facilities needed to handle a tenfold increase in telephone lines were the main expenses of



Concrete structure, built in 1971, contained 120 apartments—60% one-bedroom and 40% twos—plus underground parking, two swimming pools and a variety of other amenities.

Developer Harold Simpson (left) reviews office-conversion lease-up rate with partners Donald Simpson, Mark Bryan and Gene Chamberlain.



the conversion. There was also some expense for newspaper advertising and brochures, but a good number of the office tenants came through word-of-mouth and drive-bys.

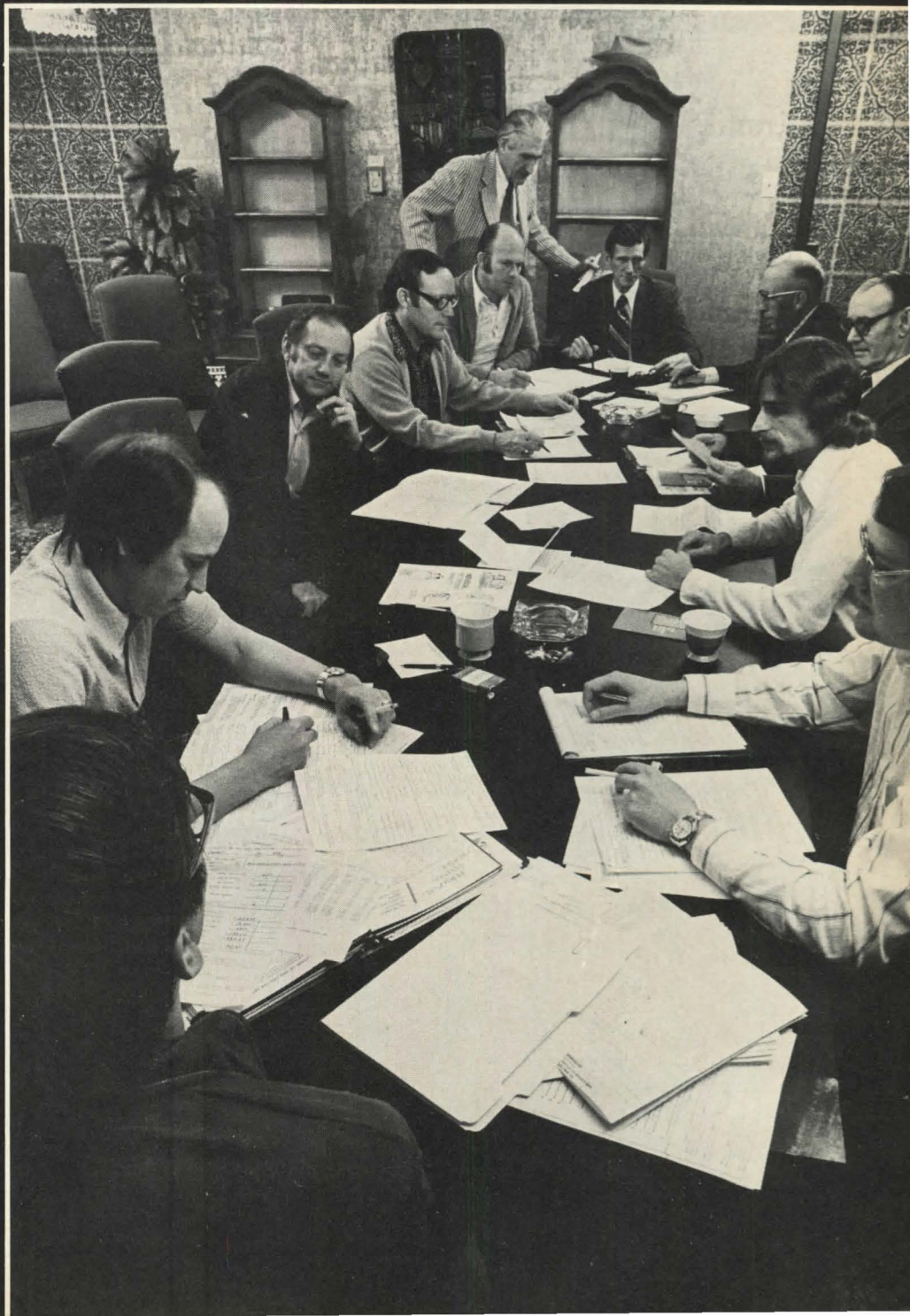
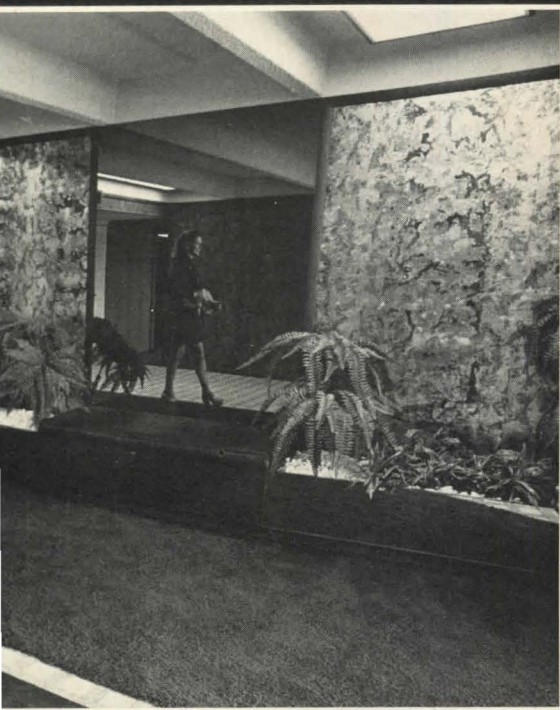
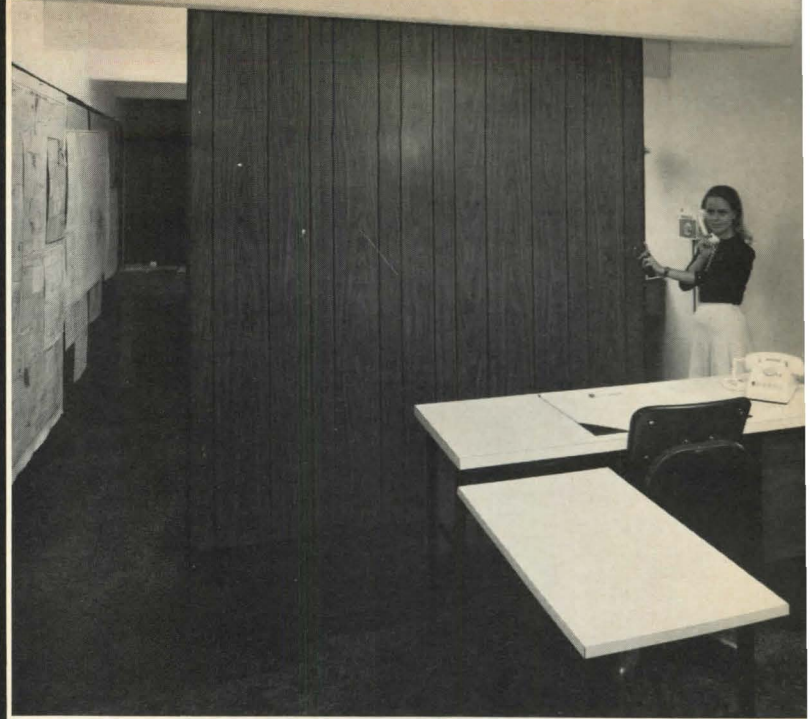
At this point some 38 apartments are still occupied by residents—and they don't like the conversion at all.

"We thought the two types of tenants would be compatible," says Simpson. "Residents are away during the day and office tenants are gone nights and weekends. But the residents resent the commercial atmosphere created by so much coming and going of office workers and visitors."

Tenants have been moving out as their leases expire. "We're not forcing anyone out," says Simpson. "But we're phasing out the residential tenants at a natural rate." Thus he offers no one-year lease renewals although he sometimes gives six-month extensions.

If office rent-up continues at the present rate of eight leases a month, the conversion should be finished by February—exactly a year after it began. —H. CLARKE WELLS



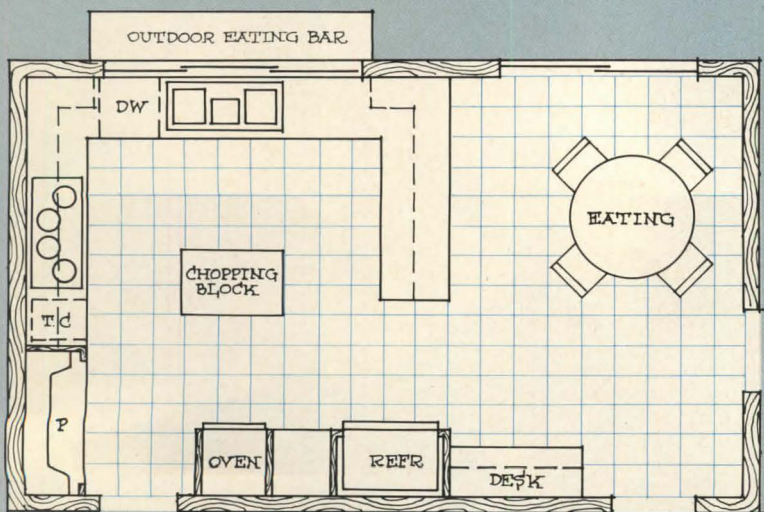


Three new offices (top) are examples of how different tenants treated the living-dining area (left and center) and how a partial partition divided a bedroom into a work area and secretarial space (right).

Business takeover is also evident in the lobby (above, center), which now has a business directory, the pool area (left), which serves both for relaxation and conferences, and the party room (right), which is being used as a conference room even before it is remodeled.



THERMADOR



Here's a luxury kitchen that's workable as well as glamorous. It has a center island which breaks the large floor space into practical work areas, a non-glare luminous ceiling and pass-through counters which serve both outdoor- and informal eating areas. Convenience features include everything from a full-width pantry cabinet and a desk to a griddle/cooktop and a trash compactor.

The floor plan at right shows the first floor of a single-family house at Casiano Estates in Bel Air, Calif. where prices are around \$200,000. Shapell Industries is the developer/architect.

Kitchen design

It's got
to be
better
than
ever

That's the word from builders around the country who say that today's hard-nosed buyers are no longer sold merely by gadgets and fancy decorations. Instead, the first question they ask is "Does the kitchen work?"

"Prospects shopping our models spend a lot more time than they used to studying the kitchens," says Richard Gunzel, design director for the Korman Co. of Philadelphia. "They check to see that there's plenty of counter and storage space and that the traffic pattern doesn't cross through the work area."

"Super gimmicks don't turn our buyers on," says Ron Felix, design director of Long Beach (Calif.) Construction Co. "But a workable design does." Buyers act the same way in the Atlanta area, says architect/developer Gary Coursey. "In today's market, a kitchen that doesn't work just won't sell."

What's turning buyers into kitchen-design experts? Primarily the economy. Most families are living on tight budgets. So they eat out less, entertain at home more and, reports the July issue of *Chain Store Age*, they're buying less of the expensive convenience foods. "Families with budgets stretched to the breaking point are spending a little extra time in the kitchen for preparation and clean up and a little less of their money on convenience."

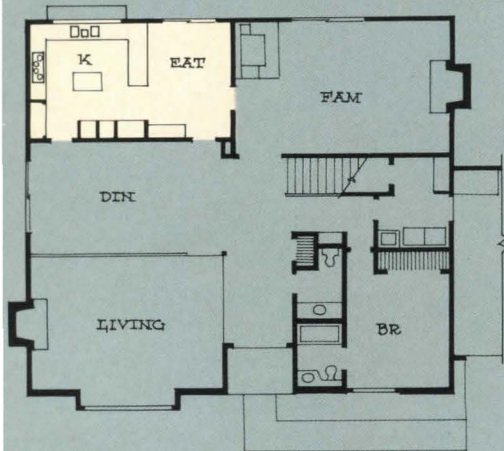
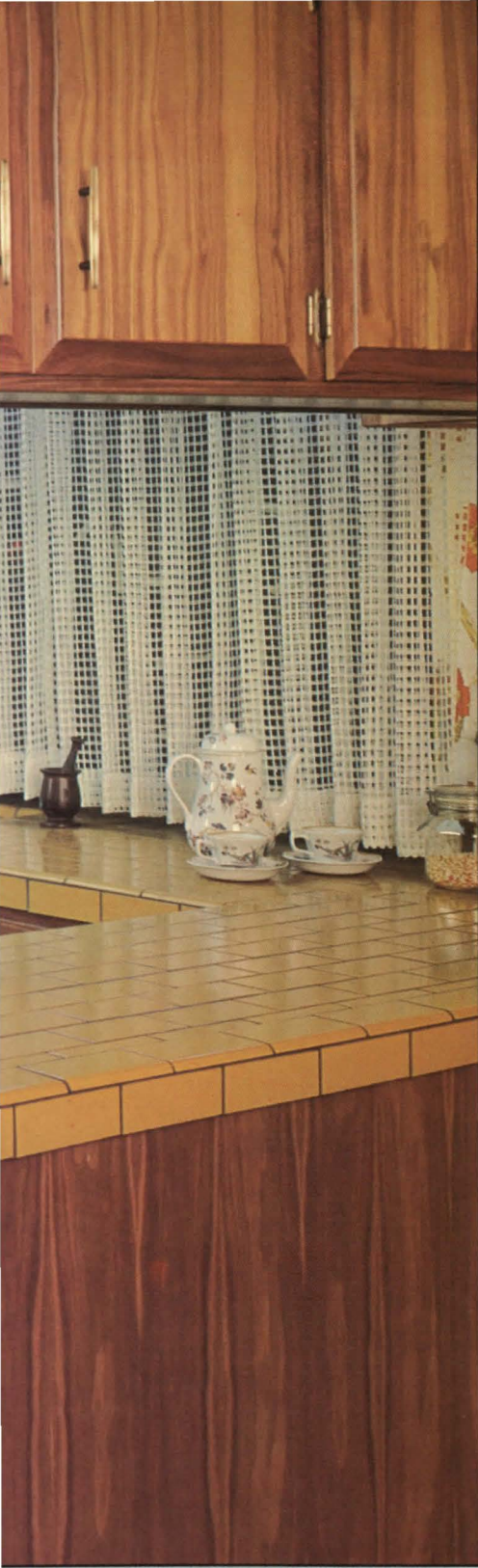
What all of this means is that more than ever, builders have to design kitchens that are in tune with the life-style of their buyers. For example, in markets where casual outdoor living is emphasized, kitchens should work with the outdoor living area.

"If you can tie the kitchen directly to a patio or yard, the kitchen is no longer just a place to work," says Dallas architect Michael Borne of Envirodynamics. "It's part of the living area, so whoever is working there isn't isolated from the rest of the family."

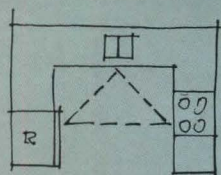
On this and the following pages, you'll see 10 workable kitchen plans designed to meet the tougher standards of today's selective buyers. They include everything from kitchens for small apartments (*overleaf*) to the one at left that's especially designed for a very large single-family house. Each was chosen because it solves a particular kitchen-design problem. All contain ideas you can adapt to a variety of common housing situations.

