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House & Home

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Housing in '72: This year's boom will roll right on

Everything you always wanted to know about builders' insurance

House&Home

McGraw-Hill's marketing and management publication of housing and light construction

Volume 40 Number 5 / November 1971

FEATURES

NEWS

DEPARTMENTS

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The President struggles to arrest inflation without handcuffing housing

President Nixon was true to his word about Phase II of his economic program. He had said he would act firmly—and most observers agree that he is doing so.

The wage-price freeze dies officially on November 13, but any new increases in wages, prices, or rents will undergo the closest scrutiny by a government determined to curb inflation.

"We began this battle against inflation for the purpose of winning, and we're going to stay in it 'til we do win it," the President told a nationwide television audience last month.

Goal—2% to 3%. In Phase II, wages can be increased—if. Prices can be increased—if. And rents can be increased—if.

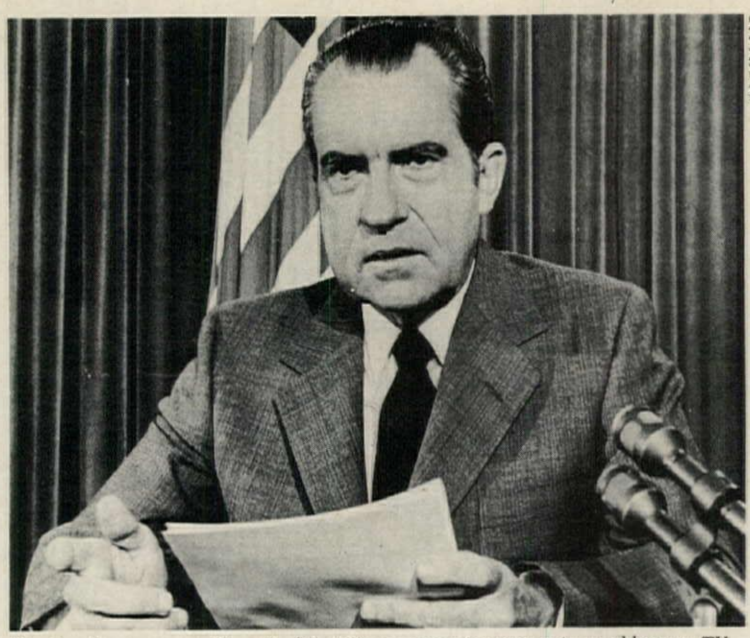
The ifs depend on a whole new complex of federal machinery designed to determine whether any increases will be harmful to the President's goal of limiting inflation to an increase of 2% to 3% by the end of 1972.

The ultimate aim is to break the psychology of inflation, and the President repeatedly made clear the idea that there could be no compromise with this objective. But beneath his message there ran a distinct theme in counterpoint: The administration would again do all it could to protect and promote the housing industry, because housing is leading the national recovery.

Nevertheless, except for raw agricultural products, virtually every segment of the economy will have to work within the new guidelines. And, while much of the program depends on voluntary restraint, the government will fall back on Justice Department litigation and fines, if necessary.

Control apparatus. The Cabinet-level Cost of Living Council continues to function during the post-freeze period, and the President has made it responsible for policies and goals. It will coordinate the control program, recommend modifications, and report to the President. Treasury Secretary John Connally heads the council.

A new Pay Board has been set up to determine standards for wage increases after November



UPI PHOTO

The President presents Phase II of the Nixon economic program in an address on TV.

13. A new Price Commission will keep tabs on trends in prices. And a special Rent Board, operating within the Price Commission, will oversee standards for rent increases and will mobilize voluntary compliance. New apartment construction, Housing Secretary George Romney said in response to questions, is expected to be exempt. And the White House said special attention will be given to avoiding interference with housing construction.

Interest rates. The President will not seek mandatory controls over interest rates and dividends. He will, however, ask Congress for standby power for such controls.

"Holding the line against inflation means holding all of that line," the President said. "Consequently, I am appointing a Government Committee on Interest and Dividends to apply a yardstick to both of those areas."

The committee will formulate and execute a program to obtain voluntary restraint, subject to review by the Cost of Living Council.

The committee is headed by Arthur Burns, chairman of the Federal Reserve, and its members include Secretary Romney along with the Secretaries of Commerce and the Treasury as well as the chairmen of the Home Loan Bank Board and the Federal Deposit Insurance Corp.

Warning. "The nation needs interest rates as low as they can be to meet the credit requirements of American families on equitable terms as they stimulate noninflationary economic expansion," the President said. He expressed confidence that low rates could be achieved voluntarily, but he warned: "As a safeguard, I will ask Congress for standby controls over interest rates and dividends."

Wages. No retroactive pay increases will be permitted, so those employees who were passed over because of the freeze on wages will be allowed only those increases that begin after November 13.

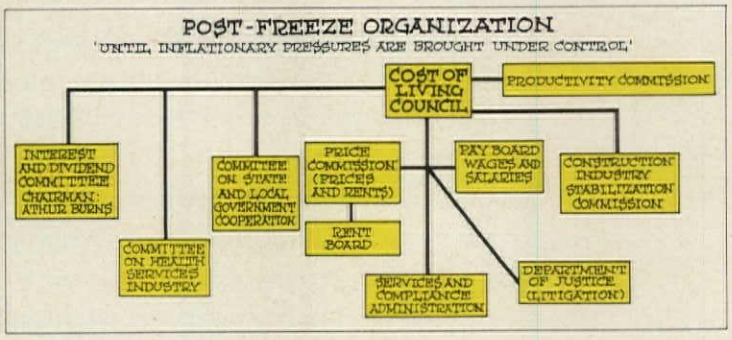
The Construction Industry Stabilization Commission, with four members each from the public, industry, and labor, will continue its effort to stabilize wages in the building sector.

An end in sight. President Nixon, whose authority to impose wage and price controls expires next April 30, said he will ask Congress for another one year extension of this authority, contained in the Economic Stabilization Act of 1970.

The President made it plain that he intends to "continue wage and price restraints until inflationary pressures are brought under control." At the same time he said, "We are not going to make controls a permanent feature of American life.

"When controls are no longer needed, we will get rid of them."

—Andrew R. Mandala



S&Ls help nail mortgage rate lid

The Nixon Administration solicited—and won—the support of the nation's savings and loan associations in its effort to hold down the interest rates charged on home mortgages.

In a meeting called by Treasury Secretary John Connally, representatives of the two major savings and loan trade groups, the National League of Insured Savings Assns. and the U.S. Savings & Loan League, and about a dozen savings and loan association executives pledged to go along with the administration's economic proposals and to hold the line on interest rates.

Many had thought that the administration might seek direct controls on interest if market rates rose during the President's Phase I period. The S&Ls at the Treasury session asserted that there would be no need for this—and pointed out, in fact, that rates on mortgages had eased since Mr. Nixon's announcement of a wage-price freeze.

A spokesman for the U.S. League said his officers were certain that home loan rates would go no higher in Phase II. He said, moreover, that the pledge was conditioned on the assumption that the S&Ls' cost of money would not rise sharply.

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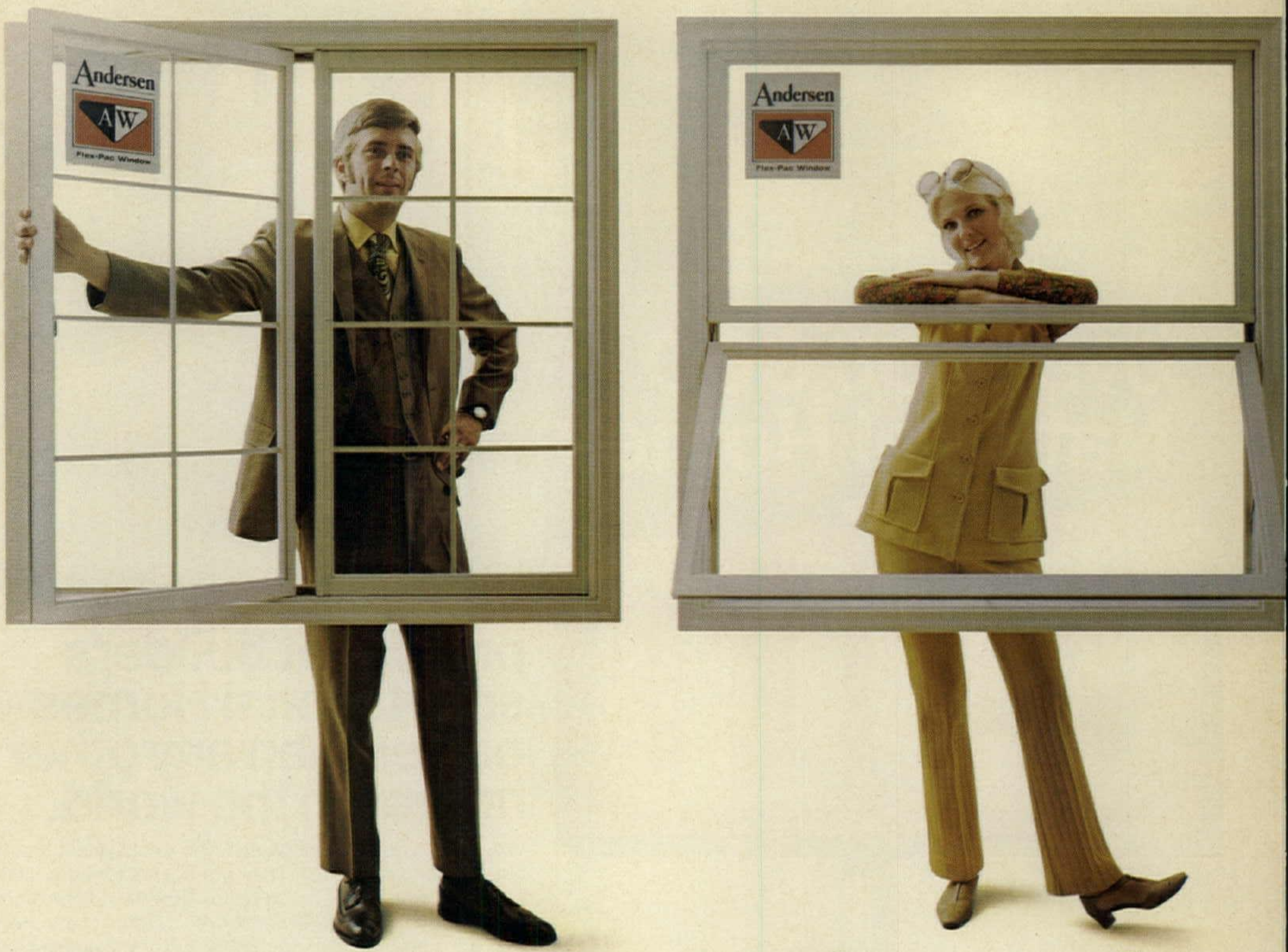

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Flex-Pac Windows can be installed as either an awning or a casement—beveled casing on all four

Another $1.5 billion for mortgages? FHLMC's Tom Bomar thinks he sees it

The executive vice president of the Federal Home Loan Mortgage Corp. believes his agency's new secondary market for conventional mortgages will channel an additional $1 billion into mortgaging in its first year.

And, says Thomas R. Bomar, the Federal National Mortgage Association's parallel market in conventionals will add another $500 million. So—$1½ billion in new funds.

That's providing that the markets finally get off the ground, of course. Their opening has been delayed for nearly a year, principally because of objection by consumer groups to the mortgage documents that Fanny May and the mortgage corporation have been drafting.

Anniversary. But today, with one year under its belt, the mortgage corporation, an arm of the Federal Home Loan Bank Board, is looking at this and other problems as only temporary setbacks. On the agency's first birthday, Bomar explained that the corporation's volume in its second 12 months of operations is expected to double. Bomar made these other points:

• He would oppose any attempt by the Mortgage Bankers Assn. to legislate a change in the corporation's policy that denies mortgage bankers the right to service loans owned by the FHLMC.

• The corporation's philosophy on the uniform mortgage documents is that "a loan transaction is an individual matter between a lender and a borrower. Specifics with respect to the amount of a prepayment penalty or the amount of a late charge should be controlled by us if we own the loan, but not otherwise."

Bomar, noting that the mortgage corporation might provide as much as $1 billion for its conventional mortgage operations in the coming year, said that this would be in addition to another $1 billion expected to go into its secondary operations in FHA and VA loans.

Aid to FHA market. During the mortgage corporation's first year, which ended in September, Bomar said, FHLMC had a commitment volume of about $1 billion, but that included about 85% in FHA and VA activity. "In our second year," he said, "we expect conventional market operations to account for about half our total volume."

FHLMC's vice president, Tom Bomar, gives outlook for H&H's Andrew Mandala.

The mortgage corporation, which is used primarily by savings and loan associations, along with a handful of commercial and savings banks, is doing business with only about 5% of all operating S&Ls. Bomar says this percentage should double in the next year.

Servicing policy. The mortgage corporation official notes that the effort to increase the number of S&Ls in FHLMC programs is a major reason why the FHLMC bars mortgage bankers from dealing with the corporation. Bomar explains:

"This is a policy decision on our part based primarily on the fact that we don't think it's good business to have your servicer be someone separate from your seller.

"Secondly, we are very interested in encouraging thrift institutions in becoming active dealers in mortgages. We think that is good for the housing market, good for the real estate market, and good for them.

"And, if we allow them to be used as a conduit, without their active involvement, we don't think that we've done as much as we could have."

Asked whether he would oppose any attempt by the MBA to legislate a change in this policy, he stated, "Yes, I would."

Dispute with Nader. The issue that has aroused the widest publicity for the FHLMC is its, and Fanny May's, attempt to introduce a uniform mortgage document for conventional loans. Consumer groups, led by Ralph Nader, have bitterly complained about several longstanding features of the proposed form. The result has been to hold back on introducing the form or the whole-loan market program, pending a rewrite of the forms to satisfy both consumer and lender groups.

"We are close," Bomar says, "but there are just too many imponderables to give a specific timetable."

In talking about the corporation's philosophy on the long awaited mortgage forms, however, Bomar indicated that FHLMC's view is strongly in favor of lender and borrower negotiating the terms.

"We think that a mortgage form should provide for an acceleration on sale, but as with late charges, the specifics on interest on escrows and prepayment penalties should be a matter for individual negotiations between the lender and his borrower," Bomar stated.

"We don't want to try to regulate all loan transactions. "We don't think that's any of our business."

Rewriting a loan? The FHLMC official added that once the corporation owns the loan, "then we think it is incumbent upon us to say that not more than a specific amount of late charges should be unreasonable; or to have a prepayment penalty not to exceed a reasonable amount."

In Bomar's view, the originating institution should be permitted to negotiate the contract with the borrower, and the FHLMC might then be allowed to liberalize the contract after it purchased the loan.

While Bomar would not state that this would be the case when the conventional loan documents finally are issued, he stressed that the FHLMC "wants to have a mortgage document that is easy to understand.

"We want borrowers to be able to read it and be able to understand what it says, and to know their rights and obligations," Bomar went on.

"We also want a mortgage document that attracts capital. It's got to provide the rights of protection to lenders and investors that they have to have for them to prudently invest their capital.

"And it doesn't do any good to have a mortgage document that is counterproductive. If you end up with a document that is so disadvantageous that a prudent lender or investor cannot in good conscience deal with it, you've got something that's destructive for housing."

—A.M.

Futures trading? A long way in future

One of the far-out schemes being looked into these days at the Federal Home Loan Mortgage Corp. is a futures market for mortgages.

Thomas R. Bomar, FHLMC executive vice president, who says the idea is still very much in the conceptual stage, concedes the mortgage corporation is intrigued with the concept.

"Our idea is based on our looking at other industries that have a place to hedge risks," he explains. "It's true of wheat, corn, soybeans, cocoa, coffee, and all these kinds of things where there is a trading market which allows traders and dealers to market futures—to hedge risk positions. So we asked the question, if this is possible for these kinds of industries—and it's true also for international currencies—might it not be possible for mortgages.

"We don't have the answers as yet," Bomar adds, "but we're mesmerized enough with the idea to want to pursue it further."

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GENERAL ELECTRIC

Extension of $2 billion mortgage subsidy to more costly houses is urged

The Government National Mortgage Association's new tandem plan has come under attack from both Congress and parts of the housing industry for discriminating against high construction cost areas.

The Ginny May program provides for purchase of mortgages on houses and apartments up to $22,000 per unit, except for higher limits in Alaska and Hawaii. Any mortgage loans above that amount, however, don't qualify for the 96-cents-on-the-dollar price that Ginny May will pay for new-house loans or the 95 for existing-home loans. Instead, the higher mortgage amounts must be sold without any federal subsidy—and at discounts of seven or more points.

California's case. Senator Alan Cranston (D., Calif.), a member of the Senate Banking, Housing and Urban Affairs Committee, noted that although 40.7% of the FHA homes sold nationally are priced low enough to meet the subsidy qualifications, such urban areas as Los Angeles have less than 3% of all housing selling under the $22,000 limit.

For all of California, he said, "only 11.8% of the FHA homes sold during the last quarter of 1970 were priced below the $22,000 and thus were eligible for Ginny May aid."

The Senator has introduced legislation that would lift the ceiling by as much as $4,000, depending on Housing Secretary George Romney's determination of construction costs.

NAHB'S plea. Cranston was joined in criticizing the $22,000 limit by the National Association of Home Builders, whose leaders testified in the House of Representatives that the limit should be raised for high-cost areas.

John A. Stastny, NAHB's president, told the banking subcommittee on housing that NAHB now recommends an increase of about 18%, or to $26,000 per unit, or $28,500 for a four bedroom unit.

Stastny also urged that the Housing Secretary be allowed to raise purchase limits above the new ceilings by another $4,500 in high-cost areas.

Budget problem. While it is likely that the homebuilders will be joined by other lender groups, who also feel the geographical inequities of the program are large, HUD may not be quick to go along with the proposed increases.

There are some HUD officials who will admit privately that the ceiling does favor the South and other lower construction cost areas, but at the same time it is recognized that there are budgetary considerations.

The Administration, which has opened a Pandora's box by ruling against raising the 7% FHA ceiling when discounts approached 10 points, however, already is looking at a federal budget deficit in fiscal 1972 of better than $27 billion. Having already decided to prop the mortgage market with its $2 billion program, the government, some observers feel, is now committed to the 7% rate. It is doubtful the Administration will be willing to pump still more subsidies into the middle income housing market.

—A. M.

Debates on safety rules and variable interest enliven NAHB meeting

A series of spirited exchanges between NAHB officers and directors over new construction safety standards and a heated floor debate on variable interest rates enlivened an otherwise routine fall meeting of the 800-member board of directors in San Juan, Puerto Rico.

Directors virtually accused the NAHB leadership of failing to protect builders' interests by allowing the government's costly—and, in many cases, irrelevant—safety standards to take effect September 27.

"Horror story." Association President John Stastny replied with a "horror story" of the months that it had taken NAHB's officers merely to arrange to talk with responsible government officials. He told of having been promised a Labor Dept. letter clarifying the new standards in May, only to have it arrive in August.

"Every opportunity to do something about this that we've had has been taken, and in my judgment we've done the best that could possibly have been done," Stastny said. But he added, "and it's not good enough."

Alternative rules. The NAHB is drafting alternative standards to be submitted to the government to replace the controversial regulations, but the process will take at least a year. Meantime, the association is urging members to comply with the present standards. An audio-visual program to be used in explaining the new rules to employees is to be ready in time for NAHB's Houston meeting January 23-27.

But this news was scant comfort for the harassed builders.

"Rather than educate us, what are you going to do to change the rules?" demanded Bud Meyerhoff of Baltimore, Md.

"I don't want to live with these rules. That's why I belong to this organization," said Claude Gerbase of Billings, Mont.

Joe Shaffron of Kenosha, Wisc., moved to instruct the NAHB legal staff to try to defer enforcement of the regulations until the inequities were removed. Despite Stastny's assurances that this had already been done, Shaffron insisted on bringing the motion to a vote; it passed unanimously.

An accused builder. Art Fleming of Danville, Ill., the first NAHB member to be accused of violating the new regulations, got up to warn: "They're not kidding. Please don't take this lightly."

Fleming's building sites had been inspected by a member of the Illinois Industrial Commission, who then reportedly told Fleming that he had found 18 violations.

"For those of you who don't know it," said Fleming, "even 110 volts is high voltage as far as these people are concerned."

Variable rates. The longest debate developed over variable mortgage interest rates. The mortgage finance committee had drafted a set of safeguards to be proposed whenever lending authorities in any community considered variable rates. But debate centered on the rates themselves, not on safeguards.

Leon Weiner of Wilmington, Del., a past president of NAHB, urged that the association take a clear-cut position for or against the concept of variable rates.

"If we are for them, we will want these safeguards," he warned. "If we are against, we won't.

"We don't want our industry controlled by the mortgage bankers."

The board then voted to table the safeguard resolution until it could take a stand on the rates themselves.

Policy. Fifteen other policy resolutions were drafted in committee, and the board rubber-stamped most of them.

The directors heard talks by another former NAHB president, Eugene Gulledge, now HUD's assistant secretary for housing production and mortgage credit; Norman V. Watson, assistant secretary for housing management; and Congresswoman Leonor K. Sullivan (D., Mo.).

All described proposals to channel more money into housing.

—N. G.

New leaders of Mortgage Bankers Assn. take office with a smile at MBA convention in Chicago. President Philip C. Jackson Jr. is at left, Vice President Everett Mattson at right. The girl in the middle? She is MBA's Assistant Director of Secretarial Services, Pamela Mack. *(For details on Jackson's election, see story appearing on page 34.)*

Wall Street moves deeper into mortgaging—Salomon teams with Ray Lapin

Ties between the investment banking community and the mortgage market have just been drawn closer with an announcement that the investment banking firm of Salomon Brothers in New York City is joining forces with R.H. Lapin & Co. Inc. of San Francisco, the mortgage banking company headed up by the former president and chairman of the Federal National Mortgage Assn.

KARSH

WALL STREET'S SALOMON
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It marks the initial entry of Salomon Brothers in the mortgage banking field, and it may be the harbinger of important things for housing.

Other combinations. Ever since mortgage backed securities guaranteed by the Government National Mortgage Assn. arrived on the investment banking scene, Wall Street houses have become alert to new possibilities in housing finance.

Merrill Lynch, Pierce, Fenner & Smith Inc. has acquired the mortgage brokerage of Hubbard, Westervelt and Mottelay; Huntoon-Paige, one of the most successful independent brokerages, has formed its own Huntoon-Paige Securities; and Eastman Dillon, Union Securities & Co. has opened a real estate subsidiary.

The Lapin deal. The merging of Salomon Brothers talent and money with the existing R.H. Lapin & Co. Inc. operation is not the same type of deal as these others.

A new company is being formed jointly, but it is not yet in operation. Raymond H. Lapin will continue as president, and the company will retain the Lapin name. Salomon Brothers and Lapin each will own 50% of the emerging company.

What is envisioned for the mortgage company, however, is something like instant success. While the existing Lapin company, in its initial year, originated $45 million in mortgages, it was only a one-office operation.

The new company, according to Lapin, will set up offices in Chicago, Washington, Baltimore, Houston, and Minneapolis. The headquarters will remain in San Francisco.

Stress on securities. The former Fanny May head, who has felt for many years that the securities markets held the greatest hope for mortgage financing, explains:

"The real estate industry has entered a new era of financing in which its traditional sources of money are no longer adequate. As the demand for new housing continues to escalate, mortgage bankers will have to turn increasingly to new instruments and new techniques of financing in order to do a volume business with traditional as well as new investors in housing.

"It will require a high order of investment banking skill and institutional sales ability—and Salomon Brothers is in the front of the securities industry in both respects and also is strongly capitalized."

Lapin added that with the investment banker-mortgage banker combination, "we are in a very favorable position to build a nationwide firm that will eventually be located in the growing urban centers."

Salomon's interest. William R. Salomon, managing partner of the investment firm, likewise noted that the combination between investment bankers and mortgage bankers is essential to the future financing of the real estate industry.

"In Ray Lapin and his organization," Salomon said, "we are associating with one of the leading innovators and most successful mortgage bankers in the real estate industry. He has been a vital force in the development of negotiable instruments for real estate debt, which has opened the door to tremendous new opportunities in mortgage financing for institutional investors and investment bankers."

Salomon Brothers had announced, before the deal with Lapin, that its own net before partners' taxes had more than doubled in the last year, to $54.9 million. —A. M.

With computers and TV, private exchange begins national mortgage trading

Sales have begun on the new USF Mortgage Exchange in San Diego, the first national clearing house through which all types of authorized lending institutions can buy or sell FHA-VA and conventional first mortgages in the $17 billion secondary mortgage market.

Either whole loans or participations, a percentage of a mortgage, can be traded.

The exchange is 81% owned by U.S. Financial, the housing developer and builder. The company's executives expect the exchange to increase the flow of private funds to areas of housing shortage by simplifying and expediting secondary mortgage market transactions.

Computer center. The nerve center of the exchange is its operations center, where two computers compile data on mortgage offerings, and where exchange account executives communicate with subscribing lending institutions over 25 telephone lines. Operations start at 5:30 a.m. Pacific time and continue 13½ hours a day to cover normal working hours from the East Coast to Hawaii.

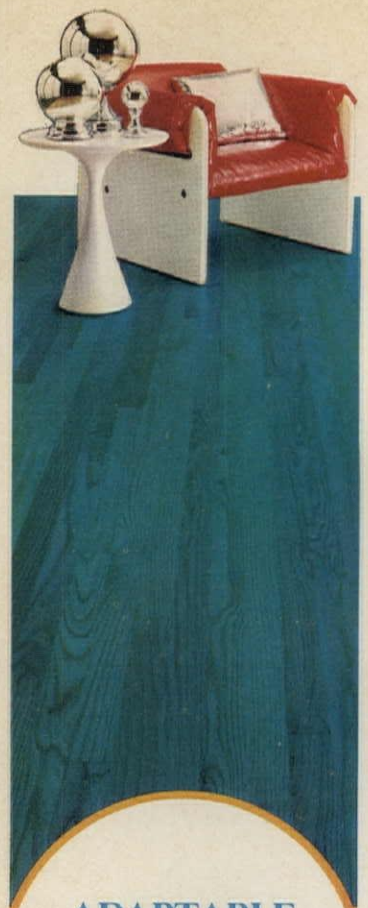
Any authorized lending institution may subscribe to the exchange by paying an annual fee equal to 0.001% of assets. Subscribers have unlimited access to the exchange, via toll-free long distance telephone.

Trades. A subscriber may also place buy and sell orders for mortgages by phoning his order to an exchange executive. He calls upon the computer to display available counterpart offers on a TV-type screen at his trading position. When a matching offer is found, the exchange executive puts the two parties directly in touch via telephone. If they reach an agreement, he enters the terms on an exchange computer, it is flashed on his TV screen and printed out on a multi-part form that goes to the two parties as confirmation.

National trading center for mortgages begins operation in San Diego as a subsidiary of U.S. Financial, the housing developer. Exchange's president, Bernard J. Dillon, stands at left of photo, and Robert Walter, chairman of U.S. Financial, is at right.

Nearly 100 members. Bernard J. Dillon, president of the exchange and owner of the other 19% of its stock, says the operation should reduce the cost of secondary market transactions because "the buyer and seller now can negotiate directly."

Service fees run from 0.25% of the amount sold in a participation trade to 0.5% of the face value of a whole loan. The fees can be split between buyer and seller. Almost 100 subscribers had registered when trading began. Dillon said new members were enrolling at the rate of five or six a day, and he predicted that the exchange would have 1,000 subscribers and would have handled $1 billion in transactions at the end of a year.



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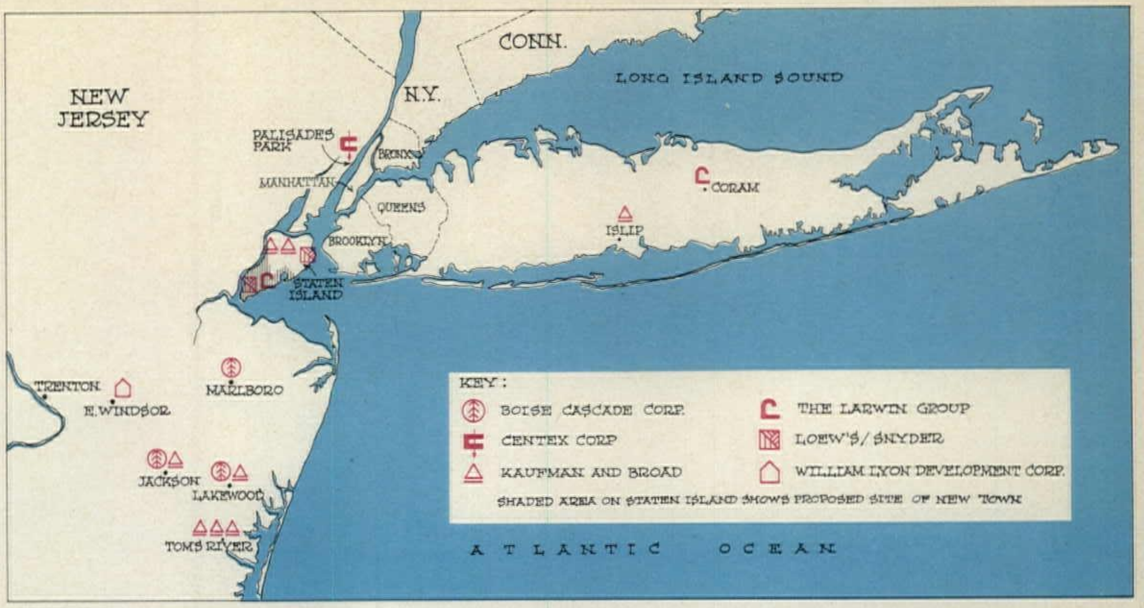
. . . and legions of desperate house hunters are lining up to buy.

Boise Cascade of Idaho was among the first to make the scene. So were the William Lyon Development Co. and Loew's/Snyder of California. Two other California-based builders, Kaufman and Broad and the Larwin Group, have projects under way. And Centex of Dallas is getting started.



The giant homebuilders have flocked to Staten Island and southern New Jersey to tap the huge New York market. Company symbols represent housing developments ranging in size from 66 to 3,000 units begun by major builders in the last three years.

No place to go. For years, it had seemed as though middle-class families had no place to go. They couldn't live in Manhattan, long since abandoned to office buildings, luxury apartments, government-sponsored low-income projects, and crime-ridden slums. The only apartments that were both large enough and moderately priced were rent-controlled, and finding one was an almost impossible feat. And, in a city where the rental vacancy rate was below 1%, politics had played havoc with the housing industry, to the point where there was wholesale abandonment of sound buildings—some 1,000 units a week.

City of problems. The four other boroughs didn't offer much of an alternative. Large parts of Brooklyn and the Bronx were slums. Most of the remainder were composed of tight little neighborhoods of one- and two-family houses, built before World War II, where the owners stood shoulder-to-shoulder against the crush from the central city for a few tense years and then, often, moved away.

Queens was a little better, with high-rise apartment communities designed for families and numerous single-family homes. People flocked there.

Finally, Staten Island, the only borough with much open space, was almost forgotten. It was a half-hour's ferry ride from downtown Manhattan until 1964, when the Verrazano Narrows Bridge linked it to the Long Island highway network (H&H, Nov., '64).

No land. In other words, just as was happening in cities all over the country, no one wanted to live downtown anymore, and families pushed outward in ever-widening circles searching for that chimera of "a healthy environment in which to bring up children."

An ideal situation for homebuilders, one might have thought. But no. The New York area was unique in one respect: by the early sixties, it had already run out of large, economical building sites.

Families had their choice of moving to the near suburbs, including parts of Westchester or Nassau County, N.Y., Fairfield County, Conn., and sections of New Jersey, where restrictive zoning and the lack of economical tracts had pushed prices beyond the reach of most, or of moving to the exurbs and spending three or even four hours a day commuting. Deteriorating public transportation and highways that were obsolete before they were completed added to their woes.

And so, the largest builders shunned the New York area despite its stable economic base and huge market potential. One exception was Levitt, which continued to build on Long Island, its home turf, and in New Jersey as it expanded across the country and abroad. Another was U.S. Homes, initially a Jersey builder.

Rise of the suburb. A couple of years ago, however, the builders took another look and found a completely new picture. Some 8.9 million people were living in the New York suburbs, spread over 2,100 square miles. As *The New York Times* told its readers recently, "The largest city in America is now the suburbs of New York."

A new highway network had made vast areas easily accessible. And the suburbs had become self-sufficient, with their own shopping and recreation areas and, most important, jobs. Today, not one of the counties surrounding New York's five boroughs sends even half of its workers to the city.

Housing shortage. Paradoxically, job opportunities in the suburbs have increased to such an extent that housing demand has outstripped supply, and many people must travel as long to get to their suburban jobs as they once traveled to the city.

Perhaps in response, both New Jersey and New York City changed zoning regulations in 1967, making it possible to build planned unit developments (P.U.D.s).

Lyon's project. This has borne fruit in Twin Rivers, which the William Lyon Development Co. opened in August, 1969, in Windsor Township, 10 miles southeast of Princeton, N.J.

A 719-acre, $120 million complex, Twin Rivers will eventually house 11,000 to 12,000 persons in 3,000 units: 1,680 townhouses at $28,500 to $33,500, 420 one- and two-story condominiums at $18,500 to $25,000, another 200 single-family homes at $35,800 to $38,500, 24 garden apartments with 480 units at rents of $155 to $265, and 2 nine-story apartment towers with 220 units renting at $265 to $310.

One day—114 sales. Some 970 families—more than half of them from New York City—already live in Twin Rivers. When the third segment was finished, Lyon wrote to everyone who had been interested in the second segment to tell them the new area would open August 24. A line formed at 5 a.m. that day, and by 9:30 that night a weary Lyon staff had sold 114 townhouses.

Lyon has created two lakes for Twin Rivers and plans one more. There will be four tennis and swim clubs; two are already open. Two hundred and sixteen acres have been set aside for an industrial park; 25 have been developed so far. The 55-acre town center contains a shopping mall with 28 stores.

Lyon estimates that about 15% of the company's 1971 operations are in New Jersey, and it hopes to expand that percentage. The company has assembled land for another Jersey P.U.D. slightly larger than Twin Rivers.

Loew's/Snyder. A number of planned unit developments are going up on Staten Island. The biggest, which is probably the largest single-family home development ever to be built in New York City, is Loew's/Snyder's 160-acre Village Greens, a $100 million joint venture of Loew's Theatres and veteran California homebuilder Jerome Snyder. Begun in March, 1970, the completed community will consist of nine villages, each with 225 attached townhouses in the $29,000 to $43,000 range,

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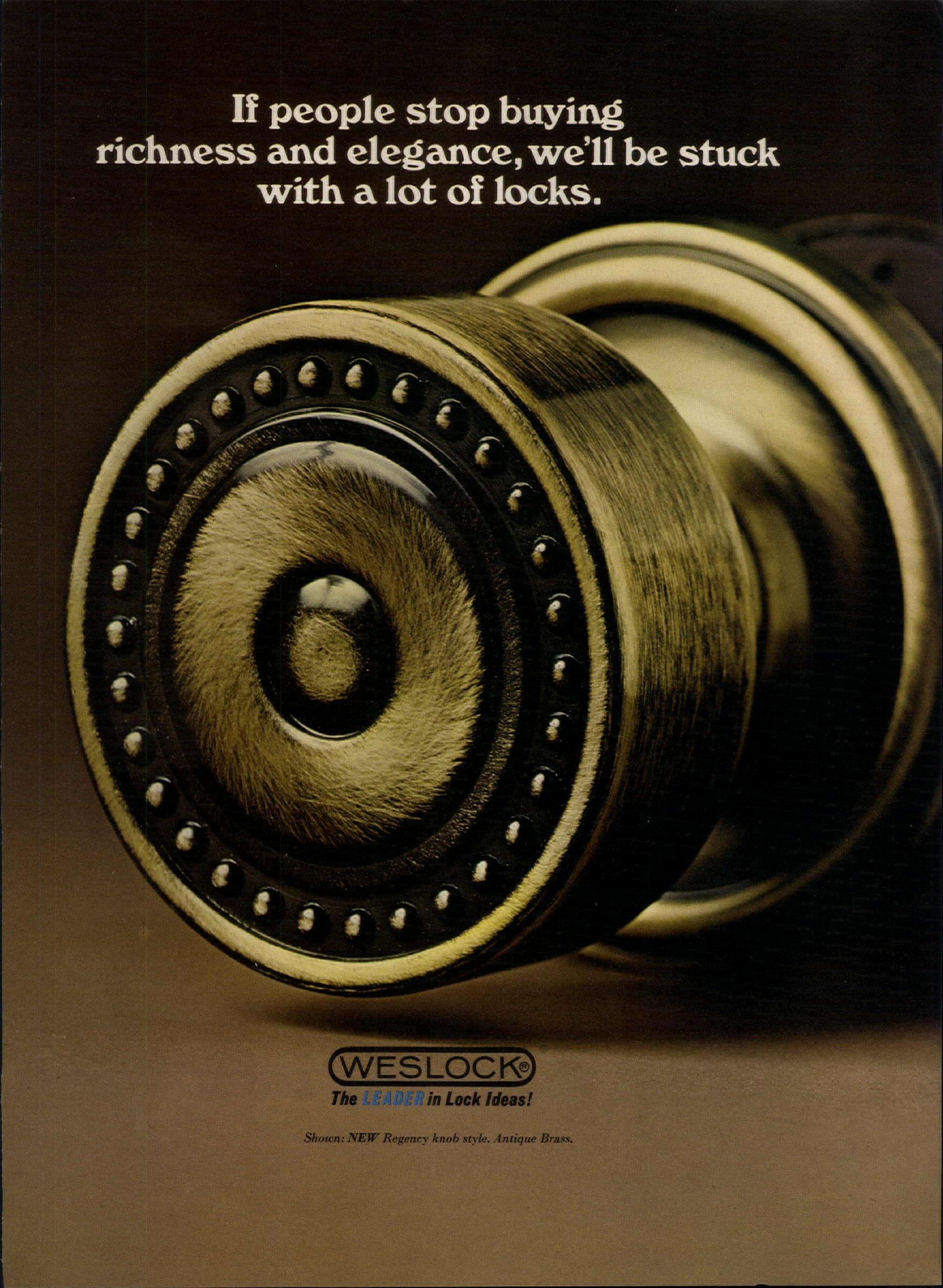
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Top builders swarm into nation's largest city ... *continued*

clustered around a 35-acre recreational park with two Olympic-size swimming pools and other recreational facilities (H&H, Oct. 1970). Some 450 have been sold, many to Brooklyn and Queens families.