A final thought on kitchens: Workable design starts with some basic do's and don'ts (*see overleaf*). It ends with the selection of the right products. For a close look at what's available in kitchen products, turn to page 95.

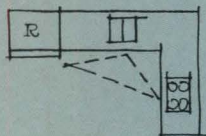
—ELISE PLATT, JUNE R. VOLLMAN



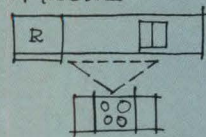
Workable kitchen design starts with some basic do's and don'ts



U' SHAPE



L' SHAPE



CORRIDOR

- Work with one of the three basic kitchen layouts at left or a variation.

- Whenever possible maintain a work triangle among the three main activity centers. Legs should be 4'6" to 7'3".

- Keep the traffic flow out of the work triangle.

- Provide enough floor space to allow freedom of movement.

- Leave a minimum of 12 inches of counter space next to every appliance; 18 inches to 24 inches is preferable.

- Use at least 17 running feet of cabinetry to provide sufficient storage.

- Wall cabinets should be to-the-ceiling wherever possible.

- At least one tall cabinet or closet is needed for storage of cleaning equipment.

- The refrigerator door should open toward the sink for easy access.

- Position the dishwasher and compactor so they do not block the sink.

- Make sure the range is at least 12 inches from the window and the sink.

- Place the washer and dryer so they don't interfere with main kitchen activities.

- Use non-glare lighting over

main work centers.

- Illuminate dark corners under cabinets.

On the other hand . . .

- Don't place doors where they interfere with work space.

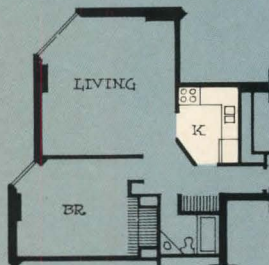
- Don't position appliances so they open into each other or create dead corners.

- Don't place the refrigerator too close to a corner.

- Don't position the range directly next to the refrigerator or at the open end of a counter.

- Don't block traffic with the refrigerator door.

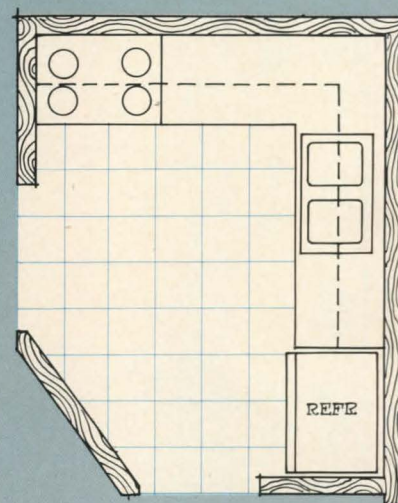
Screen off a small corner kitchen



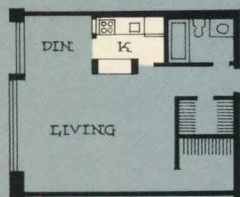
The diagonal wall that separates this compact, L-shape kitchen from the living area provides privacy without creating a closed-in feeling. Using this type of partitioning instead of the typical right-angle wall allows a dining table to be placed inside or outside the kitchen. Openings at

wall ends are wide enough to permit a free flow of traffic.

This plan is a one-bedroom apartment at Lake Village, a highrise in Chicago. Subsidized rents range from \$72 to \$163. The developer is Lake Village Assoc.; the architect, Harry Weese & Assoc.



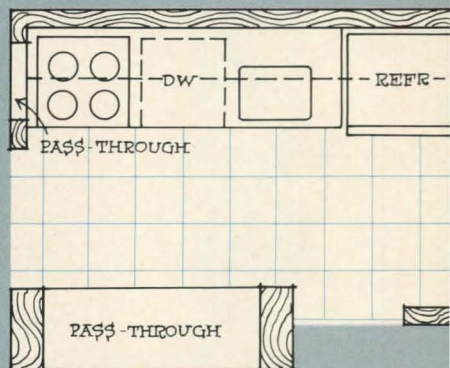
Add work space with a counter divider



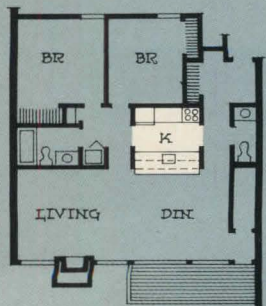
One of the main problems with a one-wall kitchen layout such as this is limited counter space. Here the installation of a divider wall with a bar-height pass-through counter is the solution. The divider wall also supplies a second place to eat and separates the kitchen from the living area. A solid wall would have closed

the kitchen, making it seem smaller than it is.

The floor plan shows one type of efficiency unit available at 2000 Broadway, a highrise in San Francisco. Rents for the furnished units start at \$275. The developer is Angelo Sangiacomo; the architect Backen, Arigoni & Ross.



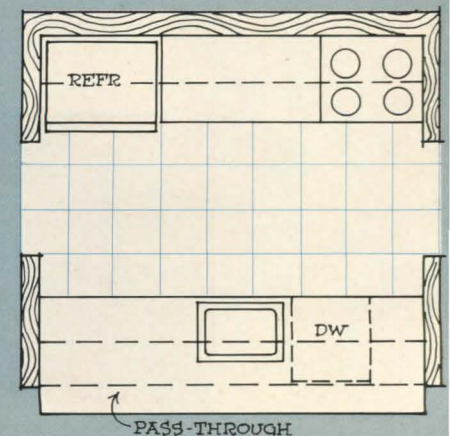
Open an inside kitchen with a full-width pass-through

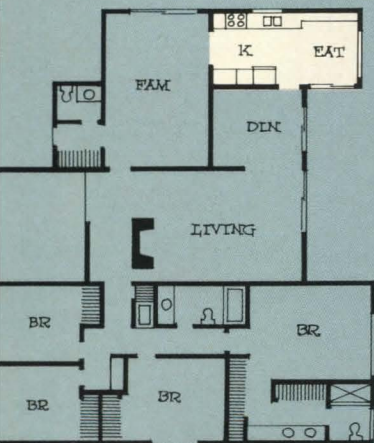


One wall of this windowless corridor kitchen has been opened to the dining area. This permits serving directly from the preparation area and also keeps the kitchen private without isolating it as a solid wall would. With this kind of arrangement, cabinets can be hung so that they either help

screen the kitchen or allow easy conversation from room-to-room.

The plan shows a two-bedroom unit at Cottonwood, a resort condominium in Timberlee Hills, Mich. Prices range from \$34,900 to \$39,900. The developer is Site 4/d Partnership; the architect, Rossetti/Assoc.



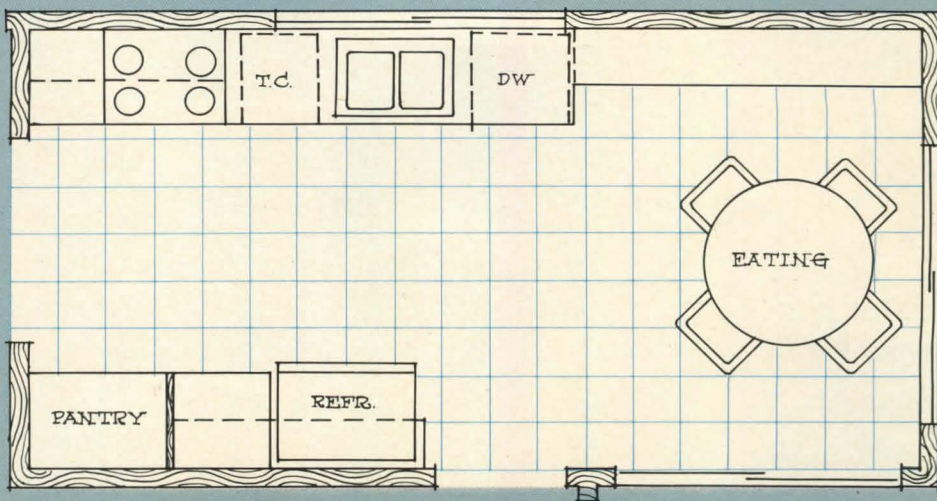


Extend the kitchen to make an eating area

Lengthening this corridor kitchen creates a casual dining area. Cabinetry is included in the extra space to provide more storage. In this plan the centrally located kitchen is easily accessible from the formal and informal dining areas as well as from the family

room and outdoor living area.

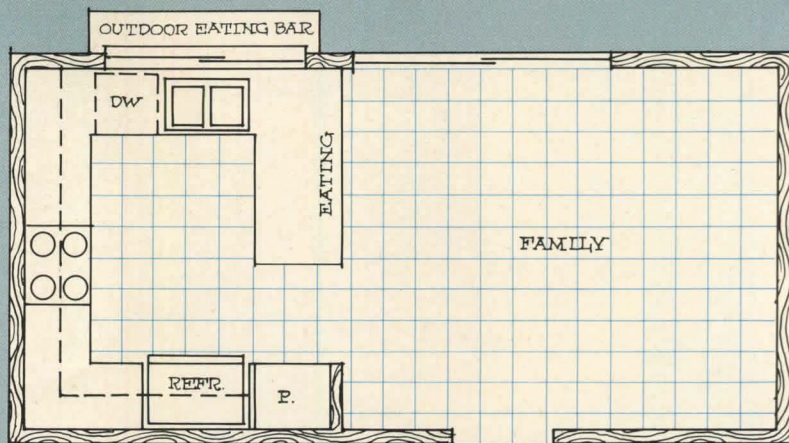
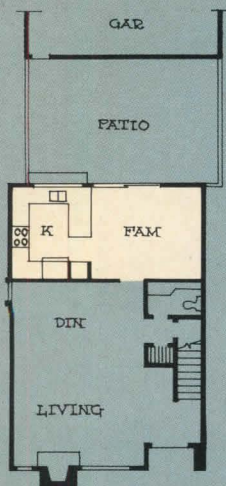
The plan is a one-story house at Anaheim Hills, a single-family project in Anaheim, Calif. Prices range from \$59,000 to \$73,000. The developer is Broadmoor Homes; the architect, Morris and Lohrbach.



Create an eating spot with a counter

In a plan like this, where family-room space is limited, a bar-height divider serves as the informal eating area, eliminating the need for a table in the family room. This kind of arrangement is especially important when the formal dining room is an extension of the living room, as it is here. Note also the pass-through window on the sink-dishwasher wall which links the kitchen directly to the outdoor living area.

This floor plan is the first floor of a townhouse at Deerfield Town Homes in Irvine, Calif. Prices range from \$37,490 to \$48,990. The developer is Broadmoor Homes; the architect, Morris and Lohrbach.



Put eating space in a kitchen corner

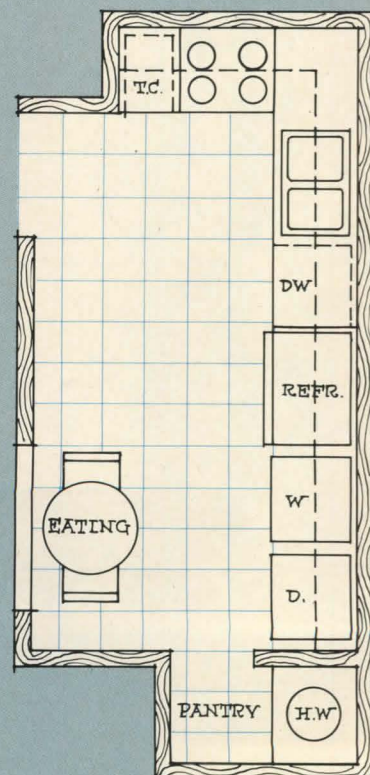
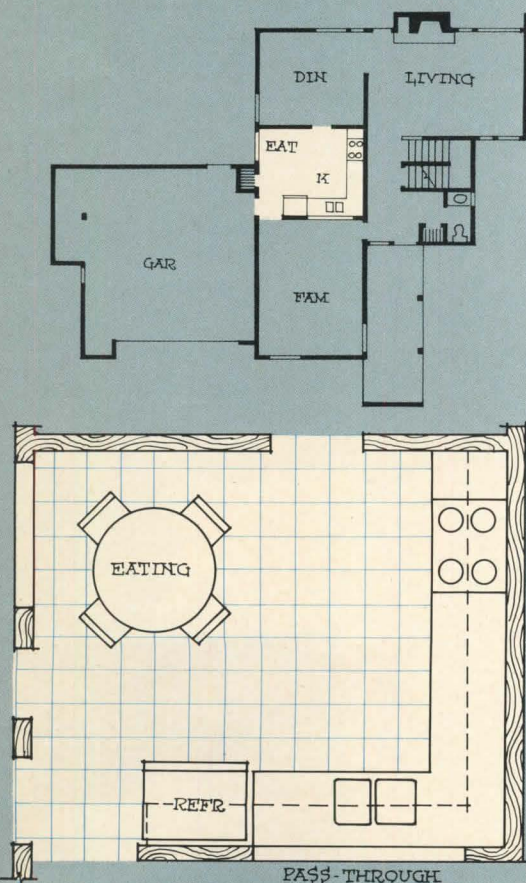
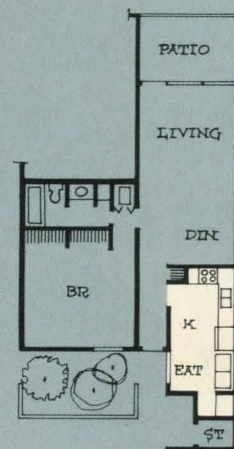
It's hard to beat the sales appeal of an eat-in kitchen even when a unit has plenty of other dining space. For example:

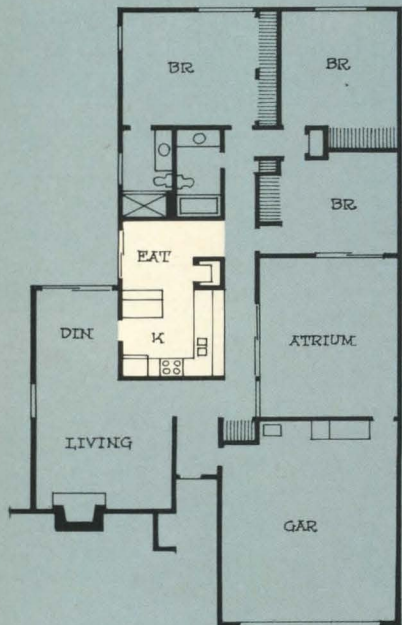
In the floor plan at left there is a fully separate formal dining room and space in the family room for eating. So the family-size eating area in the kitchen is an added convenience. The latter is created by using an L-shape layout that keeps a corner free for a table.

This plan shows the first-floor layout of a two-story, three-bedroom house at Woodbridge Meadows in Montgomery County, Pa. Single-family houses sell for \$72,000 to \$88,000 without land. Spring Hill Development is the developer; Lynn Taylor the architect.