Loew's/Snyder is building another P.U.D. in the Grasmere section of Staten Island. Known as Fingerboard Square, it will contain 451 condominiums in a series of mews opening on to a green belt.

Some 25% of the Snyder operation is concentrated on Staten Island, and the company would like to increase that percentage. It has its eye on a large piece of land overlooking the harbor.

Larwin's arrival. The Larwin Group, a subsidiary of Chicago's CNA Financial Corp., market-researched the entire New York-Washington corridor before buying sites in the Washington suburbs, in Suffolk County, N.Y., and on Staten Island.

Larwin, too, is planning a P.U.D. for Staten Island, with approximately 520 moderately priced single-family homes and duplexes plus a swimming club. The houses will blend California and traditional Eastern architecture, and the first should be ready in February.

The Suffolk County development will have 500 of the same type of single-family homes. Michael L. Tenzer, senior vice president, feels that Larwin's architectural concepts and land planning will give them a definite edge in the market.

The company will start building in New Jersey in 1972.

Two years for K&B. The largest independent homebuilder, Kaufman and Broad of Los Angeles, moved into New Jersey in September, 1969, and has completed three single-family developments: Pheasant Run in Jackson Township, 133 houses at $23,000 to $30,000; Cinnamon Creek in Berkeley Township, 140 houses at $21,000 to $25,000; and Friar's Cove in Dover Township, 66 homes at $26,000 to $29,000.

Two more developments are under construction: Coventry Square in Lakewood, 650 condominium townhouses at $21,990 to $27,990; and Eastwind in Dover Township, 519 single-family homes, $25,990 to $34,990.

GEORGE J. EVANS SR.

A cluster of condominiums at Lyon's Twin Rivers in East Windsor, N.J. uses earth-tone exteriors and brick trim to blend with the wooded site.

Sites for 3,500 more houses have been assembled.

California style. Kaufman and Broad, too, is incorporating some California ideas—pitted fireplace, vaulted ceilings, eight-foot-wide staircases, and platforms for the bed in the master bedroom—into traditional Eastern designs. An indication of acceptance is the fact that close to 1,000 homes were sold during Kaufman and Broad's first year in New Jersey. The company says 30% of its buyers came from New York.

Kaufman and Broad is building in New York, too: a 6.5 million, 300-unit condominium townhouse project in the $20,000 to $25,000 price range will open in January in Islip, Long Island; 131 single- and two-family homes at $45,000 to $54,000 are going up in the Willowbrook section of Staten Island; and a townhouse P.U.D. is being planned nearby.

Boise's pioneering. Boise Cascade Residential Communities, a division of the giant Idaho wood products and shelter company, went into New Jersey in 1968. One community has been completed, Mill Lake Manor in Monroe township, consisting of 550 single-family homes priced between $25,000 and $30,000. Marketing Manager Thomas F. Swanson says that now, less than three years later, the resale value of the houses is 25% to 30% higher.

Two more communities are still being built: "a country place" in Lakewood, a 375-unit condominium retirement community with houses from $18,000 to $26,500; and Flair in Jackson, 375 single-family homes at $25,000 to $35,000.

The first section of Flair, opened in 1969, was composed of the various ranch-style and traditional homes long popular in New Jersey. In the second section, however, Boise introduced the California contemporary models that had proven successful in Sugarland Run, Va. These feature cathedral ceilings, scissor trusses, sunken living rooms, and a variety of floor levels. Exteriors are of natural wood, to blend with the wooded site, and trims of brick, stone, and a variety of masonry products are used in such a way that no two houses are alike.

The average age of the buyers in the traditional section of Flair was 35-36; in the contemporary section it is 31-32—perhaps an indication of things to come.

Centex's towers. Finally, the Centex-Winston Corp., a division of the Centex Corp. of Dallas, Tex., has acquired the 38-acre Palisades Amusement Park in Fort Lee, N.J., across the Hudson River from Manhattan for $12.5 million. The company expects to build six 30-story condominium apartment buildings, each with 600 units. A display area with model apartments will open in January.

Frank M. Crossen, president of Centex, expects about 80% of the condominium purchasers to come from New York City and the others from New Jersey.

A new city—maybe. Staten Island has another project that would dwarf everything now being built there—a 7,000-acre new city covering nearly a third of the island.

New York City, which owns nearly half the land, commissioned the Rouse Co., creator of the new city of Columbia, Md., to draw plans for the area. Rouse envisages a dozen communities, each with its own variety of housing and schools, to be built over 20 years for $6.5 billion. The city would house 300,000 to 450,000 people, doubling the island's population.

The plan requires implementation by the New York state legislature, and in September, a series of stormy public hearings began on Staten Island.

Rouse, which has built successful shopping centers in New Jersey, but has not moved into New York, says it has no guaranty that it will help build the new city when it is approved, but that it would hope to have at least an advisory role.

Confidence. And so, after decades of neglect, many of the biggest builders are focusing on the New York area.

The builders came after studying the market thoroughly, and they are sure they have what it wants. Many feel that their very bigness gives them advantages over local builders—more efficient production methods, better planning, and leverage in obtaining financing and zoning "because they know we'll be around for awhile; we won't just take the profits and run."

And, most of all, after their years in the fiercely competitive California and Chicago markets, the giants are confident that their dynamic marketing methods will give the local boys a run for their money.

—NATALIE GERARDI

Lyon continues as American-Standard

Bill Lyon has failed in his attempt to buy his company back from American-Standard (NEWS, Aug.).

An option held by the WL Corp., a group headed by Lyon, to buy the William Lyon Development Co. for $44.7 million in cash and short-term notes expired on October 15. The group could not complete financing arrangements, American-Standard said.

The California-based homebuilder will continue as a subsidiary of American-Standard, which acquired it in 1968 for some $12 million in stock.

Apartment men gather in Chicago and get answers to everything except . . .

"Where do we go from here?"

With notebooks and tape recorders, plans and feasibility studies under their arms, and a multitude of questions on their minds, some 1,800 apartment builders and managers from 50 states and six foreign countries turned Chicago's Conrad Hilton Hotel into an apartment university for 2½ days.

The conferees were there to learn from 162 experts and from each other at the NAHB's second International Apartment Conference. They heard predictions that money would be plentiful, and they got tips on how to fight for better lending terms. They learned what makes an investor put his money into apartments, and they heard of drastic changes in the whole field of apartment management.

But the persistent questions—where did they stand in the Nixon Administration's economic game plan, and what could the apartment industry expect from Phase 2—went unanswered.

Disappointment. Most builders had expected some answers from Caspar W. Weinberger, deputy director of the Office of Management and the Budget, who stopped in Chicago after a barnstorming tour to mollify various industry groups. Weinberger offered flattery ("I consider this to be an extremely important audience. . . [and] an audience that can be extremely influential in making necessary adjustments to our economic policies work. . .") and a few predictions (that there will be some kind of rent control, but also relief from some of the inequities of the freeze), but the apartment men learned little that would help them plan the months ahead.

Few solutions. When his audience sought answers to specific questions, Weinberger was sympathetic, but his replies were so laden with disclaimers that they meant little. ("At the risk of practicing law without an Illinois license, with only a California license, and being somewhat rusty, having been out of practice for some two or three years, I would say—the cautious answer is, of course, that I don't know—I would say it sounds as if. . .").

OSCAR & ASSOCIATES

A rough session begins for Budget Office's Caspar Weinberger as he tries to field builders' questions at NAHB's apartment conference. "You're thinking up some things that haven't even come before the Cost of Living Council," he protested. President John Stastny of NAHB stands by with more of audience's embarrassing questions.

Money aplenty. Other speakers—and particularly those on finance—were less reluctant. Michael Sumichrast, the NAHB's chief economist, began by saying: "We're going to have all kinds of problems, but money will not be one of them."

Mortgage banker Arthur Sonnenblick of New York agreed. "I can't imagine a job not being financed in the next six months for lack of money," he said, and he reminded the conference that the availability of money is more important than the cost. In 1966, with interest rates at 6%, there was virtually no financing, he pointed out; today, with the rate at 8½%, homebuilding is having its biggest year.

Better terms. Sonnenblick also cautioned against excessive governmental involvement in the mortgage market. "The answer lies with the lender and the builder," he warned. "Remember, the lender has to lend to get money, so the builder should demand something . . . Fight for better terms if we're going to keep the conventional market going."

Investors. A dozen of the 62 different seminars dealt with financing. At one highly popular session, Arnold H. Diamond, director of HUD's office of economic analysis, told what motivates people and institutions to invest in real estate.

Diamond based his lesson on an HUD study done on the subject by Touche, Ross & Co., the national accounting concern.* Some 137 apartment investors were interviewed. Findings:

- All ranked cash flow as the most important financial criterion in lending.
- Tax shelter was ranked second by individuals and third by the real estate groups and investment trusts. Financing leverage, low risk, and capital appreciation ranked high.
- Passive investors rated location and builder reputation very high among the non-financial criteria; active investors were influenced by location, demand for housing, housing supply, and mortgage financing.
- In comparing apartment houses with other real estate investments, about one-third of the investors believed that they yielded more tax shelter, one-fourth felt that they yielded a higher return, and one-fifth thought they provided a better hedge against inflation.
- It was a surprise to HUD to find that investors gave equal weight to earnings, regardless of when they occurred. Some 67% of the active investors cited average annual rate of return; 13%, total dollar return; 11%, payback period; only 4% used the discounted rate of return, which gives less weight to earnings in future years and more to earnings in the years immediately ahead. Government technicians had assumed that discounted rate was highly important for investors.

Tax benefits. The study also brought out the effects of the tax shelter. For the investor in the 50% tax bracket, an apartment five years old or less produced an after-tax return of 14% of cash equity. In addition, he had a tax savings of 3.5% against other income, so his total after-tax return was 17.5%.

If the investor had property 11 to 20 years old, his average after-tax annual return as a percentage of cash equity was 7%. His cash distribution was 9%, but he had a 2% tax liability instead of a tax loss, so his net annual return was cut to 7% of cash equity.

Tenants. There is still the problem of managing *(see p. 64)*. Repeatedly, the conference heard that the owners must now pay more attention to tenants.

Lloyd D. Hanford Jr. of San Francisco went so far as to suggest that apartment builders and managers tear up traditional leases and write their own in layman's language. Hanford, a past president of the Institute of Real Estate Management, told the conference:

"The public is too sophisticated to continue to accept the old-fashioned leasing tool which usually states, 'The landlord is always right.'"

Better relations. Several speakers stressed the point that effective communication with tenants eases tension. Some suggestions:

- Tell tenants what happens to their rent money by creating a diagram showing how gross funds are allocated.
- The best solution to tenant confrontation is tenant involvement.
- Hire tenants for jobs they can do, such as guarding.
- If faced with a tenant strike, don't rush to the courts. In urban areas they are likely to be unsympathetic to you, as there is a considerably greater chance that the jury will be composed of tenants.

New laws. The law is beginning to recognize this new phase of landlord-tenant relations, according to B. Michael Rauh, a Washington attorney. He cited as reasons the change in economic conditions—so that in many areas the demand for apartments is greater than the supply—and the new ascendancy of the poverty lawyer.

Further, said Rauh, there is the fact that politicians now find tenant problems a good campaign issue—and 1972 will be a campaign year. —N.G.

* *Tax Considerations Affecting Multifamily Housing Investments*, which HUD is preparing for publication.

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The Electric Door offers your customers the ultimate convenience in garage door operation. They press a button on a tiny transmitter and the garage door opens. An inside light flashes on. They drive in, touch the button again, the door closes and locks. Fast. Simple. And very, very safe. The ladies in particular will appreciate that aspect.

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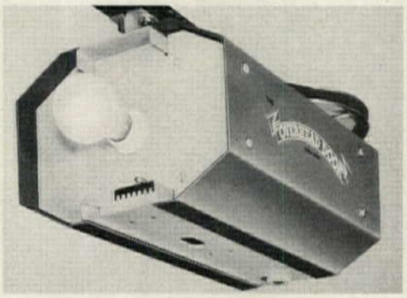
Put The Electric Door in your homes. You'll soon see how it can be a "super closer" in more ways than one.



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CIRCLE 26 ON READER SERVICE CARD

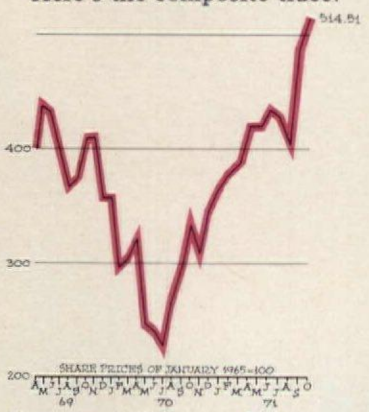
Housing stocks up

HOUSE & HOME's share-value index of 25 housing stocks rose for the second month, led again by the mobile homes.

The composite index climbed to 514.51 from 483.85, or 6%, in the month ended October 5.

Share prices of January 1965 represent 100, and the mobile-home group now sells at more than 14 times its 1965 value. Stocks on the composite are overprinted in color in the tables below.

Here's the composite trace:



How top 5 did in each group:

	Oct.'70	Sept.'71	Oct.'71
Builders	412	563	581
Land develop.	443	562	619
Mortgage cos.	558	895	894
Mobile homes	702	1,246	1,438
S&Ls	157	199	205

Company	Oct. 5 Bid/ Close	Chng. Prev. Month
BUILDING		
Alodex	9⅛	− ⅛
AVCO Community Devel.[b]	5¾	+ ¼
American Urban Corp.	5	+ ¾
Behring Corp.[b]	11	− ⅜
Bramalea Cons. (Can.)	3	− ⅛
Building Systems Inc.	30¼	+ 2½
Capital Divers. (Can.)[g]	.55	− .08
Centex Corp.	31⅛	+ 2
Christiana Cos.[b]	9¼	+ ⅛
Cons. Bldg. (Can.)	1.20	− .20
Dev. Corp. Amer.[b]	31⅛	+ 3
Dev. Int. Corp.	13¼	− 2¼
Edwards Indus.	8	− ¼
First Nat. Rlty.[b]	1½	− ¼
FPA Corp.	8⅝	− ⅛
Frouge Corp.	4⅜	+ ⅞
•General Builders[b]	6⅜	+ 1⅛
Gil Development	¾	− ⅛
Hallcraft Homes	46	+ 8½
Hoffman Rosner Corp.	14	+ 1⅛
Hunt Building Marts	8⅛	+ 1⅛
•Kaufman & Broad[c]	43½	+ 5⅜
Key Co.[b]	14⅞	+ 2
Leisure Technology[b]	27¾	+ 6⅛
McCarthy Co.[b]	5⅝	− ⅛
McGrath Corp.[d]	6	0
McKeon Const.	28	− ¾
H. Miller & Sons	15⅛	+ 1⅛
National Environment (Sproul Homes)	2⅝	− ¼
•Presidential Realty A[bd]	12⅞	+ ½
Presley Development[h]	59⅜	+15⅞
Pulte Home Corp.	18¼	+ 2⅞
Robino-Ladd Co.	19	− ⅝
Ryan Homes[b]	83	+ 7⅜
Shapell Industries[c]	34¼	+ 3
Shelter Corp. of America	19¾	− ¾
Standard Pacific[b]	5¼	− ⅛
3-H Building Corp.	14¾	+ ¼
U.S. Financial[c]	43⅜	− 1⅛
U.S. Home Corp.[c]	35¼	+ ⅛
•Jim Walter[c]	35⅞	− 1⅛
Washington Homes	28	+ 3½
•Del E. Webb[c]	7¼	− 1¼
Western Prbis[b]	5½	+ ½
Wyandotte Indus.[b] (First Hartford)	6	+ ¼
SAVINGS & LOAN ASSNS.		
American Fin.	31	+ 4¼
Calif. Fin.[c]	8⅜	− ⅛
Empire Fin.[b]	16¾	+ ⅛
•Far West Fin.[c]	12½	− ⅞
•Fin. Fed.[c]	17⅛	− ⅞
•First Char. Fin.[c]	29	+ 1
First Lincoln Fin.	8	+ 1
First S&L Shares[b]	18⅛	− ⅞
First Surety	4⅜	− ⅛
First West Fin.	2	0
Gibraltar Fin.[c]	24½	+ ¼
•Great West Fin.[c]	29⅛	+ ¾
Hawthorne Fin.	16	0
•Imperial Corp.[c]	16	+ ⅝
Trans-Coast Inv.	4⅜	− ½
Trans World Fin.[c]	13⅛	− ¼
Union Fin.[b]	12⅜	− 1⅛
Union Fin. Cal.[c]	10⅛	− ⅛
Wesco Fin.[c]	17⅛	− 2⅞
MORTGAGE INV. TRUSTS		
Alison Mtg.[b]	26⅞	+ 2¼
American Century[b]	27⅛	+ ⅜
Atico Mtg.[b]	23⅛	+ 1⅛
BankAmerica Rlty.	28⅛	+ 1
Barnett Mtg. Tr.	29⅞	+ 2½
Beneficial Standard Mtg.[b]	23⅜	+ ⅛
Cameron Brown	34⅛	+ ⅜
Capital Mortgage SBI	30	+ 1
Chase Manhattan[c]	51⅛	+ ¼
CI Mortgage Group[c]	23⅛	0
Citizens Mtg.[b]	15	− ⅛
Citizens & So. Rlty.	37	+ 2¼
Cleve Trust Rlty. Investors	21⅞	− 2⅞
Colwell Mtg. Trust[b]	28½	+ ¼
Conn. General[c]	34⅜	+ 1⅛
•Cont. Mtg. Investors[c]	21⅜	− ¾
Cousins Mtg. & Eq. Inv.[b]	25⅛	+ ⅝
Diversified Mtg. Inv.[c]	28⅞	− ⅜
Equitable Life[c]	31	+ ⅞
Fidelco Growth Inv.[b]	36¼	+ 6¼
Fidelity Mtg.[b]	22⅞	+ 1⅞
First Memphis Realty	24½	+ ½
First Mtg. Ins. Co.	13	− ⅛
First of Denver	28	+ 5⅜
First Pennsylvania	29⅜	+ ⅞
Franklin Realty[b]	9½	0
Fraser Mtg.	29¼	+ 1½
Galbreath Mtg.	29½	+ 2½
Great Amer. Mtg.	31⅛	+ 2
Guardian Mtg.[b]	43¾	+ 2¼
Gulf Mtg. & Rlty.[b]	19½	− ⅛
Heitman Mtg. Investors	15⅛	+ ⅞
Hubbard R. E. INvestments[c]	20⅛	− 2¼
Larwin Mtg.[b]	33⅜	+ 4⅜
Lincoln Mtge.	8⅛	− ⅛
Mass Mutual Mtg. & Realty[c]	28⅞	+ 1
Median Mtg. Investors	15⅛	+ 1⅞
Medical Mtg.	28⅜	+ 1⅛
Mony Mtg. Inv.[c]	14½	+ ½
Mortgage Trust of Amer.[c]	26⅜	− ⅜
North Amer. Mtg. Inv.[c]	34	+ 3⅜
Northwestern Mutual Life Mtg. & Rlty.[c]	27	− ¼
PNB Mtg. & Rlty. Investors[b]	27⅛	+ 2⅞
Palomar Mtg. Inv.[b]	18⅛	+ 1
Penn. R. E. Inv. Tr.[b]	12½	+ 1½
Realty Income Tr.[b]	15⅛	− ⅜
Republic Mtg.[b]	21½	+ ¾
B. F. Saul, R.E.I.T.	20⅞	+ ⅛
Security Mtg. Investors[b]	18	+ ¼
Stadium Realty Tr.	9¼	− ⅝
State Mutual SBI[b]	25⅝	+ 1⅝
Sutro Mtg.[b]	24	+ 2⅛
Unionamerica Mtg. & Eq.[b]	31½	+ 1¼
U.S. Realty Invest.[b]	19	+ ⅛
Wachovia Realty Inv.[c]	34⅞	+ ¾
Wells Fargo Mtg.	22¼	+ ⅛
MORTGAGE BANKERS		
Charter Co.	37¼	+ 4⅛
CMI Investment Corp.[b]	40½	+ 3¼
•Colwell[cx]	20	− 2⅞
Cont. Illinois Rlty.[c]	36¾	− 2⅛
Excel Investment	9½	− ¼
Fed. Nat. Mtg. Assn.[c]	77	+ 3⅝
First Mtg. Ins. Co.	13	− ⅛
•First Mtg. Investors[c]	30¼	+ 1⅞
•Lomas & Net. Fin.	20⅜	+ 1½
•MGIC Invest Corp.[c]	75	− ¼
Midwesterm Fin.[b]	21⅛	− ⅞
Mortg. Associates	35	+ 4¾
Palomar Fin.[b]	13	0
UPI Corp.[b] (United Imp. & Inv.)	2⅝	− ¼
LAND DEVELOPERS		
All-State Properties	1⅜	+ ¼
American Land	¹⁄₁₆	0
•AMREP Corp.[b]	27½	+ 4¾
Arvida Corp.	10⅞	− ¾
Atlantic Imp.	4½	− ½
Canaveral Int.[b]	5⅞	+ 1⅜
Cavanagh Communities[a]	7⅜	+ ½
Crawford Corp.	5½	+ 1⅛
•Deltona Corp.[b]	34⅞	+ ⅝
Disc. Inc.	3⅜	+ ½
Don the Beachcomber Ent. (Garden Land)	4½	− ¼
•Gen. Development	30⅛	+ 3⅛
Gulf State Land and Ind.[b]	3½	− ½
•Holly Corp.[b]	1½	0
Horizon Corp.	51¾	+13¼
Land Resources	4⅛	− ⅜
Major Realty	10⅛	− ¾
•McCulloch Oil[b]	32⅛	+ 2¾
Sol. Rlty. & Util.[b]	5	− ¼
MOBILE HOMES & MODULES		
Conchemco[b]	21¾	+ ¼
•Champion Home Bldrs.[b]	45	+ 6¼
Commodore Corp.[b]	19¾	+ 6¼
De Rose Industries[b]	13⅛	+ 1⅞
•Fleetwood[cy]	32⅝	+ 4⅝
Golden West Mobile Homes[b]	18¾	+ ¼
•Guerdon[b]	36¼	+ 4⅜
Mobile Americana	10¼	+ 1¼
Mobile Home Ind.[b]	27½	+ ⅞
Monarch Ind.	8⅞	+ 2¾
•Redman Indus.[c]	28¾	+ 4¼
Rex-Noreco[b]	19½	− 5½
•Skyline[c]	53⅞	+ 6½
Town & Country Mobile[b]	12¾	+ 2⅞
Triangle Mobile	9½	+ 3
Zimmer Homes[b]	20⅜	− 1⅜
Albee Homes	3½	0
AABCO Industries	1⅛	+ ½
Brigadier Indust.	4⅞	− ¼
Environmental Systems	12½	− 1
Hodgson Houses	7¾	+ 3½
Liberty Homes	24	+ 3⅜
Modular Dynamics	2¾	0
Modular Housing Systems	15	+ 3½
National Homes[c]	34⅜	+ ⅝
Nationwide Homes	13½	+ ½
Shelter Resources[b]	11¼	− ½
Stirling Homex	17⅜	+ 4
Swift Industries	3	0
DIVERSIFIED COMPANIES		
Amer. Cyanamid[ca]	33⅛	− 1⅞
Amer Standard (Wm. Lyon)	22⅞	+ 1½
AVCO Corp.[c]	17⅛	− ¼
Bethlehem Steel[c]	26	− ¾
Boise Cascade[c]	23⅞	− 4⅛
CNA Financial (Larwin)[c]	23¾	− ⅞
Castle & Cooke[c] (Oceanic Prop.)	17¼	− ⅝
CBS[c] (Klingbeil)	46½	+ 2⅛
Christiana Securities	134½	− 2½
Citizens Financial[b]	14½	− ⅜
City Investing[c] (Sterling Forest)	19⅞	− ½
Corning Glass[c]	220	−20
Cousins Properties	26¾	− 1
Dreyfus Corp.[c] (Bert Smokler)	26½	− 1½
Evans Products[c]	49¾	+ 2
Ferro Corp.[c]	27	+ 1¼
First Gen. Resources.	4¾	− 1½
Fischback & More[c]	36	− 1½
Forest City Ent.[b]	27	+ ⅝
Fruehauf Corp.[c]	35⅜	− 3⅛
Fuqua Indus.[c]	20½	− 3
Georgia Pacific[c]	52¾	− 2⅛
Glasrock Products[b]	7¼	− ¼
Great Southwest Corp.	1¾	− ⅜
Gulf Oil (Gulf Reston)[c]	27⅜	− 1⅜
INA Corp. (M. J. Brock)[c]	52¾	− 2
Inland Steel[c] (Scholz)	30	− 2½
International Basic Econ.	6⅜	− ½
International Paper[c]	33½	− 1⅞
Internat. Tel. & Tel.[c] (Levitt)	56¾	− 3⅜
Investors Funding[b]	9½	− ⅜
Leroy Corp.	2½	− ¼
Monogram Industries[c]	13⅛	+ 2¼
Occidental Petroleum[c] (Occ. Pet. Land & Dev.)	15	− 1⅜
Pacific Coast Prop.[b]	3⅞	+ ¼
Perini Corp.[b]	5½	− ⅝
Philip Morris[c]	65⅝	− 2½
Prosher Corp.	5⅜	− ⅜
Rouse Co.	54¾	+ 3½
Santa Anita Consol[y] (Robt. H. Grand Corp.)	30¾	+ 4½
Sayre & Fisher[b]	3⅛	− ⅛
Tishman Realty[c]	19⅛	− 2⅜
Titan Group Inc.	2⅞	− ⅜
Uris Bldg.[c]	16	− 1⅜
U.S. Ply.-Champion[c] (Lewis & Cooke)	33½	+ 1½
Weil McLain[b]	25	+ 1⅜
Westinghouse[c] (Coral Ridge Prop.)	96½	+ 2½
Weyerhaeuser[c] (Weyer. Real Est. Co.)	50½	− 4⅜
Whittaker (Vector Corp.)[c]	10⅝	− ¾
Wickes Corp.[c]	49⅝	+ 5⅝
BUILDING PRODUCTS		
Alcan Aluminum[c] (Alcan Design Homes)	17	− 2¼
Ameron[c]	14¾	− 1
Automated Bldg. Components[b]	12⅜	+ ¾
Bird & Son	66½	+11½
Brooks Scanlon	22¾	+ 3⅜
Ceco Corp.[c]	27¾	− ⅞
Certain-teed[c]	37⅛	+ 2⅜
Clow	20¼	0
Colonial Sand[b]	9⅞	+ ⅛
Consolidated Rock	26½	− ¼
Flintkote Co.[c]	30⅜	− ¼
Florida Steel[c]	25½	+ ¼
GAF Corp.[ca]	19⅛	− 1⅜
Glen Gery Corp.[h]	9⅛	+ ⅛
Interpace[c]	27¾	+ 1¼
Johns Manville[c]	39⅝	− ½
Keene Corp.	9¼	− 1
Kirsch Co.[c]	56¼	+ 4
Knape & Vogt	46	+ 1½
Lowe's Companies	68	− ¾
Masonite Corp.[c]	63⅞	+ 1⅛
Mouldings Inc.[b]	9⅜	+ ⅜
National Gypsum[c]	23⅛	− ⅛
NL Industries[c]	16¼	− 2⅜
Norris Industries[a]	5⅛	+ ....
Owens Corning Fibergl.[c]	52¼	+ 4¼
PPG Industries[c]	43¾	+ 1⅛
Permaneer Corp.[b]	12⅛	− 1¼
Philips Industries[c]	23⅛	+ ⅞
Pioneer Plastics[b]	10⅛	+ ¼
Ply Gem Industries[b]	8	− ¾
Potlatch Forests[c]	26⅜	− 1⅞
Pratt & Lambert[b]	17¼	+ ¼
Reliance Universal	18⅛	− ¼
Republic Gypsum	10¼	+ ½
Robertson (H. H.)[c]	24	− ½
Scotty's Home Builders[b]	37½	+ 4¾
Sherwin Williams[c]	46⅛	− 2¼
Slater Electric A[a]	7⅞	+ 2½
Southwest Forest Indus.[b]	19	+ ¼
Standard Brands Paint[c]	72¾	+ 4⅛
Supercrete Ltd.[b]	3	− ⅜
U.S. Ceramic Tile[b]	7⅞	+ ⅜
U.S. Gypsum[c]	70¼	+ ¼
Valspar Corp.[b]	4½	− ¼
Vulcan Material[c]	24¼	+ 1⅝
Warner Co.[c]	45¼	+ 4¼
APPLIANCES		
Bernz-O-Matic	9½	− ⅜
Hobart Manufacturing[c]	59¼	+ 3¼
Hoover Co.	60⅜	+ 3⅜
Magic Chef[c]	37½	+ ¼
Maytag Co.[c]	37¾	+ 1¼
Tappan Co.[c]	27¼	− ⅜
Welbilt Corp.[c]	3¾	+ ¼
Whirlpool Corp.[c]	95	+ 2
CEMENT PRODUCERS		
Alpha Portland[c]	14¼	− 1¾
American Cement[c]	7⅞	− ⅜
California Portland[b]	34½	− 1½
General Portland[c]	28⅛	− 2⅜
Giant Portland[c]	14¼	− ⅜
Ideal Basic Indus.[c]	17⅝	− 1⅛
Kaiser Cement & Gyp.[c]	15¼	− 3⅜
Lehigh Portland[c]	15¾	− ¼
Lone Star[c]	24⅜	− 2¾
Louisville Cement[b]	26¼	− 2
Marquette Cement[c]	10¼	− 3⅞
Martin Marietta[c]	20⅜	+ ¾
Medusa Portland[c]	37¾	− 1¼
Missouri Portland[c]	31	− 1
Penn Dixie Cement[c]	9⅞	− 1⅞
Puerto Rican Cement[c]	11	− 1⅜
CONSTRUCTION MACHINERY		
American Hoist & Derrick[c]	11¼	− 2⅜
Caterpillar Tractor[c]	50	− 5⅛
Clark Equipment[c]	45¼	− 2¾
Harnischfeger Corp.[b]	26⅛	− 3⅞
Kaiser Industries[b]	9¼	− 2⅞
Deere & Co.[c]	46	− 3⅛
Pettibone	15	− ⅛
HEATING-AIR CONDITIONING		
Borg Warner[c]	28⅜	+ ¼
Buffalo Forge[c]	39¾	− 4
Carrier Corp.[c]	40¾	+ 3
Coleman Co.[b]	30½	− 4¼
Copeland Refrig.[c]	66¾	+ 2½
Crane[c]	45	− 4¼
Culligan[c]	18⅛	+ 1⅛
Fedders[c]	42½	− ¾
Intertherm Inc.	9¾	+ ⅝
Masco Corp.[c]	70	+ 8⅛
Tecumseh	166	+12
Trane Co.[c]	70½	+ 2½
HOME FURNISHINGS		
American Furniture Co.	12⅞	+ 2⅞
American Seating[c]	18⅞	+ ⅜
Armstrong Cork Co.[c]	42⅛	+ 4
Bassett Furniture	53¼	+ 5⅜
Bath Industries[c]	39½	+ 3⅜
Baumritter Corp.	34¼	+ 4¼
General Fireproofing[c]	8⅞	+ 1⅜
General Housewares	11	+ ½
Giffen Industries	3¾	− ½
Hamilton Cosco[b]	6⅞	0
Henredon Furniture	43½	+ 5¼
Hickory Furniture	13¼	+ 2½
Kroehler Mfg.[c]	20	− 1
Levitz Furniture[b]	91	+10¼
Lightolier	9⅜	+ ⅜
Ludlow Corp.[c]	27⅞	+ 2⅜
Mohasco Industries[c]	33½	− ⅝
Ozite Corp.	15⅜	+ ⅜
Simmons Co.[c]	35½	+ 1
TOOLS & HARDWARE		
Black & Decker[c]	74½	− ½
Bliss & Laughlin[c]	20¼	− 1½
Emhart Corp.[c]	34⅞	− 1⅜
Kliklok Corp.[b]	10¾	− ¼
Scovill Mfg.[c]	47⅜	− ⅜
Skil Corp.[c]	27	− 1½
Snap-On-Tools	71	+ 2½
Stanley Worls[c]	32	+ 2½
Tool Research[c]	27⅜	+ 1¾
MISCELLANEOUS		
Butler Mfg.	32¼	+ 5
Dorr-Oliver[c]	14⅜	− 1⅜
Foster Wheeler[c]	23⅜	− 2½
Morrison Knudsen	17¼	− ¼
Neptune Meter[c]	15⅝	− 2⅛
Otis Elevator[c]	40½	− 2¾
Raymond Intl.[c]	10½	− ⅛

a—stock newly added to table. b—closing price ASE. c—closing price NYSE. d—not traded on date quoted, g—closing price MSE. h—closing price PCSE. •—Computed in HOUSE & HOME's 25-stock value index. x—adjusted for 3-for-2. y—adjusted for 2-for-1.

Sources: Standard & Poor's, New York City.

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- Cooks in shallow metal pans (5/8" deep)
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Model MC11 is Thermador's handy portable Microwave Range. It's the *only one* with a browning element. Move it easily to any room in the house . . . or patio . . . wherever there's an electrical outlet. 120 Volts.

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NEWS/PEOPLE

Levitt names Lou Fischer president

LEVITT'S FISCHER
Into the president's chair

The six-month quest for a new president of ITT Levitt & Sons Inc. has ended and, as many had expected, Executive Vice President Louis E. Fischer has won the job.

Fischer succeeds William J. Levitt, who took over after Richard M. Wasserman's sudden resignation last April. Levitt continues as chief executive officer and chairman.

Executive Vice President Norman Peterfreund has been promoted to vice chairman of the board and named chairman of the executive committee. He continues as chief financial officer.

Careers. Fischer, 41, has been executive vice president of Levitt since May. Before that, he was senior vice president for administration. He joined Levitt as assistant to the president in 1968, after three years working with the company as a management consultant.

Fischer started in the housing industry as product line manager and national sales manager for TechBuilt Homes of Cambridge, Mass.

Peterfreund, 51, is a CPA. He worked for several New York accounting firms before joining Levitt in 1956. He has been an executive vice president since 1968.

Divestiture. Levitt was acquired by International Telephone and Telegraph Corp. in 1968. Under terms of a proposed consent decree which is still before the courts, ITT will divest itself of the Levitt organization within three years.

BUILDERS: WILLIAM H. LANGENBERG is the new president of Standard Pacific-Northern California, a subsidiary of Standard-Pacific Corp., the homebuilding concern based in California. He had been directing San Francisco area operations for the Larwin Group.