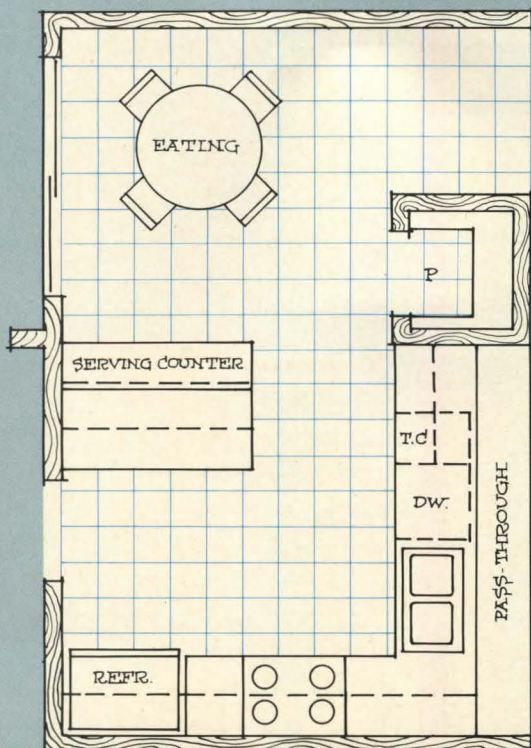
On the other hand, in the small apartment plan at right the eat-in kitchen is almost a necessity; the only other place to eat is in a corner of the living room. Yet, typically, most units like this have narrow, rectangular kitchen space designed with a corridor layout that leaves no room for eating. In this case, the L-shape layout opens the windowed wall for a table. Other salable features in this small kitchen are a pantry closet, a washer and dryer, a compactor and a dishwasher.

The plan is of a one-bedroom unit at Lynnfield Woods, a townhouse rental project in Memphis, Tenn. where rents range from \$170 to \$355. The developer is Makowsky/Harkavy/Kruger/Weiss; the architects are Walk Jones and Frances Wah Inc.





Make the eating area a semi-separate room



Here, a short counter pass-through, installed at right angles to the dining-room door, cuts a long space into two smaller squares. In addition to creating the illusion of separate rooms, the counter-divider provides extra work- and storage-space. Using this type of partitioning instead of a wall makes it easier to serve both formal and informal dining areas and doesn't close in the kitchen. An added plus in this particular plan is the wide pass-through between the kitchen and entry hall which leads directly to the atrium. This plan shows another single-family home at Anaheim Hills (see page 87).

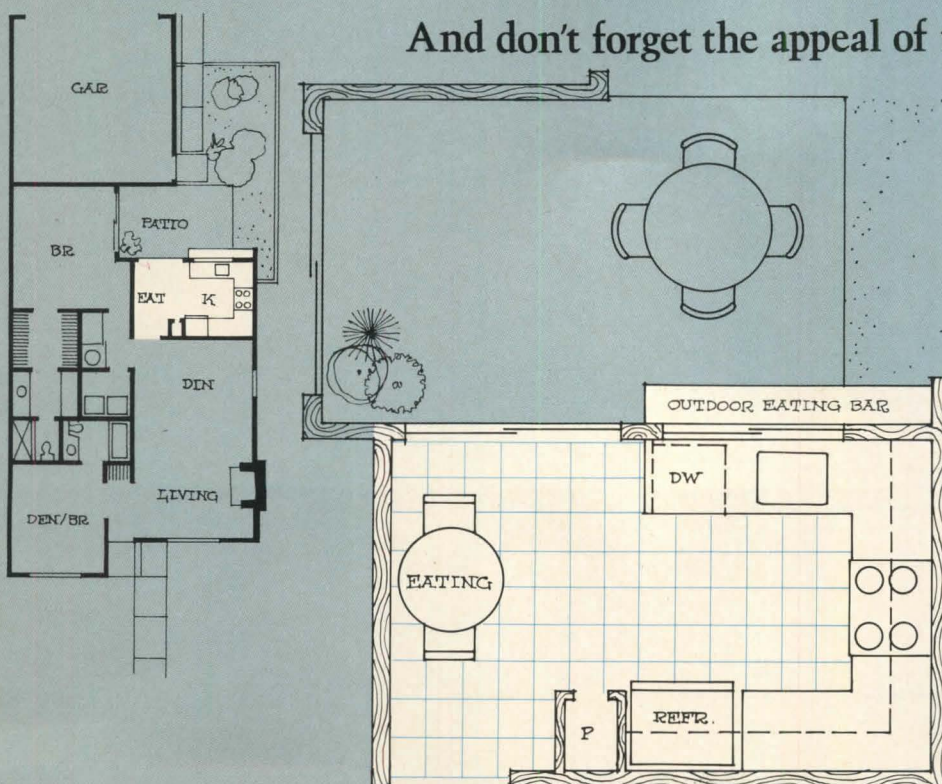


JOSHUA FREEMAN

And don't forget the appeal of the indoor-outdoor kitchen

In this plan a pass-through window, an outdoor eating bar and sliding glass doors contribute to the feeling that the indoors and outdoors are one. Even the eat-in section of this kitchen is oriented to the outdoors. This compact plan shows that the increasingly popular patio (or garden) kitchen is workable even on a small townhouse site.

The plan shows a one-story unit at Meadow Townhouses, Campus Commons in Sacramento, Calif. Prices range from \$37,500 to \$52,500. The developers are R. C. Powell and A. Teichert; the architects, Dreyfuss & Blackford.

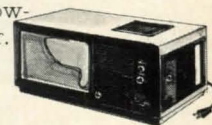


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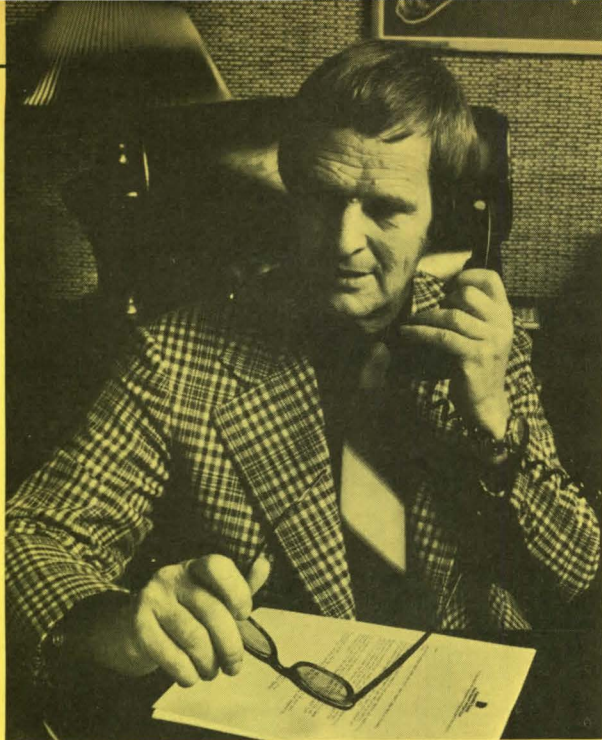
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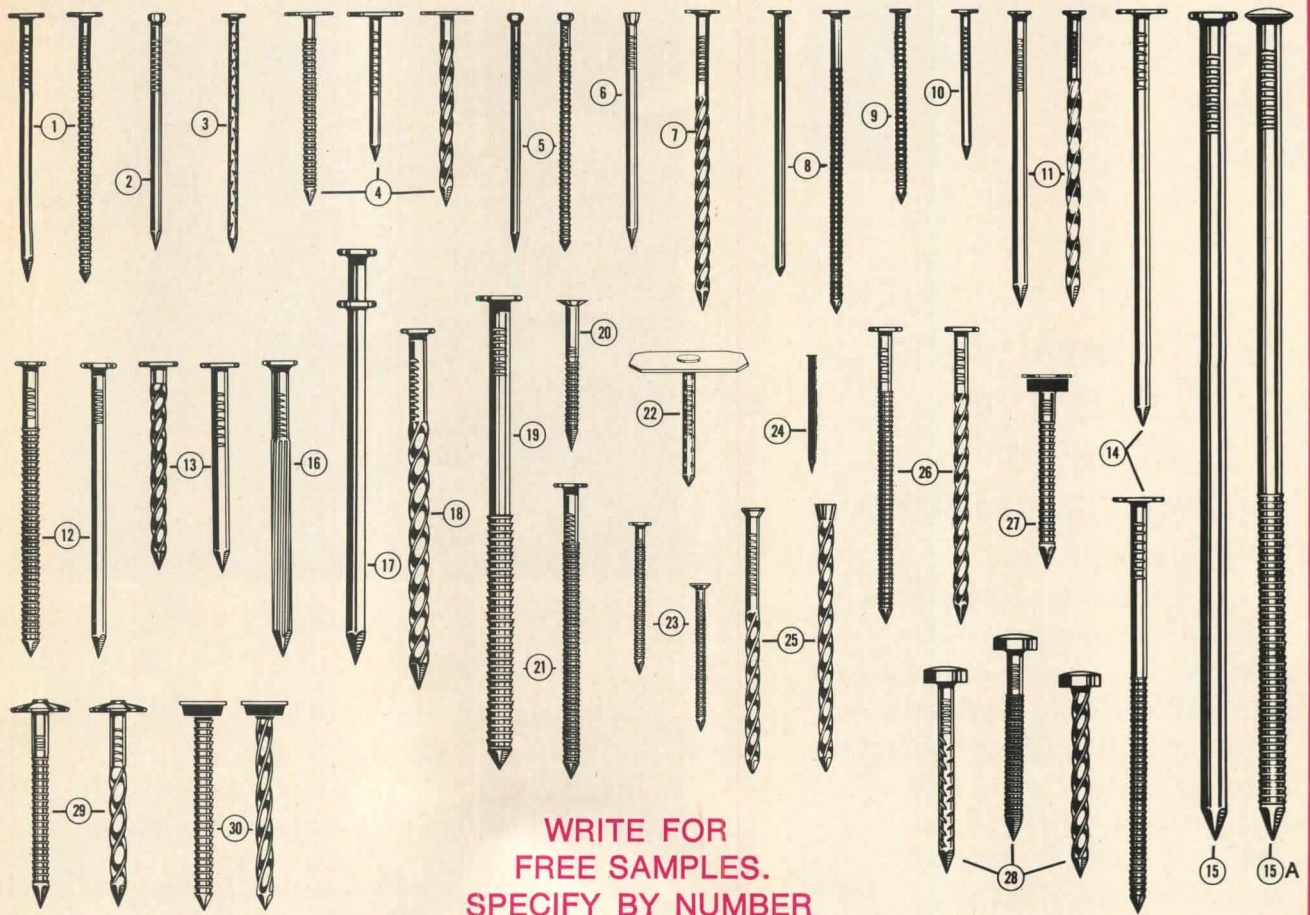
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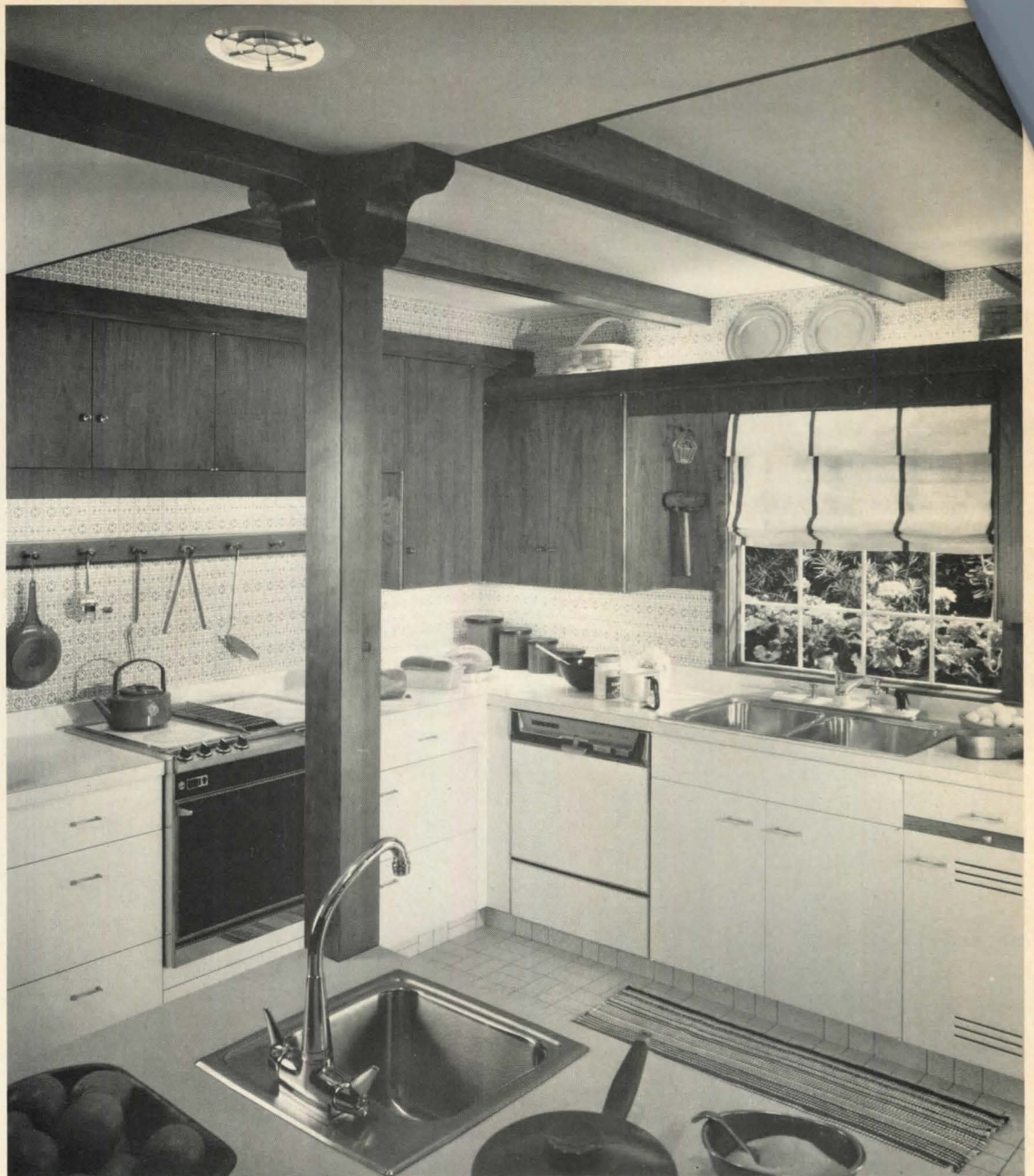
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5d	1 3/4"	30d	4 1/2"
6d	2"	40d	5"
7d	2 1/4"	50d	5 1/2"
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- 117 Coatings & adhesives
- 118 Office



Utilitarian yet elegant, "Shaker Kitchen" features St. Charles textured steel cabinetry in white and pecan finishes. Also shown are a matching Kitchen-Aid dishwasher, a Jenn-Air range and Elkay sinks. CIRCLE 275, 276, 204 AND 265 RESPECTIVELY



Space saving laundry equipment can be stacked so that it fits easily into tight spots. Set side by side, the compact washer and dryer measure 48" wide, installed vertically—24" wide. Sears Roebuck, Chicago.

CIRCLE 277 ON READER SERVICE CARD

Kitchen products: Choose them carefully, they can make or break your sale

The growing emphasis on consumerism has made buyers more product-conscious than ever. Educated by the mass media to demand value for every dollar, they're concerned about operating and maintenance costs. And they expect you to be too. This means that you've got to choose products that the market you're aiming at can afford to run.

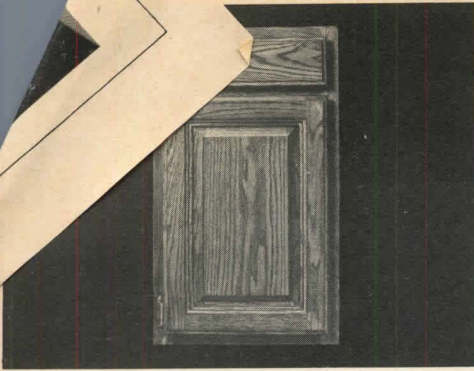
Buyers also expect you to consider their life-style when you specify the kitchen products. For example: Families with young children need large-capacity appliances; empty nesters, who are accustomed to luxury, still want top-of-the-line

features; and the singles market wants every time-saving convenience you can build in.

No matter what market you build for, the wide range of products available today makes it easy for you to give buyers what they want and need. These products include everything from space-saving appliances, like the stackable laundry center at left, to luxury items, like the custom-fitted cabinetry and self-ventilating range above. And many kitchen-product manufacturers have consulting and design services to help you make the right choice.

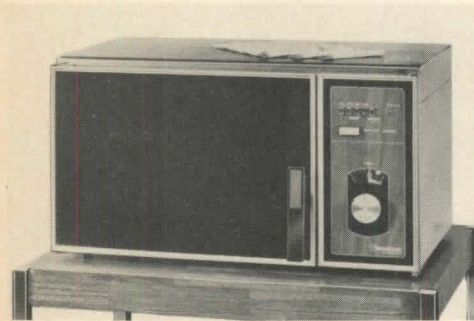
For more kitchen products, see the index above.

KITCHENS

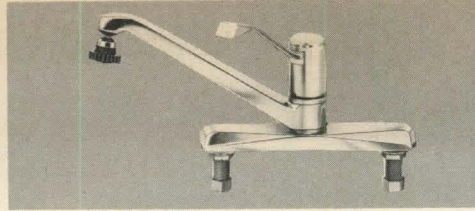


Cabinetry with solid-oak frame and doors, "Harvest Oak," has a hand-rubbed look. Easy-to-maintain, finished interior can be wiped clean with a damp cloth. Adjustable shelves are standard in wall cabinets, and base cabinets have slide-out trays. Lazy susans are optional. Merillat, Adrian, Mich. CIRCLE 223 ON READER SERVICE CARD

Microwave oven, "Model MC17," (below) offers a stay-hot setting that keeps food warm for serving. Unit with browning element has high, medium and low settings. The control panel is simulated rosewood. Thermador, Los Angeles. CIRCLE 224 ON READER SERVICE CARD



Compactor, Trash Masher®, (below) features touch-toe drawer opener. Drawer side drops down for easy removal of compactor bag. Unit comes with four color-panels so front of compactor can be matched to decor. Whirlpool, Benton Harbor, Mich. CIRCLE 225 ON READER SERVICE CARD



Single-handle faucet, "Easy-Mix Model 40-214," features convenient push/pull, on/off lever for volume and temperature control. Unit, with swivel spray aerator, is triple chrome-plated brass in a classic style that suits any decor. Gerber, Chicago. CIRCLE 226 ON READER SERVICE CARD

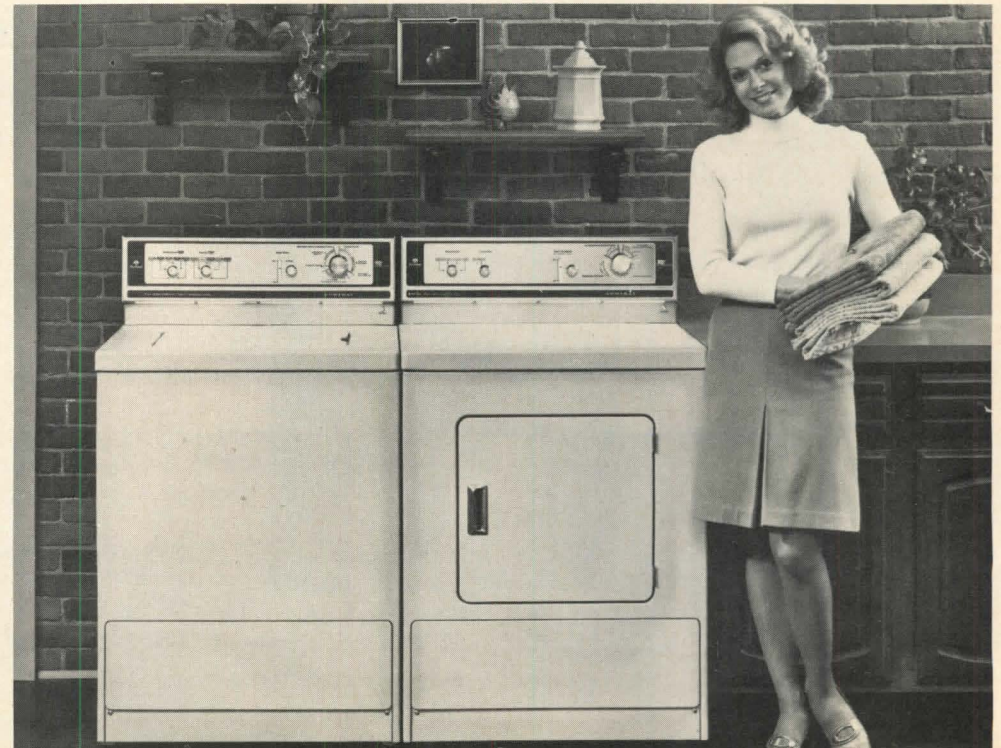


Range hood, "2300 Series," (above) features infinite speed solid-state controls. Ducted or ductless, unit is UL-listed. Hood is available in smooth or hammered steel, copper, brass, Swedish iron, stainless steel and colors. National, Ocala, Fla. CIRCLE 227 ON READER SERVICE CARD



Fruitwood-toned cabinets, "Monmouth," (above) feature a beveled, raised-panel design on solid-oak-core doors. Units with durable, three-coat, baked finish are offered in a full range of sizes for apartment- or home-installation. Excel, Lakewood, N.J. CIRCLE 228 ON READER SERVICE CARD

Laundry equipment (below) is designed to clean modern fabrics. Washer and dryer controls are labeled by fabric type; washing time has been lengthened. Water-level control saves water and fuel. Washer capacity is 18 lbs. Admiral, Schaumburg, Ill. CIRCLE 229 ON READER SERVICE CARD



more products on page 98

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Custom-fitted cabinetry, "Form 2000," imported from West Germany, comes in a wide choice of finishes and color combinations. Countertops are available in stainless steel, ceramic tile or in a range of laminate finishes. Poggenpohl, West Germany. CIRCLE 267 ON READER SERVICE CARD

Sleek contemporary faucet Orbic 75® is constructed entirely of celanese Celcon® plastic. The maintenance-free single-handle unit is offered in a wide range of colors to blend with any kitchen decor. Webstone, Goddard, Worcester, Mass. CIRCLE 268 ON READER SERVICE CARD



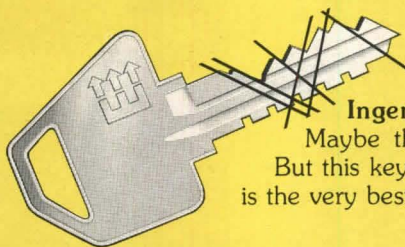
Early-American styled cabinetry, "Pinehurst," features pine drawer and door fronts. Hand-rubbed golden-pine finish is accented by specially-designed hardware. Cabinets have finished interiors and self-closing hinges. Kemper, Richmond, Virginia. CIRCLE 269 ON READER SERVICE CARD



Undercounter dishwasher has two separate spray arms to insure thorough washing. The unit has two pushbutton controls; one provides a full wash/warm dry, the other a full wash/cool dry to save energy. Magic Chef, Cleveland, Tenn.

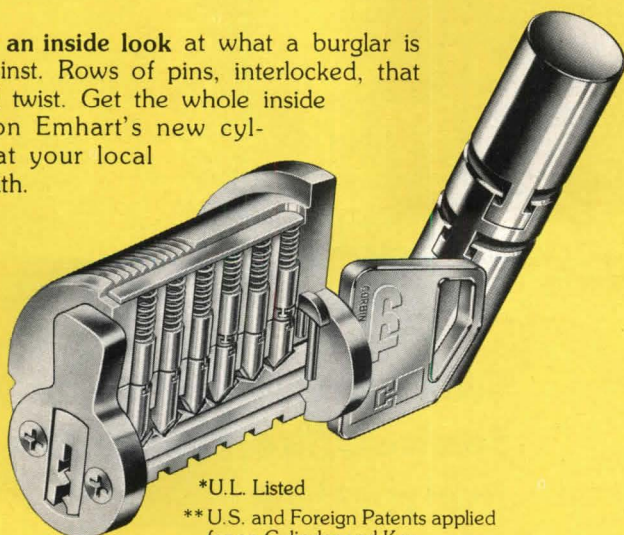
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more products on page 103

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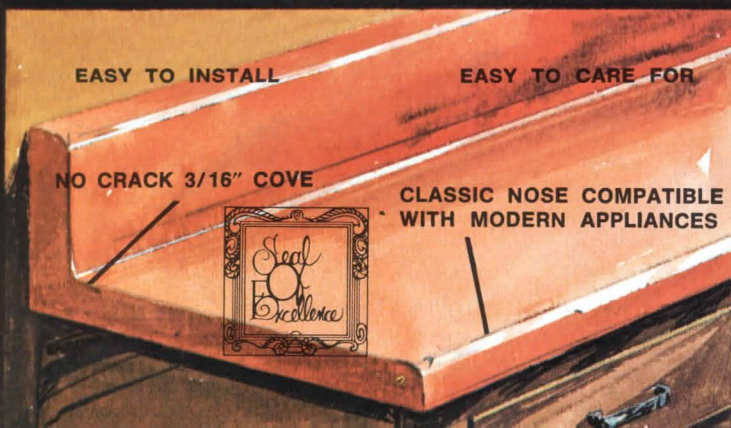
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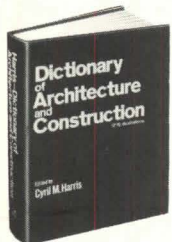
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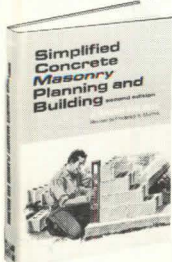


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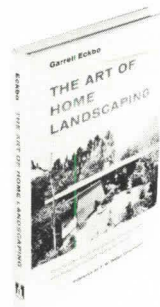
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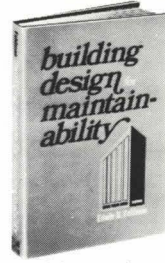
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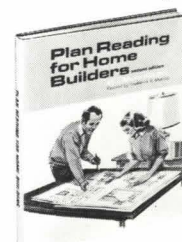
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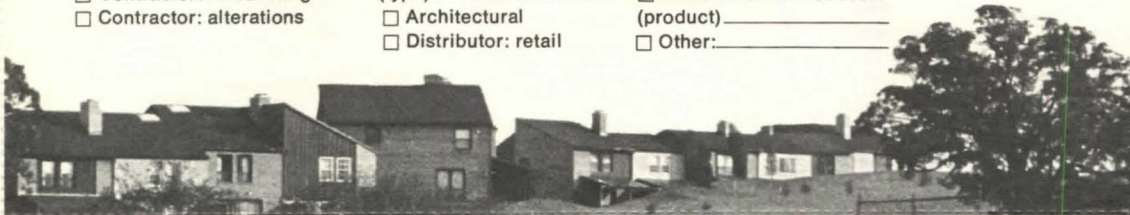
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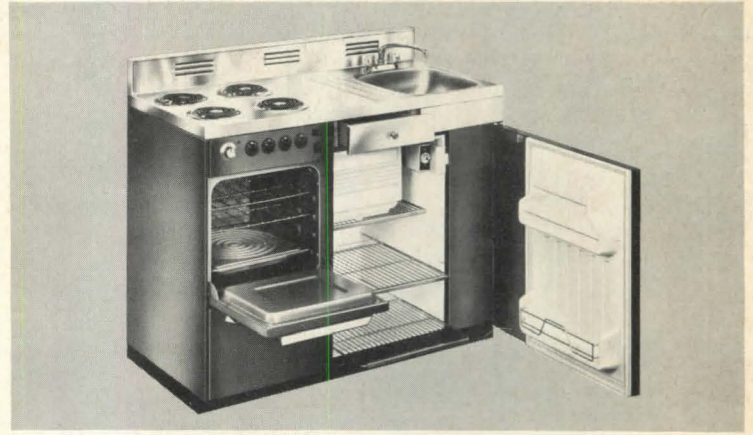
Cast-iron sink (above) features raised garbage disposal section at a convenient working height. Enamel-coated "Terrace" also has an extra large flat-bottomed bowl to accommodate large pots and pans. Graning, El Monte, Calif.
CIRCLE 202 ON READER SERVICE CARD

Contemporary-styled cabinets, "Ascot," (left) are black-stained oak with anodized-aluminum gripbars. Convenience features are offered, including easy-access front-lift doors on wall cabinets. Contemporary Systems, Needham, Mass.
CIRCLE 203 ON READER SERVICE CARD



Electric grill/range, "Convertible Cooktop," (left) has exhaust vent in the center so no overhead hood is required. Either or both sides of four-element cooktop convert to a grill. Accessories include griddle and rotisserie. Jenn-Air, Indianapolis.
CIRCLE 204 ON READER SERVICE CARD

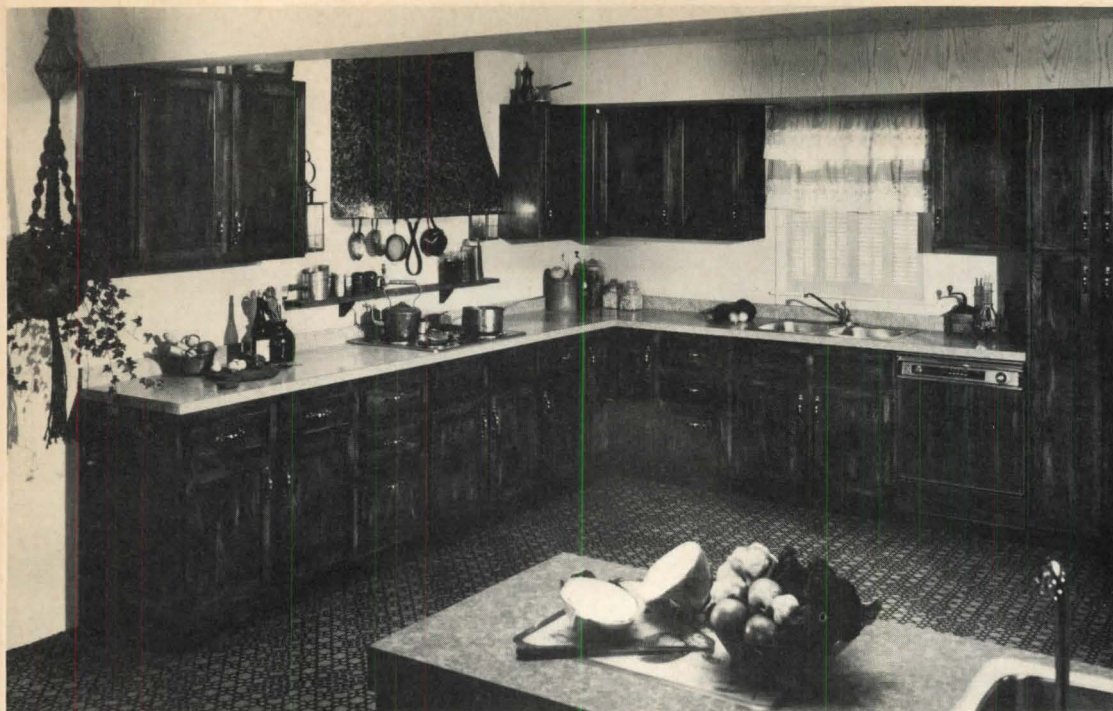
Compact kitchen unit, Mini-Kitchen®, includes four-burner range, oven, refrigerator and stainless steel sink. Models with 30" through 72" widths are factory-assembled. Matching wall cabinets are offered. King, Glendale, N.Y.
CIRCLE 205 ON READER SERVICE CARD