Levitt is building on a movie lot . . .

. . . and the Culver City audience is applauding.

The whole thing began when MGM decided to sell some studio-zoned parcels in Culver City, within easy commuting distance of downtown Los Angeles. Levitt paid $7.2 million for the film company's 68-acre movie lot No. 3.

In the next three years, Levitt will build 2,000 apartments and townhouses on the site. And as with MGM itself, the $60 million project will be walled for privacy and security and the entrances guarded.

Extras. Levitt got a few dividends for the steep price. One is a man-made lake that can be turned into a churning river by means of paddle wheels on barges. It's the home of the MGM flotilla, including Show Boat, HMS Bounty, and Tugboat Annie's small gray tug. The lake will be the setting for 210 condominium townhouses in the $39-$48,000 range.

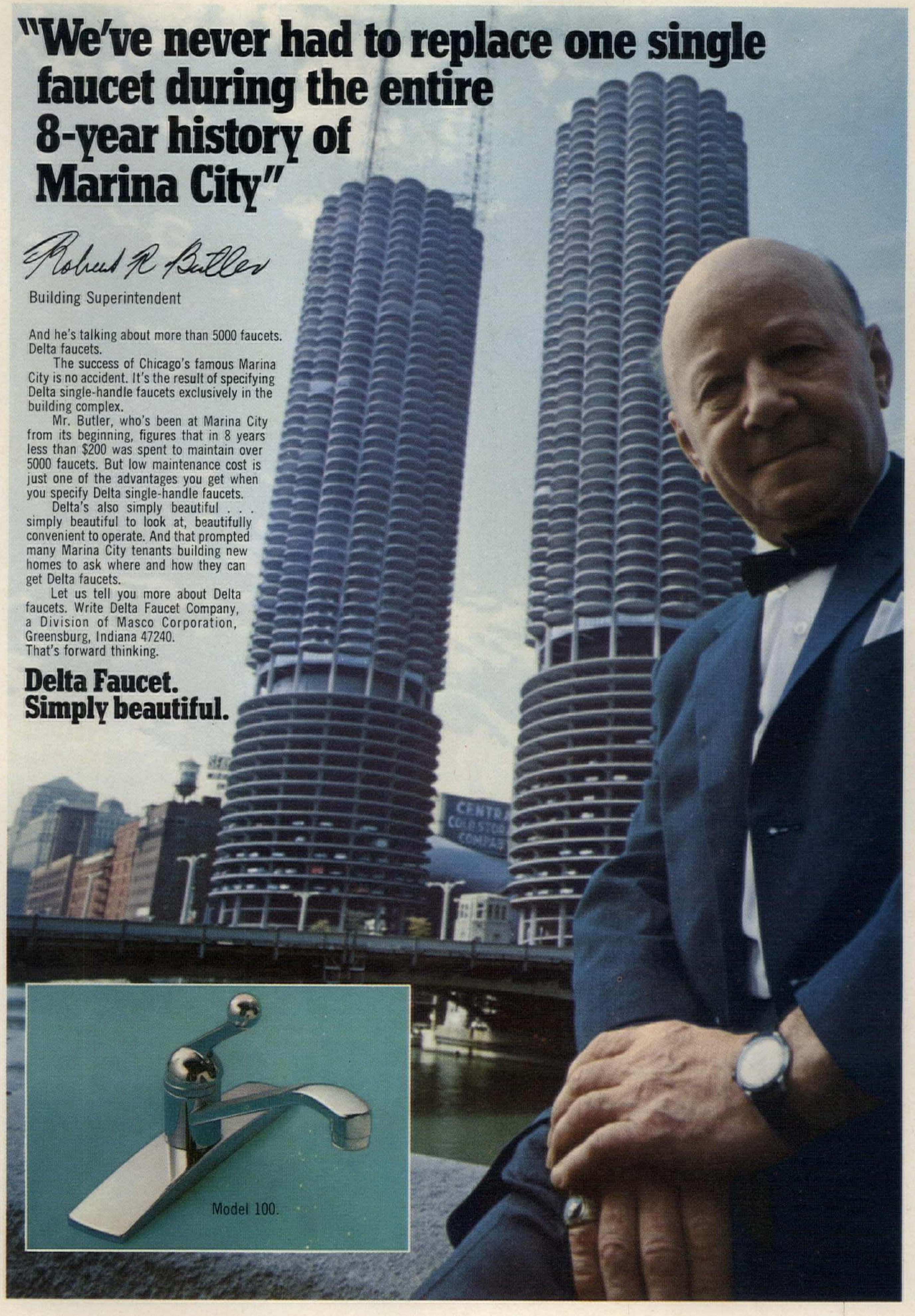
Another MGM dividend is the name Raintree, for "Raintree County" was filmed on the site.

Most of the movie sets are unsafe and must be razed, but some props will be salvaged and integrated with the architecture.

Few children. Levitt's plan is geared to couples with grown children, so schools and municipal services won't feel the pinch. In fact, Mayor Martin Lotz points out, Raintree will add $500,000 to $700,000 in tax revenue for the school district and $250,000 for the city.

In contrast, Culver City's planning commission turned down another company's plan to develop MGM's 38.6-acre lot No. 2 because it would have brought in more children than city schools could handle.

Levitt-United Multihousing Corp. is overseeing the Raintree plans, and Levitt & Sons of California is developing the first-phase townhouses.


"We've never had to replace one single faucet during the entire 8-year history of Marina City"
Robert R Butler
Building Superintendent
And he's talking about more than 5000 faucets. Delta faucets.
The success of Chicago's famous Marina City is no accident. It's the result of specifying Delta single-handle faucets exclusively in the building complex.
Mr. Butler, who's been at Marina City from its beginning, figures that in 8 years less than $200 was spent to maintain over 5000 faucets. But low maintenance cost is just one of the advantages you get when you specify Delta single-handle faucets.
Delta's also simply beautiful . . . simply beautiful to look at, beautifully convenient to operate. And that prompted many Marina City tenants building new homes to ask where and how they can get Delta faucets.
Let us tell you more about Delta faucets. Write Delta Faucet Company, a Division of Masco Corporation, Greensburg, Indiana 47240. That's forward thinking.
Delta Faucet.
Simply beautiful.
Model 100.

Business economists elect Klaman

Saul B. Klaman, vice president and chief economist of the National Association of Mutual Savings Banks and a widely known authority on the home mortgage market, has just been elected president of the National Association of Business Economists.

Klaman succeeds Donald R. Burrus, manager of advanced economic planning for Texas Instruments Inc. The 1,700-member NABE represents the nation's business and financial economists. It elected Klaman at its 13th annual convention in Pittsburgh.

Public role. Klaman is the first trade association economist to hold the NABE post. A graduate of the University of Massachusetts, he holds a master's degree from Michigan State University and a Ph.D. from New York University.

He served on both President Johnson's Task Force on Metropolitan and Urban Problems and President Nixon's Task Force on Low Income Housing, and was one of the five public members appointed by President Johnson to the Congressional Commission of Mortgage Interest Rates, set up in 1968.

The regard in which Klaman is held was described in a recent editorial in the *American Banker* which characterized him as "a mortgage finance specialist in the same way that Vince Lombardi has been described as a football coach. His opinion is accorded vast respect."

Writings. Klaman is the author of *The Postwar Residential Mortgage Market,* and has written numerous research papers dealing with savings banking and the housing, mortgage, and financial markets. He joined NAMSB in 1959 as director of research and in 1966 became the trade group's vice president and chief economist.

He lives with his wife and son in Stamford, Conn.

A new leader for mortgage bankers

He is Philip C. Jackson Jr., and he took over the presidency of the Mortgage Bankers Assn. at the group's annual convention in Chicago last month.

Jackson, 42, is vice president of the Jackson Co., a mortgage banking concern in Birmingham, Ala., and has been the MBA's first vice president for the last year. He succeeds Everett C. Spelman, president of Western Securities Co. of Denver, Colo., as MBA president.

Jackson's successor as first vice president is Everett Mattson, senior executive vice president of Lomas & Nettleton West Inc., of Houston, Tex. Walter B. Williams, president of Continental Inc., Seattle, Wash., succeeds Mattson as the MBA's second vice president.

Mortgage bankers buy mortgages from homebuilders and resell the loans to institutional investors such as insurance companies, banks, and pension funds. The mortgage banking companies service—that is, they collect the payments and police the delinquencies for—$75 billion in mortgages. That $75 billion includes more than half of all the FHA-VA home mortgages in existence, and it represents 27% of the $279 billion in total mortgage debt outstanding. (*A photo of the MBA's new officers appears on p. 12.*)

Coast builders get a conference director

PCBC'S HALLERAN
He'll direct Coast meeting

He is Frank M. Halleran of San Francisco, who has just been appointed managing director of the Pacific Coast Builders Conference to succeed Rodney Radom, who died last summer.

The conference draws 5,000 builders and their associates to its sessions in San Francisco each June. Halleran has held administrative posts with the conference for several years.

While everybody else was busy raising their prices, we actually reduced the price on some of our GAF Flooring.

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All this means that you can offer your customers the custom-designed look of premium tile at regular flooring prices.

In addition, we're introducing a new economy sheet vinyl flooring at a price 20% lower than a similar product sold for last year.

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Planting mixture is sprayed through pressure hose. Wet wood fibers mold and cling to soil particles, bringing seed and fertilizer into closer contact with nutrients in the soil and speeding germination and growth. A mat of web-like wood cellulose mulching material helps keep seed in place during heavy rainfalls or irrigation, and also conserves moisture in a drought period.

For almost-instant landscaping, try hydraulic seeding

Here's a speedy way to dress up a model home or apartment exterior—particularly when tight scheduling precludes the use of conventional methods.

Hydraulic seeding involves a one-step application of seed, fertilizer and Silva Fiber, a wood cellulose mulching material.

The three ingredients are combined in a water-based slurry in a hydraulic planter, pumped through a pressure hose and nozzle, and sprayed out onto the ground. A bright green dye, applied to Silva Fiber by the Weyerhaeuser Co. during manufacture, serves two purposes: It produces the appearance of an "instant lawn", and also aids the operator in applying an even coat to all areas.

The method was used by Levitt & Sons at its Monmouth Heights project in Freehold, N.J. Faced with a two-week deadline in which to dress up new model homes and an area on the banks of a relocated brook, the DeVries and Twin County Landscape companies used the hydraulic method—and met the deadline.

When the models opened, lawns and banks of the brook (*photo, below*) were well-established. An extra dividend: Construction workers were more careful about discarding debris near landscaped homes.

Grassy model home area and banks of relocated brook greeted home seekers at Levitt & Sons' project just two weeks after the areas were seeded.

Who's helping you put an end to the dull roof?

Philip Carey.

You don't have to put a dull, unimaginative roof on your imaginatively-designed houses and apartment buildings.

Philip Carey 250 Rustic shingles give you a roof that's distinctively different.

Rustic shingles let your imagination soar to new heights without pricing yourself out of the picture. The random pattern design of Rustic shingles gives your roof the rugged, natural look of wood shingles at a reasonable cost. And, they're available in three harmonious colors that blend well with any architectural styling and surrounding landscape. Our Rustic Tan, Rustic Brown and Rustic Gray simulate the appearance of natural wood at various stages of weathering.

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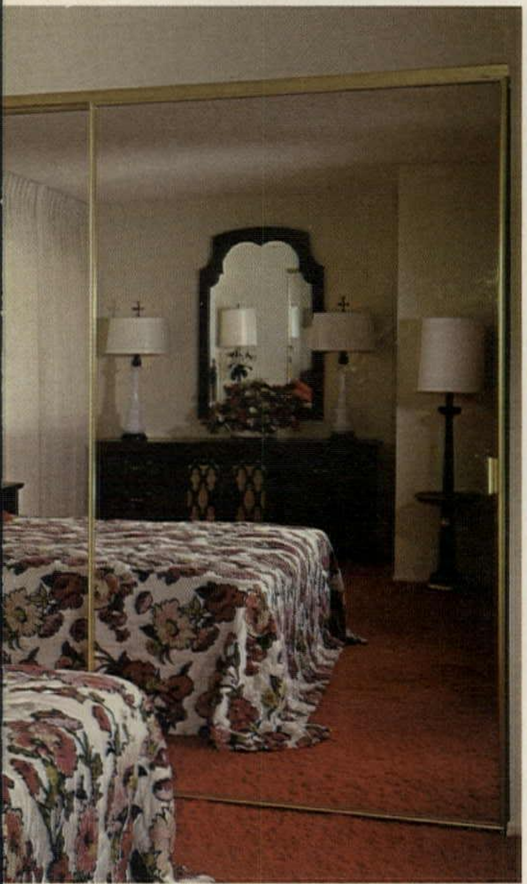
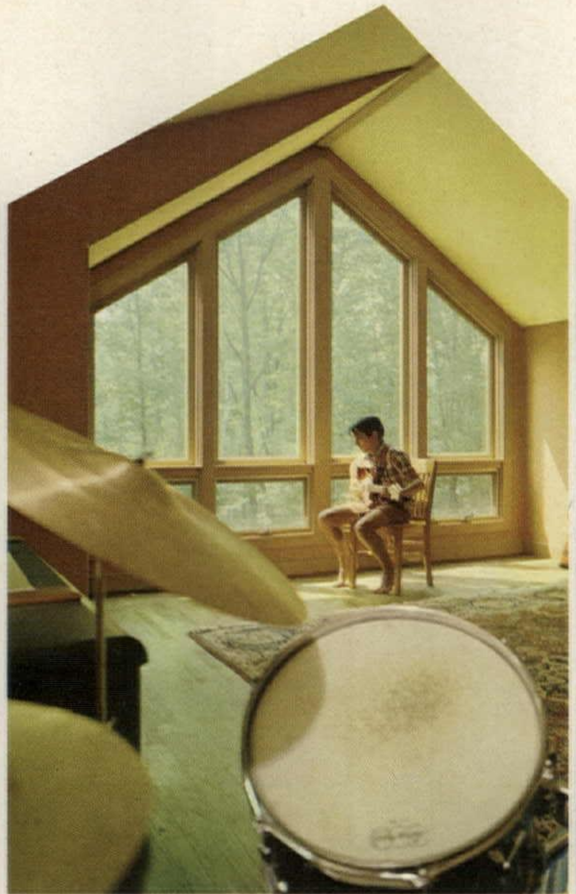
CIRCLE 37 ON READER SERVICE CARD

PPG glass (by bringing the outdoors indoors).





Charles B. Wills & Co., Builder

5 Who says attics have to be dull, dark and dismal places. Gable end windows in this colonial create a cheerful upstairs rumpus room. It means more usable floor space, more salable floor space.

Robert Andrews, Builder

6 A two-story fixed-glass window wall overlooking a private court gives this dining area light, excitement and a real outdoors flavor.

Richard Chalfant, Architect

7 For leisure living, here's the updated sun porch. PPG *Herculite K* safety glass in glass walls and sliding glass doors make it possible, practical and safe. The idea itself is one that helps build quality-builder reputations.

If you'd like hundreds of other innovative ideas with glass, send the coupon for PPG's full-color brochure, "Open House/USA." It's yours, free.

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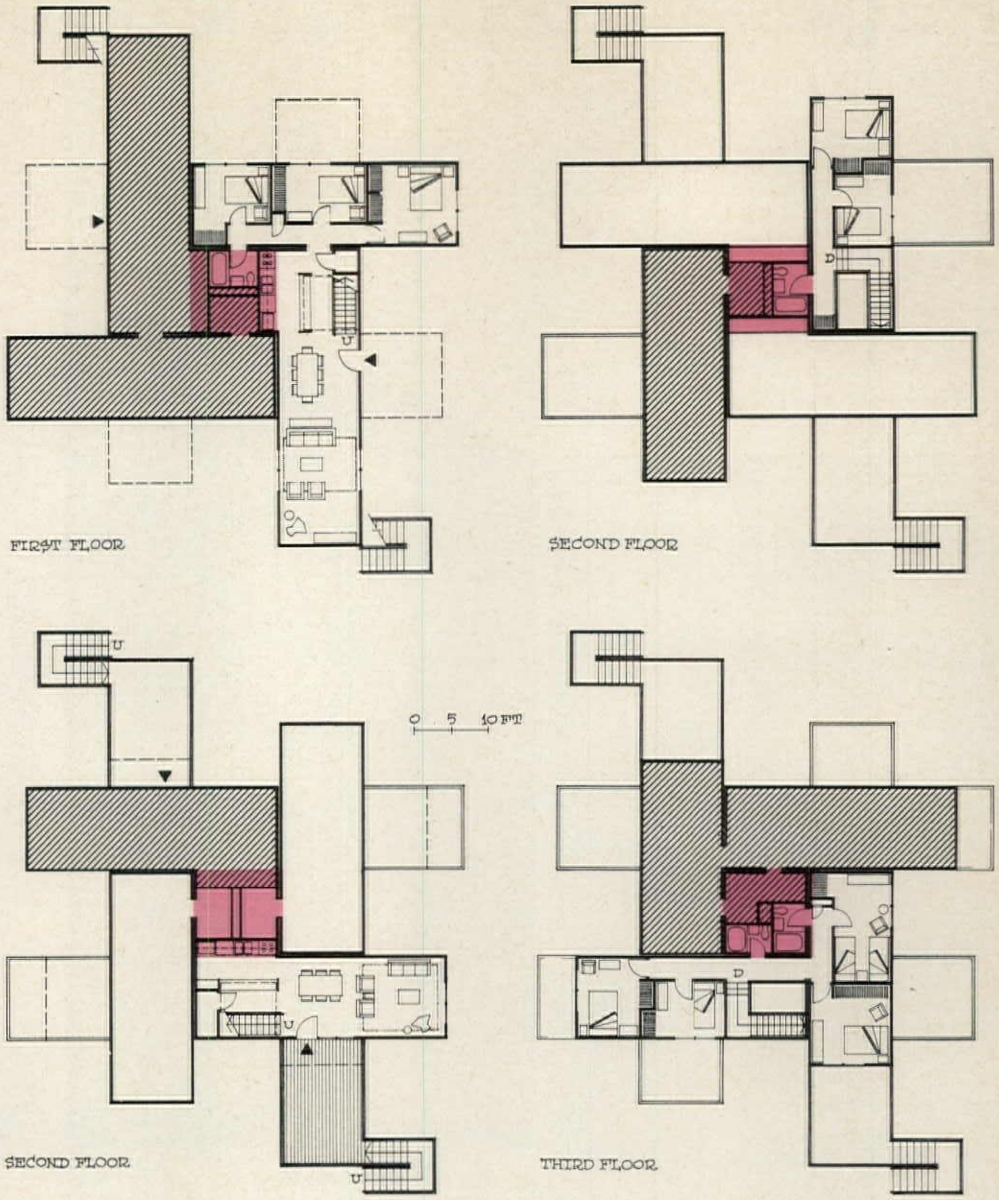
A multi-family modular system that works around a service core

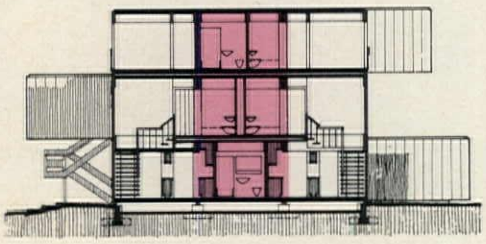
The 12′-square core in this Michigan City, Ind. prototype building is the nucleus of a steel modular system designed for buildings up to six stories.

Each four- and five-bedroom apartment consists of three modules: the service core containing kitchen wet wall, baths, and utilities; bedroom module; and living-dining module.

This building and an adjoining one-story structure with two three-bedroom units (*not shown*) were trucked to the site and stacked in two days. On-site work was standard for modular construction: foundation preparation, installation of utilities to connection points at utility cores, positioning and connecting of modules, and installation of exterior stairs, walks, and driveways. No on-site finish work was required.

Rents range from \$105 to \$155. Housing Research Inc. was the builder; Fair Housing Committee Inc. is the owner; Ronald Goodfellow, the architect.





Service core modules *(red in drawings above, and cross-section, left)* are anchor points for pinwheel-like arrangement of bedroom and living-dining modules. Positioning of the latter two modules is reversed on alternate levels so that apartments are provided with private, sheltered decks. Service cores are also stacked alternately so that kitchens on the first and second floors face in opposite directions. White and striped sections on plans above indicate separation of apartments.

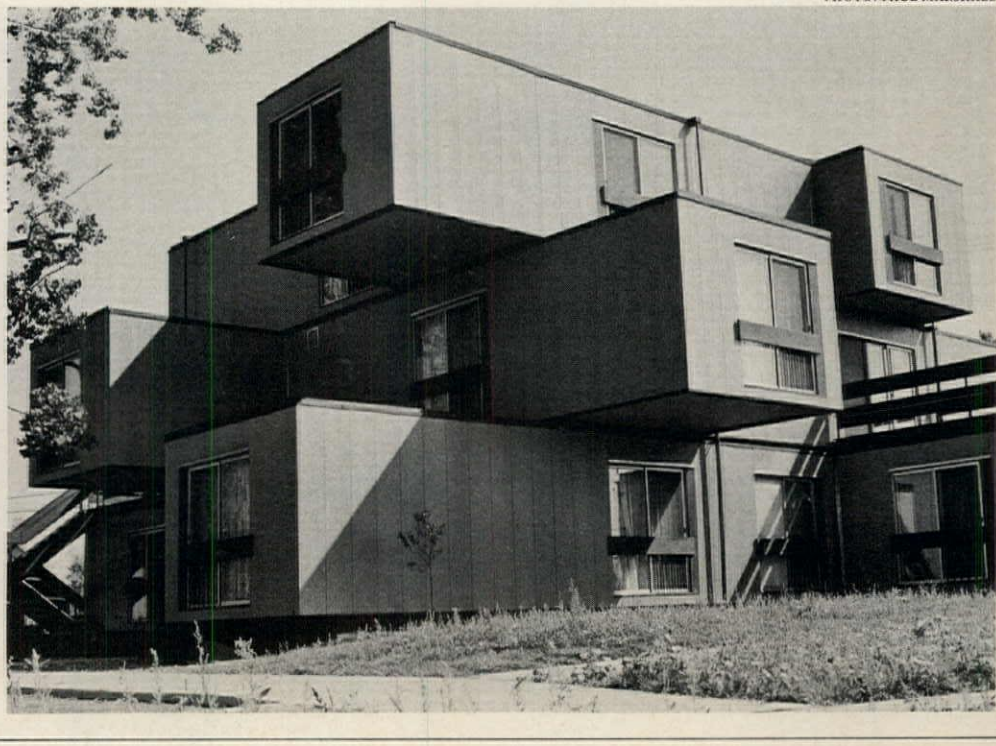
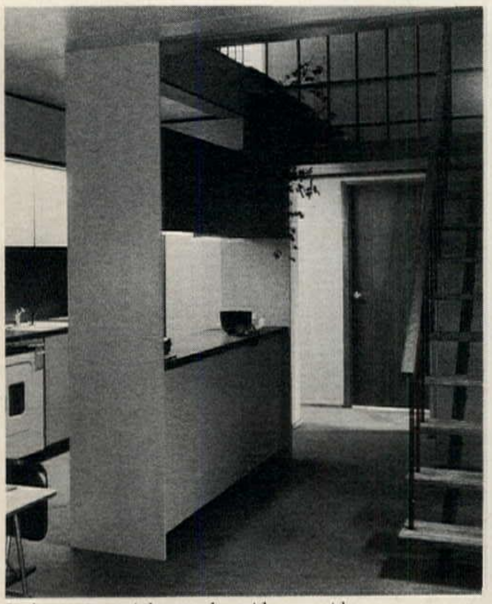
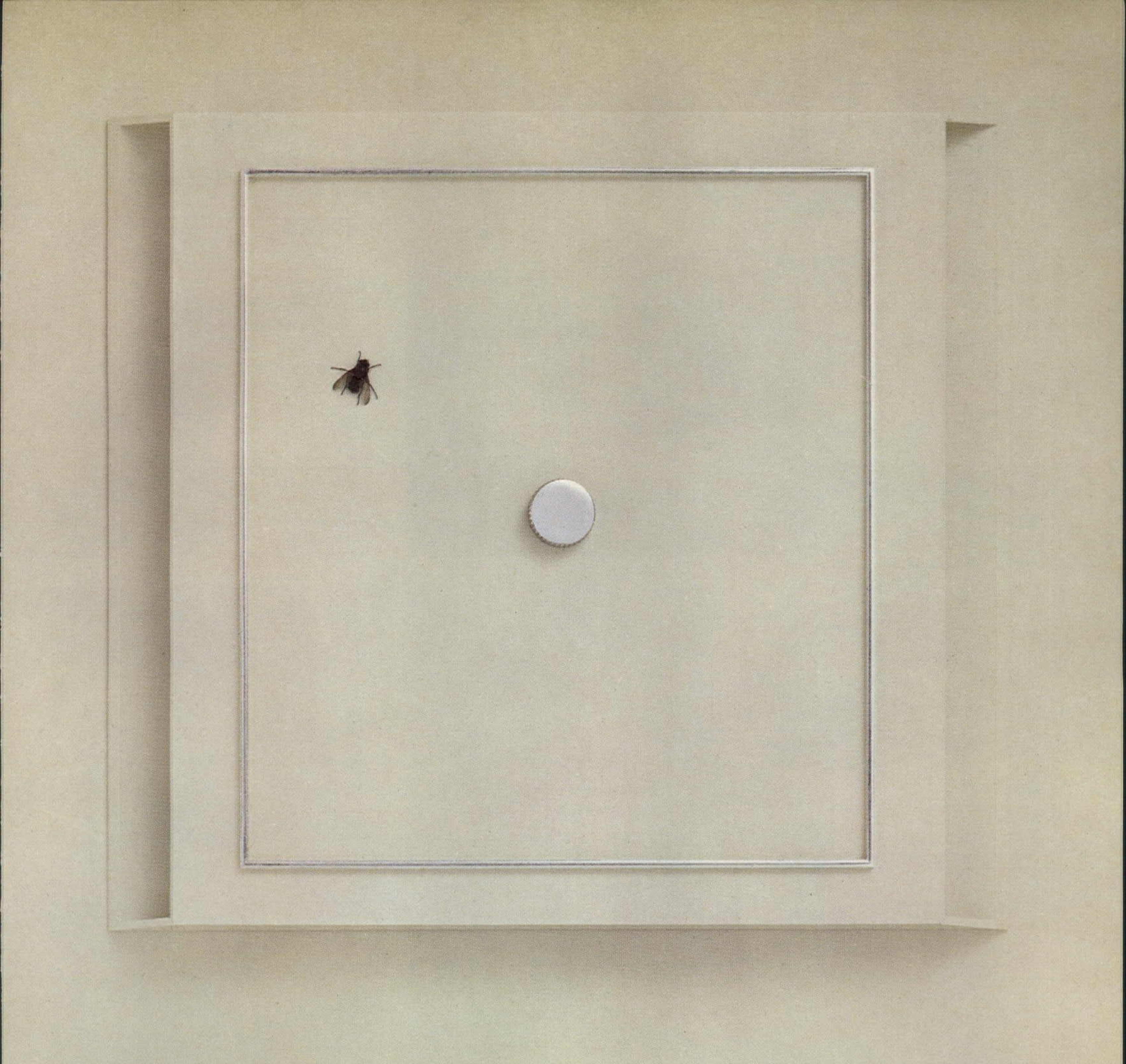


PHOTO: PAUL MARSHALL



Staircase area *(photo, above)* has a wide opening into the second floor. Kitchen wall at far left is part of the utility core. Three-story building *(photo, right)* has four units.



If the first thing you noticed was the fly, our new exhaust fan design is a big success.

Introducing Front-Liners . . . the first decorator-oriented kitchen and bath exhaust fans. No garish metal grill, no exposed fan and motor, no ear-splitting whine.

Solid fronts of alloy-reinforced polymeric material suppress sound, can be painted or papered to blend with walls or ceiling. They're easily removed for cleaning, and so tough even a trip through the dishwasher won't phase them. With higher CFM's and unique side openings, Front-Liners pull lots more air with far less noise . . . can even fill the bill as kitchen exhaust fans to eliminate the cost of traditional range hoods.

Your distributor's "MIP" Plan assures you of a full range of easy-to-install models, including light and heater combinations. For more information, write for Catalog DCP-100.

The Front-Liners. A brand new exhaust fan idea from Chromalox/Pryne.

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EMERSON ELECTRIC CO.
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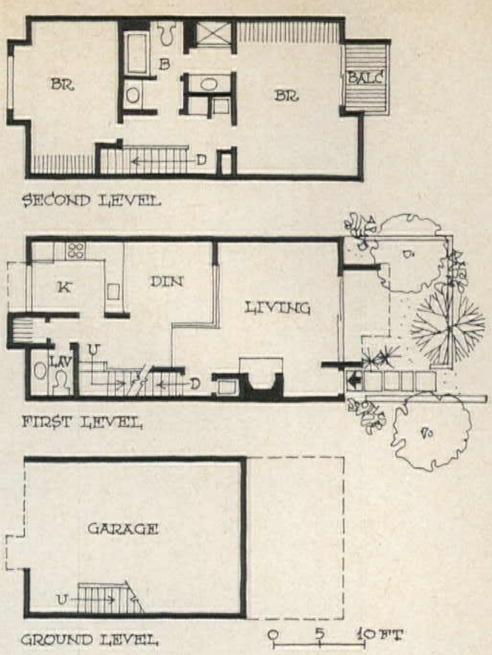
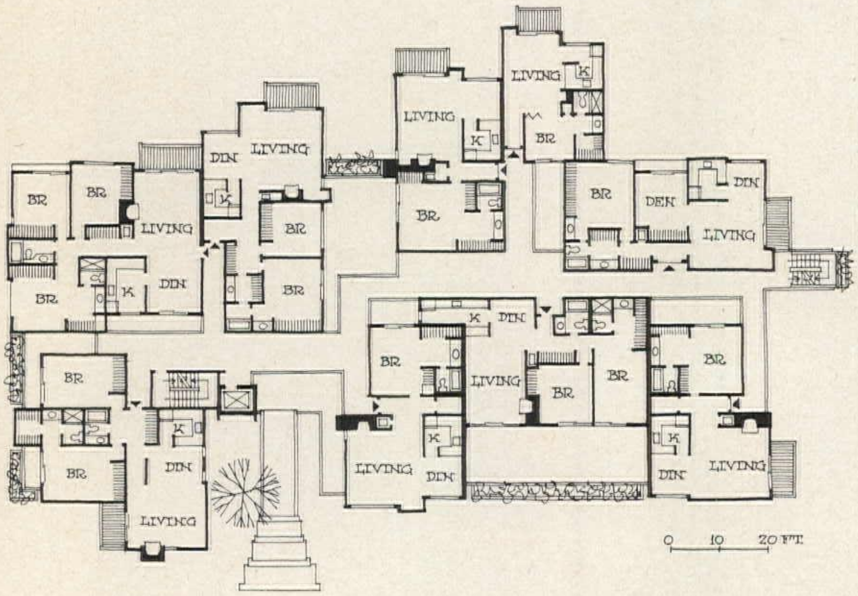
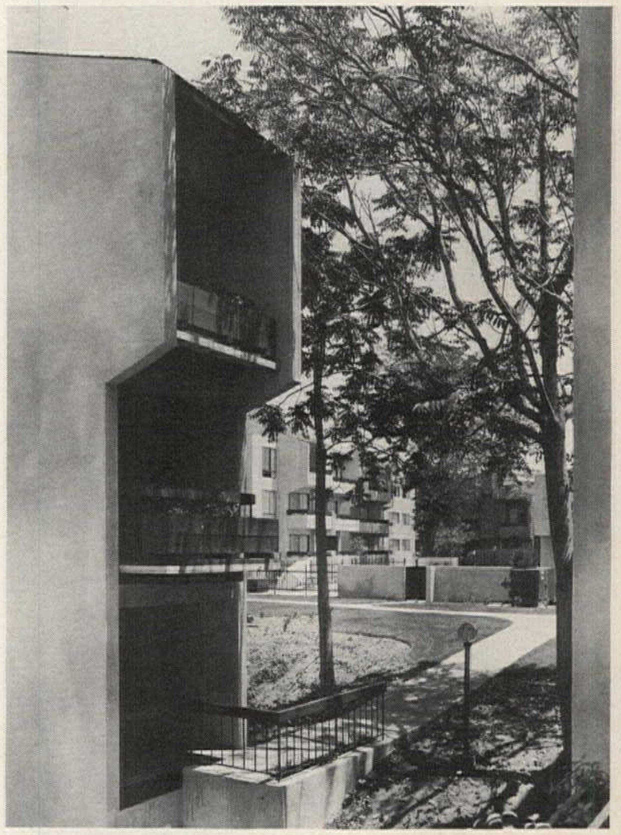
ST. LOUIS, MISSOURI 63136
EMERSON

PHOTOS: THOMAS A. ABELS



Contrasting exterior treatments heighten non-urban quality of this inner-city project. Floor plan above is for two-bedroom townhouse *(foreground, photo left).*





Typical apartment groups are built around a landscaped park *(photo right and site plan, below).* Apartment buildings are faced with stucco, townhouses with wood. Plan above shows grouping of apartments within the three-story buildings in the 200-unit development.

An inner-city rental complex with suburban overtones

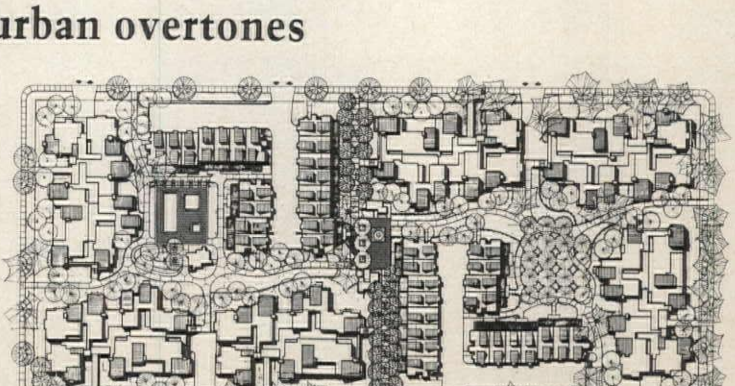
A downtown redevelopment area in Sacramento, Calif., is the location for this complex of townhouses and apartment buildings. But the plan is far from urban.

Buildings are set into a landscaped park *(site plan)* and tenant parking is out of sight—either under the apartment buildings or in separate garages for the townhouses.

The market for the units consists of career and professional people who can walk to their nearby government and business offices.

Three-story buildings contain studio to three-bedroom units; townhouses have either two or three bedrooms. Rents range from $165 to $375.

Donald Sandy Jr. and James A. Babcock were the architects. Builder-owner is Robert C. Powell Developments.



"Model maintenance is a major factor in turning a development into a long-term sales success"

It's Sunday morning, and you're about to kick off your grand opening. Newspaper ads and publicity have triggered an exceptional response. Everywhere you look, family-filled automobiles are descending on your development.

Outside, landscaping is lush, and the grounds surrounding the sales office and model complex are spotless.

Inside, your models are immaculate—colorful, warm, inviting, and cleverly conceived. Every magazine, ash tray, and accessory is in its precise place. The table is set; flowers are fresh. That unmistakable smell of new furniture floats everywhere.

In the office, your salesmen are poised and alert. And for good reason! They have a sensibly priced, interestingly designed, well-decorated and -merchandised product. It looks like they'll also have strong traffic. In short, you have an ideal selling situation.

A little fantasy? Perhaps. But this question should bring you back to earth: what do your models look like six months after your grand opening?

Woodstock, the morning after? The Hilton, after an insurance agents' convention? Houston, after the builders leave town?

My examples may be a bit extreme, but if you had to reopen your models today, after six months of heat, cold, kids, and a few dogs, could they stand inspection?

Probably, if they are properly maintained. But too few builders, I find, really have a formal plan for keeping models clean and crisp. All it really takes is some tender, loving care and a little policing.

Establish a program. First, someone should be charged with keeping the model complex clean and intact. This might be your sales manager or a particularly dependable salesman.

Your biggest job will be to convince him that maintenance is important in helping *him* make a sale, that a sale can be killed if *he* neglects it. A strong statement, but true.

Responsibility for model maintenance should be assigned before the models are completed. Once they're finished, take color photographs of every corner of every room. That gives a permanent record of furniture and accessory arrangements.

While you may never be able to stop the filching from models, you should be quick to replace any item that disappears. Check models daily to see if plates, flatware, paintings, towels, toys, soap dispensers, and a hundred other items are in their proper places. If any are gone, get substitutes.