Combination range, "Micromatic™," offers both microwave and conventional cooking. "Model 630" includes a food shelf in the oven designed for cooking small amounts of food by microwave. Metal utensils can be used at any setting. Litton, Minneapolis. CIRCLE 207 ON READER SERVICE CARD



Cabinets with hand-hewn look, "Country Rustic," have a distinctive, bold grain. Door knobs are white porcelain; drawer pulls are brass. Versatile units are also appropriate for sewing room and other storage applications. IXL, Elizabeth City, N.C. CIRCLE 206 ON READER SERVICE CARD

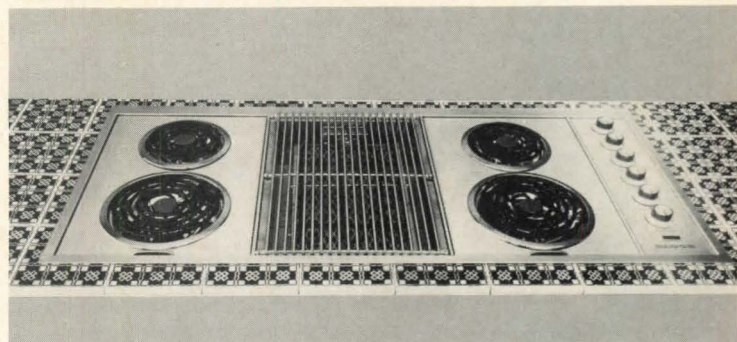


Garbage disposer, "Model 333/SS," (above) is a 1/2-hp unit. Featured are stainless steel grinding chamber and self-service wrenchette. In-Sink-Erator, Racine, Wis.

CIRCLE 208 ON READER SERVICE CARD

Cabinetry for a country-style kitchen, "Century Oak," (left) features panel-on-frame construction. Brown finish on solid-oak drawer and door fronts is hand wiped, high-lighted and distressed. Three-roller monorail drawer glides, self-closing hinges and dovetailed drawers are included. Brammer, Davenport, Iowa.

CIRCLE 209 ON READER SERVICE CARD

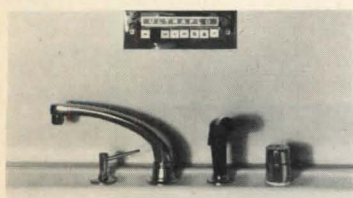


Barbecue/range, "EBR-46," (above) converts from a stainless steel four-element cooktop to a built-in electric barbecue. Modular units plug into a pre-wired chassis. Rotisserie and griddle units are optional. Distinctive, Sun Valley, Calif.

CIRCLE 211 ON READER SERVICE CARD

Dishwasher (above) can be built in 18 inches from the floor to simplify loading and unloading. A cabinet panel directly below the appliance comes off for easy servicing. The kitchen shown also includes a roll-around appliance cart equipped with a warming tray on the top surface. Maytag, Newton, Iowa.

CIRCLE 210 ON READER SERVICE CARD



One-line water distribution system, "Ultraflo," (above) helps save water and fuel. Solenoid valves at water heater blend hot and cold. Preset temperature and flow rates reduce wastage that results from prolonged mixing. Ultraflo, Sandusky, Ohio.

CIRCLE 212 ON READER SERVICE CARD



Ducted or ductless range hood, "Chuck Wagon," (above) is a solid state unit with infinite air control. Pre-wired unit is easily mounted to ceiling or soffit. Removable aluminum grease filter is completely washable. Broan, Hartford, Wis.

CIRCLE 213 ON READER SERVICE CARD

Contemporary-styled cabinetry, "Spartan," (left) is surfaced with FORMICA® melamine. Scratch-resistant, easy-to-clean cabinets have a pecan woodgrain design on exterior and chocolate-brown cabinet interior. White-Meyer, Oakland, Ill.

CIRCLE 214 ON READER SERVICE CARD

more products on page 108

What the energy problem means to a builder and what he can do to survive it.

The energy problem, a matter of concern to everyone, is a matter of *vital* concern to the builder.

Already, in some areas around the country, there are prohibitions and restrictions on the use of gas and fuel oil for heating. And this situation is intensifying all the time.

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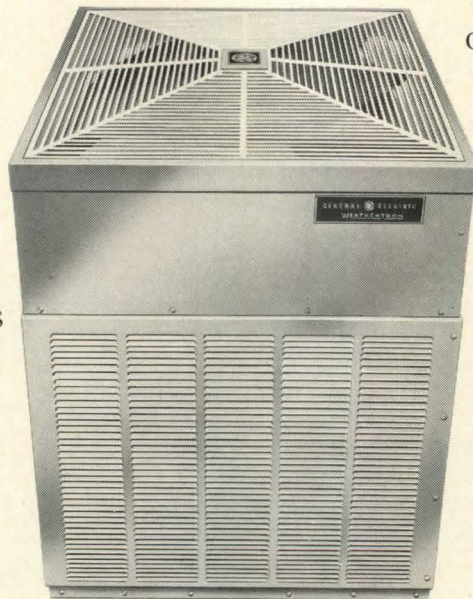
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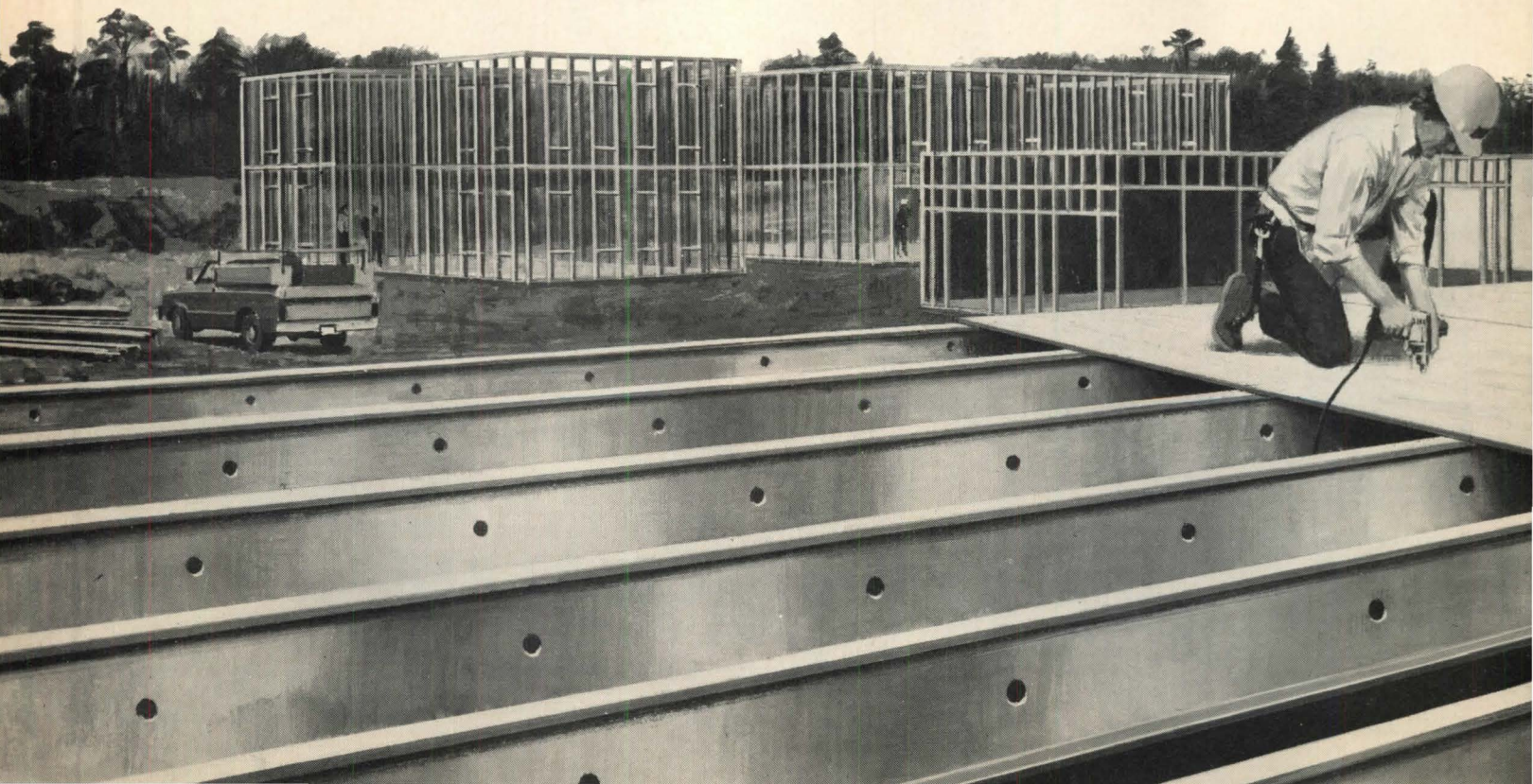
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And because they weigh up to 33% less per linear foot than comparable wood members, they install quickly and easily. And Super-C's greater strength permits wider spacing, reducing the number of members to be handled as much as 60%. Here's how Super-C Steel Joists stack up against wood in some other areas:

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CIRCLE 107 ON READER SERVICE CARD

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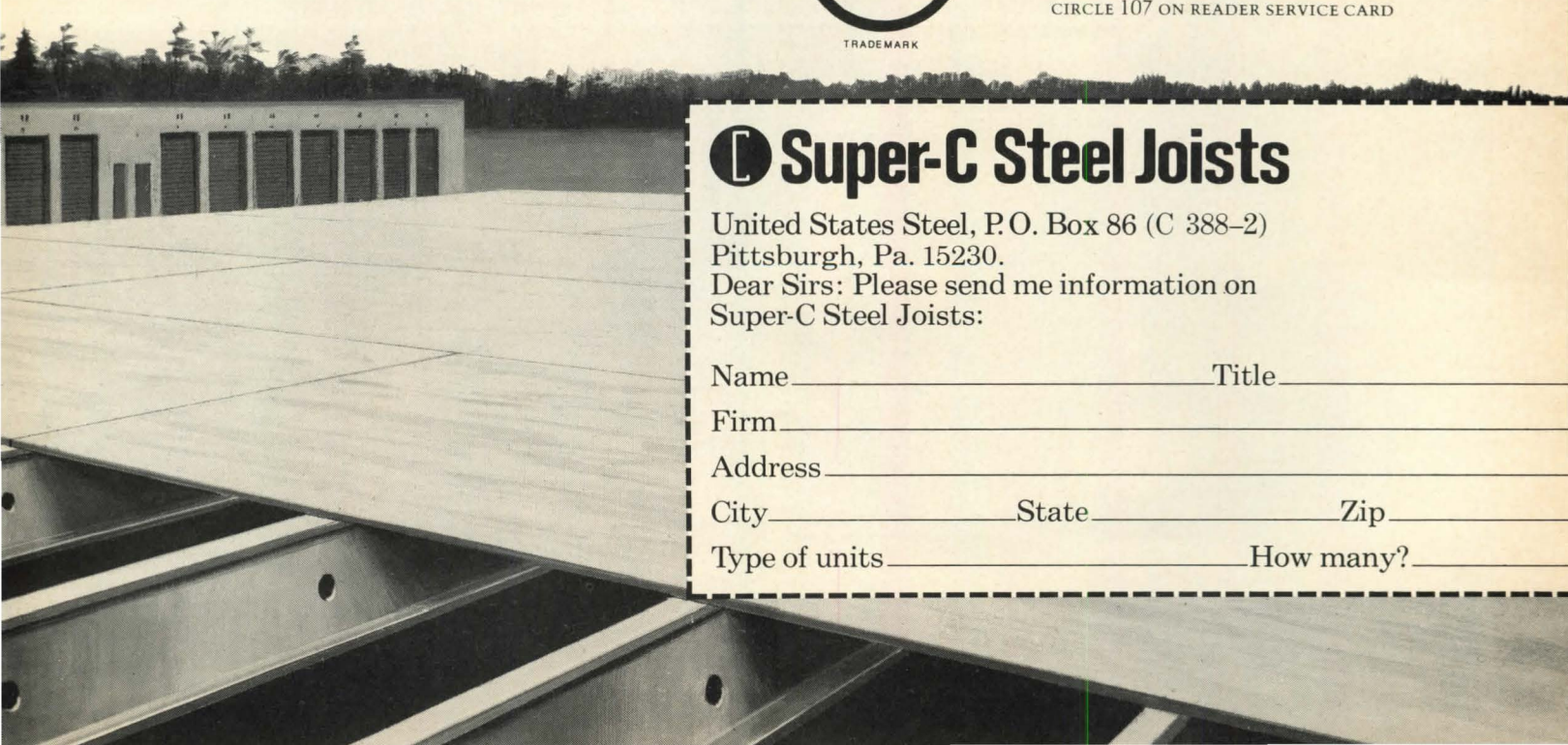
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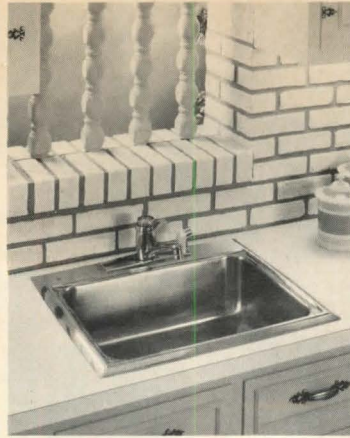
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Type of units _____ How many? _____