If you're not sure if something is missing, check the models against your photos. And don't forget, when your decorator finished her job, she supplied you with an inventory of every item in your models. (Or she should have.) Be sure the replacement comes close to matching the original.

Keep the original mood. Also check to make sure your rooms haven't been rearranged by a visiting housewife, a cleaning crew member who fancies herself as a decorator, or a salesman who didn't like the original arrangement.

Flower arrangements have a habit of "walking" across a room. A bowl of fruit may be switched with a Chinese vase. Sounds inconsequential, but it can make a big difference since your decorator has tried to perfect a particular interior setting.

As you're no doubt aware, some people are habitual bed floppers and pillow squashers. So it's important that someone goes through a model several times a day to straighten bedspreads and fluff pillows. Other things to check for are ragged magazines, soiled placemats or tablecloths, and burned-out light bulbs.

Once the models are restored to opening-day luster, they must be kept spic and span—able to pass a white-glove test. General maintenance is an accepted and practiced procedure for most builders. But I have found mud in the entry hall of model homes.

To insure total tidiness, professional cleaners should do the vacuuming, dusting, and general cleaning chores. Frankly, I would like models cleaned daily, but that may be too finicky.

A more realistic schedule, according to Warren Toman, president of the Grant Corporation of California, is four times a week. "Our crews work on Saturday and Sunday to give us a spotless weekend," he says. "On Monday we clean up after the main flow of weekend traffic, and a Wednesday cleaning takes care of the rest of the week."

A word of caution, though: many obvious areas often are overlooked. Ashtrays and wastebaskets are nearly always neglected. While they are ostensibly placed for effect, they are invariably used by people touring the models. The same goes for toilets and towels.

Fingerprints on mirrors ruin the effect that the decorator strove for. Kitchen and bathroom floors and any uncarpeted flooring attract more dirt than if a family were permanently living in the house.

As I often have said, from a decorating and merchandising viewpoint, we try to create the impression that the model is actually occupied by a family. This, we have found, involves a prospect emotionally. But at the same time, more than a hint of dirt, disorder, or grime can subconsciously turn that buyer off.

Be thorough. Look for those little dust catchers like window sills, tops of refrigerators, fixtures housing the fan, and lights above a built-in oven. I've seen more than a few people run their fingers over closet and kitchen shelves. Don't clean closets daily, but don't forget them entirely.

Too many builders overlook the plants that add a vital dimension to model interiors. Standing plants should be dusted to keep their leaves shining. And dried flowers show less dust than plastic flowers.

Refurbish when necessary. Draperies and upholstery attract dirt and fingerprints from people curious about what's behind them. Draperies fade in harsh sunlight. As soon as smudges or fading appear, call in a professional cleaner or send the draperies out to a firm that promises swift service. Keep chandeliers dirt- and moth-free—and burning brightly.

If a particular piece of furniture begins to show its age, replace it. Tired furniture can kill the mood, the psychological involvement, and the sale.

Wallpapers that stand up well are vinyl and vinyl-treated papers and the synthetic flocks. Nothing, however, is scrubbable except a vinyl texture.

As a preventative measure, be sure you place attractive cigarette containers outside the front door of each model under a bold no smoking sign. Another law: no eating in the models.

In the beginning, I said homes have a unique smell. That smell, in case you didn't realize it, is available in aerosol cans. As an alternative, try a little eucalyptus in your flower arrangements. It gives off an air-freshening aroma without turning your model into a perfume factory.

Finally, for some really fresh air, open a window, depending of course on the area surrounding your project. If you open a window and are greeted by flies and bugs, hang up an inconspicuous pest catcher.

In short, you've invested a lot of money to design attractive models that motivate people to buy. It's worth taking care of that investment.

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CIRCLE 47 ON READER SERVICE CARD

"Trains work well under Christmas trees. But they're not the answer for shipping modular units."

Widespread publication of photographs of trainloads of modules and dramatic pictures and drawings of modules and complete houses being delivered by helicopter boggles the mind and excites the Buck Rogers spirit of the typical PR man.

But do these methods of transportation make any reasonable economic sense? The firm answer is a big NO in the normal course of doing business in modules in a planned, logical manner.

Trains may be fine under Christmas trees and helicopters great for traffic control, but neither normally relate well to housing modules.

Of course, if a delivery site is 1,000 or more miles from the factory, rail shipment certainly can make more sense than truck transport. But a delivery site 1,000 or more miles from a factory rarely makes sense and is generally unnecessary. The concept of having a huge centralized plant and shipping modules via rail throughout the country cannot logically compete with a system of decentralized plants serving nearby markets and utilizing highway transportation.

The housing market is huge. So a modular housing plant geared to produce from 500 to 5,000 units per year can make economic sense. Its volume should easily be absorbed into local markets—that is, within 300 miles—if the plant is suitably located and the marketing pattern is intelligently planned and controlled.

Admittedly, there are always going to be unusual situations that call for unusual transportation requirements. And while these are not desirable situations, and the unique transportation utilized is not the best solution, it may be the best method available for the peculiar conditions.

For example, the conditions created by the destruction of housing by storms or floods can create a temporary situation where a great number of units must be shipped long distances by rail.

Operation Breakthrough also has created some very unusual shipping problems with its widely scattered building sites frequently far from the factory where the modules are produced.

And, there also will be times when rail transport may be the best of various expensive alternates—even though it involves more time and expense than a normal shipment procedure. This might occur if highway carriers are designed oversize so that even when empty they require special travelling permits; or if modules are unloaded and stored at or near the construction site rather than lifted from carrier to foundation; or if there are insufficient carriers available to maintain a consistent module flow. But, all of these undesirable conditions can and should be eliminated by proper prior planning.

Keeping a plant at full capacity. For argument's sake, though, let's say that local markets do not absorb the full volume of a plant. And let's also say that another, more distant market beckons—one that will permit the plant to maintain its annual volume. What's to be done?

The first thing is to critically analyze product design and marketing methods. Rethinking these items might reopen the local markets. However, if the only way the annual plant volume can be maintained is by entering the far-off market, should the units be shipped by rail? Only if it's a *temporary* opportunity to utilize the full volume of the existing plant. Otherwise, building a similar plant near the distant market is the logical next step.

Since highway shipment of modules from regional plants will find the widest application in the industry, there should be more action toward improved performance in this area, rather than a waste of everyone's valuable time in efforts toward what are obviously impractical approaches. Action is required on the following:

- *Oversize loads.* First, we need consistency in state laws governing transportation of such loads. There are too many variations in state requirements. What logic makes a lead car with blinker necessary in one state, but not another?

Second, we need laws that specifically apply to the movement of modules. The "oversize" laws governing such movements were drafted to cover special, infrequent situations such as shipment of bridge girders, etc., to various locations. They therefore do not relate well to the movement of housing modules which require consistent, frequent movement over the same routes.

Third, we need a revision in the laws to permit more than one module within overall maximum limitations of oversize length. Most state laws do not allow for two or more modules on an overlength trailer. This creates unnecessary extra expense and handicaps design flexibility. (For example, while one 60′ module is permitted on an oversize load, two 30′ modules are not.) Variances have been granted in several states, but such regulations should be made standard.

- *Permits.* Instead of the necessity for obtaining individual permits for each single load, blanket permits should be granted for each project. These permits would be valid for a certain period of time over a defined route.
- *Trucking company "rights."* Federal ICC and similar state agencies that regulate and limit trucking company "rights to operate" in certain areas should grant more of these rights more easily. What logic creates these governmental restrictions? Due to the frequent lack of trucks when needed, most manufacturers are forced to obtain their own tractors and drivers. This works to the ultimate disadvantage of those trucking companies who have rights and who aggressively oppose the granting of any additional rights.

The problem of larger modules. The growing list of states approving 14-wides does not necessarily mean we are going to see all states—especially those in the more congested areas of the Northeast—shortly following.

If the approval of 14-wides also carries with it greater travel restrictions that may also apply to 12-wides, such approval must be cautiously requested. Any proposed system which depends upon 14-wides and hopes to operate in the Northeast should not assume future approval is imminent.

Generally, after the experience of shipment of some 4,000 modules by highway at Modular Housing Systems, we have found the problems to be less than anticipated. The various governmental and police agencies have been cooperative and frequently very helpful in the many communities where we have constructed modular projects.

Current regulations do require revisions so that they relate more closely to the needs of the growing modular housing industry. This type of shipment is definitely on the increase, and the future will see more and more similar vehicles on our highways.

We cannot operate properly under regulations that were drafted for mobile homes, bridge girders, oil tanks, or farm equipment transport. Regulations are needed, and they should properly protect the public safety and convenience. But they should also recognize that modulars will be with us a very long time—in increasing numbers—and deserve special attention.

JOSEPH C. GRASSO, EXECUTIVE VICE PRESIDENT, MODULAR HOUSING SYSTEMS, INC., NORTHUMBERLAND, PA.

Why is this a *better* door?

Cover the authentic Colonial design carved into this 6-panel Colonial door, and it will look like any one of a dozen or more 6-panel Colonial doors from a dozen or more factories. Is the design, then, what makes this a *better* door? Not on your life!

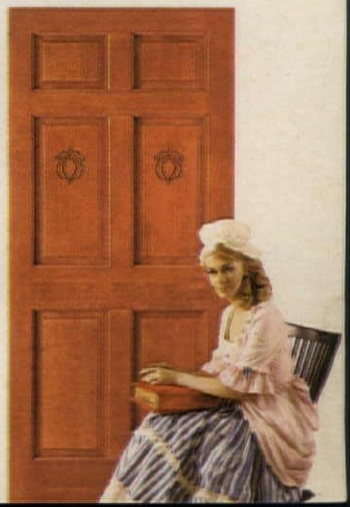
There are 33 reasons why this is a *better* door, and only one is better design. Of the 33, seven are visible, the other 26 you can't see or touch.

For example, you can see the precision-matched parts that butt snugly one to the other, but you can't see the precision machining that made it possible. You can see the sculptured beauty of stile and rail construction, but you can't see how the panels were raised to form that beauty.

If you could visit the NORD factory, you would see the care that goes into every step of the manufacture of NORD *better* doors. The next best thing is to send for this free booklet, just published, "33 WAYS NORD MAKES IT BETTER." Simply mail your business letterhead with your name and these words, "33-NORD" on it to E.A Nord Company, Everett, Wash. 98201. Your copy will come promptly.

It can help you plan for *better* doors for *better* entrances for your *better* homes that will sell *better!*

One of the best features of *COLONIAL CREST* doors is that you may have any one of the eight designs, carved into our six-panel Colonial door for LESS than virtually every other stile and rail door design without carving!

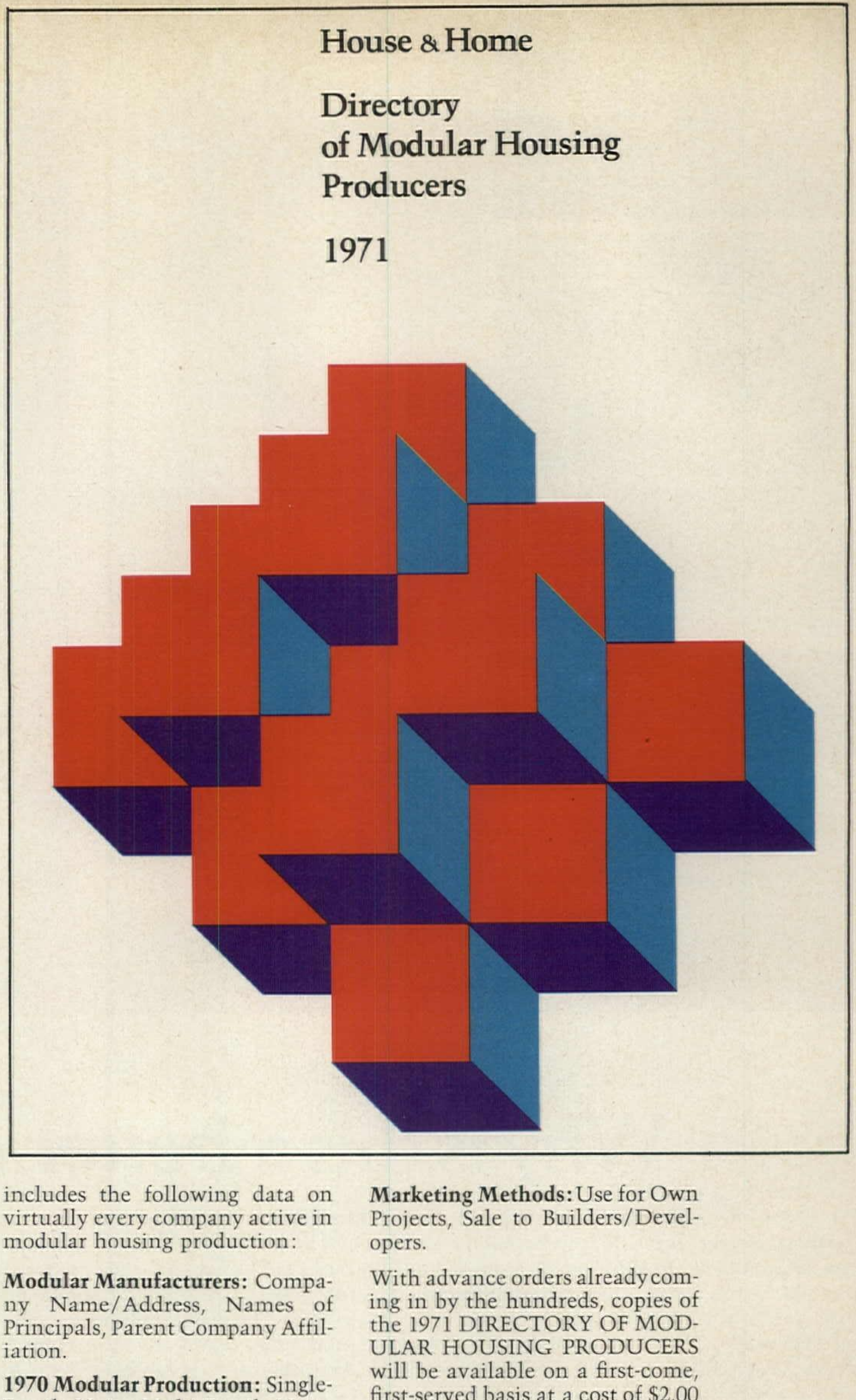


NORD makes it better... *naturally*

CIRCLE 49 ON READER SERVICE CARD

now available!

House & Home 1971 Directory of Modular Housing Producers



Pandemonium—the only word to describe what happened the week after House & Home published a 14-page study on "Who's building the modulars and how many?"

We were literally swamped with urgent telephone calls, special delivery letters and personal visits from readers asking for extra copies of the June issue, additional reprints of the modular story, and more detailed information about the leading modular producers.

To meet this strong demand, the editors of House & Home have now put it all together in a handy, pocket-size, four-color DIRECTORY OF MODULAR HOUSING PRODUCERS.

With additional firms added right up to press time, House & Home's 1971 Directory packages the modular marketplace for suppliers, producers, and the wide spectrum of builders, realtors, developers, dealers, distributors, government and financial people who want to do business with each other.

The 1971 DIRECTORY OF MODULAR HOUSING PRODUCERS includes the following data on virtually every company active in modular housing production:

Modular Manufacturers: Company Name/Address, Names of Principals, Parent Company Affiliation.

1970 Modular Production: Single-Family Units, Multi-Family Units

Factory Data: Number of Plants, Location of Plants, Total Plant Capacity.

Marketing Methods: Use for Own Projects, Sale to Builders/Developers.

With advance orders already coming in by the hundreds, copies of the 1971 DIRECTORY OF MODULAR HOUSING PRODUCERS will be available on a first-come, first-served basis at a cost of $2.00 each. To order copies, print your name and address clearly on the coupon below and enclose check payable to House & Home.

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Call your local dealer or write today and find out how the GENIE Automatic Garage Door Opener System by ALLIANCE merchandising program can help you sell more homes! GENIE – "The Garage Door Picker Upper!" Opens the garage door . . . turns on the light . . . closes the door . . . then locks up tight.
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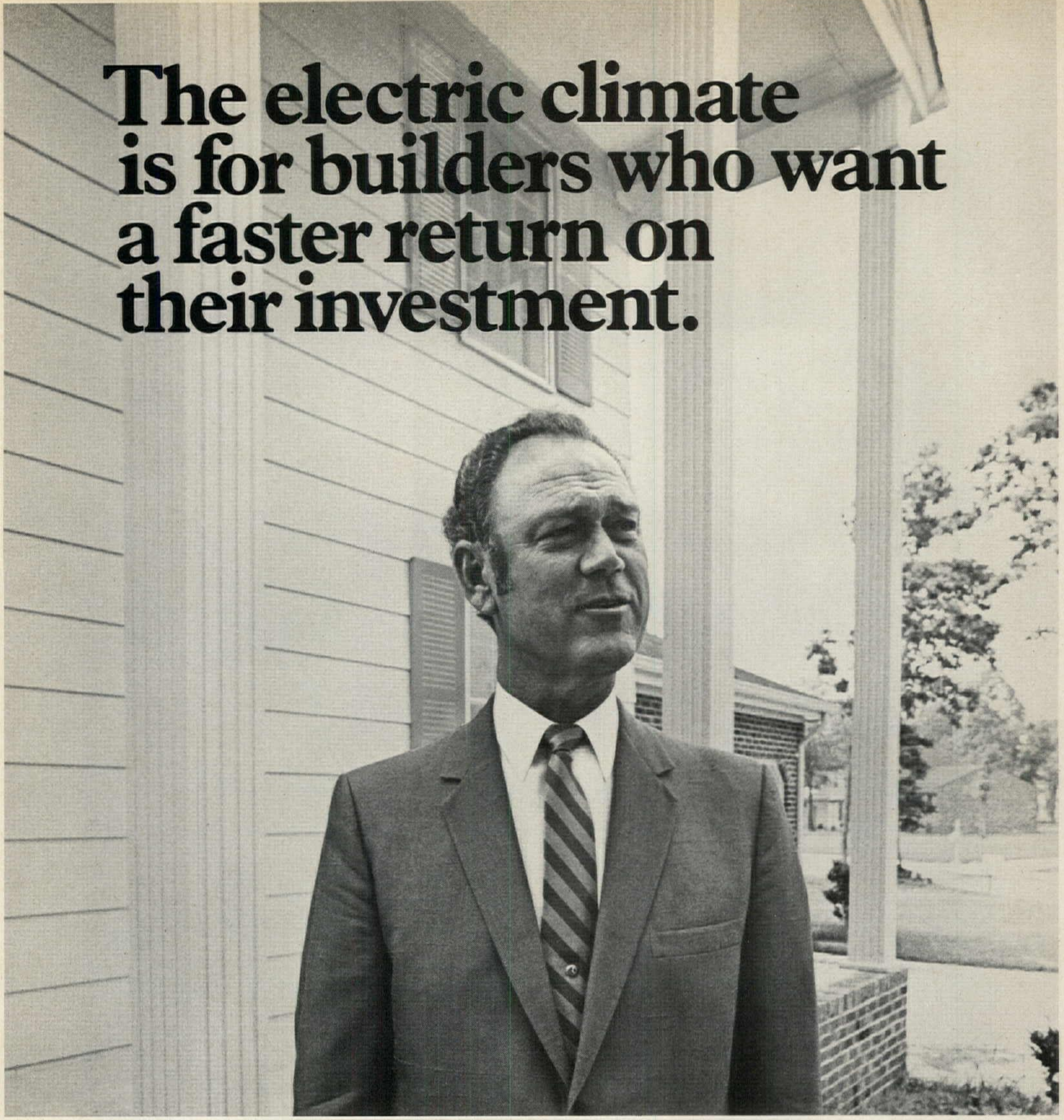

Paul P. Merritt built it into one "test" house and then built an amazing sales story with a 597-home development.

The story began when Paul P. Merritt went total electric in one home as an experiment. With everything electric, including the flameless electric heat, it sold almost instantly. Based on this success, he offered two total-electric models at Merrifields, his 597-home development in Portsmouth, Va.

Result? Orders for total-electric models rose rapidly from 35% in the first section to 100% in the last section. When the development was completed, more than 500 of the 597 homes had *the electric climate.*

Building with *the electric climate* builds profits. That's because total-electric features like clean, steady, even heat, and modern electric conveniences, build buyer appeal into every model. In addition, installation time and labor costs are lower.

Find out more about *the flameless electric climate* and how it can help you. Call your electric utility company today.

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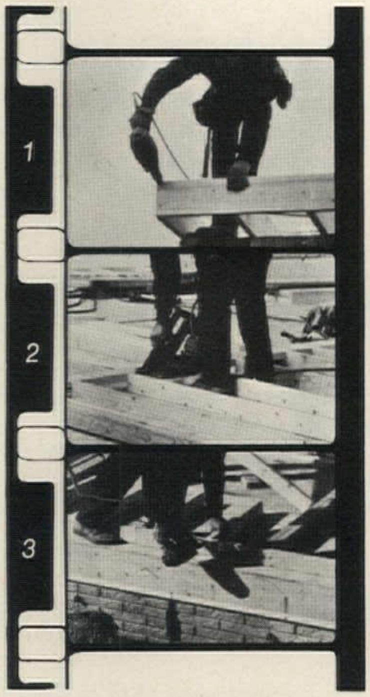
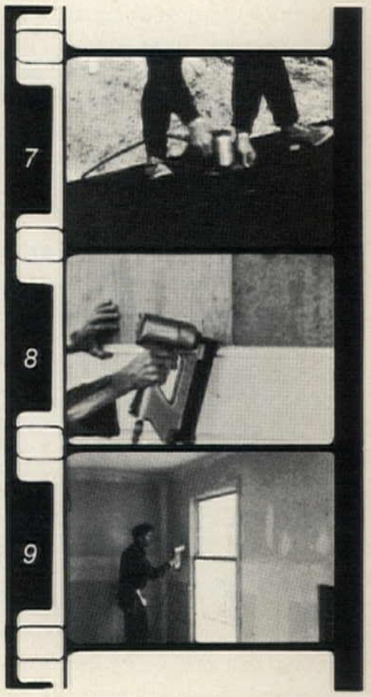
CIRCLE 52 ON READER SERVICE CARD

See six men erect this 2-story house in two eight hour working days with senco automatic nailers and staplers!





Brief construction film shows how Senco tools saved contractor $500 in labor on one house alone. Call your Senco Construction Specialist for a private showing!

Frames 1, 2, 3:
Senco SN-III 16d nailers were used on all framing members in the house.

Frames 4, 5, 6:
Senco M-II and M-III staplers, using 1⅛″ through 2½″ 15 or 16 gauge Sencote® staples, were used to fasten bridging strips, underlayment and insulated siding.

Frame 7:
Asphalt shingles were applied with the Senco PW wide crown stapler, which drives ⅝″ through 1¼″ 1″ crown 16 gauge staples.

Frame 8:
Aluminum siding, fascia and soffits were applied with the Senco M-I stapler, driving 1″ through 1¾″ 16 gauge staples.

Frame 9:
Interior trim was applied with the Senco SN-I finish nailer, which weighs only 5¾ lbs., drives 1″ to 1½″ 15 gauge round head finish nails.

The builder reported a 39% reduction in total man hours to build this house — from 158 to 96 total hours — and a dollar savings of about $500; shingle application was reduced from a normal 16 to 20 man hours to only four; exterior siding application time was reduced 25%. And although the temperature was 20° above zero with a 10 MPH wind at the time of construction, no time was lost — because Senco equipment can be used even with mittens or heavy gloves.

Write us for more facts on Senco automatic fastening systems. Or, better still, let your Senco Construction Specialist show you the film on the time and labor saving applications of Senco equipment on this 2000 sq. ft., $55,000 home!

Senco Products, Inc.,
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senco

CIRCLE 53 ON READER SERVICE CARD

"Farms and housing don't have to compete for land. They can be joined for mutual profit"

Farmers and suburbanites are coming to blows, with builders caught between them. The current rate of urbanization of farmland across the country is 1.5 million acres annually, and this rate is increasing. A continuation of this trend will mean continuing pressure to stop new development.

One of the most promising solutions to the problem could be the "agri-community" —a kind of agri-business new town. The agri-community would incorporate farmers as producers and as partners in residential development—rather than as suppliers (sellers) of land. This means that front end cost for land purchase would be way down and developers would be able to put together the 3,000- to 4,000-acre sites needed for the new residential market.

The idea is based on locating residential development and farming where each works best. Typically, the flatter, more productive uplands represent about 50 to 70 percent of a farm, while the balance often is in gently rolling slopes, along streams, lakes, or ponds—ideal locations for homesites.

Under the agri-community concept, 20 to 50 percent of the overall site could be deed-restricted to farming. This would represent a zero-maintenance open space system, and compares pretty well with a golf course that typically requires $250,000 to $500,000 initial investment and breaks even a long way down the line. New residences would be clustered together to leave large open areas for farming and to take advantage of the cost-cutting possible with cluster construction.

Thus, the farmer would be encouraged to keep working his best land and also would have an opportunity to be a partner in the development process. This would provide a comforting tax shelter and a long-term income.

But, there are even more advantages to the agri-community concept. Part of the rural/suburban problem we have now stems from the fact that agri-business, like suburban housing, has developed in a vast, sprawling pattern. Farmers, processors, distributors and markets are often widely scattered across states, regions, and from one coast to another. The distance between producers, processors and consumers is bridged at enormous costs. The consumer picks up the tab for superfluous shipping and then pays a tip to the extra middlemen in the distribution network.

Additional service facilities. Beyond this, farm communities themselves are so thinly spread, and housing so dispersed, that the community cannot afford public services that are taken for granted elsewhere. Rural poverty is almost intrinsic in the physical plan. Urbanization usually means traditional subdivisions requiring capital outlays for new service facilities. But these subdivisions do not provide tax revenues adequate to support the installation and maintenance of new facilities. The result can only be increasing rural blight.

The agri-community is a response to this financing/tax problem, making it much easier for developers to put together large-scale tracts. Much less front end capital would be required than if land were purchased outright from farmers.

In the larger social picture, the agri-community's importance may be that it can revitalize farming districts by providing a cohesive, purposeful and prosperous community—giving rural youth a real alternative to flight to the cities where they often compound our urban ills.

In this connection, the agri-community is suggestive of the Israeli kibbutzim. Although the Israeli model is communal, and not merely cooperative or privately planned, it is an encouraging example of a whole national movement based on the agricultural community. The Israelis, by the way, have not experienced an exodus to the cities by kibbutz youth.

It is interesting to note that both the Israeli kibbutzim and the Soviet kolkhozy and sovkhozy have recently been going in for light manufacturing and processing, as well as new production. This is an essential part of the agri-community idea; it serves to aggregate the market and to eliminate a lot of shipping costs and so-called middlemen in the distribution network. These foreign cooperatives, however, cannot be taken as models for the agri-community since they have grown up in response to very different physical, economic, and even philosophical conditions.

One hand helps the other. Agri-community, in the American context, is an outgrowth of the combined principles of a new town and a P.U.D. (planned unit development)—a streamlining of production and a resourceful use of land for production and amenity. The loss of farmland for more valuable development is resolved by allowing development to subsidize farming, while farming lowers the start-up costs of large-scale development.

There is yet another potential advantage to the agri-community: an opportunity to take advantage of the developing technology of recycling. Sewage treatment, for example, is currently a major public cost and a difficult problem in rural districts. Agri-communities could save substantial funds by recycling their wastes for fertilizer. Experimentation by the Pennsylvania State University indicates that the use of sewage effluent on crops produces a bumper crop without commercial fertilizers. In addition, these experiments have shown that crops and soil filter out and dilute nutrients like phosphorus and nitrogen to levels acceptable for potable water.

Where does the agri-community fit into the larger picture of changing land use patterns?

Only developments that make the best and most use of land can succeed. The housing industry must develop imaginative new designs like agri-communities before government regulation becomes mandatory.

JOHN RAHENKAMP, PRESIDENT, RAHENKAMP SACHS WELLS AND ASSOC. INC., PHILADELPHIA, PA.

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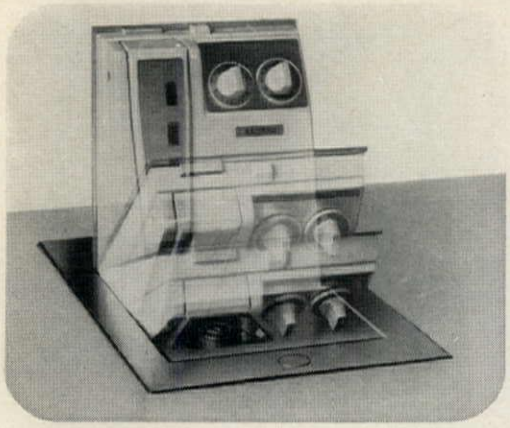

Hydraulic Lift-Lower Mechanism
Module raises and lowers in and out of counter. Closes flush with counter top.

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Retracts two latches located inside attachment well to unlock and release attachments.

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1) Locks in horizontal position for mixing.
2) Raises even higher and locks in place to drip-clean beater.
3) Folds out of the way when not in use.

Professional Two-Way Mixing Action
Bowl and beater are powered by separate drives. Bowl rotates one way, beater the other way for smoother, more complete beating and mixing.

Listed by Underwriters' Laboratories (UL)

CIRCLE 56 ON READER SERVICE CARD

Smooth ride. Tough hide. More inside.

Ford's extra-long 131-in. wheelbase (with 8-foot box) gives a smooth ride, excellent handling and load distribution, yet turns 3 ft. shorter than leading competition.

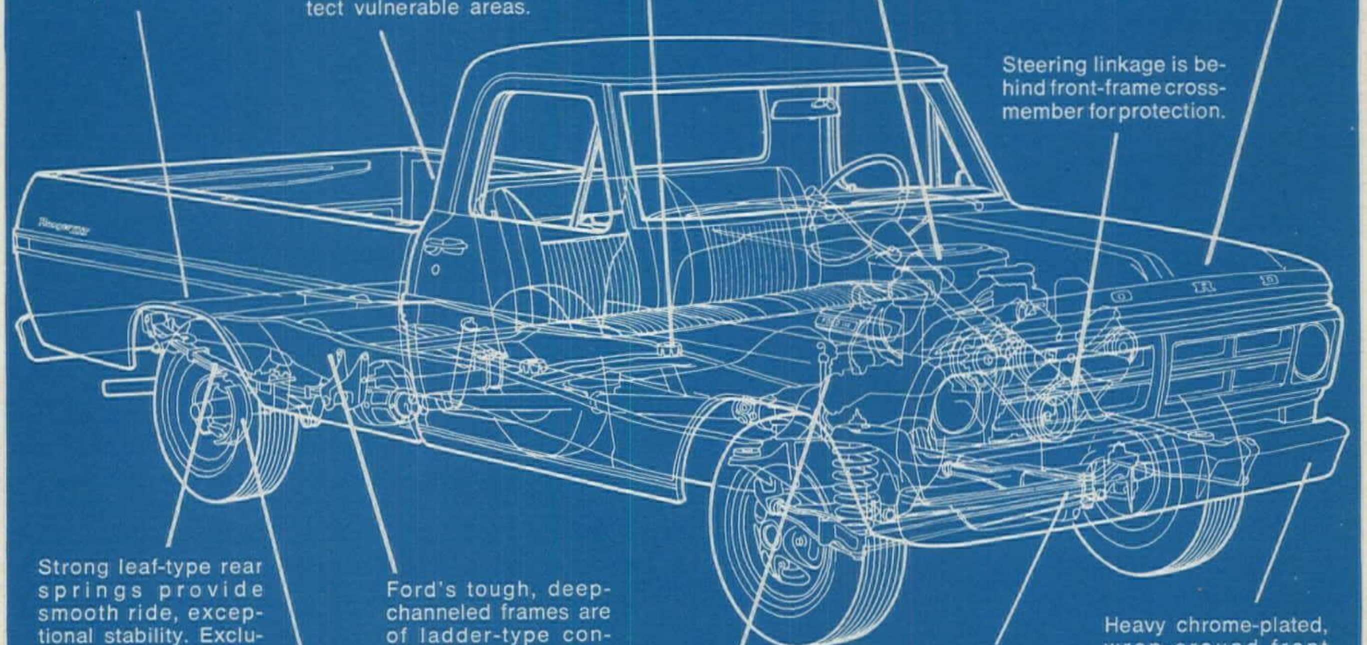
Cargo box is all-welded for strength, quiet. Avoids rust, stays tight. Double sidewalls protect vulnerable areas.

Resilient cab mounts insulate cab and driver from vibration, aid quiet ride and long cab life.

Wide choice of engines ranges from an economical 240 Six to a high-performance 390 V-8.

Massive hood has strong double-wall construction, virtually ends hood flutter and shake.

Steering linkage is behind front-frame crossmember for protection.



Strong leaf-type rear springs provide smooth ride, exceptional stability. Exclusive Flex-O-Matic suspension (std. on F-250) automatically adjusts spring length and stiffness to load weight.

Ford's tough, deep-channeled frames are of ladder-type construction for added strength.

Big, truck-type power brakes are standard (5,500-lb. GVW's and up). Power front disc brakes available on selected models.

Large 11-in. Gyro-Grip clutch is standard for heavy-duty hauling power.

Twin-I-Beam front suspension toughens up the truck, has two forged I-Beam axles each cushioned by a big coil spring for smooth, stable ride and long alignment life.

Heavy chrome-plated, wrap-around front bumper provides good protection for grille, fenders, headlights and parking lights.

Better idea for safey: Buckle up.

FORD PICKUPS

CIRCLE 58 ON READER SERVICE CARD

You don't borrow interim money. You rent it. And where you rent it can make a big difference in what you get for what you pay.

Your men at FMI (left to right):
T. W. Owens, Senior V.P.
W. F. Trace, Senior V.P.
W. H. Leach, Executive Vice President, Investments and Director of all field activities.

At First Mortgage Investors, you can (providing, of course, you qualify) get virtually any size land-acquisition, development and/or construction loan you might need.

You get the full use of every penny you pay interest on because, with FMI, there are no balance requirements, hidden fees or extras.

You get the satisfaction and peace of mind knowing your lines of credit and leverage are intact and untouched.

You get a standby commitment (if you need one) for a permanent takeout.

You get the services of the first nationwide field service force in the mortgage investment trust field, to get you around trouble before closing and over any problems afterwards.

And your closing problems and costs are kept to a bare minimum, so you know exactly what you're getting, and when you'll get it, before closing.

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We wrote the book.

Or contact one of our Regional Offices:

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National Foundation Life Building — Suite 700
3535 N.W. 58th Street, Oklahoma City, Okla. 73112
Phone: 405/947-5695

G. R. Callantine, Regional V.P. Midwest Region
1001 East Jefferson Blvd., South Bend, Ind. 46617
Phone: 219/234-6096

Robert O. Cahill, Regional V.P. Northeast Region
55 Washington St., East Orange, N.J. 07017
Phone: 201/674-2290

Jack H. Russell, Regional V.P. Southeast Region
4283 Memorial Dr. — Suite H, Decatur, Ga. 30032
Phone: 404/288-6917

C. E. Porch, Regional V.P. Florida/Caribbean Region, 800 Douglas Entrance, 2nd Floor, Coral Gables, Fla. 33134 Phone: 305/445-9665

CIRCLE 59 ON READER SERVICE CARD

LETTERS

P.U.D.

H&H: In "The Zoning Scene" in a recent issue, you reviewed the advantages of Planned Unit Development [June].

You made reference in your analysis to costs of $9 per sq. ft. for single family house developments and $8 per sq. ft. for townhouse developments. These construction costs are grossly inaccurate in today's building market and tend to lead people that read H&H in the wrong direction.

I am not familiar with the consultants that are referred to in the article, but if the costs indicated were derived by their company, then they have been using magic on their projects.

Many of our clients that read your magazine believe every word that is printed. It is your responsibility, as a mass influence, to be accurate in all of your statements. I am sure that if you use the correct square footage costs, the comparative data that you indicate concerning profits, etc. would change completely.

VERN A. NELSON, Architect
North Kansas City, Mo.

According to Walter Sachs of Rahenkamp, Sachs, Wells & Assoc., author of the column, the figure of $8 per sq. ft. for townhouses is the correct raw cost without site work for the townhouses in question. They were part of the pro forma submitted to and approved by the lender, and construction is now proceeding at that rate. Sachs suggests that reader Nelson compares costs in New Jersey and Missouri; any discrepancy may lie there—ED.

Charge-a-home

H&H: With great interest I read your September article pertaining to the "charge-a-house credit card". US Homes Inc. in Riverside has been using this method very successfully for the past two years.

VERNON H. SHULER, President
US Homes Inc.
Tustin, Calif.

Washington Suburb

H&H: In your September article "Rich Washington Suburb Insists on Housing for Low Income Families", the accompanying map mistakenly identified Silver Spring, Md. as Silver Springs, Md. Although this is a common mistake, this misnomer is a thorn in the side for many Silver Spring residents.

We in Colorado Springs (that's Springs with an s) are continually interested in the innovations and developments occurring in all parts of the country, and we are appreciative of your presentations.

JULIETTE WILLIS ANDREWS
the Karl Andrews Co.
Colorado Springs, Colo.

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CIRCLE 62 ON READER SERVICE CARD

Fighting inflation

Phase II may be boobytrapped with problems . . . but the housing industry has a huge stake in making it work

Not too long ago Arthur F. Burns, chairman of the Federal Reserve Board, observed wryly that "economic policy makers no longer have any good choices."

His remark was very much to the point, and it explains why so many people are voicing doubts about the second step in President Nixon's antiflation program.

Certainly, Phase II (*see p. 4*) is fraught with confusion. How realistic, for example, are the President's apparent expectations of voluntary compliance? Will the new rules and guidelines spawn a new breed of specialists in ferreting out legal loopholes? Will the whole program become snarled in red tape? And, getting down to a painfully specific and oft-repeated question, what will the new Pay Board do about inflationary wage increases already won by unions and scheduled for 1972 and beyond?

I have no argument with such questions. They are perfectly reasonable. I do, however, disagree strongly with those who imply that just because we don't know the answers now, the program won't work.

Possibly, it won't work. Time alone will tell the story. But, meanwhile, if only for selfish reasons, business, industry, labor—and above all, everyone in the housing industry—should support Phase II.

Prior to Phase I's wage and price freeze—long overdue in my opinion—inflation was running away with the economy. And housing costs were rising faster than almost anything else. While the cost of living had gone up 25% since 1965, the selling price of housing had jumped an average of 50%. In some areas the industry had literally priced itself out of the market.

True, we're riding a homebuilding boom (*see p. 72*). But keep in mind that from 25% to 30% of this year's 2 million starts are subsidized—the bulk of them under the interest-rate subsidy programs. Looking ahead, I can't help wondering how long Congress will put up with the cumulative bill for such subsidies. If Congress balks, the boom could come to a sudden halt.

For the long pull then, housing has a special stake in Phase II. The industry stands to benefit enormously if Phase II holds housing's annual inflation rate to the same 2% to 3% aimed at for the entire economy.

Phase II may, indeed, be too cumbersome. And it may, too, be sabotaged by special interests. But rather than passing early judgment on it, let's get behind it and do all we can to make it work.

JOHN F. GOLDSMITH

The professional apartment manager: who is he? where do you find him? what should you expect from him? How do you keep him?

APARTMENT MANAGERS used to be called landladies and superintendents. But those terms no longer fit the people who run today's sprawling complexes.

The present day apartment manager is the creation of ambitious apartment developers who have been building bigger and bigger complexes and spreading them across the country like supermarket chains. A 500-unit apartment community can't be run by a landlady hired out of the classified pages of a local newspaper. Out of necessity, the professional apartment manager has come into being.

Running apartments has become increasingly complicated and more demanding, and not only because projects are larger. Organized tenants are putting pressure on owners to do a better job. Lenders are taking a closer look at apartment owners' management capabilities and making them a key requisite of loan conditions. And HUD, finally recognizing that managing housing is as essential as building it, has set up a new Housing Management Division and is beginning to evaluate the effectiveness of the private management companies it works with.

In a word, it's now recognized that the success or failure of an apartment project depends to a large degree on the managers who live in it and run it.

There are two approaches to hiring apartment managers. One is to hire low-paid people and have much higher-paid administrators watch them like hawks; the other is to hire well-paid people who can run a project with near-autonomy. Companies that manage hundreds of apartments profitably generally take the second approach. They seek out managers with care and give them salaries and benefits comparable to those of middle-management employees in big companies.

Managing an apartment complex is not an easy job. Only the rudiments can be taught in formal training sessions. A top manager has had years of on-the-job experience and has acquired a variety of skills ranging from bookeeping to law. Not surprisingly, top managers are still in short supply.

To find out how to get and keep such top-notch managers, HOUSE & HOME went to a large and successful apartment builder in Palo Alto, Calif.—the L.B. Nelson Corp. —and talked with both company executives and four of the company's best apartment manager teams. These discussions are the subject of the next seven pages.

PHOTOS: GEORGE KNIGHT

Jess and Zelma Johnson manage a 208-unit apartment project in Mountain View, Calif., for L.B. Nelson. The Johnsons began working together by owning and operating a grocery store in northern California. After three years they sold the store and for two years took over the management of two candy and ice cream parlors. Then Jess joined Gates Rubber Co. of Denver, starting as a regional sales manager and, after 13 years, ending up as national manager of truck-tire sales.

Tired of traveling, Jess resigned, and he and Zelma took a course in hotel and motel management. In the two years immediately before they joined Nelson, they ran, first, a motel an then a 124-unit apartment project.

Variety is the keynote of their present work. Typically, Zelma brings a maintenance man to check a tenant complaint of a faulty range (above), and checks out a new tenant (below, left), while Jess, in addition to his administrative duties, helps his assistant move furniture into a new tenant's apartment.

"The best apartment managers are people who have a talent for managing people," says Les Nelson, president of L.B. Nelson Corp. "The manager's job, quite simply, is to attract new people to the project and keep the established people happy, under control, and up to date with their rent."

The Nelson organization is a garden-apartment and townhouse development firm that manages most of the rental complexes it builds on a leaseback arrangement with investors. Its property management division has built up a staff of 80 managers to run some 5,000 apartments. And to prove the company's confidence in its management system, investors are guaranteed an 8% cash return from the projects Nelson operates for them.

Nelson's current rule-of-thumb ratio of apartments to manager is about 60 to one. Typically, a 60-unit complex is run by one manager, while 600 units would require a manager and up to nine assistants.

How closely this rule is followed depends on how a project is laid out, how the buildings are designed, and what kind of tenants live there. Examples:

A spread-out project is physically more difficult to watch over than a compact project, hence needs more management personnel. Three-story buildings with carpeted and lighted interior corridors require three or four times more upkeep than two-story buildings of apartments with direct access to outdoors. Projects with a preponderance of tenants in their 20s need more policing than projects with tenants in their 30s or over.

Needless to say, the manager who oversees 60 apartments doesn't need the managerial capabilities of one who runs 600 and oversees a nine-man staff. Nevertheless, managers at both levels need the same basic qualifications and personal characteristics. The only real difference between them is that the big project manager needs greater administrative ability.

All of Nelson's managers who run projects with more than 100 units are husband-and-wife teams in their 40s and 50s. Before deciding to try careers in apartment management, the men held a variety of jobs from military careers to running their own businesses. All are handy with tools,and have had occupations that required some degree of manual skill.

The women have worked as cashiers, salesladies, bookkeepers, and sometimes partners or owners of small businesses. Almost all have had jobs that required daily contact with, and service to, the public.

Some middle-aged couples turn to apartment management as a semi-retirement job after their children have married. But this is not the type of applicant sought by the Nelson organization. Instead of semi-retirement, Nelson managers usually find themselves working harder than they have at any previous job.

Nelson apartment complexes are organized like a chain of public-service franchises that run 24 hours a day, seven days a week. Managers must deal with full-time crews of painters, repair men, apartment cleaners, pool cleaners, and landscape gardeners who circulate from complex to complex on hourly schedules, starting virtually at the crack of dawn.

Tenants appear throughout the day with problems, requests, and complaints, and must be taken care of along with prospective renters, newly arrived tenants, telephone men, gas and electric men, delivery men, mailmen, moving men, and dozens of other people who need directions, advice, and information about the apartments.

In projects of 500 or more units, coordinating just the routine daily activity takes an organizer with calm nerves and a clear head.

But regardless of project size, all Nelson managers are expected to run their complexes with a high degree of autonomy. Frequent telephone calls to the main office for advice and consultation are interpreted as the sign of a weak manager. More important, such calls are costly in terms of administrative staff time, and they run counter to company policy that calls for minimizing central office overhead in favor of strong field supervision. Nelson is convinced that the best place from which to supervise an apartment complex is the complex itself, rather than 30 miles away in a central property management office.

So Nelson hires strong managers who need only minimal supervision by a headquarters staff. None of the managers is visited more than once a week by the headquarters supervisor, except in case of unusual legal or repair problems requiring on-the-scene consultation.

Although he is admittedly a demanding boss, Nelson feels that his managers are among the most loyal in the business. For the past three years, during which the managerial staff grew from 30 to 80 people, not a single resident manager has voluntarily resigned from the organization.

The chief reason for this loyalty is that Nelson's managers enjoy a number of advantages that they'd be hard pressed to find elsewhere. Specifically:

• The Nelson organization builds a large number of apartment projects each year, creating new opportunities for aspiring managers waiting to move up. And the new complexes are big—they average 500 units —so they represent very attractive jobs.

• The company's property management division is set up to give managers strong backup in all key areas. A full-time maintenance department takes care of heavy upkeep, a staff attorney is available for advice on legal problems, and an advertising and public relations department stands ready to meet requests for newspaper ads and letters to tenants.

• Managers are promoted systematically to larger projects as they prove themselves and acquire necessary experience.

• In addition to above average salaries, managers can earn a variety of incentive bonuses for strong performance.

PHOTOS: GEORGE KNIGHT

Craig and Jeanne Exley run a 242-unit project in Alameda. Craig Exley's earlier work experience was in food: he was sales manager for a cheese company for nine years, the owner and operator of his own cheese company for ten years, and then sales manager of a sausage company for five years. Jeanne Exley worked in real-estate sales for five years, and did the bookkeeping for Craig's cheese company during the time he owned it.

The Exleys' first non-food job took

Until managers move up to a project of 200 units or more, they are not in a position of having to delegate authority. Projects of 60 to 100 units are usually run by a woman manager and a woman assistant. Projects with from 100 to 200 units are managed by husband/wife teams who share the work with a single assistant.

But projects with more than 200 units demand a full-fledged management staff with a well organized division of duties among its members. The managers who run these larger projects are separated into three categories.

The under-500 manager: versatility is the important thing

Two typical manager teams in this category are Jess and Zelma Johnson of 208-unit Village Lake, and Craig and Jeanne Exley of 242-unit Park Webster.

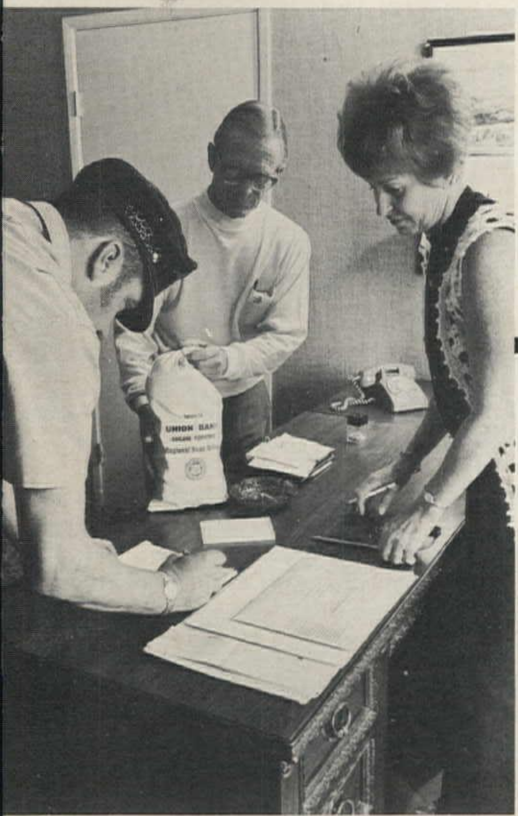
The Johnsons' project, at 20 units per acre, is low in density by current garden apartment standards. The 20 two-story buildings are designed so that each apartment has an outside entrance. Daily housekeeping at Village Lake consists of sweeping and hosing off paved surfaces—sidewalks, carports, the swimming pool apron, etc.; cleaning six separate laundry rooms, lounge, billiard room, gymnasium, and sauna baths in a two-story recreation building; picking up around refuse bins and keeping debris off lawns and out of the artificial lagoons. Much of this housekeeping work is handled by a full-time assistant manager, usually a married woman whose husband has a full-time job elsewhere but who helps his wife occasionally with her work in the project. The assistant also mans the Johnsons' office on the latter's days off.

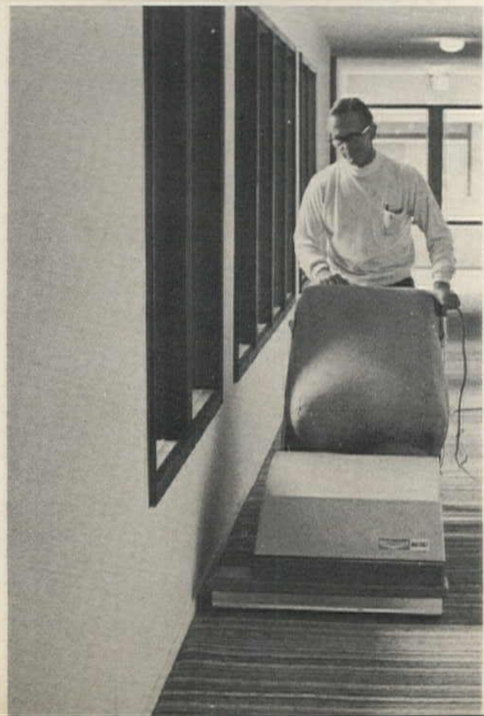
The Exleys' project, while only 36 units larger, is twice as dense as the Johnsons'. The 242 apartments are compactly sited on six acres in five three-story, double-loaded-corridor buildings—buildings with central corridors and apartments opening off both sides.

(Keeping the carpeted corridors vacuumed is a major chore that can take up to five man-hours per building with conventional vacuum cleaners. But Nelson experimented with large commercial machines and finally found one that can clean a corridor in two passes, is maneuverable enough to fit into apartment door recesses and light enough to be operated by a woman.)

While the Exleys have the same basic tenant facilities to keep up as the Johnsons, the additional 36 apartments and three-story buildings require the help of two full-time assistant managers.

In both projects the resident managers share daily cleaning chores with these assistants. But a larger share of the managers' time is spent serving tenants and the company in a variety of ways other than housekeeping. This ranges from lending a sympathetic ear to a lonely widow to driving a housewife to the hospital to stitch up a cut finger.





them into motel management for a few months. From there they shifted to apartment management and they were running their second project—88 units—when Nelson hired them in 1970. For a while they managed a 122-unit project, then in 1971, they took over their Alameda duties.

In the photo above, Craig turns a bowling ball and a jacket over to the local police; the objects, taken from a nearby bowling alley, had turned up in the project's sauna. Obviously no one took the incident very seriously.

Like the Johnsons, the Exleys must be able to handle many tasks. In the photos at left (top to bottom), Craig and Jeanne prepare a rent-receipt bank deposit for delivery to an armed guard, and Craig vacuums a corridor with a commercial machine that does the job in two passes, still is light enough to be handled by a woman if necessary.

Apartment managers have to be good listeners because one of their most critical jobs is handling problems and complaints. The bulk of these complaints is about things that need fixing in apartments. They are handled routinely through a system of written work orders and assigned maintenance men. But the toughest conplaints are not about malfunctioning dishwashers and sticky doors; they are the ones that can only be solved with words and reasoning.

"One of our biggest headaches is complaints about noise," says Craig Exley. "I mean, what can you do for an elderly couple who've lived in a house on a full acre all their lives when they object to music on a neighbor's balcony at 3 o'clock in the afternoon? Ex-homeowners are ultra-sensitive to every footfall within earshot, and I think they stay up nights listening for noises to be annoyed by. A lot of them never make the adjustment to apartment living."

Nelson managers alleviate noise complaints by systematically placing young people in one part of a project, people with infants or dogs in another, and older people in another. But under the pressure to keep rented up, they can't always match tenants to the locations best suited to them. So they learn to humor people who have sensitive ears and, when possible, find quieter apartments for them.

"You can't win with noise," says Jess Johnson. "You can build the most sound-deadened apartments in the world, and you'll still have complaints. What do you do about the fellow who works nights and wants the gardener to wait until late afternoon to mow the grass outside his window so he can sleep? Or the lady who thinks people shouldn't talk above a whisper on their patios? We crack down on the party-makers, the loud stereos, and the barking dogs, but a good share of the noise complaints we just ride with."

Over-policing is one thing all experienced managers try to avoid. Craig Exley explains his approach: "I don't let tenants push me around. But I don't push them around, either. A manager is no good without the tenants' respect, and you can't get that by treating them like children."

The most trying period is a manager's first few weeks in an already established project. "The tenants test you," says Exley. "The young people want to see whether you're going to let them break rules, and the older people want to see whether you're going to stick to the rules."

Socializing with tenants is frowned upon. Says Zelma Johnson: "The new tenant who insists that you come up to her apartment for coffee may very well be one you have to evict two months later because she can't make her rent. That professional distance between manager and tenant is important. If you become pals, you lose it."

Rent collecting is a manager's major responsibility. Nelson's tenants pay rent directly to the managers, and at Park Webster, for example, a month's rent receipts amount to over \$50,000. Each manager's office is equipped with a safe, and the month's receipts are deposited in the Nelson account by means of armored cars.

The hardest part in accounting for a $50,000 rent collection isn't getting it to the bank safely, but getting it all in hand. After the receipts are deposited, there remains the job of following up on the delinquents until every outstanding payment is in or the non-paying tenant has been evicted.

"Holiday weekends are the worst time for rent collections," says Jeanne Exley. "If the first of the month falls on the Friday before a three-day weekend, we can end up with two dozen or more delinquents by Tuesday. Even though most of them finally get back from their long weekend and pay up, we run ourselves ragged trying to chase them all down and explaining to the head office why we've got two dozen delinquents."

Tenants have a five-day grace period for paying rent. Those who pay after the 5th of the month are sent a series of reminder notices and charged an additional fee for late payment. But any tenant still delinquent by the 15th of the month receives a three-day eviction notice. And if the tenant ignores the notice, the company's attorney automatically takes legal action to obtain a court eviction order.

Jess Johnson explains the procedure: "It takes about a month to evict a tenant who insists on waiting for the sheriff to do it. So we can't afford to wait too long for unpaid rents. If we gave delinquents until the end of the month to pay, we could easily end up losing two months rent instead of one for the hard-core deadbeats who won't leave peaceably."

PHOTOS: GEORGE KNIGHT

Tony and Jean Muschara manage one of L.B. Nelson's bigger projects—a 609-unit complex in Walnut Creek. Tony's previous career was with the U.S. Navy; he became a chief petty officer, and later a lieutenant. Having been a fireman in the navy, his first post-service job was with a municipal fire department. He later worked for a bank, and finally found his way into apartment management in California in 1966. He had spent two years running apartments for a large Indianapolis developer when Nelson

Serving an eviction notice is one of the few decisions a Nelson manager must clear with the headquarters office. The legal consequences are often too complicated to anticipate clearly, so the main office insists on knowing all the facts before the notice is served.

In virtually all other matters, though, the Nelson organization not only relies on its managers' judgment, but insists on it. Says Nelson's building management supervisor, Harvey Clark: "Weak managers can be the ruin of an apartment company that's trying to grow. If you don't have people with judgment that you can trust, you end up running them like puppets in an endless series of phone calls."

Needless to say, good judgment comes only with experience. So Nelson's managers are either former assistants who have worked their way up in the organization or have worked as managers for other companies. Even managers with prior experience usually start as assistants. That way they can work under a seasoned Nelson manager for a few months before taking full responsibility for a project.

"Inexperienced managers can get you into a lot of trouble," says Clark. "One of the most common mistakes the novice makes is locking out a delinquent tenant or entering his apartment and moving out his belongings. The tenant can sue you on either count and tie you up in court for 60 to 90 days while he stays in his apartment rent-free. He may even win his suit and make you pay damages on top of the rent you lost."

Nelson checks up on its property management staff by surveying tenants once or twice a year on two subjects: quality of maintenance and quality of managers. One objective of these surveys is to gauge the managers' rapport with their tenants. Says Clark, "That's one attribute managers can't be without. They can be the greatest salesmen and the best bookkeepers in the business, but if the tenants don't like them, they're bad apartment managers."

Clark uses several gauges in sizing up tenant-manager rapport. Example: "When the under-25 people in a project say the managers are too strict and the over-55 people say they're too lenient, then we know things are just about right." Average tenant age in Nelson projects is 30, but most have a representative sampling of all age groups from 21 to over 65. Company policy virtually excludes children in most projects by accepting only infants and teenagers over 18.

In addition to surveying tenants, Clark relies on other indicators to gauge a manager's effectiveness. For example, his concern is aroused by organized tenant complaints that bypass a manager and are sent directly to him.

"Petitions from tenants are usually about rent increases. But even though the protest has nothing to do with the managers personally, it may be a sign that the managers are out of touch with their tenants, particularly if they were unaware that the petition was circulating. We expect our managers to help us explain to tenants the reasons for rent raises and to know when tenant unrest is brewing."

The administrator manager: over-500 projects need large staffs and specialists

Nelson has several projects in the 500- to 1,000-unit range and is developing one that will eventually contain 4,500 units. Tony and Jean Muschara moved up to this level a few months ago. They had previously been promoted from 242-unit Park Webster to 344-unit Sand Cove, then to 609-unit Stone Ridge, and finally to 840-unit Lakeside Village in San Leandro.

For the Muscharas, every formerly routine problem and job is magnified. For example, in small projects, apartment cleaning is a spare-time job for assistant managers who want to earn extra cash. Or it may be handled by outside contractors in projects where assistants aren't interested in cleaning apartments or can't handle all of it. But at Lakeside Village apartment cleaning is such a demanding job that special fulltime assistants are hired to handle it almost exclusively. The reason: A modest 3% monthly turnover in an 840-unit project means at least 25 apartments a month to be cleaned

brought him back to California to manage a 242-unit project (the same one the Exleys are now running).

The first 340-unit phase of the Muscharas' present project is now complete and operating, and Tony's primary job is one of administration. His present staff includes two full-time assistant-manager teams (husband and wife) and a full-time maintenance man who lives in the project; more people will be added when the second phase is ready for occupancy. In the photos at left (top to bottom), *Tony and Jean hold an impromptu staff meeting with some of their assistants in the billiard room of the project's recreation building. Tony and his maintenance man check the swimming pool equipment room, and Tony passes the time of day with some of his tenants at poolside—apparently a not-too-onerous chore.*

and re-rented, and turnover is usually quite a bit higher than 3%.

"The trouble with move-outs," says Tony Muschara, "is that almost all come at the end of the month. Even with full-time apartment cleaners on the staff, we still have to throw in outside cleaning contractors to get all the units ready for move-ins."

The reason for the big rush is that the Nelson company aims at losing no rent days between move-outs and move-ins. The objective in scheduling apartment cleaning is to get the previous tenant out early enough on his last day so that refurbishing, which frequently includes painting and repairs as well as cleaning, can be accomplished quickly enough to get the new tenant in the next day. In big projects this means cleaning at night and on weekends.

With 25 or more apartments becoming vacant each month, the Muscharas are constantly under pressure to re-rent units. By law, tenants must give apartment managers 30 days' notice of their intentions to vacate which, in small projects, allows a comfortable amount of time to re-rent the impending vacancy and have a new tenant scheduled to move in. But when move-out notices reach the proportions that the Muscharas encounter, re-renting apartments becomes a full-time job.

At Lakeside Village a permanent rental office has been set up apart from the managers' offices, and it is manned by a full-time assistant who does nothing but show and rent apartments. Three furnished models are maintained next to the rental office and an electric golf cart is provided for transporting prospective tenants over the project's 36 acres to available apartments.

Handling tenants' problems and requests is a full-time job in over-500-unit projects. With an average of 1.8 persons living in each of their 840 apartments, the Muscharas have over 1,500 tenants to keep happy. To do this, a second office has been set up exclusively for tenant service. It is run by two well experienced assistant managers who have handled tenants in other Nelson projects.

Monthly rent collections, amounting to $165,000 at Lakeside Village, require still another full-time assistant for bookkeeping. This assistant works in the rental office, and in between rent-collection periods she handles deposits from prospective renters and rides herd on delinquent tenants.

The Muscharas have an office in the center of their project, but they rarely occupy it. Most of their time is spent circulating through the complex to oversee their leasing agents, tenant service specialists, apartment cleaners, maintenance men, and three sets of husband-and-wife assistant-manager teams who keep up the tenant facilities. To oversee their staff, the Muscharas have the aid of a motorcycle, walkie-talkies, and interoffice telephones. "It's like running a small city," says Tony Muschara.

At night a mobile security guard patrols parking areas, walkways, and recreation centers and communicates with the managers by walkie-talkie. In large projects, incidents requiring police assistance—e.g., boisterous parties and burglaries—are inevitable, so the managers keep on good terms with local police. However, Nelson has found private nighttime security guards an effective deterrent to most common burglaries and vandalism.

The rent-up manager: special talents are needed for a project's early days

In new projects, Nelson tries to rent as many units as possible in advance of completion. This job falls to the rentup specialist, a manager who moves into a project in the middle of construction, then turns it over to a long-term manager when it approaches full occupancy several months later. This kind of managing can be very trying, but it has its rewards.

Two of Nelson's most seasoned rentup specialists are Carl and Margie Padgett. The Padgetts have rented some 800 new Nelson apartments in five different projects over 21 months. They often move into a half-completed apartment without hot water and appliances so they can start renting apartments two months or more ahead of first completion dates.

Says Margie Padgett: "We sometimes have to eat our meals out for the first few weeks and rent a motel room nearby so we have a place to take a shower."

Rentup specialists can, and sometimes do, live in motel rooms or at one of the other 26 Nelson projects in the San Francisco area, but they are most effective when they live on the premises.

Grand opening day in a new Nelson project comes as soon as the sales office and models are carpeted and furnished. The sales center is a merchandising oasis amid the dust and mud of new construction (H&H, SEPT.), and the rentup specialist must rely on merchandising tools and his own sales ability.

Rentup managers work under the constant pressure of meeting projected sales quotas. Daily phone calls from the main office inevitably start with the same question: "How many have you got rented now?" When quotas are not met, conferences are called to find out why not and what to do about it.

But despite the pressure to fill up new complexes fast, the rentup manager must remember to say no to prospective renters who don't meet the company's standards. It is the rentup specialist who is responsible for establishing tenant quality and tenant mix in new projects.

All of the Nelson rentup specialists are experienced managers who know the company's standards for minimum age, job history, permissible pets, and other tenant qualifications. If they ignore these in their eagerness to rent, their negligence will eventually be discovered by the unlucky long-term manager who takes over the project in the future and finds it overrun by tenants with marginal jobs, over-size dogs, and over-age children. Says Margie Padgett: "It pays to fill up a project fast, but if you plan to be around when the time comes to manage it, you'd better pay some attention to how you fill it."

PHOTOS: GEORGE KNIGHT

Carl and Margie Padgett are rent-up specialists for L.B. Nelson; their job is to take over a project when it is about half completed, arrange for the models to be prepared, then rent apartments as rapidly as possible. At the same time, they manage the project through its final stages of completion, then move on to another project. The Padgetts have so far opened five projects for Nelson, the latest being an 840-unit complex. Carl was a carpenter with a San Francisco construction company before going into the

Something else the rentup manager must be careful about is promises made to prospective renters. "We know we won't be there to answer for bad promises," says Margie Padgett, "but some other managers will, and they'll know who made the promises. So we rent up new projects as if they were going to be our own."

Rentup specialists do more than rent; they also help develop a new project's permanent management structure. They start out just with leasing assistants. But after the first 50 or 60 tenants move in, they are ready for the first set of long-term assistant managers.

The rentup managers can't devote much time to handling tenants, so this task falls to the assistants. If the rentup period lasts long enough, the assistants sometimes acquire enough training to become full managers and take over the project when the rentup managers move on.

Besides the pressure of meeting sales quotas, the rentup managers are under pressure from tenants to meet move-in dates. And because of this, rentup managers are often at odds with the construction crews building their projects.

"Missing a completion date can be a disaster," says Carl Padgett. "Imagine calling up about 40 to 50 people scheduled to move into apartments in four weeks and telling them they'll have to wait eight weeks. We've done that more than once. Or try telling a building full of newly arrived tenants that the city inspector is making us wait one extra day for move-ins so everyone will have to start their first night with us in a motel. That sort of thing makes us real popular with new tenants when they finally do get moved in."

Another source of friction between rentup managers and construction people is tenant service. New apartments almost always have a few rough edges such as bumps under carpeting, nicks in woodwork, and out-of-adjustment ovens. These complaints are the construction company's responsibility, but have to be relayed through the manager. "The morning after a big move-in we can have as many as 50 work requests pouring into our office. If the construction men don't follow them up fast, we're in trouble," says Padgett.

Padgett wants fast handling of complaints not just to keep tenants off his back but to neutralize unfavorable comments about the project. Referrals are an important source of prospective renters, and the rentup managers want the benefits of strong referral traffic as quickly as possible.

Nelson has improved service from construction trades in its new projects by setting up its own construction company, NELCO. Instead of a roundabout chain of command through a general contractor, Nelson now has direct control of construc-

apartment management business in 1963. Margie worked as an administrative assistant in a veterans' hospital for four years and later as a department store manager before going into apartment managing with Carl. Together they moved to the Midwest where they worked for two apartment-management companies, and in 1969 they joined L.B. Nelson.

The photos above and at left show (top to bottom) *some of the work a rentup specialist must do: meeting with a staff that includes assistant managers and two leasing agents, taking prospective tenants on tours of the model apartments, explaining different locations and rentals to prospective tenants and checking with the construction superintendent to find saleable features for sales pitches to prospects.*

tion crews and can generate faster response to managers' requests in new projects. In fact, NELCO hires men to work full-time at remedying new tenants' complaints and showing them how to use new appliances. Also, rentup managers are now kept better informed of impending problems that might affect tenant move-in dates and are warned further ahead when completion dates cannot be met.

The main incentive for renting up new projects is, of course, money. Nelson pays the rentup specialists several types of bonuses. A typical bonus program is structured according to each new apartment 1) rented and occupied not later than three days after completion, 2) rented but unoccupied not later than three days after completion and 3) rented not later than 30 days after completion. Other bonuses are paid for renting apartments with Nelson's rental furniture and for renting 95% to 100% of the various phases of a new project within a specified period after completion.

A second motivation, almost as strong as cash bonuses, is the excitement of renting up new projects. Rentup specialists are the center of attention during construction of a new project because they determine its success or failure. "It's an exhilarating job," says Harvey Clark. "You'll often see these people showing apartments long after dark."

But when the new project is on the way to full occupancy, and the excitement wanes, the rentup manager gets bored. So Nelson keeps these specialists on the move. Their possessions are never completely out of packing boxes and, to simplify moving, the company encourages them to live in furnished apartments. Says Clark, "The rentup managers are like Marines. They establish the beachhead for our long-term managers."

While specific qualifications vary for the different types of Nelson managers, the general qualifications are the same for all. Company president Les Nelson offers these guidelines for building a strong staff of apartment managers:

- Hire the best people you can find.
- Give them good salaries, but keep a substantial portion of their compensation in the form of incentive bonuses.
- Give them enough on-site assistants.
- Help them organize and schedule their staffs.
- Buy them good equipment.
- Give them enough outside maintenance help.
- Back them up in their decisions about tenants.
- Keep them informed about what's going on in the company and in apartment management in general.
- Promote them as often as they deserve it.
- Don't coddle a weak manager—it can cost you thousands of dollars.
- If you decide a manager is hurting a project, don't wait more than a week to make a change. ■

CHRISTIE

Housing in 1972:

Boom will roll on through '72 —and perhaps '73 and '74

Housing is no longer counter-cyclical, so it won't collapse when the economy rallies in '72. Chief economist George A. Christie of the McGraw-Hill Information Systems Co. tells why:

Housing has been the hero of 1971.

In contrast to the dreary procession of soggy statistics and inactive indicators that eventually revealed the failure of the original Nixon game plan, the achievements of the homebuilding industry this year were all the more spectacular.

For once, all the necessary ingredients for a housing boom were present in abundance. The large backlog of need has been building up for several years. The sudden accumulation of mortgage money and the surge of federal housing subsidies—each a response to the recession—coincided with that need in 1971. The result: a gain of nearly 40% over last year's $25 billion (contract value), and an excellent chance of cracking the formidable 2-million-unit barrier. Add to this more than 400,000 mobile homes and you have by far the biggest year in history for the production of shelter. This finally brought housing production in touch with HUD's much-heralded goals.

New growth industry. The cynic, observing this event, might be tempted to point out that this is just another case of the usual counter-cyclical expansion that happens with every recession. But he'd be only partly right. And if he insisted that 1972 will bring the inevitable decline of housing that's supposed to happen once the general business recovery gathers momentum, *he'd be wrong.*

At long last the housing industry can look forward to putting two good years back-to-back—even three—or more. Shelter is becoming a *growth* industry, and the old counter-cyclical stereotype no longer applies.

Government and money. Two important changes are making the difference.

One is the increasing role of the federal government in generating a sustained volume of low- and middle-income housing demand through its several subsidy programs. Until 1969, federally assisted housing never made up more than 10% of total starts. In 1970, subsidized units accounted for nearly 30% of all dwellings built, and they are slated to stay in the 25%-30% range at least through the mid-seventies, providing a solid base of half-a-million or more units per year.

The other important change came in the mortgage market.

Left to their own devices, the thrift institutions, which supply most of the nation's mortgage money, could usually be counted on to run dry whenever the general demand for credit (usually paced by strong business demand in periods of expansion) heated up.

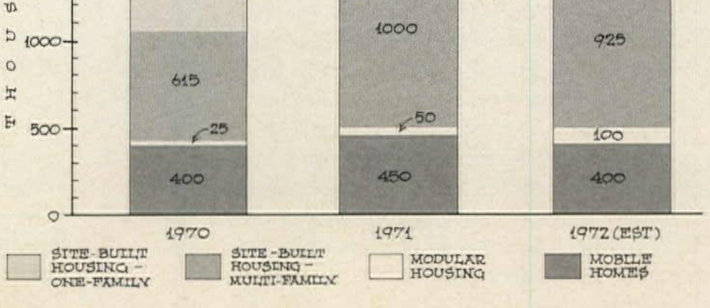
Now, however, the operations of GNMA, along with those of FNMA and FHLBB, are helping to offset the severe swings in the flow of funds available for housing that originate in other sectors of the economy.

One consequence of these stabilizing forces is finally to put the emphasis of forecasting housing activity back where it belongs: more on the demand for housing and less on the availablity of mortgage money.

No more crunches. This is not to suggest that the role of the mortgage market can now be ignored. It is still important, but no longer all-important in determining how much housing demand will be served. What has been eliminated is much of the risk of periodic crunches.

On the other hand, virtually all of the large gain in housing that took place during the first half of 1971 was in privately financed, *un*subsidized housing.

The number of federally assisted units started in this period was barely equal to those started in the first half of 1970, and considerably fewer than during last year's final six months. The big push in 1971 came almost exclusively from the enormous buildup of savings in the thrift institutions as consumers held on to an abnormally high proportion (over 8%) of their incomes during the recession and the tenuous early recovery. On the strength of this heavy accumulation of deposits, commitments for future mortgage loans were twice as high at mid-1971 as they were at the start of the year, assuring steady support for a continued high rate of homebuilding at least into early 1972.



Overbuilding? But what happens when the consumer begins to spend more and save less (or even draws upon some of his past savings) as he is expected to do next year? It is when such conditions crimp the flow of mortgage funds that HUD's new powers begin to pay off. Not only is HUD prepared to suppress the tendency for mortgage rates to rise by providing massive secondary support to the mortgage market, but it also plans to increase the number of subsidized housing starts in 1972 to nearly 600,000 —aiming at a total production goal (including mobile homes) of 2.7 million units!

This is heady stuff. It's time to start asking whether the housing market can absorb an average rate of 2.5 million shelter units per year for any length of time. That's roughly double the current rate of family formation, and even after allowing for replacement of removals from the housing stock at as high a rate as 700,000 units, what's still left over—more than half-a-million units per year—will shortly exhaust the backlog of demand carried over from the low-volume sixties.

Starts—1.95 million. We estimate the practical ceiling for 1972 homebuilding to be the combined total of 1.95 million site-built and modular units, and something around 400,000 mobile homes (*see bar graph, below*), although there could easily be some crossover at the fringes of these markets.

That's a bit less than most forecasts of housing demand for next year. But whether the 1972 housing total (now estimated at 2.35 million) comes out 100,000 units more or less than the 2.5 million units expected in 1971 is not what's most important. What counts is that 1972 will be another very strong housing year.