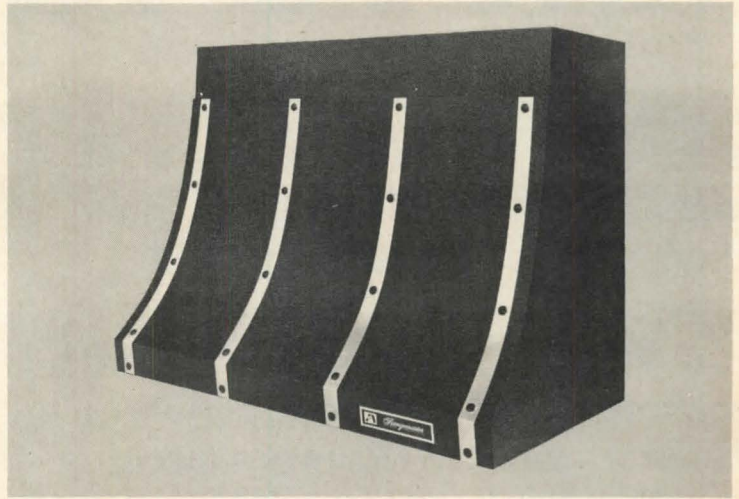
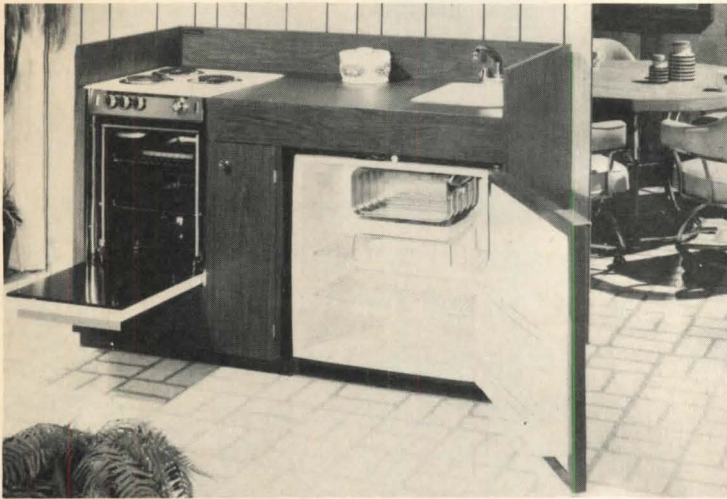
PRODUCTS/KITCHENS

Stainless steel bar sink, "Harvest," (right) is shown with "Aquamix" bar fitting and gooseneck spout. Bowl has satin finish; flush fittings-deck and a sound dampener are provided. Unit measures 15"x15". American Standard, New Brunswick, N.J. CIRCLE 230 ON READER SERVICE CARD



Lightweight microwave oven features a gourmet-defrost cycle designed for thawing frozen food or cooking at conventional temperatures. "Model MR-3" has a removable broiler tray and an automatic electric lock. Amana, Amana, Iowa. CIRCLE 233 ON READER SERVICE CARD

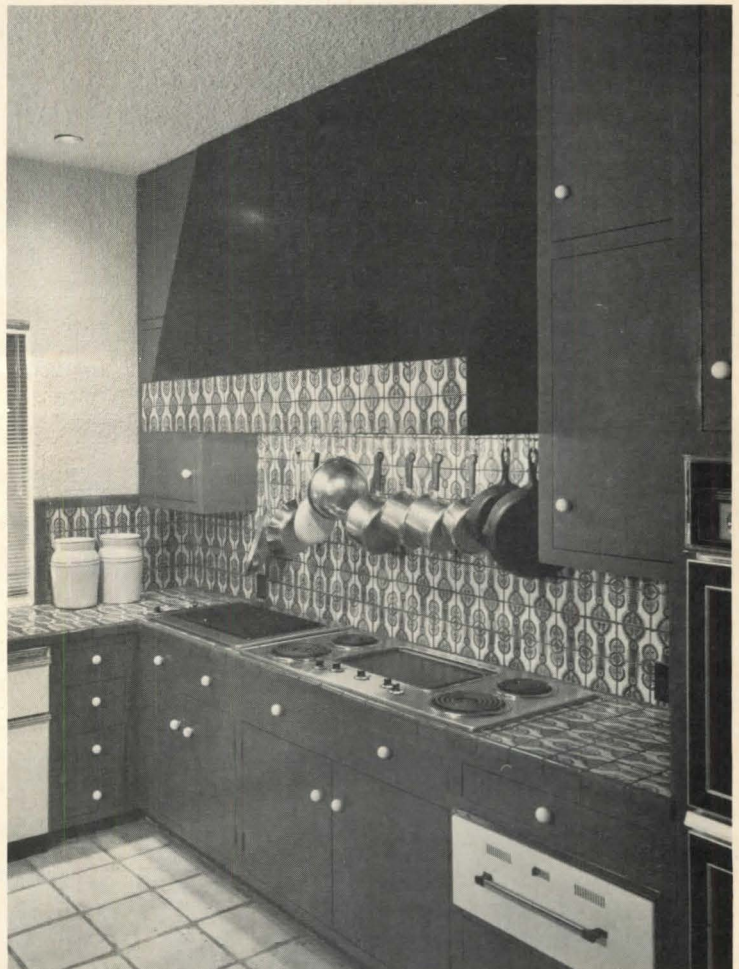
Kitchen-in-a-cabinet (below) includes a 6-cu.-ft. refrigerator, sink, drop-in electric stove and under-counter storage space. Easy-to-install "Model RE-63" is available in a variety of colors. Cervitor, South El Monte, Calif. CIRCLE 231 ON READER SERVICE CARD



Canopy-style range hood, "The Innovator," has snap-in bracket for quick installation. Unit is 24" high and is offered in 30" and 36" sizes and most appliance colors. Decorative straps are optional. Rangemaster, Union, Ill. CIRCLE 234 ON READER SERVICE CARD



Pilotless gas range, "Model 30-2656," can help reduce fuel bills. Top burners and oven broiler are ignited by an automatic system. Pressure-regulated and pre-adjusted burners provide a constant, steady supply of gas. Tappan, Mansfield, Ohio. CIRCLE 232 ON READER SERVICE CARD



Range hood features sloped line and a lip channel for easy installation of decorative tile (shown above), laminated plastic or glass. Model is equipped with fluorescent lighting and fireproof blower system. Vent-A-Hood, Richardson, Tex. CIRCLE 235 ON READER SERVICE CARD

more products on page 110

“With Maytags, the net from our laundry beat our most optimistic expectations at Campus Green Apartments,” writes Mr. Sally.



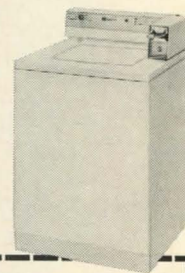
“Repair costs have been unbelievably low on the 28 Maytag Washers installed three years ago.”

Campus Green is a luxury apartment complex with 410 units located near a huge medical center in Chicago. “Three years ago we installed 28 Maytag Washers in our self-service laundry,” reports Mr. William D. Sally, Certified Property Manager, Vice President of Baird & Warner, Managing Agent.

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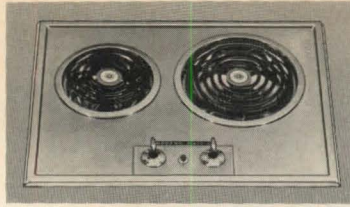
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PRODUCTS/KITCHENS

Two-element electric cooktop (right) can be used in vacation homes or recreation rooms. Less than 3" deep, brushed-chrome unit leaves room for a drawer beneath it. A comparable gas model is offered. Modern Maid, Chattanooga, Tenn. CIRCLE 236 ON READER SERVICE CARD



"Country Estate" cabinet (above) complements almost any kitchen decor. Drawers and door fronts are accented by antique-brass hardware. Positive-stop monorails, self-closing hinges and pre-finished drawers are featured. Connor, Wausau, Wis. CIRCLE 237 ON READER SERVICE CARD

Smoothtop drop-in range (below) can be installed in a side wall, work island or peninsula. Three-plus-one surface provides three thermostatically-controlled heating areas and one conventional heating element. Corning, Corning, N.Y. CIRCLE 238 ON READER SERVICE CARD



"Yorkshire" cabinets feature solid maple doors with raised panels in a cathedral design. Hinges are concealed and catches are magnetic. Thumb-latch door pulls are antique brass and finish is nutmeg. Yorktowne, Red Lion, Pa. CIRCLE 239 ON READER SERVICE CARD

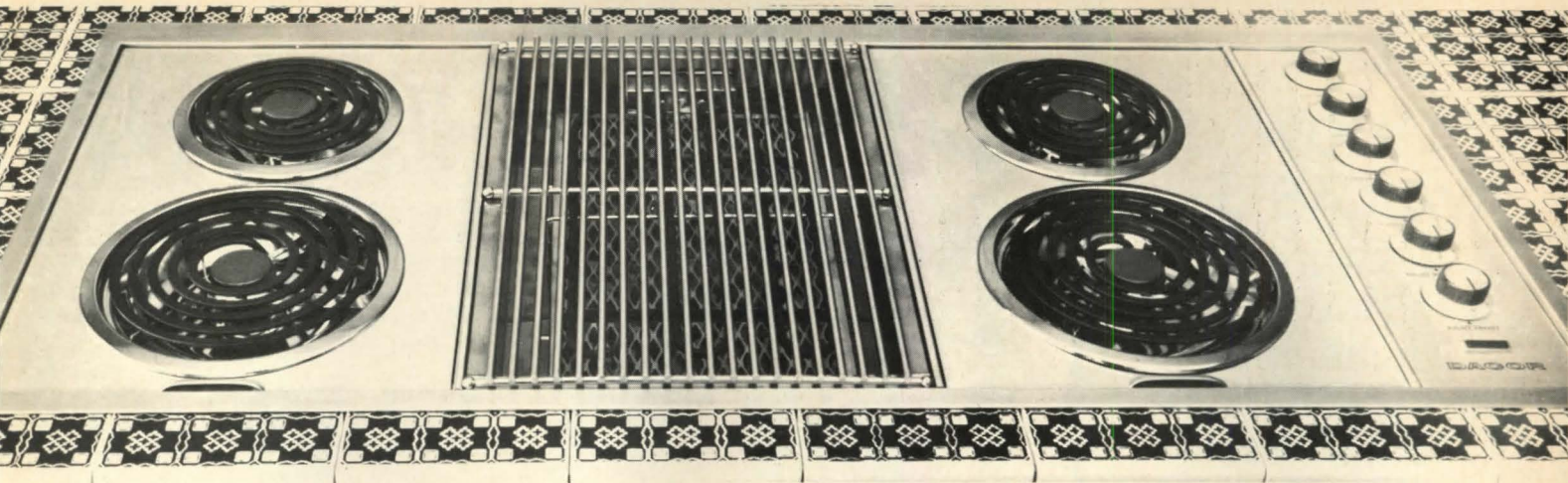


Trash compactor (left) can be built into a work counter. Compacted by 2,300 lbs of force, contents are disposed of in moisture-proof, plastic-lined bags. Automatic deodorizing spray is included. Gibson, Greenville, Mich. CIRCLE 240 ON READER SERVICE CARD

One-piece countertop and sink, "KTS," is molded of Du Pont "Corian." Unit has pre-drilled faucet holes and can be cut to fit with common tools. Counter is white or beige with look of marble. Du Pont, Wilmington, Del. CIRCLE 241 ON READER SERVICE CARD



more products on page 112



Put Charisma in your kitchen with the DACOR Convertible Barbecue/Range

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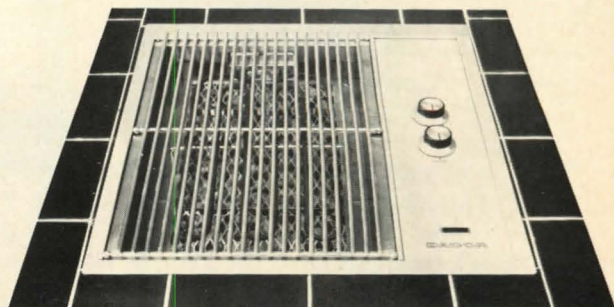
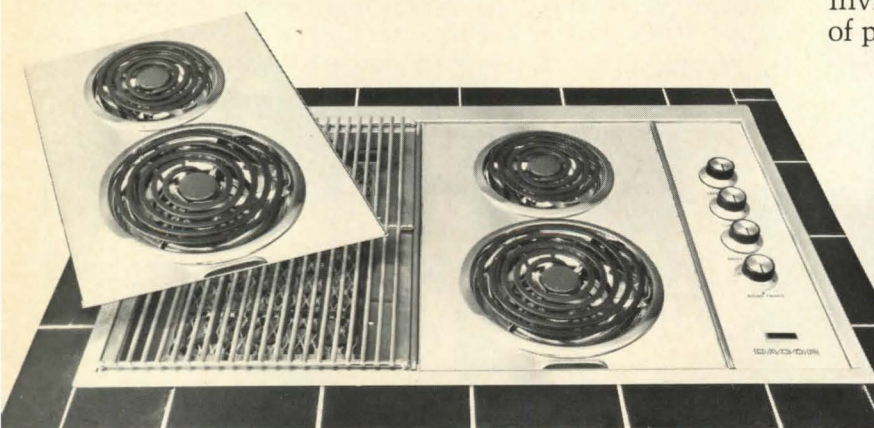
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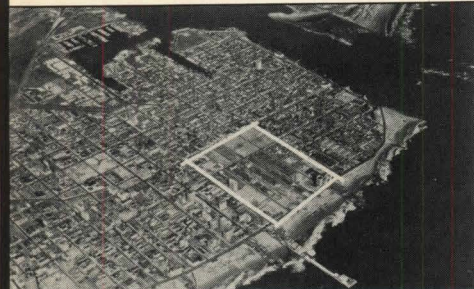
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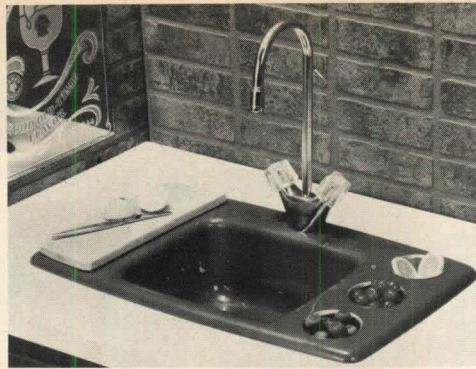
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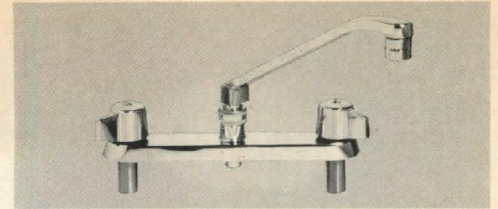


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PRODUCTS/KITCHENS



Self-rimming acrylic bar sink, "Gibson," (above) comes with hardwood cutting board and three stainless steel garnish cups. Faucet is continental style with clear acrylic handles. Model, which can be used in a recreation room or as an auxiliary sink, measures 25"x15". Kohler, Kohler, Wis. CIRCLE 215 ON READER SERVICE CARD



Top-mount sink fitting features a "Duchess" spout and canopy-type lever handles. Polished chrome-plated surface can be cleaned with a damp cloth. Spray attachment and clear acrylic handles are also available. Royal Brass, Cleveland, Ohio. CIRCLE 216 ON READER SERVICE CARD

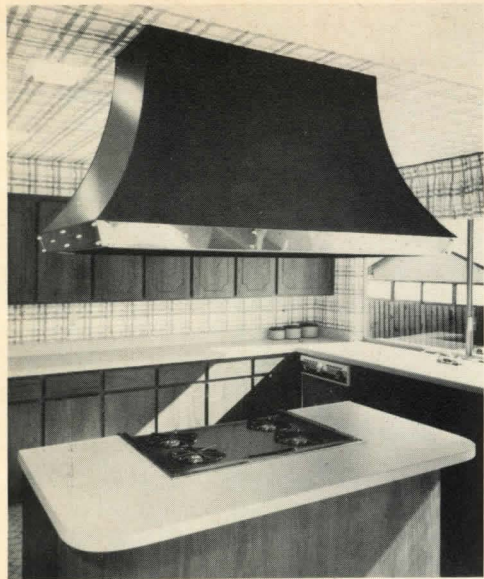
Traditionally styled oak cabinetry, "Mission II," (below) has hand-rubbed finish and recessed door panels. Easy-to-open drawers operate on frictionless nylon rollers and door hinges are self-closing. Versatile cabinetry is offered in a wide range of sizes and styles. Boise Cascade, Berryville, Va. CIRCLE 217 ON READER SERVICE CARD