The homebuilding market isn't going to come apart at the seams next year just because economic conditions will be on the upswing.

Northeast and Midwest will lead '72 housing boom; California will fall back

This year's strong advance in the national total of new construction has been shared by all parts of the country. By year-end, the stronger regions will be distinguished from the weaker only by whether they gained more than 15%.

Through the third quarter, the South and the Northeast were just about on that mark, while the Midwest was doing a bit better, and the West was slightly behind.

Housing was mainly responsible for the uniformly strong regional gains in total contract value. The surge of homebuilding everywhere helped to conceal the spotty patterns of nonresidential and non-building construction this year.

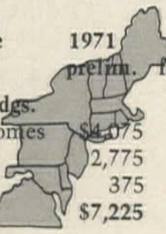
Residential building has been strongest in the Northeast and the Midwest—just where the need for housing as indicated by low vacancy rates is greatest. The Northeast, which hasn't had a strong apartment building year since the early sixties, has been setting the pace of national multifamily construction, followed closely by the Midwest. Through the third quarter, both these big-city regions were showing percentage increases nearly twice as large as the South and West. By contrast, the single-family housing gains were evenly divided among the four regions.

Northeast

The area's housing markets face a lot of catch-up over the next few years.

The potential for further growth of residential building in 1972 is good, despite the particularly sharp advance there in 1971. Although this is not a region of fast-growing population, its housing needs are nevertheless critical—particularly for the low- and middle-income housing that will be generated in even larger numbers next year via federal subsidy programs.

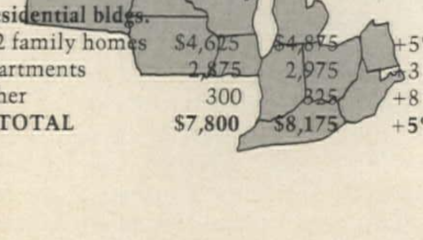
Even as the national total of housing starts levels off next year, Northeastern contracting for residential building is likely to show another increase.



Construction contract value (millions)	1971 prelim.	1972 forecast	Percent change
Residential bldgs.			
1-2 family homes	$4,075	$4,275	+5%
apartments	2,775	2,900	+5
other	375	400	+7
TOTAL	$7,225	$7,575	+5%

Midwest

So far, at least, the Midwest has taken 1971's surge of residential building in stride. Vacancy rates for both one-family homes and for apartments were actually lower at mid-1971 than they were a year earlier, but much of 1971's apartment starts—where the region's big increase came—won't be available for occupancy until sometime next year. When that happens, the pace of building will slow a bit, but this region—like the Northeast—is one where there is potential for a further housing gain next year.



Construction contract value (millions)	1971 prelim.	1972 forecast	Percent change
Residential bldgs.			
1-2 family homes	$4,625	$4,875	+5%
apartments	2,875	2,975	+3
other	300	325	+8
TOTAL	$7,800	$8,175	+5%

West

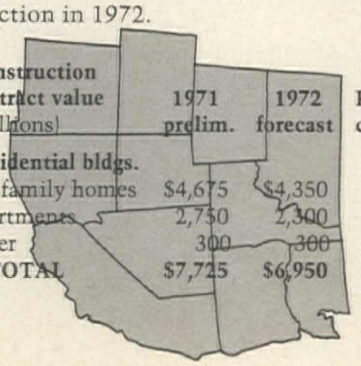
Judging from 1971, Westerners seem to be ignoring the defense/aerospace cutback and the fact that net migration to California has dwindled almost to zero. Building is still going on as usual—for the time being, anyway.

Through most of 1971, the West has shown a surprisingly strong 10% lead over 1970's construction contract value, and a pattern of growth much like that of the nation: all of the gain concentrated in housing, with nonresidential contracting holding about even.

Diversification of this region's once triangular base of orange juice, celluloid, and airframes has obviously come a long way. But without migration, and with the key aerospace industry still in trouble, there's little justification for continuation of the high rate of homebuilding or for the expectation of a solid recovery of nonresidential building in the near future.

The West's housing market appears to have lost touch with reality again. (Remember 1963?) Vacancy rates don't show it yet, but that's partly because half of all the housing units built in this region are apartments, and most of those started since the summer of 1971 haven't hit the market yet.

The region's vulnerability is in California, where builders are putting up a new housing unit this year for each and every individual being added to the state's population. Unless there is a sudden Westward migration to bail them out, California builders will have to cut back production in 1972.

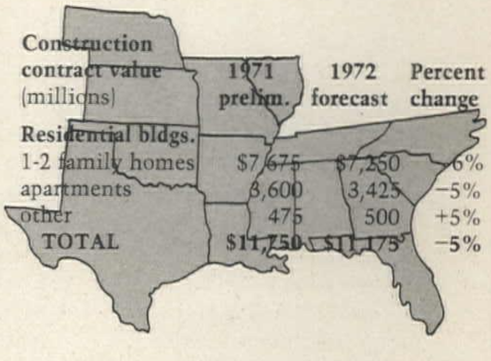


Construction contract value (millions)	1971 prelim.	1972 forecast	Percent change
Residential bldgs.			
1-2 family homes	$4,675	$4,350	− 7%
apartments	2,750	2,300	−16
other	300	300	—
TOTAL	$7,725	$6,950	−10%

South

The region's demand for housing has kept pace with its strong industrial growth. From the beginning to the end of the sixties, the South's share of the national total of apartment contracting rose from only 12% to the current 30%. (The Florida condominium boom has had something to do with this.)

But residential building's potential has lost some of its gleam lately. Retirement and second homes—a volatile segment of the Southeastern housing market—have crept beyond reach of many potential customers (at least temporarily) because of rising costs and recession. Throughout the entire region, residential vacancy rates are the highest in the nation, both for apartments and one-family units. Reflecting these conditions, the South is showing the smallest residential building gain of the four regions in 1971, and will probably build 5% to 10% fewer housing units in 1972.



Construction contract value (millions)	1971 prelim.	1972 forecast	Percent change
Residential bldgs.			
1-2 family homes	$7,675	$7,250	−6%
apartments	3,600	3,425	−5%
other	475	500	+5%
TOTAL	$11,750	$11,175	−5%

Three other experts . . .

. . . assess the prospects for housing. For their views, turn the page.

The NAHB predicts an even bigger boom—starts up to 2.1 million in '72

SUMICHRAST

Nixon Economic Policy will spur home purchases and ease mortgage rates

Economist Michael Sumichrast predicts that stability, government support, and buyer demand will bring homebuilding its greatest year.

Housing starts in 1971 will reach a new record—nearly 2 million units.

And next year will be somewhat higher, possibly reaching 2.1 million—another record.

The value of new residential construction will increase this year by $10 billion. In constant dollars, this will be 62.7% above the figure for 1950. And this value should increase next year by 5% to 6%—to reach $42 billion.

Living space. In terms of square feet, a comparison with the previous record of 1,952,000 starts in 1950 is quite dramatic. We will build about 47% more finished space in 1971 than in 1950. In single family housing, 1971 will see about the same or somewhat lower square footage than in 1950, but in multiples the total area will be five times larger than in 1950.

The finished living space in 1972 will probably not increase from the 2.6 billion-sq.-ft. figure of 1971, in spite of a slight expected increase in total housing starts.

This forecast is based on well informed judgment supplemented by intelligence from the field. What is the judgment based on and what is the intelligence?

Government policy. The purpose of the New Economic Policy is to restore confidence in the purchasing power of the dollar. More stable prices will encourage consumers to buy, and business to invest. The policy will also have a salutary effect on investors, especially in the long-term market, who should be more inclined to accept lower interest rates.

As long as financial markets and consumers believed that prices would continue to increase at a 5% to 6% pace, housing suffered from high mortgage rates. To hold the interest rates down, the government stepped in to provide support for the 7% FHA-VA rate.

Private housing production functions best in a climate of stability, little inflation, and low interest rates. Lack of stability and high inflation results in high mortgage rates. Interest rates can either stimulate or retard housing production. We expect rates to be lower next year, helping production of housing.

Government Support. The most dramatic short-range change in housing production has been in the share of units built with direct government subsidy. This share was 8.61% in 1967, when 113,788 units were started under various subsidy programs. In 1968, 173,996 units were started, and the share increased to 13.64%. Two years later, in 1970, the share of subsidized production jumped to 29.54%, with 432,450 units started. This year is expected to end with 550,000 units subsidized—about 29% of all starts. And production of subsidized units will increase by 7.7% to 600,000 in 1972.

Caution on '72: Some forces that produced '71 boom will work in reverse

THYGERSON

Economist Kenneth J. Thygerson of the U.S. Savings & Loan League sees a decline in mortgage funds and a 2½% to 5% drop in starts.

Many of the favorable factors that combined in 1971 to produce what now appears to be an all-time record in housing-starts will not go unchanged next year. So a starts forecast for 1972 must take into account several rather unpleasant expectations.

First, savings flows into nonbank intermediaries are expected to fall off substantially in 1972, from the record flows of 1971. Savings flows received tremendous impetus in 1971 from the reintermediation of funds from the open market. In the first half alone, households sold nearly $13 billion of government and agency securities. Much of this money found its way into financial institutions. Unfortunately, this important source of funds will not be available next year.

Further, the expectation for a marked increase in personal-consumption spending next year should reduce the personal savings rate from that of 1971.

These two factors should sharply curtail the availability of mortgage funds from the major private mortgage lending institutions.

Government's needs. There is a second problem. Credit market conditions will probably suffer in 1972 from the projected record demands of the federal government and its agencies. If the monetary authorities follow a policy consistent with the Nixon Administration's anti-inflationary efforts, the government will necessarily be a large competitor for funds from the private sector.

Further, assuming that the recovery achieves the more optimistic growth projections now in vogue, business and consumer credit demands will grow rapidly. Each of these factors will make it increasingly difficult for the mortgage market to compete favorably for funds.

Overbuilding. A third problem afflicts the building industry itself.

A number of important local housing markets have begun showing signs of difficulty in their ability to absorb the record volume of new units already built and started during 1971. Some scaling down of production is in order.

It is true that estimated housing needs are still extremely high, particularly in the lower income markets. Nevertheless, these potential needs will not quickly be converted into effective demand and sales without significant advances in employment and personal income over the next few years.

Housing support. Each of these factors would suggest a 12%-15% decline in housing starts in 1972 as compared to the estimated 2 million starts in 1971. However, several events have occured to alter this projection. The administration's new economic programs—and particularly the $2 billion in special funds set aside to finance the GNMA-FNMA tandem plan, and the 90-day wage-price freeze—should substantially slow the descent in housing starts.

With the FHA mortgage rate now subsidized at 7%, and some benefits expected to accrue in the price area due to the 90-day wage-price freeze and Phase II, housing has received a significant shot in the arm.

And so—1,925,000. Taking these new factors into consideration results in a far larger 1972 housing starts projection. Still, a slow descent in starts is anticipated next year with each quarter's analyzed, seasonally adjusted figure falling below the previous quarter. The resulting forecast, however, puts total starts only 2½% to 5% below 1971, or around 1,925,000 units.

Housing in 1972 should represent another strong year with starts slightly below 1971. To achieve this, however, will require that much greater demands be made on the federal credit agencies, government subsidized housing programs, and federal secondary market facilities than were necessary in 1971.

Another view—the mesmerism of 2 million, housing's magic number

KLAMAN

Mix—not number—is important. So many subsidized units may signal a virtual U.S. takeover

Housing can pay too high a price for the boom, warns chief economist Saul B. Klaman of the National Association of Mutual Savings Banks.

The magic number has been reached—indeed surpassed!

We have started 2 million housing units or more—at seasonally adjusted annual rates—in each month since July. The national goal for new housing production—once considered so elusive—is now a reality. And forecasters now agree that the 2 million-plus rate will be maintained in 1972.

Yes, we are in a housing boom! But at what cost to the structure of housing and mortgage markets, to the increasing federal takeover of former private market processes, to the shaping of subsidy programs at the altar of housing starts statistics? We have, indeed, been mesmerized by the blinding magic of the overall number—2 million is all that matters.

Boom's dangers. A closer look certainly raises some questions.

First, some concern is warranted about the long-run health of the private mortgage and housing sector. Perhaps many in the private sector are not concerned about the forces underlying the boom, as long as the boom develops. But those who are concerned ought to be aware of what is happening—a marked shift in the impetus, in the character, in the driving force, from the private to the public or quasi-public sector. This is evident in the increasing significance of federal (or quasi-federal) agency lending in the residential mortgage market, in the rapid growth of direct federal mortgage subsidies, in the broadening of housing subsidies to encompass ever higher income groups.

Big brother. Federal involvement—direct and indirect—has now become the dominant factor in housing and mortgage markets. Without FNMA, GNMA, the FHLB System, the FHLMC, and the FHA (both Federal Housing and Farmers Home Administrations) what would the flow of mortgage funds be today? Without sections 235, 236, "turnkey," 221d3 (now phasing out), etc., what would the volume of housing be?

And now the new GNMA "super-tandem" plan is upon us, with $2 billion of Treasury funds at its disposal to support an unrealistic 7% mortgage rate. Apart from the unwisdom of further unbalancing the already heavily unbalanced federal budget, this policy segments and distorts mortgage and housing markets, provides subsidies for consumers without regard to their incomes, and discriminates against those parts of the country where housing prices are higher.

The new GNMA tandem plan reflects, of course, the government's continued determination to deny the operation of the free market place—its determination to maintain the illusion of lower interest rates than markets require.

Federalization. In this steady march toward federalization, private mortgage lending institutions are becoming mere conduits—subsidiaries to federal and quasi-federal agencies. It is the latter which take the initiative, set the policies and make the decisions. Private lenders are out in the field funneling through the funds which are put into motion by Washington. Is this really how we want mortgage markets to work?

I think not. I think rather that we want to improve the ability of mortgage-oriented thrift institutions to serve mortgage markets better—without federal aids—through all phases of the business cycle. How to accomplish this—through a modest broadening of powers to permit improved competition with commercial banks and private capital-market instruments—has been the subject of extensive writings by learned observers.* The National Association of Mutual Savings Banks has also proposed specific approaches to improving the performance of the thrift institutions, and hence of the mortgage market, most recently in the *1971 Annual Report* of the executive vice president.

Uneven impact. A final thought on the blinding mesmerism of the global housing starts data: Often overlooked in the totals is the widely uneven geographic distribution of activity. Most of the gain over last year has come in cities of the South, Midwest, and West. In the Northeast, however, the recovery in starts has lagged markedly behind the upturn in other areas—particularly in Boston, New York, and Philadelphia, major savings bank cities.

Savings banks. The implications for savings bank mortgage lending are obvious—it has been less than expected relative to sharply increased deposit flows. But superficial analysis has attributed this fact to reduced interest in mortgage loans by savings banks, rather than to reduced demands for mortgage credit. The fact is that borrowers have not been breaking down savings bank doors for residential mortgage loans. Indeed, the record will show that savings banks have met all their local demands for home mortgage credit, while sharply reducing out-of-state lending.

During the first eight months of 1971, as shown in the accompanying chart, savings bank holdings of mortgage loans on properties in their own states increased by $1.9 billion, more than in the full year of 1970. Local savings bank mortgage lending this year will undoubtedly reach an all-time high.

Yields. The lower overall volume of savings bank mortgage lending, therefore, reflects the marked reduction in out-of-state mortgage activity, which has been evident over the past few years. In this respect, savings banks have justifiably channeled excess funds, beyond local mortgage needs, into higher yielding corporate securities.

The ample availability of housing credit in savings bank areas is clearly demonstrated by the lower level of yields there. When the FHLMC recently announced a rate reduction to 7⅝% in the conventional loans the corporation would buy, savings banks were already making housing credit available locally at rates of 7% to 7½%. Savings banks have hardly forsaken the residential mortgage market.

The reduced savings bank role in national mortgage markets, however, will not continue indefinitely. Should mortgages regain their yield advantage over corporates—and they may well do so if open-market rates continue to respond to the administration's anti-inflation efforts—then savings bank funds will again flow in large volume into out-of-state markets.

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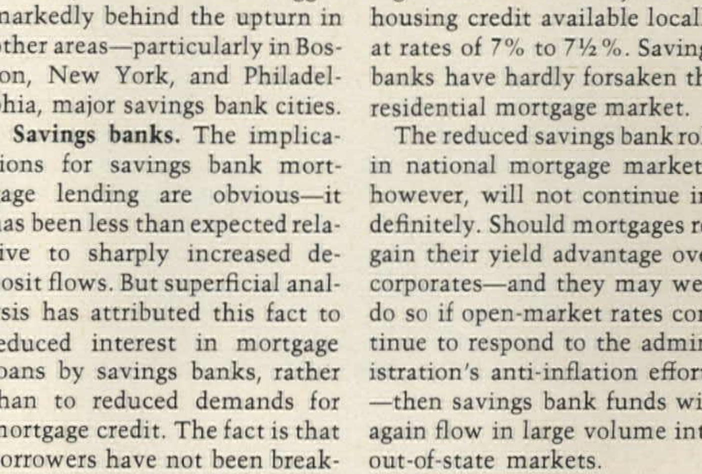
* For example: Leo Grebler, *The Future of Thrift Institutions: A Study of Diversification Versus Specialization*, UCLA, June 1969. Irwin Friend, *Changes in the Asset and Liability Structure of the Savings and Loan Industry*, Vol. III of a study of the Savings and Loan Industry, Home Loan Bank Board, Washington, D.C.



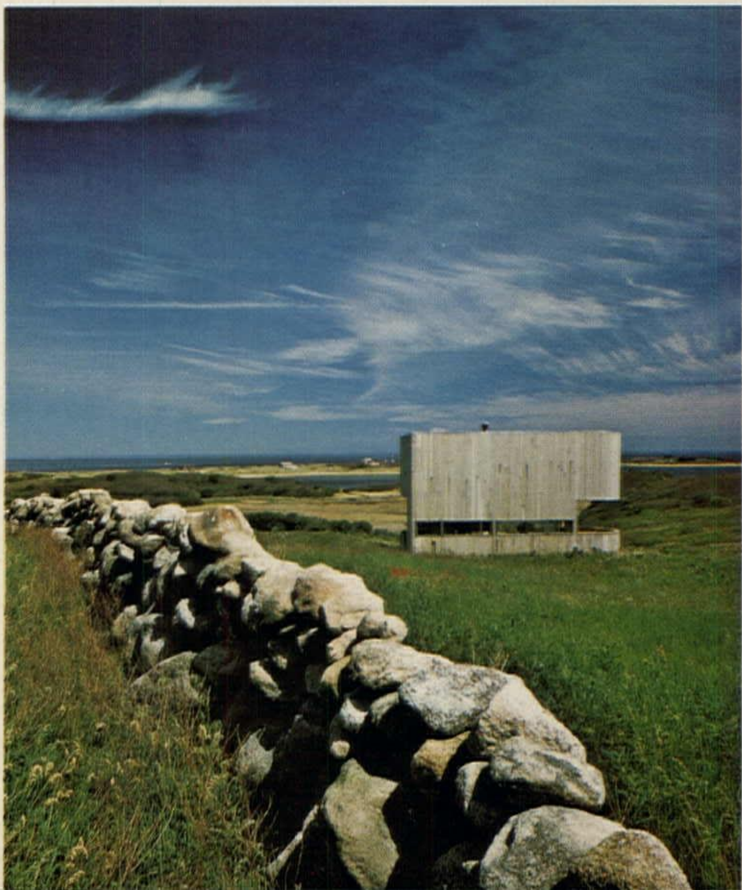
SOURCE: NAT. ASSN OF MUTUAL SAVINGS BANKS

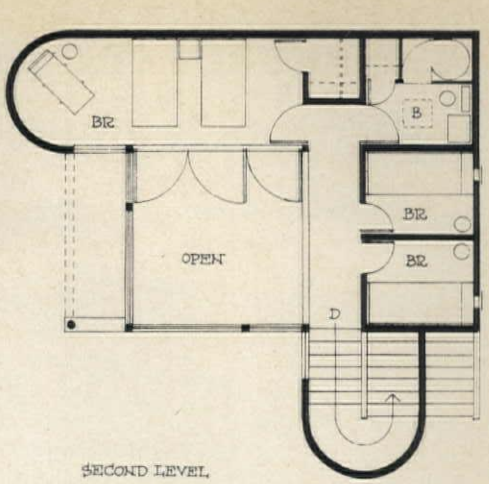
Vacation homes often preview design trends for the rest of the residential market. Here are four such potential trend setters.

A northern island house oriented to the view

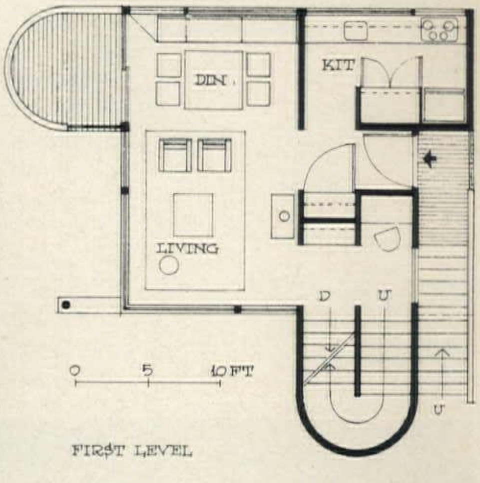
Architect/owner:
Christopher H.L. Owen
Builder:
Sweeten and Sons
Location:
Block Island, R.I.

The best views across the flat offshore island are toward the north and east. So even though this orientation is right into the teeth of oncoming heavy weather, the two-story glass-walled living space (photo above) *is turned that way. But this expanse of glass has been broken into smaller, less vulnerable parts. South and west windows, facing land for future development, are minimal* (right).

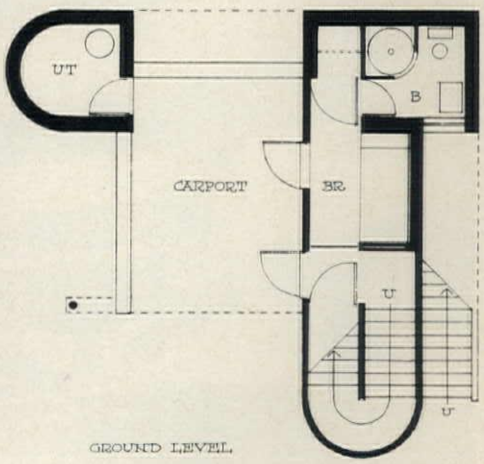




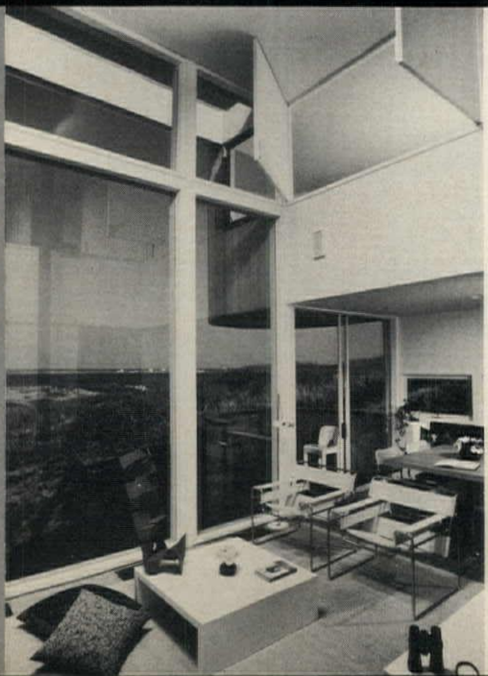
SECOND LEVEL



FIRST LEVEL



GROUND LEVEL



***Glass-walled living area** needs no protection from neighbors since none are in view across the six-acre site. For protection from summer sun, however, the glass is shaded by the rounded overhang above the semicircular dining deck* (left foreground in photo above), *the beam across the top of the east face, and the enclosed stairwell* (plan, above). *Within the glass box is the high living room which can be entered directly, or through the stairwell, and which leads to the one-story dining area and kitchen. Interior windows in the master bedroom overlook the living room, as does the balcony outside the two bunk rooms. This arrangement provides not only daylight for all areas of the 1,350-sq.-ft. house, but views from most rooms. Carport, utility room, and guest suite are below.*

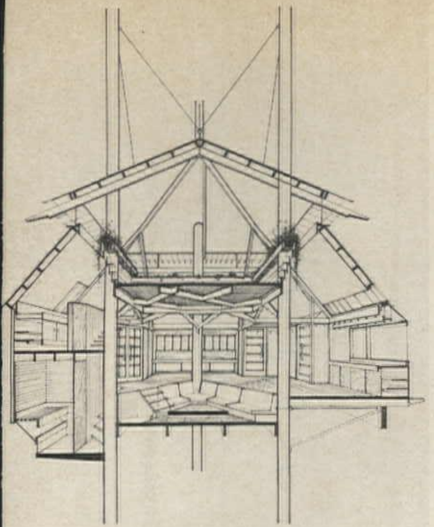
First Honor Award,
1971 Homes for Better Living
program sponsored by
The American Institute of Architects
in cooperation with American Home
and HOUSE & HOME.

A house for the tropics suspended above its site

Architect/builder/owner:
Yiannis Byron Antoniadis
Location:
Coconut Grove, Fla.

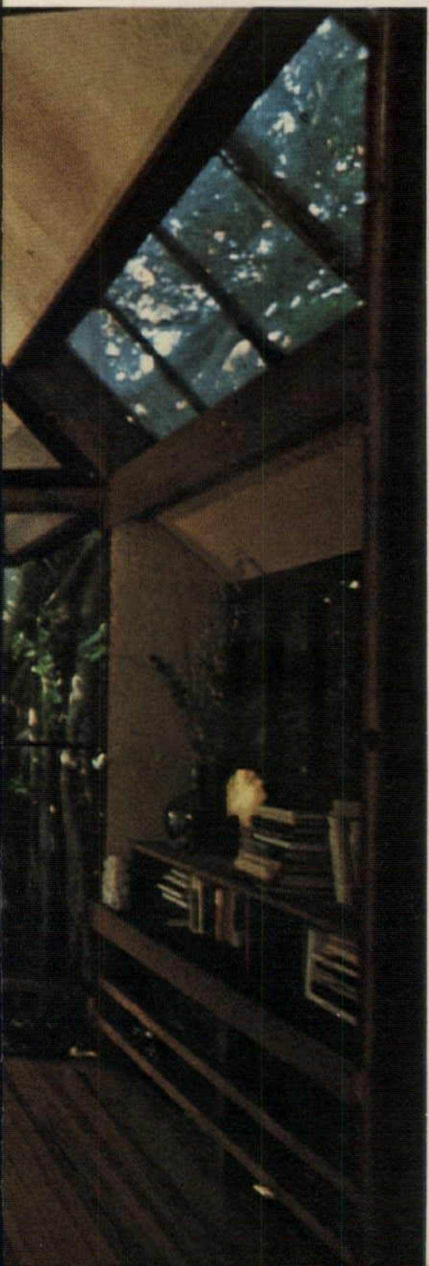
This living platform hangs 4' over the ground, suspended from four telephone poles. Not only did this design cut the foundation costs (from an estimated $2,400 to just $40), it created a truly tropical house—one that works with the climate. For cooling, air circulates beneath the house; window vents near the floor of the main living level are high enough to catch passing breezes; and vents around the upper level loft exhaust warm air rising within the house and also air from beneath the roof that is circulated by a central butcher fan. Major glass areas are protected during heavy rains and gale winds by overhangs. The Swiss Family Robinson look is due to under $10,000 budget for 800-sq. ft. house: materials came from salvage stores, discards—and city dump.

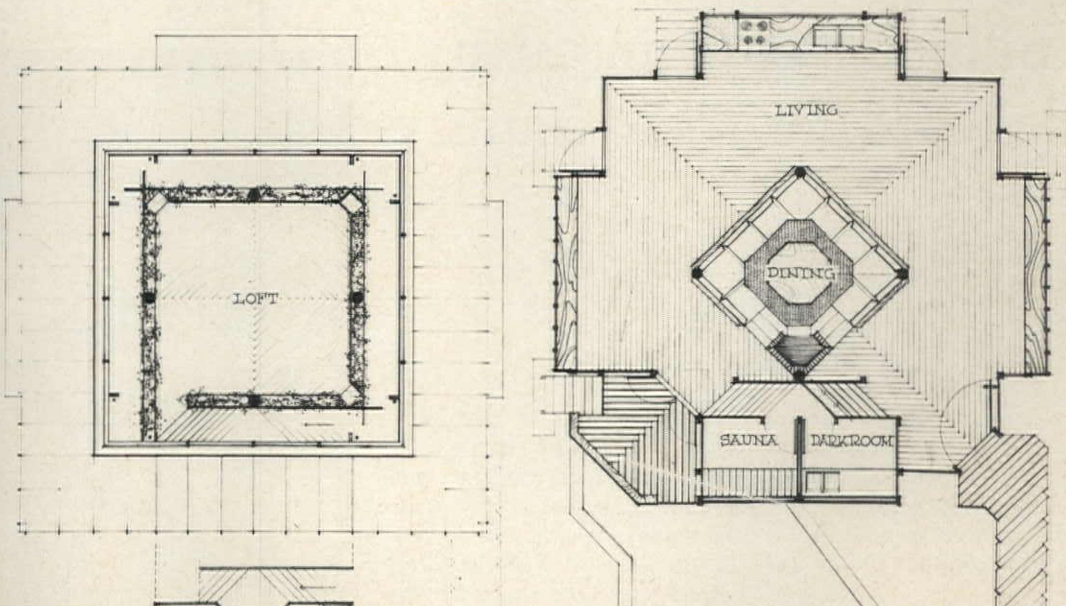
PHOTOS: Y. ANTONIADIS



Five-level plan (section above) *puts sauna bath and dark room at the bottom; sunken central conversation/dining pit next; main living level* (photo below) *third; the bathroom, fourth; and the loft* (photo opposite) *at the top. Each level has its own view of outdoors* (plans, below, right), *but doesn't look into others. The whole structure is suspended to midpoint and cables run to pole tops.*

Award of Merit,
1971 Homes for Better Living





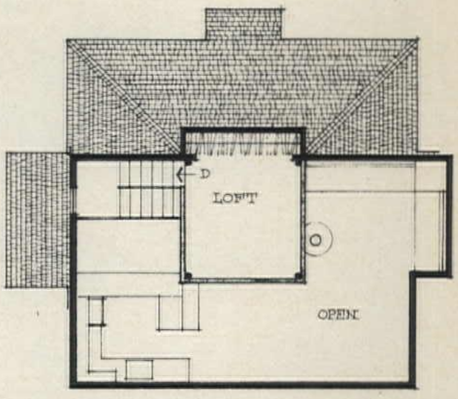
PHOTOS: CHUCK CRANDALL

A hillside mountain cabin designed for snow country

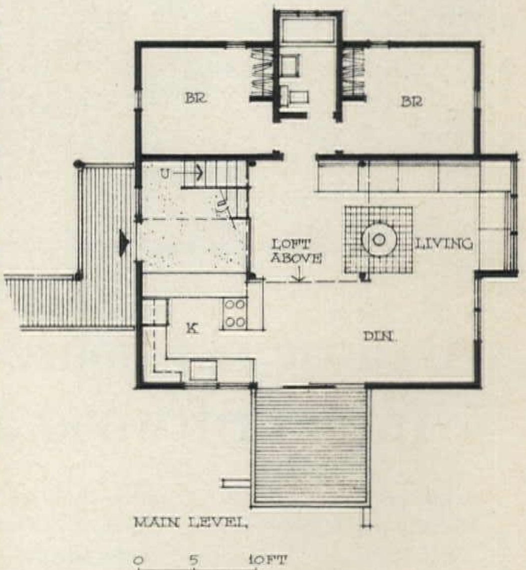
Architect:
William M. Gillis & Associates
Builder:
Peter Alders
Location:
Bear Valley, Calif.

Even during the deepest snows, the mid-level main entrance on the uphill side remains clear of drifts. As the photo above shows, it is protected by a steeply sloping roof that extends over a small porch and the short walkway to the nearby drive. Hence it never needs clearing. On the downhill side, snow slides away from the high window in the shed roof, down the steep roof over the living room, and falls out a few feet beyond what can be a future bunkroom on the lowest level. Other windows and doors are protected by wide overhangs. Inside the 1,105-sq.-ft. house, daylight filters down into the main living areas from windows in the stairwell and above the loft. The simple materials used not only kept construction costs down, but help the house to blend with its wooded surroundings.

Hillside plan (section below) *puts the present lowest level not down the hill, but on the uphill side. Half level up from the mudroom near the entrance is the main living level, and over that is the loft. Future plans call for a bunk room in the downhill space, but all present windows and doors are well above the snow level. To disturb the site as little as possible, the house was put on steel legs set in spread footings.*

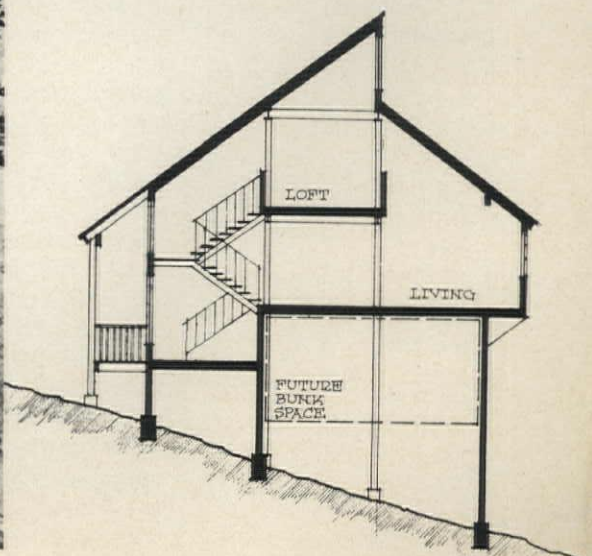


UPPER LEVEL



MAIN LEVEL

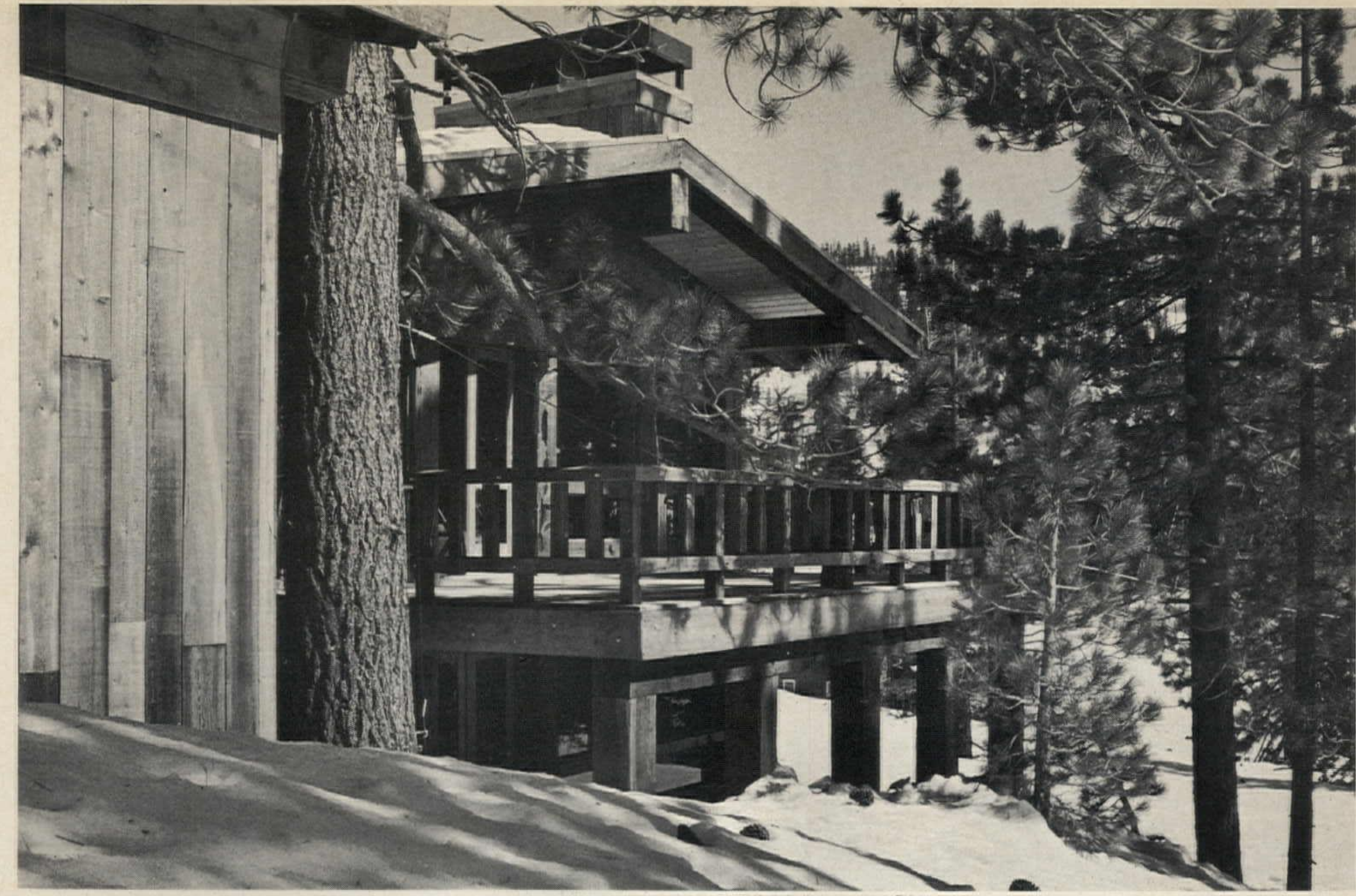
0 5 10FT



A rustic ski house made from driftwood lumber

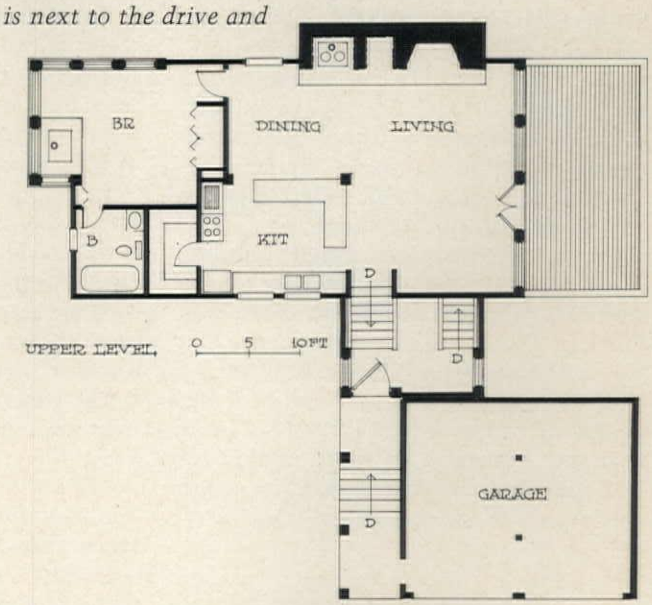
Architect:
Mackinlay Winnacker & Associates
Builder:
L.R. Van Wetter
Location:
Olympic Village, Calif.

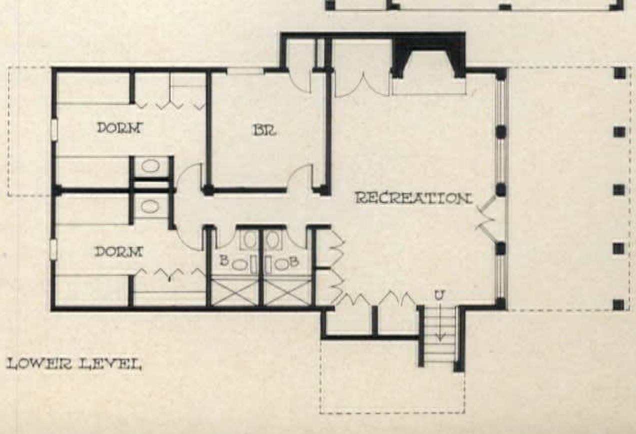
Both the exterior and the interior use redwood lumber picked up by the owner along a rugged part of the California coast. A 12" x 20" bridge beam forms the ridge; posts, beams, and lintels are 12 x 12s; rafters are railroad ties; front door and deck railings are 4 x 4 barn studs; and barn siding was used for the sheathing indoors and out, as well as for interior doors, cabinets, and trim. Unlike many snow-country houses, this one has a roof with a shallow pitch. It is built in two layers; cold air circulates between them, keeping interior heat from melting the snow. Rocks on the upper layer hold some snow for insulation, while excess is whipped off by winds blowing across the roof.



PHOTOS: TOM F. WALTERS

***Rectangular plan** puts master suite, kitchen, dining, and main living areas on the upper level, providing a view across snow drifts. Bunk rooms, guest room, and recreation room are below. Garage is next to the drive and opens onto a covered walk to the entrance, so little snow clearing is necessary. Compact plan provided 2,300 sq. ft. of living, and saved trees on ½-acre site.*





Everything you always wanted to know about builders' insurance*

*BUT WERE TOO BUSY TO ASK

A Dallas builder sold a $40,000 house. A year later it burned down—a total loss.

Now the homeowner's insurance company is suing the builder for negligence. The charge: faulty wiring.

The builder was insured, according to Harry Gump, a Dallas insurance agent. But his liability limit for property damage was a mere $10,000. So if the builder loses the case, he'll also lose $30,000 of his own money.

Of course, once the builder shells out his $30,000, he can turn around and sue his electrical subcontractor. But the subcontractor has never carried insurance for that kind of accident. Says Gump: "Homebuilders around here aren't very strict about what insurance their subs carry."

Such cases of underinsurance or no insurance are not farfetched in home-building. They occur with depressing regularity, and they occur either because builders want to save money or because insurance agents and brokers forget to tell builders about the protection available to them.

So say three insurance experts who provided much of what you're about to read. One is a broker, two are insurance consultants. They are:

Robert Ellwanger, a veteran of 23 years as insurance underwriter and broker. He's executive vice president of the Real Estate Insurance Management Division of Burger & Burger Inc. in New York City, a firm specializing in the real estate field.

James E. McNiff, who has been in the insurance business for 14 years, of which 6 have been spent as insurance consultant. McNiff is vice president of John Liner Associates Inc., insurance consultants in Wellesley Hills, Mass.

William P. Davis III, who began his insurance career 20 years ago, has been an insurance consultant since 1953. He is president of Insurance Buyers' Council Inc., insurance consultants in Baltimore.

Since McNiff and Davis are consultants, neither one sells insurance.

Yes—those experts acknowledge that you may reject any policy offered you by an insurance agent/broker. They admit that nobody can ever own all the insurance he might like to buy.

But, they warn, you should know precisely what is and what is not available on the insurance market so you can make your buying decisions out of knowledge—not out of ignorance.

To help you decide, the box on page 89 will give you a rundown on the important policies available to builders. And the section of this text entitled *You and your subcontractor* will alert you to—among other things—those policies your subs need to carry to protect *you.*

The experts are also convinced they can help you cut your premiums—or broaden your protection at no added cost.

The sections headed *You and your money* and *You and your agent/broker* were written to help you slash your insurance costs.

Finally, the experts remind you that for owners of rental property, insurance savings have a special leverage of their own: When an apartment-house owner saves, say $1,000 a year in insurance expenses, he thereby increases his profit by $1,000. And, since rental property is sold typically at eight to ten times annual net profits, that owner adds some $8,000 to his selling price.

Here, now, is a concise course in builders' insurance, written in layman's English, that may very well protect you from financial disaster.

YOU &

The difference between an agent and a broker

The difference is not a clearly drawn one. In fact, the waters are muddy: Many agents today hold broker's licenses while many brokers double as agents.

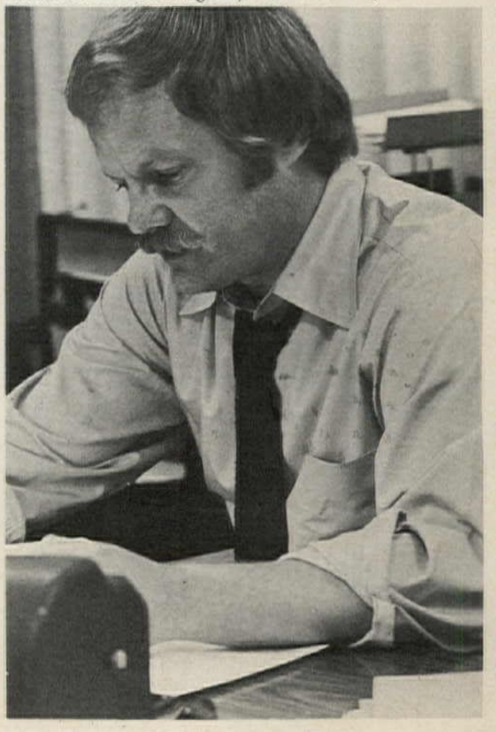
Legally, however, an agent is a representative of his company or companies. As such, he can bind his company on the spot. *He can say, "You're insured," and thereupon legally force the company to honor the contract—even when that contract is oral.*

His words even bind the company when he oversteps his authority vested in him by the company. Under such circumstances, the insurance company while honoring the contract, would undoubtedly sue the agent.

There are two types of agent: independent and captive. The captive agent is employed by one company or one family of companies. He sells no other company's insurance. Thus, if you deal with the captive agent, your choice of policies will be limited to what the captive

TO PAGE 86

Broker Robert Ellwanger of New York City



YOUR AGENT/BROKER

Shop for low-cost insurance just as you shop for subcontractors

"Insurance rates aren't frozen and the policies aren't inscribed on stone," says broker Bob Ellwanger. On the contrary, insurance companies periodically revise their rates and reshape their policies to compete for good business such as housing. And companies even will lower their profits on your insurance package—if you're a big enough customer who knows how to bargain.

Agent/brokers are competitive, too. Your agent/broker is legally allowed to lower his commission to cut your costs. All you have to do is ask (*see page 88 for details*).

Since the insurance industry is competitive, any builder who doesn't shop is throwing his money away.

To get the best financial deal shop every three years as your three-year policies are about to expire. But Ellwanger advises: "Don't shop more frequently than that or you'll be hopscotching from agent/broker to agent/broker—and that's bound to hurt you."

You'll get hurt because agent/broker service is as important to you as price—maybe a bit more important. And you won't get that service if the broker suspects you're not going to be with him more than a year or so.

There's one exception: If you're unhappy with your agent/broker, don't wait until your policies have expired before you pull out. Under such mid-stream circumstances, you can do one of two things:

1. Shift to another agent/broker who represents your present insurer without disturbing your coverage. That's a sound approach if you're happy with the rate and coverage and dislike only the agent/broker.

However, the new agent/broker representing the same company has a legitimate problem. He gets no commission on the business you're transferring (the commission went to your original agent/broker). So impress on him that you will keep your business with him for some time. Otherwise, he'll be unenthusiastic about handling your claims and your problems during those financially arid years.

2. Move to a new man who represents companies other than your present one. If you do that in mid-stream, you'll have to buy new policies and then cancel the old ones. That way, your new agent/broker will get his commission. And you'll pay your present insurer a short-rate penalty that varies according to the policy's age—the older the policy, the lower the penalty.*

There are right and wrong ways to shop: It's wrong to walk in cold off the street to an insurance agency or insurance broker and announce you need insurance. Do that and you'll guarantee a cool reception. In the insurance business, "a walk-in customer is looked upon as a problem—a man with risks galore and a claims record to prove it," says Ellwanger.

A personal introduction is the right way. Ask one of the larger builders in your community to telephone his agent/broker: "Harry," your builder-friend says to his agent/broker, "my friend Charlie Houston isn't happy with his agent/broker. Do you think you can take a look at his problem?"

That approach should eliminate any suspicion. But, Ellwanger cautions, "don't let it get around that you're shopping several agent/brokers. That's just not good for your image."

Hard-nosed shopping calls for competitive bids. So, once you've found an agent/broker or two, show them your policies and get their prices. Also make certain the competitive proposals match your existing insurance line for line. Anyone, for example, can serve up lower insurance by attaching high deductibles to some key policies.

To protect yourself, try to get the agent/broker who wins your account to write you a letter over his signature stating he has examined both policies and guarantees that the insurance he's selling you is in no instance more limiting than your old policy.** Get that assurance before you drop your old policy, and then put the old policy in a safe deposit box along with the agent/broker's letter. Later, if you suffer a loss because your new policy did not cover what the old one covered, you can sue the agent/broker for malpractice.

* On a three-year contract calling for $30,000 in premiums, for example, you'll pay $1,710 in penalties plus the earned premium *if* you cancel when the policy is six months old.

** Consultants Davis and McNiff warn, however, that many agent/brokers will refuse to box themselves in with such a letter.

Deal with one agent/broker for the best service possible

That admonition is economic. "We all know that big customers everywhere get better treatment than small customers," says Jim McNiff. "But we forget at times that insurance is no exception to that law."

Any builder who parcels out his insurance premiums among several agent/brokers because he thinks he's helping a couple of old buddies or a relative is losing every bit of clout he might otherwise have.

"Ironically," McNiff adds, "the builder who thinks he's building good will in the community by insuring his own house with one agent/broker and an apartment project with another agent/broker and his automobile with still a third agent/broker may be building up ill will. Agent/brokers don't care for such small business."

Consultant William Davis adds a second drawback to using several agent/brokers:

"When a broker knows other brokers are involved, he doesn't feel the sense of responsibility to you he would feel were he the only broker on the job."

Still another valid reason for doing business with just one agent/broker comes from Ellwanger:

"If you have three agent/brokers and you lose a liability case that costs you thousands of dollars because you weren't insured when you thought you were, you'll have a rough time fixing the blame on one of those three agent/brokers. But if you have only one man and he goofs on you, you have him stage center with the spotlight shining on his face. You can sue the daylights out of him." To protect themselves from such malpractice suits, many agent/brokers carry professional liability insurance.

Instruct your agent/broker to buy your coverage from only one insurer

It pays to be a big customer not only to your agent/broker but also to your insurance company. The big buyer, says McNiff, can get a policy that the insurer ordinarily hesitates to write—simply because the insurer doesn't want to lose a lucrative account.

However, if you don't insist on only one insurer, you may wind up with a couple

TO NEXT PAGE

or more. Your agent/broker works for many insurance companies. And he needs to keep them all happy—if not, they'll drop him. So he's strongly tempted at times to deal out your program among several insurers.

But point out that you're willing to allow specialty writers (like Lloyds of London) to pick up any unusual risks.

Let your insurer suggest changes in construction *before* you build

How and where you build an apartment, for example, will greatly affect the *amount* of premiums you'll pay to insure it against fire, windstorm, flooding, and so on.

So the trick is to build as safe a building as possible. But whose safety guidelines should you follow?

The local fire code?* Not necessarily. You must build according to your insurance company's rating bureau to be eligible for a favorable rate.

If you wish to go to the bother, the insurer will review your building plans, tell you how you can wisely make changes, and estimate a lower rate based on the changes you're willing to make. Armed with that data, you can then cost out the changes versus the savings in premiums.

One example of a rating bureau at work: Two pieces of land were available for a builder's garden apartment project. Both were the same distance from the same shopping center. Both were in nice neighborhoods. And both were about the same size. But one parcel was $9,500 cheaper than the other. So the builder bought the cheaper land.

During construction, he discovered that the property he bought lacked—according to the rating bureau—an adequate water supply for fire fighting. The upshot: Higher rates for fire insurance soon wiped out the $9,500 savings in the land purchase. And those higher insurance rates are still in effect.

Report potential liability losses to your agent/broker immediately

It's easy enough to report a loss that took dollars out of your pocket. **But it's hard to remember to report –*potential* claims. In fact, McNiff notes, many builders aren't even aware that a liability policy demands you report any occurance that may give rise to a claim against you as soon as practical.

That stipulation in the fine print can become a grim reality for you one day when you're sued and your insurance company politely tips its hat and says, "Handle it yourself, sir, we were not notified."

McNiff cites a typical "trivial" accident that may lead to a serious law suit:

A small boy playing around a two-foot-deep trench on your construction site falls in and scratches his legs. You run over, help him out of the trench, dry his eyes, and ask him how he feels.

"Okay," the kid says. And off he goes. You go back to work and forget the incident.

Six months later the boy's parents sue you for $10,000: The boy broke his glasses (you can't recall whether he wore glasses). He's been having nightmares since the incident and, consequently, cannot sleep well. And since he's not properly rested he's not eating as he should. Finally, he's so unstrung he has not been attending school.

You suspect fraud. And perhaps you're right. But fraud or no fraud, you'll wind up in court, says McNiff. And you may sit there with your costly lawyer but minus your friendly agent/broker because you did not notify him in writing that the boy had hurt himself on your job site.

That's one side of the problem. Here's another:

"Let's pretend," McNiff asks, "that that same accident with the boy in the ditch took place. But this time a foreman on the job—not you—pulled the child out of the opening and talked with him. And this time it was the foreman who went back to work and quickly forgot the mishap. What now?"

Even though you could not possibly have notified the agent/broker because you did not know of the incident, says McNiff, you may be guilty of non-notification. And once again the insurance company may legally walk away from the liability.

To protect yourself from an employee's failure to notify you that an accident—or an incident—took place, try to amend the comprehensive general liability policy so that you will not be penalized if an employee fails to notify you. At the same time, name yourself or an assistant as the person who must be notified of all potential liability suits.

That amendment plus your willingness to report all potential liability cases will keep the insurance company in your corner for good.

* Of course, you must abide by such local demands.

** Even here, Ellwanger reports, some builders are unaware of the boundaries of their coverage and thus fail to collect on legitimate claims.

YOU &

THE DIFFERENCE FROM PAGE 84

agent's company offers. And you will pay whatever rates that company sets.

On the other hand, the independent agent represents several companies. If you go to him, he can shop around among the companies he represents to find the best policies for you.

In contrast to the agent, the broker represents no company and cannot bind an insurance company to anything. His function is to bring the client together with the company he believes best suited to the client's needs.

Since the broker represents no insurer, he is free to propose your insurance business to any company he chooses. Thus, he can shop among a wide range of insurers. But the insurance he eventually sells you does not become effective until the company accepts the contract. ■

Insurance consultant William P. Davis III of Baltimore

YOUR SUBCONTRACTORS

Use hold-harmless agreements to lessen *your* liability

When someone signs a contract containing a hold-harmless agreement that you have inserted in the contract, he assumes the liability you would otherwise have had to assume. In effect, you have dropped a hot potato in his lap.

The insurance experts urge you to put such hold-harmless agreements into your subs' contracts. That will make you a better risk—obviously—because you're free of the liability. Result: Your premiums will be somewhat lower.

One caution from McNiff: Hold-harmless agreements may be worth only the paper they're written on *unless* the subs back them up with blanket contractual insurance with very high limits. Thus, their insurance companies will pay any claims arising out of their *assumed* liability.

Make certain your subs carry insurance for *your* protection

"When one of your subs is sued, you can bet you'll be sued," Ellwanger says. And if the sub can't pay, the plaintiff will look to you for the money. In fact, some courts will hold you responsible just because you hired the sub. The reasoning: You should have known his capabilities.

So it's up to you to see that each sub is properly insured—from your point of view. To do that, spell out your insurance requirements in the construction contract you and he sign. Here's the insurance you ought to demand of each sub:

Workmen's compensation. If the sub doesn't have this protection, his injured employees automatically become your employees under the law. And that means you'll pay personally if you're not insured. And if you are insured, the accidents will be charged against your experience, possibly raising your rate.

Your sub should also carry what is known as an all-states endorsement to his workmen's compensation policy. It's free. And without it, any of his employees who live *out of his state* and are hurt anywhere on his business are not insured.

Manufacturers and contractors liability. This protects the sub from *liability* claims by third parties while he and his employees are working on your project.

Completed operations. This protects the sub from liability claims made *after* his job has ended. One possible accident: tenant electrocution caused, say, by faulty wiring.

Since completed-operations insurance must be in effect when the claim is submitted and not when the original work was done, make the subs keep this insurance in force for at least a year *after* the building has been occupied.

Blanket contractual liability. When a sub signs a contract—any contract—he typically assumes some liability as part of the agreement. For example, he may hold harmless the delivery company that brings his equipment to the site. And for sure his contract with you, the builder, will hold you harmless for your negligence. This policy protects the sub from suits arising out of the liability he's assumed under any and all contracts.

Some insurers will insist on seeing a copy of each contract before the sub signs. The experts advise the subs to check with their agent/brokers.

Comprehensive auto liability. This coverage protects the sub from automobile accident claims connected with his work for you. It should include autos and trucks he rents or leases plus his and his employees' autos used on the job.

Your subs can buy all policies described above, except workmen's compensation, in a package called comprehensive general-automobile liability insurance. His liability limits should be at least $250,000/$500,000 bodily injury and $100,000 property damage. If he buys single-limit liability, the limit should be at least $500,000.

Buy for yourself the same coverage you demand of your subs.

Yes, that sounds weird, but the reasoning is sound:

Carrying the same insurance as the sub gives you that extra margin of safety in case he—for whatever reason—doesn't have the coverage you thought he had.

And carrying the same insurance as the sub isn't expensive at all. In fact, it's only a small percentage of what the sub pays.

Why is it so much cheaper? Because you're buying the insurance *contingent* on the sub's buying what your contract said he had to purchase. And that makes you a superior risk. However, if your insurance company later learns you did not get proof that the sub had such coverage, you'll have to pay the straight rate retroactively—and not the lower contingent rate.

Make your subs carry the same liability limits you carry

The reasoning is economic: Whatever portion of a judgment your sub can't pay, you or your insurance company may have to pay. That's because a plaintiff's lawyer sues everybody shotgun fashion. When your sub is sued, you too will be sued. And when the sub loses, you'll probably have to pay the judgment if he can't. Thus, only the dollar limits of *his* insurance protect you.

Sure, you carry insurance for such contingencies. So why worry when you know your insurance company will foot your end of the bill? First, because your limits may not be high enough either, so the excess may come out of your pocket. Second, because your claims record this year will effect your rates next year.

As you ask your subs for higher limits, you may discover a man who balks. Chances are, he'll tell you that he always carries, say, $50,000/$100,000, and that raising his limits just for you would upset his insurance program because nobody else he works for wants anything higher than that.

What he may not know is that his insurance company will gladly—and inexpensively—raise his liability limits just for your project, leaving his program otherwise unscathed.

Put no faith in a subcontractor's certificate of insurance

For years you've probably demanded certificates of insurance as proof positive that your subs owned the policies you insisted on in your specs. Unfortunately, you cannot rely on such certificates.

First of all, a certificate proves only that the sub was insured on the date the certificate was issued. It is no guarantee that he will maintain the insurance while he's working for you. He can forget to make a premium payment to renew a policy that has expired. And his insurance company is under *no legal obligation* to notify you when his insurance has terminated.

Second, the certificate doesn't tell you enough about exclusions that lurk in the sub's policy. Ellwanger cites an example:

An apartment builder thought a sub's insurance covered the project's parking lot. He discovered traumatically that the policy was limited to the building's interior after one of the sub's employees killed a woman with a snowplow in the parking area.

Happily, you can protect yourself.

To make certain you'll be told when a sub's policy has lapsed, demand in the contract that you be notified by registered mail 20 days before his coverage ends. Then have your agent/broker see that the sub's insurance company assumes responsibility either by letter or by including a paragraph in the certificate of insurance.

To discover what the sub's insurance excludes, insist on a carbon copy of his policies—with the forms attached. Then have your agent/broker translate it into layman's English for you.

YOU & YOUR MONEY

Ask your agent/broker to take less commission to lower your liability costs

It's perfectly legal. In fact, each state has spelled out what it will and won't allow. A typical state law:

On the first $10,000 of liability premiums, no commission adjustment is permitted; on any premiums above $10,000, the agent/broker can take as little commission as he wants. (Some states may have lower dollar amounts.) And what the agent/broker doesn't take comes off *your* total bill.

Be warned, however, that your agent/broker will try his damndest to hang on to his commission. He may even tell you his company won't allow commission cutting. "If he says that, he's lying," says Ellwanger, a man who has had other brokers cut their commission from 20% to 2% to win back business from him.

On the other hand, Ellwanger advises, "Don't try to bleed the man dry. Ask yourself if you really want a grossly underpaid agent/broker handling your claims."

The obvious answer: a sympathetic meeting of the minds—you and the agent/broker working together.

Buy all-risk coverage for broader protection

A builder's all-risk* policy can cost four times as much as the standard builders' risk policy that protects against fire and extended coverage—windstorm, hail, explosion, vehicle damage, smoke, and aircraft damage. "But it's four times as good," says consultant Davis.

Why? Because a standard policy is a named-perils policy—you collect on a loss only if any of the named perils damages or destroys your building. Further, you have to prove the damage was indeed caused by one of those named perils.

By contrast, when you own an all-risk policy, the burden of proof is shifted to the insurance company. To prove you're *not* covered the insurer must show that an exclusion in the policy caused the destruction. If the insurer cannot come up with an exclusion, you win.

Davis says you can offset the increased cost of the all-risk policy by accepting a healthy deductible. He and all others interviewed believe the wise builder accepts the small losses via such deductibles and protects himself adequately against major losses with top liability and property limits.

* The experts agree that the phrase all-risk is misleading. Such all-risk policies contain several exclusions—that is, perils not covered.

Buy three-year-term policies when possible

To point up how much cheaper insurance can be when bought for three years rather than one, Ellwanger sets up this hypothetical example:

Builder A buys a one-year XYZ policy with a $100,000 single limit and pays for it outright. Builder B buys the same policy with the same limits from the same agent/broker for three years and pays for it in annual installments which include an interest charge of some 8%. Builder B's yearly premium payment will be lower than Builder A's.

There's one additional benefit, says Ellwanger. When you get a three-year policy, you've probably locked the insurer into a rate freeze for three years. Of course, the insurer could cancel the policy on only a 10-day notice before the three years are up. However, the experts note, cancellations are generally limited to insureds who have had a high record of claims.

Buy your builder's risk policy on a completed-value basis

There are two ways to pay for builders' all-risk insurance—the one that protects a building while it's under construction.

1. *Reporting form.* As work begins, you pay a deposit premium to bind the contract. Then you report monthly the increased value being protected. That way, as construction progresses, your premiums (but not the rate) will rise because the policy's face amount constantly reflects the appreciating value of the property.

The experts see two drawbacks to this approach. First, you're forced to submit monthly assessments of the building's latest value; and you must be sure you get monthly endorsements from the insurer attesting to your most recent evaluation. Second, you can expect a hassle with the insurer on what the building was actually worth versus your estimate should the job burn to the ground during construction.

2. *Completed value.* This is the method the experts favor. You insure the project from the day work begins for the building's completed value. That eliminates any need

TO PAGE 90

Insurance consultant James E. McNiff of Wellesley Hills, Mass.

Builders' all-risk protects the building during construction

Protects the property against any peril not excluded. Since no two all-risk policies are exactly alike, the exclusions vary. The more usual ones include: earthquake, flood (backing up of sewers and drains), deterioration, landslide, nuclear contamination, act of war—declared or otherwise, demolition demanded by local ordinances, and faulty workmanship. Insurance is available—at high rates—for protection against most of these exclusions.

The all-risk policy may be amended to also protect your materials stored off the site or in transit.

This policy becomes ineffective once the building is completed. A *permission-to-occupy* endorsement will extend the life of this policy beyond the day the building is done. That way you'll protect those subs who are still working after the owner or tenants have moved in.

Physical damage to property: protects the building once it's up

Becomes effective just as your all-risk policy self-destructs: the day the building is completed. It is the same as the builders' all-risk policy in terms of exclusions and endorsements. However, its face amount is lower because you need insure only for the reconstruction costs of the building.

Loss of rental income: helps when you have tenants but no building

Protects when an insured peril stops rents from coming in. (The policy's face amount must equal the total rent roll.) The policy pays your rents minus expenses such as sales personnel, renting agents, and maintenance crews.

Demolition: pays for tearing down a building

When more than half of a building is wrecked by a peril, local ordinances sometimes demand that the building be torn down. In such a case, the physical damage to property insurance pays only for the cost of *reconstructing* the damaged sections. *This* policy pays the necessary demolition costs.

Increased cost of construction: covers new costs

Since a new local ordinance can bring on major structural changes in a house or an apartment project, it may not be possible to rebuild an exact replica of a burned-out 10-year-old building. Yet, your physical damage to property policy with its replacement-cost option will pay only for an exact duplication.

This policy solves that problem by paying for the additional costs.

HERE ARE THE MAJOR PROPERTY AND LIABILITY POLICIES AVAILABLE TO BUILDERS

Comprehensive general liability: top limits are important

Protects against non-automobile property damage and bodily injury claims. This coverage extends to all jobs underway, and you may amend the policy to include automatically any new business acquired while policy is in force.

There are two major exclusions:

1. Explosion, collapse, and excavation. Anyone doing underground work needs to amend the policy to eliminate this exclusion.

2. Care, custody, and control. This tricky exclusion means that when you damage, ruin, or destroy another's property while you or your employees are working on it, you will not be reimbursed if sued.

This exclusion is tricky because, for example, at times courts have held painters working alone in one room of a house responsible for the *entire* building when a fire destroyed the house.

A *broad form property damage* endorsement to this policy will narrow the definition of care, custody, and control so that it pertains only to the object being worked on.

A *direct damage floater* will protect against suits when you harm rented equipment.

A *personal injury* endorsement will protect against alleged harm to another's good name. Some examples: false arrest, invasion of privacy, slander, and libel.

Write the policy in the names of all the corporate entities involved in the building's operations—plus your own name.

Then broaden the policy to include your salaried employees. (Executives are covered automatically.) That way a salaried employee won't be forced to pay an award out of his own pocket. (An unprotected employee can be dangerous to you if he's forced to testify about an accident. "Our machines never worked well no matter how much we complained," is an excellent way to put you—rather than him—on the spot.)

Limits: \$250,000/\$500,000 bodily injury; \$100,000 property damage. Or, \$1 million as a single limit.

Comprehensive auto liability: don't forget your employees

Protects from all property damage and bodily injury liability suits caused by autos you own or rent.

An *employers' non-ownership liability* endorsement protects you when an employee involved in an auto accident in his car while working for you has no insurance or carries insurance with very low limits. The policy, however, does, not protect the employee.

Blanket contractual liability: contracts can be booby traps

Protects whenever you assume another person's liability by signing a contract that holds him harmless for his action.

Don't assume your general liability policy covers this. Most times it won't.

Such contractual hold-harmless agreements crop up everywhere. For example:

When you bought appliances for your houses or apartments, you may have unwittingly assumed the liability for those stoves, dishwashers, refrigerators, etc. If so, a faulty dishwasher that floods a kitchen is your problem—not the manufacturer's.

Excess umbrella liability: the extra protector

Backs up your auto liability and comprehensive general liability policies in two ways:

1. When an *insurable* claim exceeds the limits of either the auto or general liability, the umbrella policy pays the excess—up to its stated limits.

2. When you're hit with an *uninsured* liability claim, the umbrella policy will pay —once you've absorbed a deductible, usually \$10,000.

A limit of at least \$3 million is recommended.

Premises operations liability: designed for building owners

Protects the owner of a building against liability suits for accidents to individuals on the building's premises.

A few endorsements are available:

- *Personal injury liability,* to protect against libel, slander, and false arrest brought by anyone, including your employees.
- *Products liability,* to protect against liability suits when you sell second-hand appliances to tenants or others.
- *Contractual liability,* to protect against liability claims arising out of contracts you signed in connection with the building.

The policy should name every legal entity involved in the project, including managing agents, rental agents, executive officers, partners, and owners. Regular employees need not be named.

FROM PAGE 88
to send in monthly evaluations. Since everyone agrees that the full amount of insurance is not at risk during the entire life of the policy, your rate will be roughly 55% of the rate applied in the reporting form plan.

Under the terms of the completed-value agreement, however, you will have to report any construction changes that come along and hike the value of the building. So, you will have to pay the premiums (55% of the normal rate) on that increase for each month the building has been under construction.

Some builders typically avoid reporting those extra increases to cut costs, say the experts. However, if the insurer discovers that the building is under-insured when a claim is presented, the insurer will not pay dollar for dollar.

Go for large deductibles to cut costs

Some builders misunderstand the role of the deductible. "Many see it as an irritant," says Ellwanger. "And that's a pity. A deductible can be a strong ally."

When you agree to a deductible you're agreeing to relieve the insurer of the small but *costly* petty claims. In return, your premiums will be lower—the larger the deductible, the lower the premium.

"Over the years," Ellwanger points out, "your savings in premiums should offset your costs in picking up petty losses now and then."

Don't insure those small losses that really won't hurt you

"If the theft of an adding machine or a typewriter hurts you, you're already in big trouble," says consultant McNiff. "You should be able to absorb such petty losses."

McNiff urges you to drop such low-level items from your floater policies as inexpensive tools and small office supplies and to put those precious premium dollars into insurance that will protect you against financially crippling losses. Such policies include blanket contractual liability, comprehensive general liability, and umbrella liability (*see p. 89 for details*).

Don't pay property premiums on a building you have yet to build

When you sign a construction-loan contract, your lender will ask for a certificate of insurance proving you have the about-to-be-constructed building insured against fire, windstorm, aircraft, and so on.

"Most times," says Ellwanger, "that's a ridiculous request." For example: When the loan is consummated in late November, and construction isn't slated until mid-April or early May, the lender is being unreasonable in asking you to insure something that won't exist for five months.*

Fortunately, there is a solution: Complain to your agent in advance. He'll see that your insurance company issues you a certificate of insurance on the property free of charge. Your actual premium payments won't begin until construction starts.

Protect against replacement costs—not actual cash value

If the roof of a townhouse, say, is destroyed by fire, the insurance company will repay the loss in one of two ways, depending on which option you elected when you bought the policy:

Actual cash value. How much would it cost to replace the roof today? That's the first question the insurer asks. Second question: How old was the destroyed roof? Third: What was the roof's life expectancy? Finally, what condition was the roof in when it went up in flames?

Armed with that data, the insurance company computes what the old roof was actually worth the day it burned and attempts to pay that amount. And that's when the hassling starts beween you and the insurance company because the evidence is now a pile of charred wood.

Replacement costs. How much will it cost to replace the roof today is the only question asked. The insurance company pays that figure.**

There are two obvious advantages to replacement-cost coverage: You avoid the hassle; and you won't have to kick in extra dollars to install a new roof.

But is the rate higher? No—it's the same as for actual cash value. However, since the face amount of a replacement-cost policy is higher, the total premium will be higher. Moreover, you'll have to keep updating the value of the insured property as inflation boosts the replacement costs.

* A strike or extremely bad weather could extend that time for three, four, or five additional months.

** When you're paid replacement-cost dollars, you must rebuild. If you suddenly decide not to replace a burned-out building, say, the insurer will pay you the actual cash value even though you have replacement-cost coverage. The reasoning: Nobody is allowed to profit from an insurance policy.

Insure the completed building for its reconstruction costs

When you have a job under construction, the lender insists that your builders' all-risk policy insures for the full value of the loan. But once the building is finished, you may legally insure simply for the lower reconstruction costs—which, of course, do not include foundation, site, legal, and architectural expenses.

To protect yourself, get your insurance company to acknowledge tacitly that your reconstruction figure is realistic.

"You'll never get it in writing from the insurer," Ellwanger says. "There are too many variables." He assures you, however, that the company won't scream foul if, following a loss, it's discovered that your estimate on a $90,000 building is low by, say, $10,000 to $15,000. The insurer will consider that an honest error.

Consultant Davis reminds you to add a gross profit figure to your reconstruction estimate so you'll be able to hire someone else to rebuild if you're not prepared to do it yourself. "And even if you do the rebuilding," he says, "you shouldn't have to do it for free."

It isn't always easy to insure for reconstruction costs.

The problem: On the one hand, lenders usually insist that you insure for the full amount of the loan. On the other hand, insurance companies settle only for the reconstruction cost.

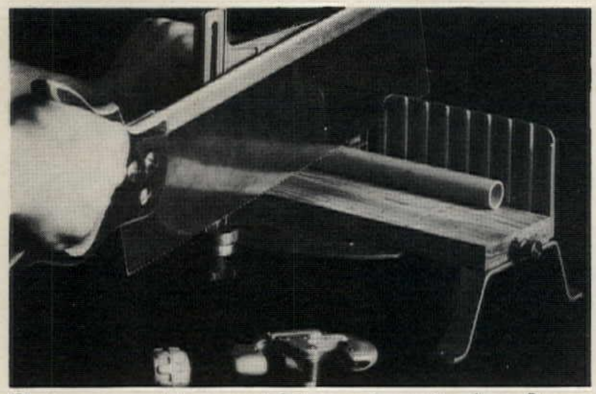
An example: If you're loaned $100,000, you'll have to buy a $100,000 all-risk policy to protect the property. Assuming then that the building is totally destroyed two days before completion, the insurer will pay you some $75,000—the reconstruction costs. To recoup the remaining $25,000, the lender would have to sell the property. As a rule, the lender sits by quietly while the builder reconstructs.