Durable kitchen cabinets with ultra-violet-cured finish, "Allegro," (below) require no waxing. Detailed woodgrain styling is in a light-oak shade. Easy-to-clean drawers with raised panel design are molded of high-impact polystyrene. Face and frame are hardwood. United Cabinet, Indianapolis. CIRCLE 219 ON READER SERVICE CARD

Ducted range hood (below) has decorative strips that accent any kitchen color scheme. Unit with baked-enamel finish has easy-to-reach, up front controls and light that illuminates the cooking area. Ductless model with charcoal filters is also available. Home Metal Products, Plano, Tex. CIRCLE 220 ON READER SERVICE CARD



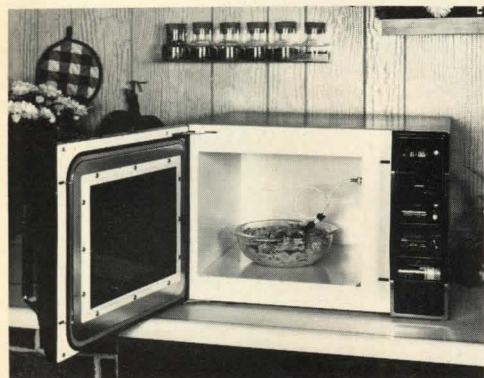


Range hood for island installation, "Mark I," is formed from cold-rolled steel with baked-on black finish. Rectangular bell-shaped unit is designed for easy installation—built-in blower vent is completely pre-wired. Goodwin, Berkeley, Calif. CIRCLE 218 ON READER SERVICE CARD



Compact 4.3-cu.-ft. refrigerator at table-top height provides a convenient work surface. Automatic-defrost unit has full across-the-top freezer, full-width vegetable crisper and storage shelves on the door. Weight is 76 lbs; height 33½"; width 18¼"; depth 21¾". Avanti, Miami. CIRCLE 221 ON READER SERVICE CARD

Countertop microwave oven, "JET90," (below) has a probe that senses the internal temperature of food. Oven turns off automatically when serving temperature is reached, preventing overcooking. High, medium/defrost and low power settings make unit versatile. GE, Louisville, Ky. CIRCLE 222 ON READER SERVICE CARD



more products on page 114



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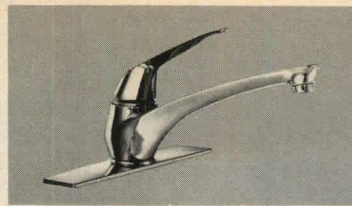
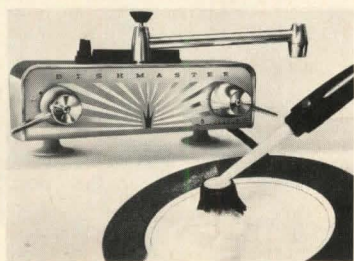


Pecan-tone cabinet line, "Anniversary," is shown in a greenhouse kitchen. Staggered cabinets are attached to studs on an open-look window wall. Modular construction makes unconventional cabinet arrangements possible. Long-Bell, Portland, Ore. CIRCLE 260 ON READER SERVICE CARD

Wall-mount range hood, "Heritage," (below) is offered with a choice of ten power units to meet the ventilation needs of any kitchen. Funnel-shaped model has built-in housing and twin aluminum-mesh filters. NuTone, Cincinnati. CIRCLE 261 ON READER SERVICE CARD



Hand-held dishwasher, "Imperial III Dishmaster," (right) is an easy-to-install, labor-saving device. A pull on the diverter knob directs water through the brush or back to the faucet. Washer can be used on all dishes and glassware or to supplement an automatic dishwasher. Manville, Pontiac, Mich. CIRCLE 262 ON READER SERVICE CARD

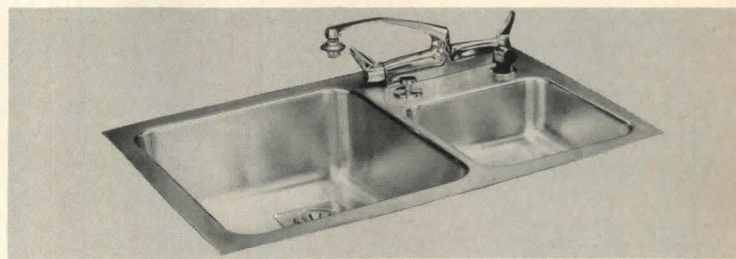


Water-controlling device, "Flow-Matic," offers temperature and volume selection with a single handle. Fitting has ceramic cartridge that eliminates need for lubrication or washers and requires no "O" rings. Price Pfister, Pacoima, Calif. CIRCLE 263 ON READER SERVICE CARD



Faucet 8" on center, "Concord," (left) features red-brass cast body with chrome-plated ABS shield. Clear or charcoal crystal handles are offered. Line includes shower, bar, pantry and laundry fittings. Streamway, Westlake, Ohio. CIRCLE 264 ON READER SERVICE CARD

Double stainless steel sink, "Cuisine Center," simplifies kitchen cleanup. Oversized cooking utensils can be soaked in the large compartment while garbage disposal is taken care of in the smaller. Elkay, Broadview, Ill. CIRCLE 265 ON READER SERVICE CARD



Range with automatic pilotless ignition helps conserve gas. Line includes models with low or waist-high broiler units and self- or continuous-cleaning ovens. Black-glass doors and woodgrain control panels are featured. Caloric, Tipton, Pa. CIRCLE 266 ON READER SERVICE CARD



more products on page 117

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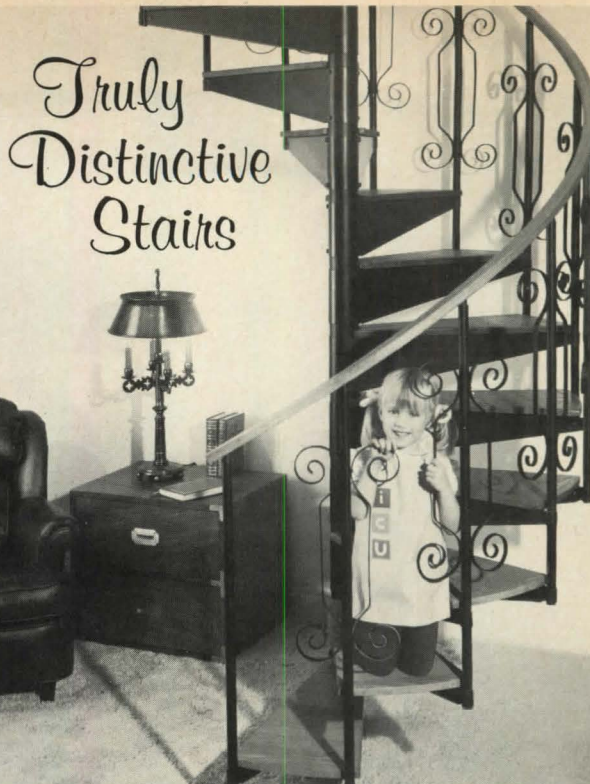
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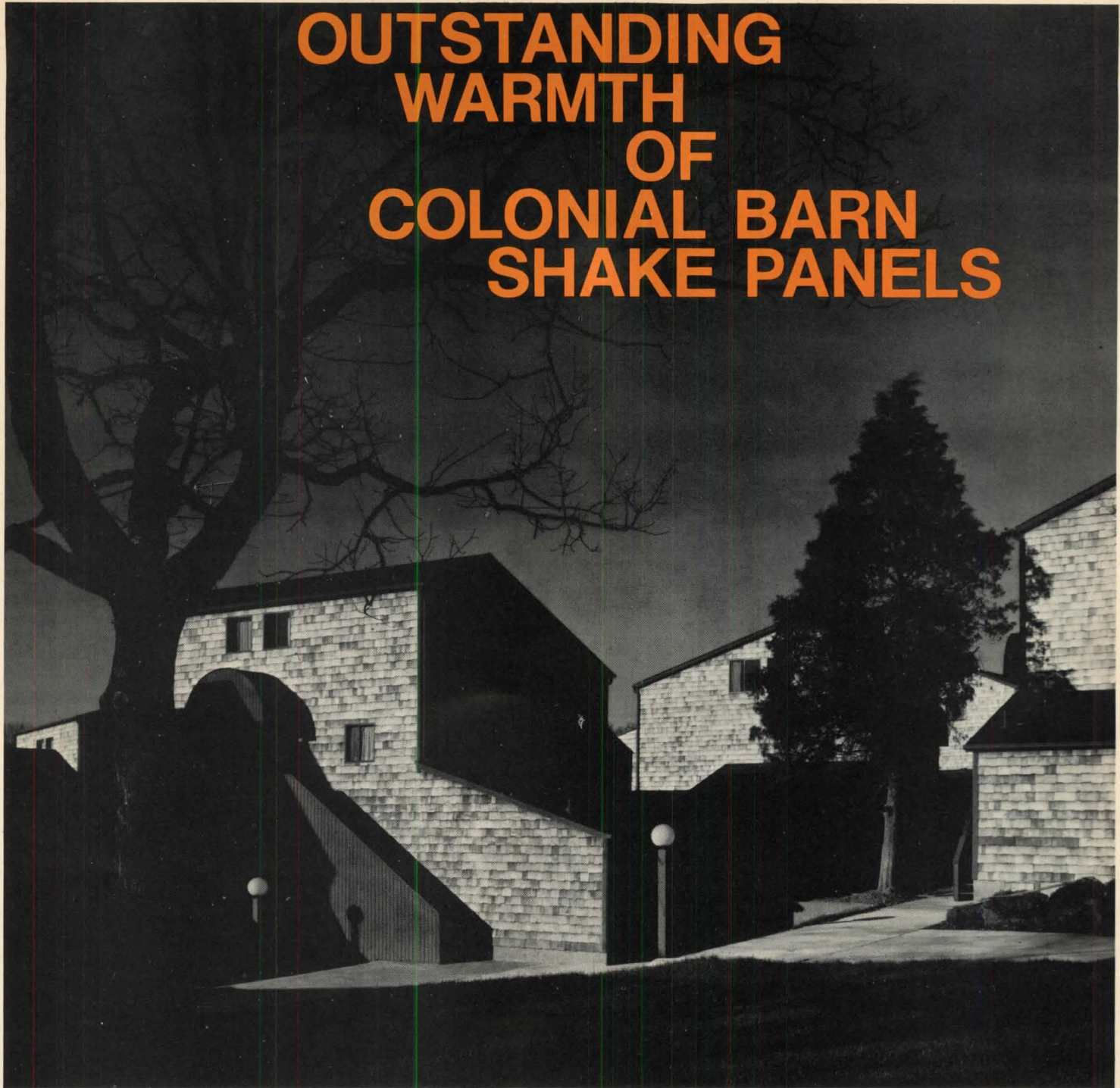
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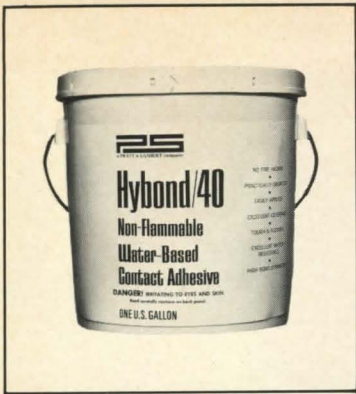
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Water-based contact adhesive, "Hybond/40," is easily applied by brush, roller, trowel or spray. Non-flammable, neoprene-based substance is odorless and needs only contact pressure to complete bonding. Pierce & Stevens, Buffalo, N.Y. CIRCLE 251 ON READER SERVICE CARD

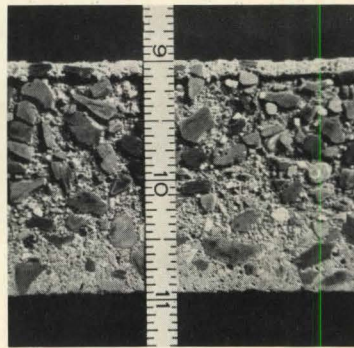


Seamseal™ caulk and adhesive are latex-based, thus easy to apply and clean up. Adhesive may be used on wood, brick, glass, plaster and concrete. Caulk is formulated for use under paint. Both come in 11-oz. cartridges. Darworth, Avon, Conn. CIRCLE 252 ON READER SERVICE CARD



Fast-drying grout (left) quickly resets loose ceramic and mosaic tile. Stain-resistant grout is firm within an hour, then dries to a bright, white finish. It is available in sizes ranging from a 2.5 fl. oz. tube to a one-gallon can and can be tinted to match tiles. Red Devil, Union, N.J.

CIRCLE 254 ON READER SERVICE CARD



Epoxy sealer, "688," penetrates as much as 2" (as above) into untreated concrete surfaces before hardening. Brush-, roller- or spray-applied sealer provides resistance to chemicals that cause decomposition. Ceilcote, Berea, Ohio.

CIRCLE 255 ON READER SERVICE CARD



Waterproofing liquid, "Nerva-Deck," (above) is formulated from polyurethane rubber with coal tar additive. Applied with brush, roller or squeegee, liquid is fungi-, acid-, and alkaline-resistant. Rubber & Plastics, Long Island City, N.Y.

CIRCLE 256 ON READER SERVICE CARD



Textured protective coating with Pliolite resin base helps preserve the surface of a concrete building. Imperfections are hidden and water, salt, mildew and air-pollution damage are prevented. Spray-applied coating is offered in textures ranging from gritty to pebbly and in white and most standard colors. Goodyear, Akron. CIRCLE 253 ON READER SERVICE CARD



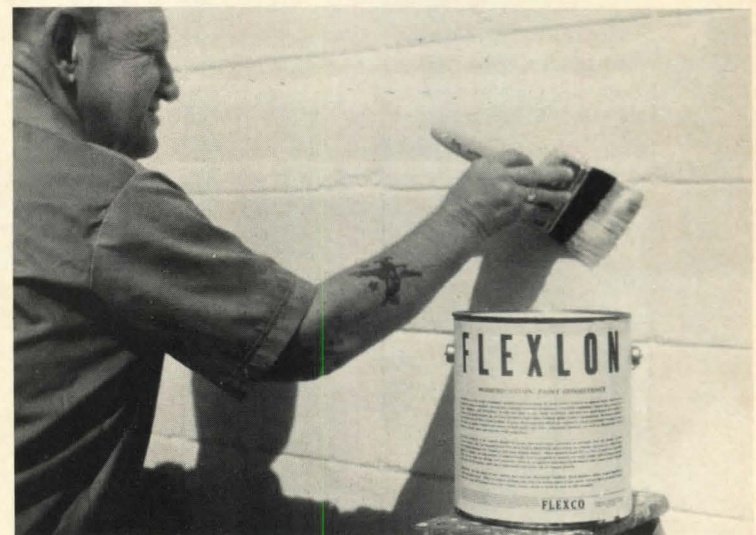
Concrete-patching compound, "Liquid Patch," (above) repairs driveway surface cracks and broken or chipped mortar. One application of the cement and silica sand-base product fills a 1"-wide crack or joint. Macco, Wickliffe, Ohio.

CIRCLE 257 ON READER SERVICE CARD



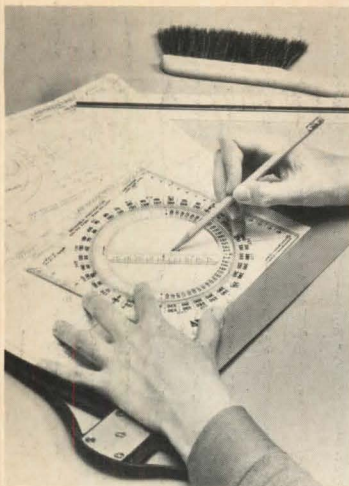
Exterior acrylic latex coating, "Olympic Overcoat," (above) is used to re-coat previously painted surfaces or hardboard. Fast-drying coating is easy to apply and has a low viscosity, high pigmentation formula. Olympic, Seattle.

CIRCLE 258 ON READER SERVICE CARD



Liquid plastic coating, "Flexlon #3," is waterproof, fire retardant and flexible. Interior/exterior compound may be used on all common building materials and on exposed polyurethane-foam insulating surfaces. Coating cures dust-free in 30 minutes and expands and contracts with surface it is bonded to. Weber & Sons, Freehold, N.J. CIRCLE 259 ON READER SERVICE CARD

more products on page 118



Protractor square, ROTANGLE™, (left) provides readings as precise as 0.1°. Any angle to 360° may be dialed and a line drawn through the vertex without changing position. Acrylic device is calibrated in inches and centimeters. Labindustries, Berkeley, Calif.

CIRCLE 243 ON READER SERVICE CARD

Modular drafting furniture (below) can be used in a variety of arrangements. Reference tables can be placed to the right or left of drawing board, and both can be moved easily to another location. Eight models are offered in black or sand finish. Huey, Franklin Park, Ill.

CIRCLE 244 ON READER SERVICE CARD



Magnetic calendar, "Timewise," (above) makes daily, weekly or monthly schedules immediately accessible. By moving magnets, information can be arranged and rearranged without erasing or rewriting. Color coding can be used to highlight important items. Board is available in several sizes and styles. Caddyak, Westbury, N.Y. CIRCLE 247 ON READER SERVICE CARD



Circular drawing board, "Rotobord," (right) rotates to any convenient angle. Sliding horizontal rule, connected to a vertical spacer, can be set to move by precise increments. Height and slope may be adjusted for use on flat surfaces. Portable board comes with carrying case. Zi-Tech, Palo Alto, Calif.

CIRCLE 245 ON READER SERVICE CARD



Hand-held calculator with printout offers eight-digit display plus a permanent record on plain paper tape. "Mini-printer," which operates on rechargeable battery or AC current, has electronic memory and square root capability. A switch controls whether all entries or only intermediate or final answers are printed. Casio, New York City.

CIRCLE 248 ON READER SERVICE CARD



Metric/inch converter in handy slide-chart form is used to translate U.S. units of measurement into metric units. Interchange between 35 metric and U.S. units is provided, including lengths, weights, volumes and areas. Plastic-coated calculator is small enough to fit in a shirt pocket. Jaydee, Wilmette, Ill.

CIRCLE 249 ON READER SERVICE CARD

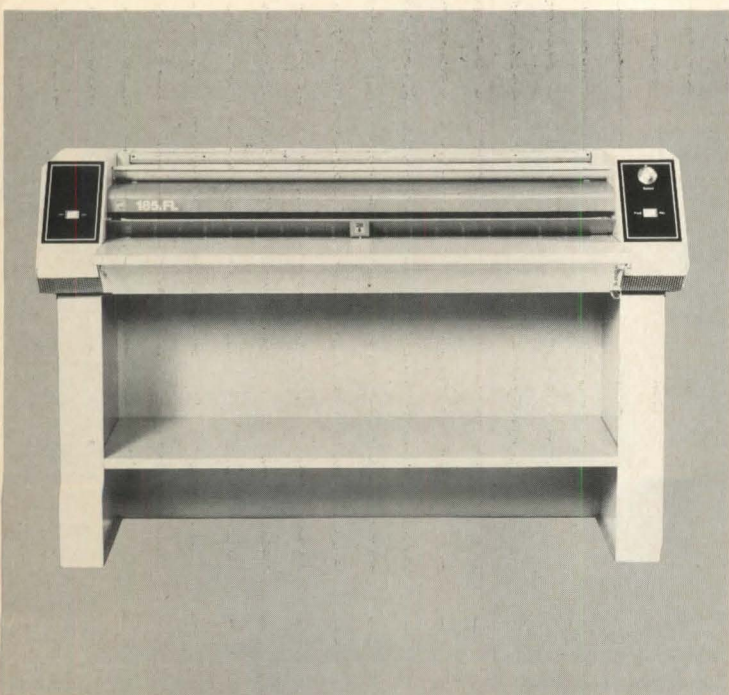


Table top diazprinter, "185FL," has a convenient 11"x54" feedboard for handling large plans. Non-vent unit has negative-pressure processing with self-contained developer system. Printer has a reverse switch to retrieve misfed originals. GAF, New York City. CIRCLE 246 ON READER SERVICE CARD



Repro-center console fits printer in step-down rear of the table top, stores paper in a hinged drawer below. A wire paper cutter is built in. Walnut-grain Formica and chrome console is adjustable in height from 30" to 38". Teledyne Rotolite, Stirling, N.J. CIRCLE 250 ON READER SERVICE CARD

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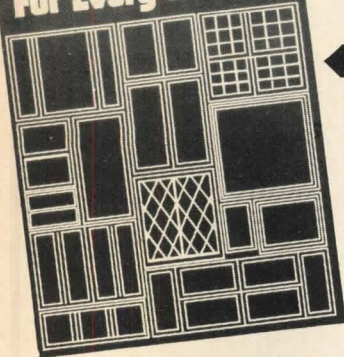


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CIRCLE 65 ON READER SERVICE CARD

LITERATURE

Booklets give ideas that can increase fire safety; may help reduce insurance costs

They each give practical, tested suggestions for fire protection. One discusses fire-safety in on-going construction. Two discuss fire-retardant qualities of specific materials and assemblies, give background information on fire ratings and on building codes. One of the latter gives ideas, through case studies, that saved money and construction time and reduced insurance rates. All three are new editions of industry-association publications.

Fire protection for buildings under construction (and being demolished) is the subject of the 1975 edition of a National Fire Protection Assn. publication first issued in 1973.

A recent study of fires in construction projects, says the standard, shows that 25% were started by portable heating equipment, 20% were started by cutting and welding operations and 15% were caused by smokers.

The standard gives practical suggestions for fire prevention and fire fighting. For instance:

- Each building site should have a fire command post with plans, emergency information, keys, communication and other needed equipment.
- If underground water mains are part of a project, they should be installed and in service as directed by the local fire authority before other construction begins.
- Hoses and nozzles should be provided as soon as the temporary or permanent water supply is available for new construction.

The "Standard for Safeguarding Building Construction and Demolition Operations" (NFPA 241) is available from the National Fire Protection Assn., Publications Sales Dept., 470 Atlantic Ave., Boston, Mass. 02210 for \$2.50 a copy.

Gypsum fire-resistant construction manual indexes partition, deck, girder and other structural assemblies by fire- and sound-resistance ratings. It gives assembly thicknesses and height limitations, cross-section sketches and detailed descriptions of each assembly. Manual includes sound-test results for each assembly and other information. An introductory section gives information on insurance savings possible with use of fire-resistant gypsum and other background information. Each section of the manual begins with three-dimensional, cutaway illustrations of the assemblies indexed in that section. The manual is referenced in HUD's *Minimum Property Standards* and by three major building codes.

For two or more copies of the "Fire

Resistance Design Manual" send 85¢ per copy plus postage to the Gypsum Assn., Suite 1210, 1603 Orrington Ave., Evanston, Ill. 60601. For single copies:

CIRCLE 301 ON READER SERVICE CARD

Fire-safe plywood construction is the subject of a 31-page, 1975 update of an American Plywood Assn. publication. It discusses the basics of fire protection, defining flame spread and fire resistance and describing different types of construction for fire safety. Sections discuss building codes in force throughout the country and briefly compare fire-insurance provisions for wood and metal construction.

Sections on wall, floor and roof systems discuss construction for a variety of fire ratings and give construction details for one-hour rated floor-ceiling assemblies and for treated-plywood roofs. The section on roof systems gives information on the effects of different wind- and fire-resistance ratings on premiums.

Case studies document plywood uses that:

- Saved money and construction time at several medium-rise projects.
- Saved \$5 a sq. ft., and, in combination with a sprinkler system, allowed the builder of a small apartment project to add a story-and-a-half to the building.
- Produced an inexpensive solution to the rigid San Francisco building-code requirements for roof systems on small commercial buildings.

An appendix gives suggestions for increasing the allowable area of light-frame buildings through various fire-protection methods. For example:

- The *Basic Building Code* allows a 200% increase in the area of a light-frame building with the addition of a sprinkler system.
- The *National Building Code* permits a 33% increase in wood-frame buildings' areas if approved fire-retardant structural systems are used.

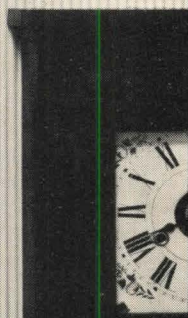
"Construction for Fire Protection" includes a table that contrasts the costs of wood-frame and steel-frame buildings. Another table lists flame-spread ratings required by the *Basic Building Code* for different types of construction.

CIRCLE 302 ON READER SERVICE CARD

Major-appliance catalog for building and remodeling covers a complete line of kitchen products, manufacturer's kitchen-design service and service contract. General Electric, Louisville.

CIRCLE 303 ON READER SERVICE CARD

Hidden Investment



Fire Warden, the attractive home fire station, is recessed between wall studs and concealed behind a picture or a mirror. The easily installed unit has a chemical extinguisher and a high-pressure fire hose which is connected to the home water supply. Fire Warden installation can result in lower insurance premiums.

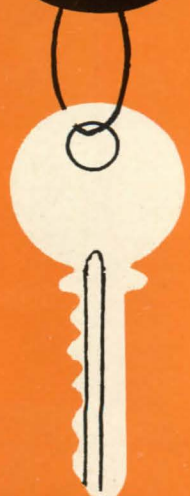
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a House & Home workshop

HOW TO RENT APART- MENTS



Washington, D.C., Nov. 3-4, Crystal City Marriott
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A House&Home Workshop: 2 Days of **HOW TO RENT APARTMENTS**

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And you will learn how to train your people to be stronger, more effective renters.

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How to close the deal

**How to follow through with a post-
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turnover**

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You will get valuable managerial guidelines on such subjects as . . .

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How to supervise a rental staff

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His special talent for teaching was developed early in his career in the fields of broadcasting and sales training, and as the operator of his own full-service advertising and public-relations firm, Chamberlain Associates, Inc. His workshop sessions have been given throughout the U.S. and Canada.



Workshop Director:
H. Clarke Wells
Senior Editor,
House & Home

Washington, D.C., Nov. 3-4, Crystal City Marriott
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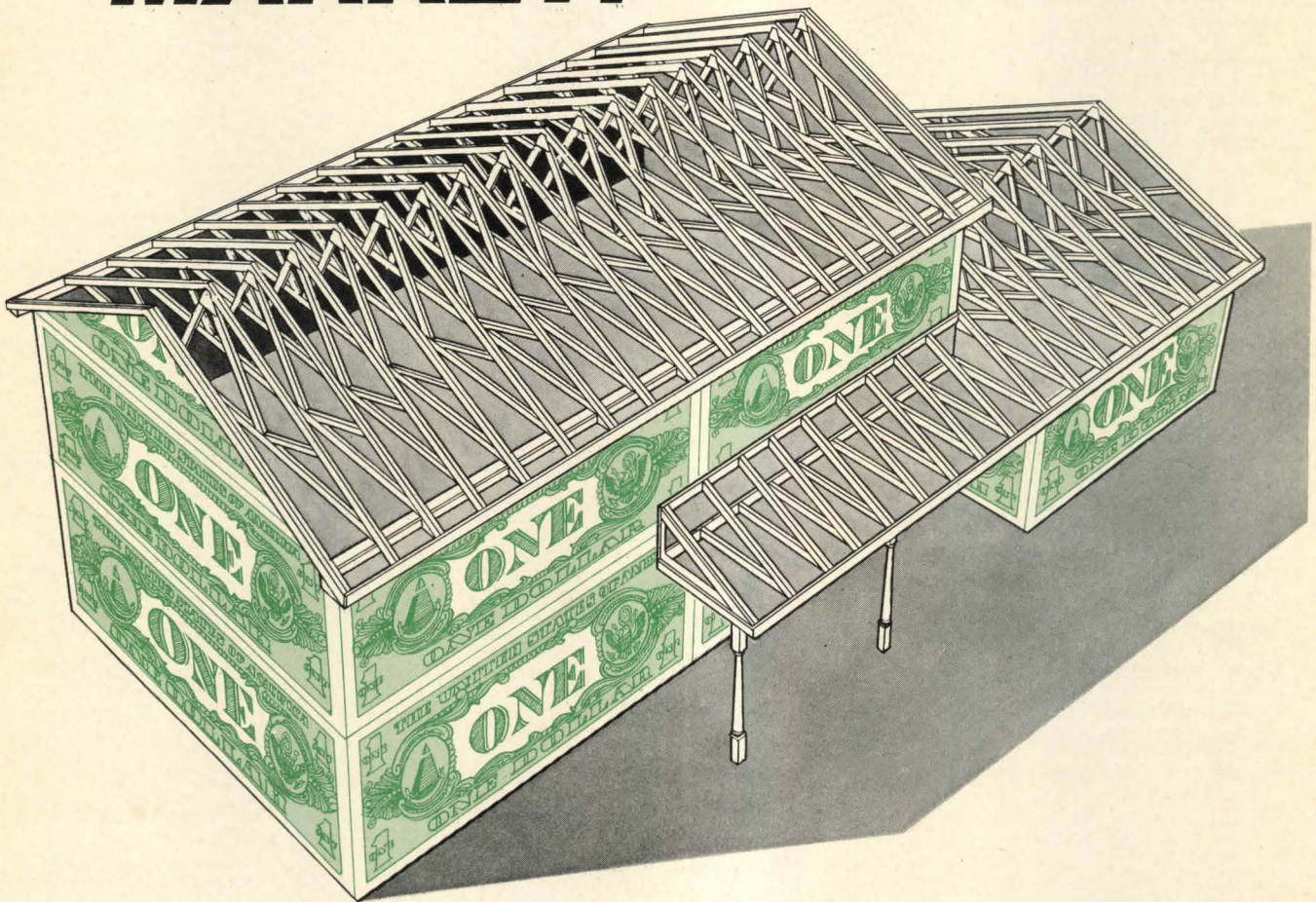
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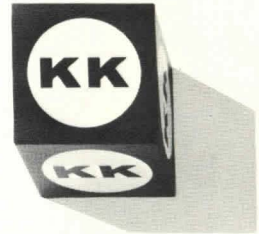
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