Avoid group insurance plans—unless you're a poor risk yourself.

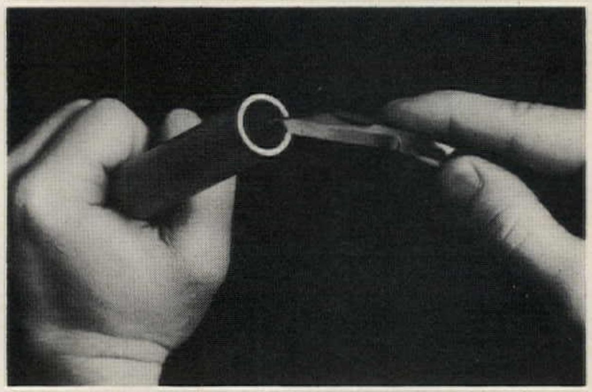
Such plans, often provided for members of local builders' associations, have two major drawbacks according to the experts: First, you can't buy every policy you might want to buy; rather, you'll be forced to take the blue plate special. Second, since the rates will be based on the combined experience of all participants in the group, your clean record may not benefit you at all. In fact, you may be penalized. At best, group coverage is good for the builder with a history of many claims or the builder who is so small he may, indeed, save some money thanks to the group's purchasing power.

—John Kirk

How to install CPVC pipe for hot and cold water and be sure you are right.

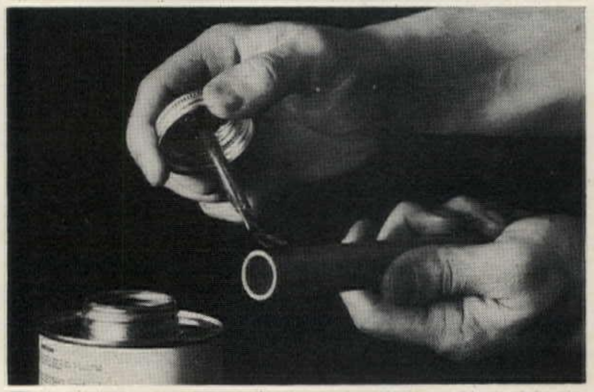


Be sure you cut it square! It's easy in a mitre box. Or use a cutting tool. Pipe made of hi-temp Geon® vinyl (CPVC) is for hot and cold water lines, Geon vinyl (PVC) for DWV, etc.



Remove the burrs or ridge from the outside and inside with a knife or tubing reamer. Before you apply any cement, be sure the tubing will enter the socket but not be so loose the fitting falls off.

Remove surface gloss from the tubing end and fitting socket with CPVC cleaner or fine sandpaper and wipe clean with a dry cloth. Brush CPVC cement to the inside of the socket.



Then brush cement on the outside of the tubing. Notice how easy it is to handle. Tubing made of hi-temp Geon resists moisture, oil, corrosion, acids, alkalies and other chemicals.

Push the tubing into the fitting. Then give either the tubing or the fitting a quarter turn to insure proper distribution of cement. Immediately adjust for direction. Wipe excess cement from the fitting lip; hold both together for a few seconds.

It's easy to connect hi-temp Geon vinyl tubing to metal lines or valves. A transition fitting like this does the job. Get all the facts about CPVC piping. Write to us for free booklet.

For free illustrated booklet, write **B.F.Goodrich Chemical Company,**
a division of The B.F. Goodrich Company, Dept.H-25
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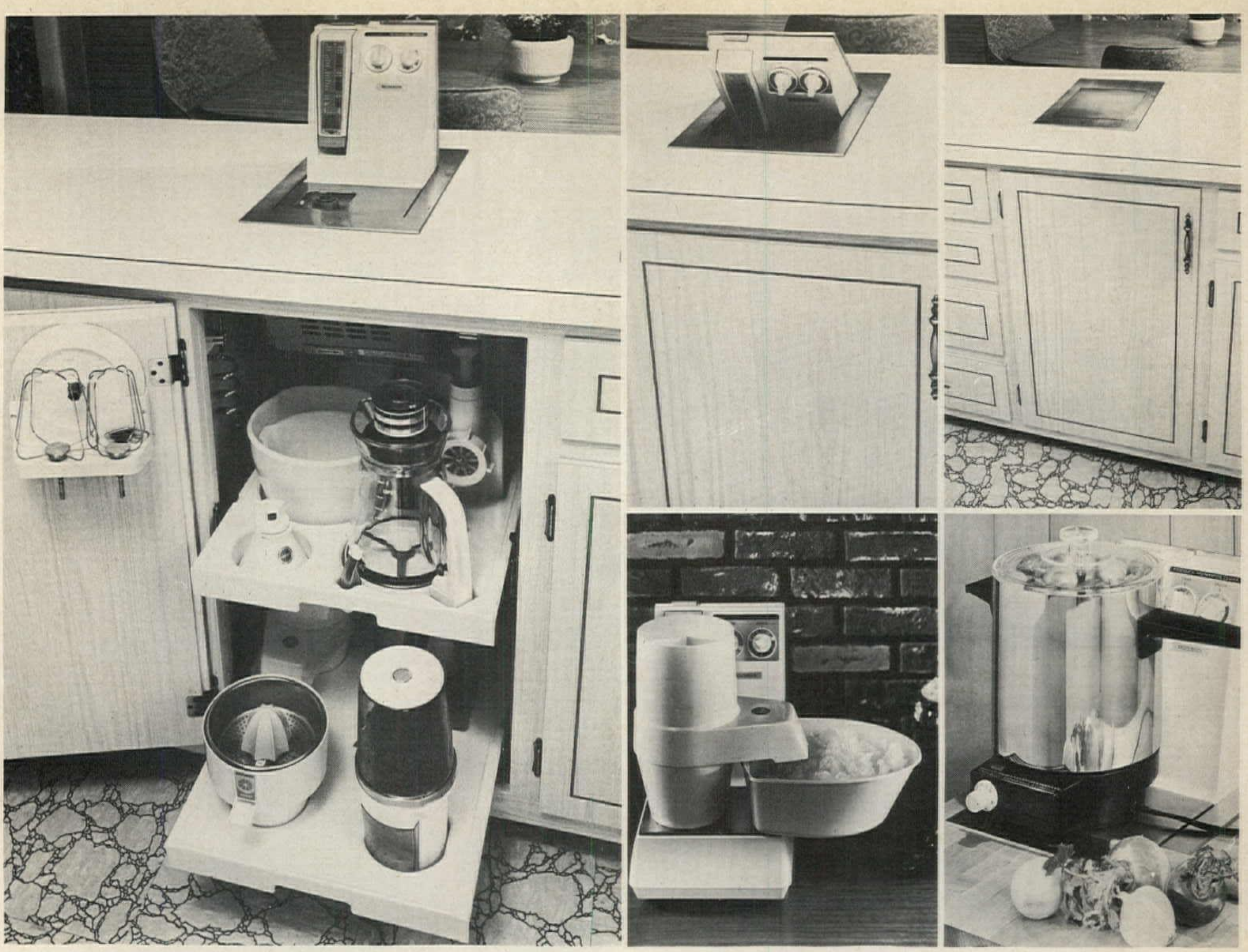
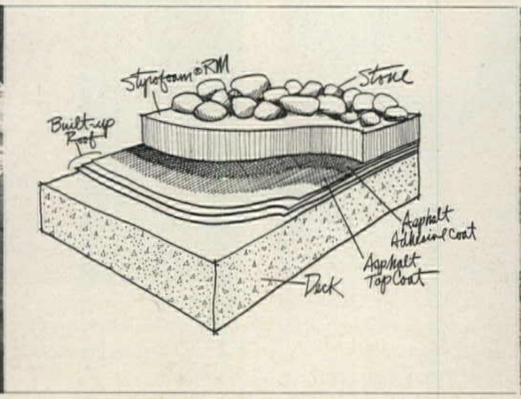


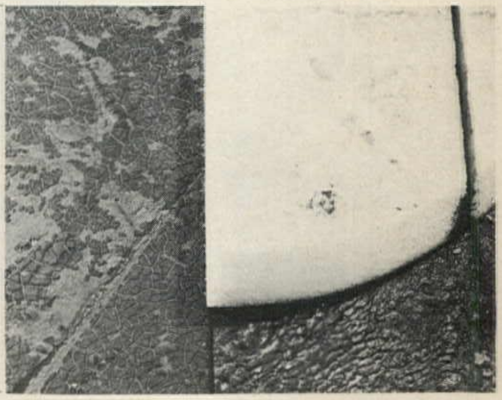
Luxury built-in food center fits a dozen appliances in one 18″ cabinet

And the power module that runs them all folds down flush with the countertop. When a button in the stainless steel surface is pushed, the unit flips up to reveal all "Food-matic" controls: on top, beater clutch and release; at one side, circuit breaker and convenience outlet; in front, automatic timer and infinite speed knobs, plus fold-down beater arm that locks horizontally for use or at an angle to drip.

Attachments fit into molded plastic sliding trays or hang from an organizer on the cabinet door or kitchen wall. Standard items: beaters, bowls, juicer, sharpener, grinder, and shredder/slicer. Optional attachments include a coffee mill, plus ice crusher and a Teflon-coated cooker, shown above, that both heats and stirs. Ronson, Woodbridge, N.J.

CIRCLE 250 ON READER SERVICE CARD



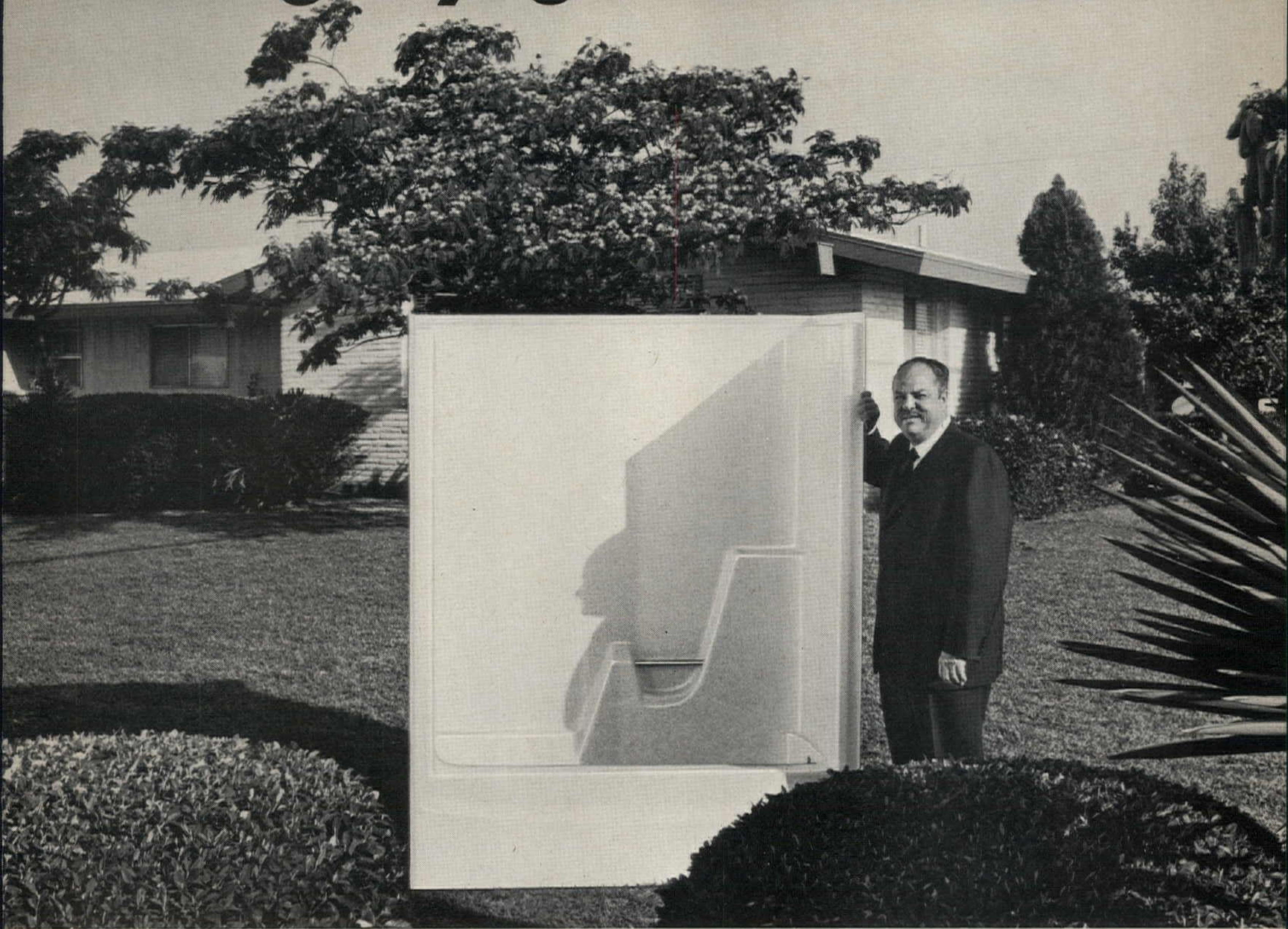


"Upside-down" assembly adds long life to a built-up roof

This system puts the insulation on *top* of the roofing membrane. The photo at left above and the drawing show Dow Chemical Company's "Styrofoam RM" (foamed polystyrene) slabs laid over a conventionally built-up roof. On top of the "Styrofoam" goes a layer of crushed stone, paving stones, topsoil and grass, or poured concrete. Thus the membrane is protected from ultraviolet rays, temperature extremes, weather, and roof traffic. After years, as the photo at right above shows, the patented IRMA (Insulated Roof Membrane Assembly) roof has none of the alligatoring, ridging, and splitting of the normal roof. Originally developed to stop interior condensation, the system puts the dewpoint somewhere in the foam slabs, *away* from the membrane. Dow, c/o Amspec, Columbus, Ohio.

CIRCLE 251 ON READER SERVICE CARD

The big boys go with the leader!



That's why one of Texas' largest homebuilders, Ray Ellison, has installed 6,350 Universal-Rundle baths over the past five years.

"In the last three years alone, we've installed over 5,000 units of U/R fiberglass products. And we're more than pleased with the quality of the product and the assist it gives us in the sale of our homes." Ray Ellison, Chairman of the Board, Ray Ellison Industries, San Antonio, Texas.

Ray's in pretty good company. Some 58 other big builders agree that U/R fiberglass baths—color-matched to the complete U/R bathroom fixture line—are made with your convenience, your sales in mind.

U/R baths install fast, cut costs. The seamless one-piece fiberglass tub/shower unit fits into framing easily. Just nail the flanges and you're ready for plumbing hook-up. No tiles, no grouting, no callbacks: Our fiberglass baths are leakproof, lightweight, chip-resistant. They're warm to the touch year round, too.

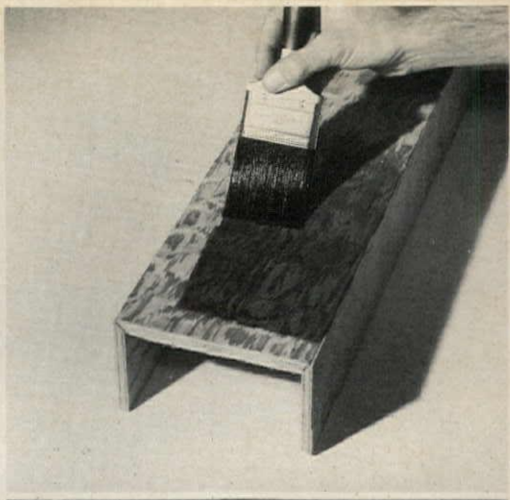
And we ship your orders promptly—packed for damage-free delivery on site.

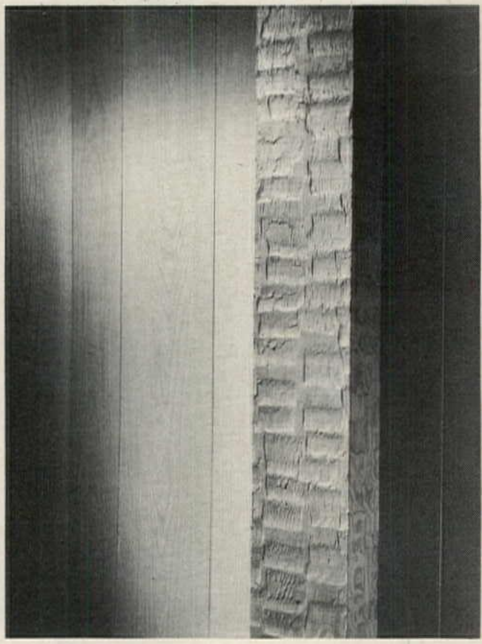
Sales appeal for your customer. Big builders across the country are finding that U/R fixtures can be a powerfully persuasive selling factor. Take the maintenance-free feature: U/R fiberglass Scrubless Tub and Scourless Shower need no scrubbing or scouring—ever!

Follow the leader. Get in touch with your nearest U/R dealer for full information, promotional sales tools and much more. Check the yellow pages. Or write Universal-Rundle Corp., New Castle, Pa. 16103.

Universal-Rundle



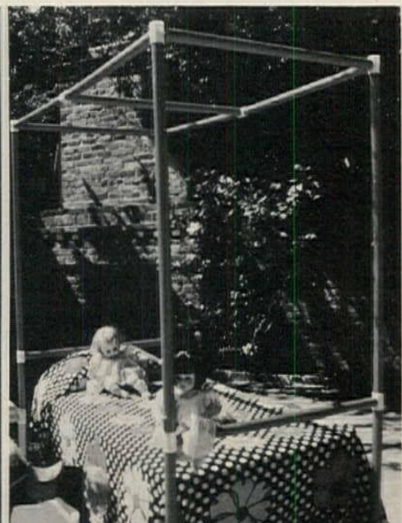



A pre-cut plywood kit turns into a beam straight out of colonial days

Packaged six to a carton, the three-piece flat kits are unfolded for use, as the top left photo shows. A cloth tape holds them together until the edges have been nailed 12" o.c. with 1" finishing nails. Then the tape is removed and the beam is ready to install. It may be left in its natural fir finish, or it may be stained or painted, as shown in the photo at top right. Finally, 1" x 6" or 1" x 8" nailing strips are attached to the ceiling or wall, and the lightweight U-shaped beam is raised into place and nailed to the strip 16" o.c. The result: a decorative beam with adze marks that give it a hand-hewn look, make it look structural. Weldwood "Hand-Hewn Beam" kits come in 2" x 6", 4" x 6", 6" x 6", and 8" x 8" sizes and 8', 10', 12', 14', or 16' long. U.S. Plywood, New York City.

CIRCLE 252 ON READER SERVICE CARD

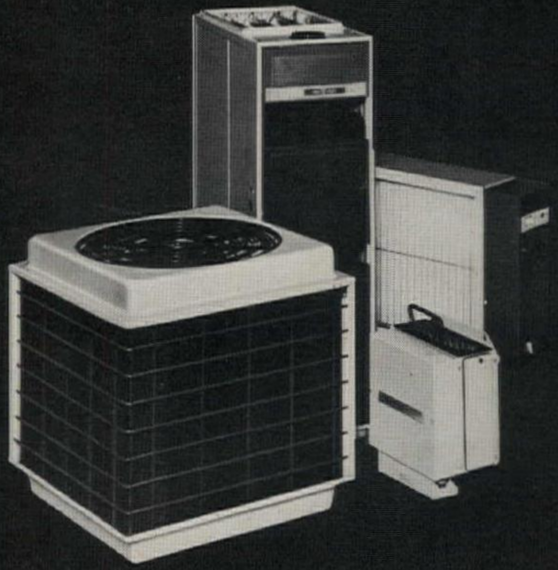
Furniture for today comes apart, travels in a camper, can even be recycled


Designed for the youth market, the furniture at left makes just as much sense for the builder who must furnish a model unit quickly—and economically. A roomful of "Set-Ups" can be assembled—or disassembled—in less than half an hour, with no tools, and transported across town—or across the country—in a pickup truck, station wagon, or camper. Prices are low: from $13 for a table to $40 for an ètagére. Colors are bright: The leather-like skin on the paper tube supports comes in red, yellow, chocolate, white, or black; and the plastic joints, table tops, and shelves are shiny white. It's built for rugged use: the ètagére can support 1,000 lbs. Finally, both the paper and the plastic are ultimately recyclable. Environmental Concepts, Beverly Hills, Calif.

CIRCLE 253 ON READER SERVICE CARD

day & night building blocks for a total comfort system.



DAY & NIGHT COMPANY La Puente, California • Collierville, Tennessee

One by one. Or all together. You can stack up profits with Day & Night's approach to total comfort systems.

It's a true "add-on" system. With heating, cooling, ventilating, air cleaning and humidifying.

Day & Night builds every product. So every component is totally compatible with every other. From this single source you get famous Day & Night reliability and save time and money.

Heating: gas or electric in upflow, downflow, horizontal plus outdoor horizontal gas furnaces. Including the new Futura/5 with a printed circuit control center that provides simple screwdriver connection of all other components. Now. Or in the future.

Cooling: the Day & Night Cool Cube remote condensing unit comes in seven capacities (1½ to 5 tons), with factory-sealed tubing in 12 to 50 foot lengths. Matching cooling coils for upflow, downflow or horizontal furnaces.

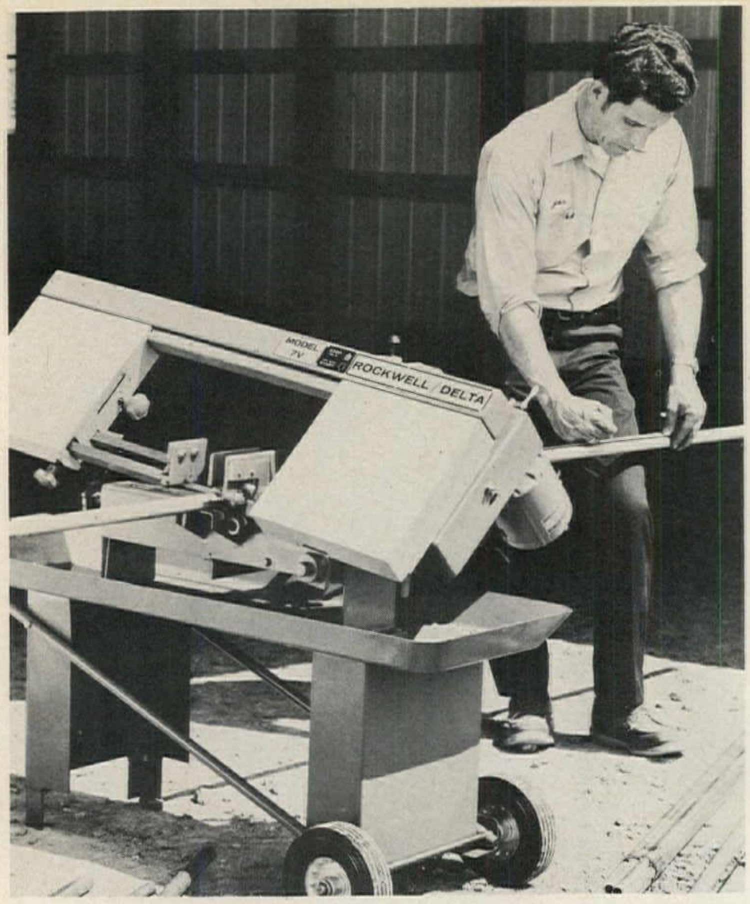
Air cleaning: the Dustrap electronic air cleaner in three popular sizes—with two-stage, easy-maintenance, slide-in design.

Humidifying: Day & Night's humidifiers, power or by-pass models, complete the package.

If you're out to build profits in total comfort systems, call a Day & Night Distributor.

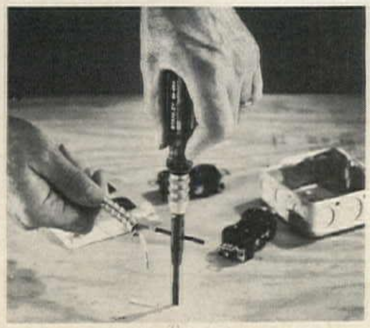
He's got the building blocks you need.

day & night® *The people of warmth. And cool. And comfort.*



Horizontal band saw has a variable speed drive that provides cutting speeds of 80 to 220 ft. per min. Other features: rugged frame, individual blade guards, blade guide system, chip removal brushes, and safety on-off control. Saw can be ordered with a coolant system for wet cutting or a kit that converts it to a mobile job-site tool. Rockwell, Pittsburgh, Pa.
CIRCLE 201 ON READER SERVICE CARD

Automatic nailer can drive from 8 to 16 penny size full round-headed nails in the same magazine, which holds up to 74 nails, depending on size. Rounded nose permits tilting for flush toe-nailing. Nailer weighs 11 lbs., is 16½" long, runs on 100 to 130 psi air pressure, has a safety device that prevents if from firing accidentally. International Staple, Butler, Pa.
CIRCLE 202 ON READER SERVICE CARD

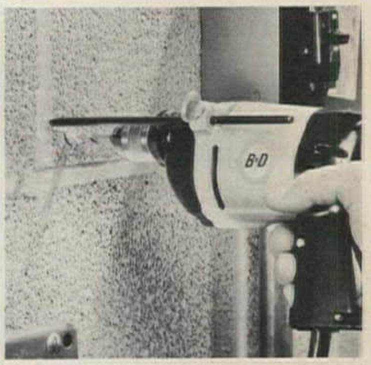


Three-in-one-tool strips insulation and cuts wire—besides driving screws.

For stripping insulation, the wire is fed through the lower part of the slot and out the hole farthest from the handle. A dial is set for the proper gauge (from 12 to 22), the handle pressed down, and the wire drawn firmly out—without its insulation.

For cutting wires of up to 12 gauge, the wire is inserted in the slot and pushed out the hole closest to the handle. Then the driver is pressed against the work surface and the handle pushed firmly down for a clean cut.

For driving electrical screws of all sizes, the "Strip-Driver" has a blade of tempered steel and a handle designed for comfort, added torque. Stanley, New Britain, Conn.
CIRCLE 203 ON READER SERVICE CARD



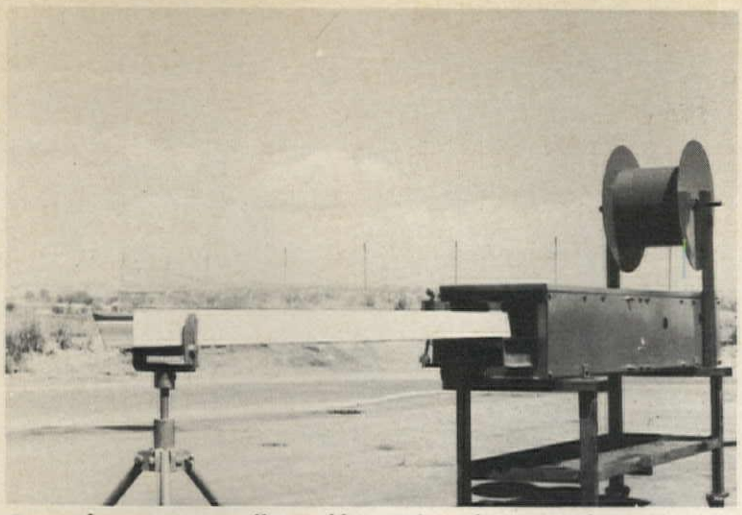
Power drills drive screws and drill holes in drywall, wood, concrete, or steel.

"Scrugun" *(above)* drives steel or wood studding screws into drywall at high speeds, has magnetic snap-in bit holder and narrow body to fit into tight corners.

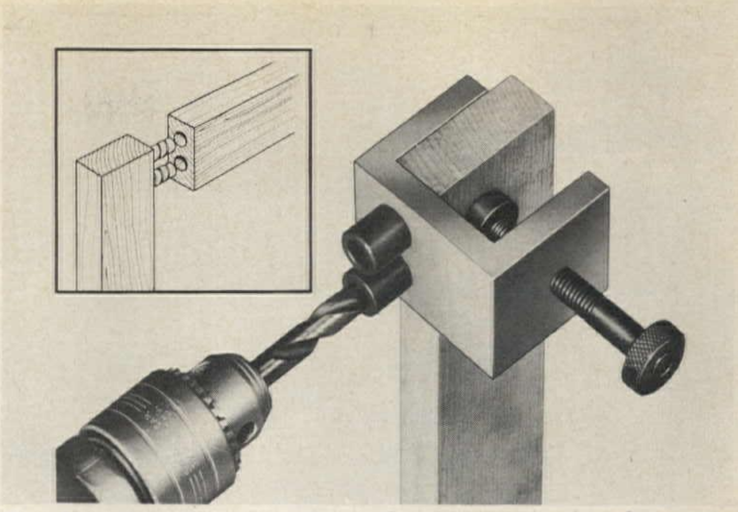
Lightweight "Hammer Gun" *(top right)* is only 3⅞ lbs. It not only drills directly into wood or metal, it converts to a hammer drill for percussion drilling into concrete, brick, or tile.

Reversible "Scru-Drill" also can be converted from drill to screwdriver, has a reversing action for removing screws.

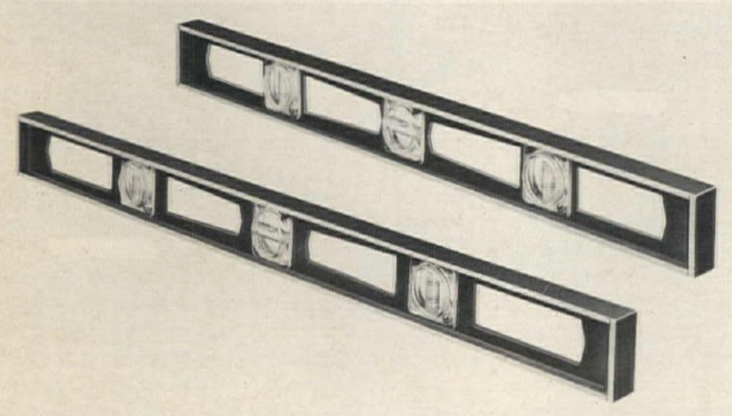
Heavy-duty "Holgun" comes in two models: a ¼" that operates at varied speeds up to 1,700 rpm, and a ⅜" model that runs up to 1,000 rpm. Black & Decker, Towson, Md.
CIRCLE 204 ON READER SERVICE CARD



Gutter former is a small portable machine, costs less than larger equipment, can be used right on the job site, even for small-volume jobs without sacrificing quality. "Mighty Midget" forms metal gutters to the right size and length, was developed primarily for baked-on enamel. Knudson, Commerce City, Colo.
CIRCLE 205 ON READER SERVICE CARD

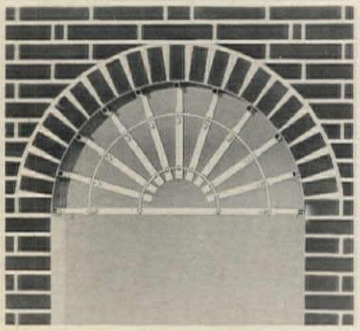


Doweling jig, when clamped to wood up to 1⅜" thick, assures two absolutely accurate ⅜" dowel holes for a neat, tight-fitting joint. It eliminates the time normally used for measuring, and produces accurate placement every time. Manufacturer also offers spiral dowel pins. Woodcraft, Prairie View, Ill.
CIRCLE 209 ON READER SERVICE CARD

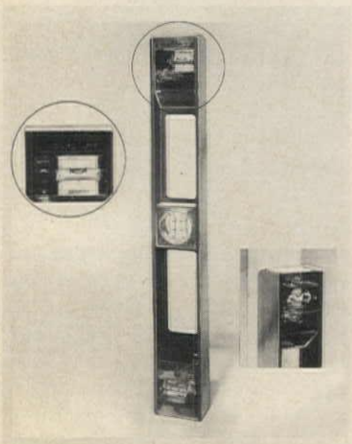


Precision levels have three single-vial levels, each doing the work of two conventional bent-glass vials. The "Uni-Vials" are fully adjustable —they can be arranged for all plumb or level measuring jobs—and have plastic covers that keep out dirt. Levels, 24" and 28" long, are cast aluminum. Mayes, Johnson City, Tenn.
CIRCLE 206 ON READER SERVICE CARD

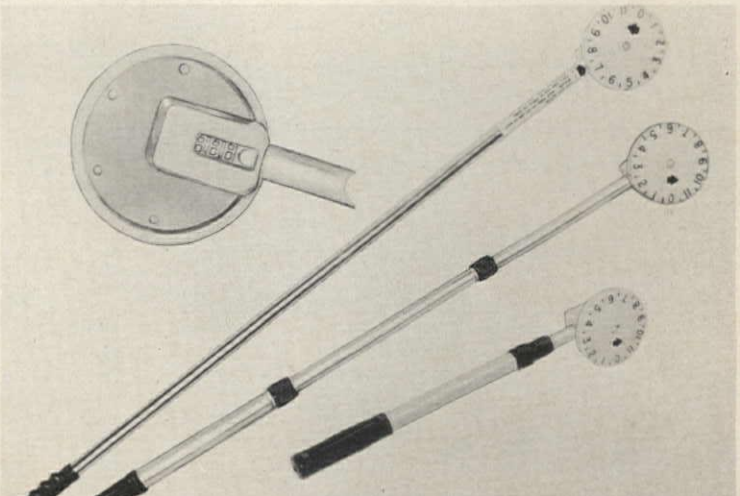
Pipe locator is for non-metallic pipes of concrete, tile, transite, wood, or plastic. Rocket-shaped "Sewer Snooper" is pushed into pipe by rod or tape, floated on current, or hand-carried in large conduits. Transmitter's signal is picked up by receiver, so operator follows progress, down to 50' below ground, can locate any obstructions. Aqua-Tronics, Tigard, Ore.
CIRCLE 210 ON READER SERVICE CARD



Arch form, for doors or windows from 30" to 44" wide, has 11 arms that adjust from 15" to 22". Arch shape is first drawn full-size on paper. Gauge is then laid on drawing and adjusted to fit. Layers of wood are laid around gauge for gluing, or a plywood strip is placed around it, and it is set in doorway while masonry is built. Munson Industries, Chardon, Ohio.
CIRCLE 207 ON READER SERVICE CARD



Multiple view level has six large, easy-to-read vials, provides simultaneous four-directional plumb readings. There's no need to shift from one surface position to another to achieve plumb; it works on flat or cylindrical surfaces and for left- or right-hand sightings. Frame is extruded heavy-duty aluminum, comes 18", 24", 28", or 48" long in green, red, blue, silver, or black. Miracle Instrument, New York City.
CIRCLE 208 ON READER SERVICE CARD



Measuring device is 4" wheel of high-impact plastic on aluminum handle. "Measure-Meter" rolls across floors, up walls, and around corners, is accurate from 1" to 1,000", resets to zero instantly. Handles: 36" long or telescoping—down to 19". Industrial Specialties, Northridge, Calif.
CIRCLE 211 ON READER SERVICE CARD

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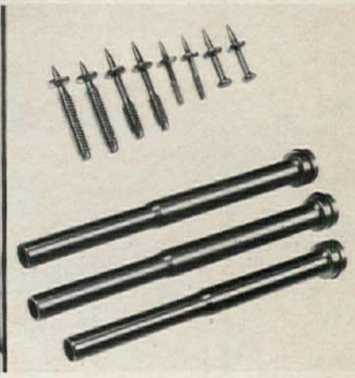
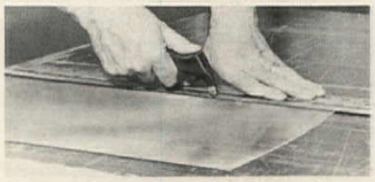


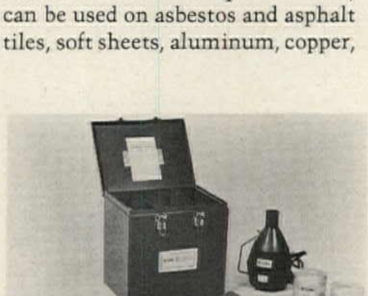
Quiet power fastener produces less noise than a hammer blow, yet drives threaded fasteners into concrete or steel—instantly. Such powder-actuated piston tools previously produced a loud bang when energy gases from the charge rushed out all at once. These gases now are controlled and dispersed gradually so the noise is like that made by a tennis racket hitting a ball, which enables tool to be used near sensitive electronic machinery. The New York State Association of Electrical Workers, after job-testing "Pow-R-Set" for two years, found that it exceeded the association's own safety specifications. It cannot be discharged in mid-air and will not drop-fire. One pair of rods drives ¼" threaded fasteners; another pair drives $^{8}/_{32}$" fasteners. Ramset, New York City.

CIRCLE 212 ON READER SERVICE CARD



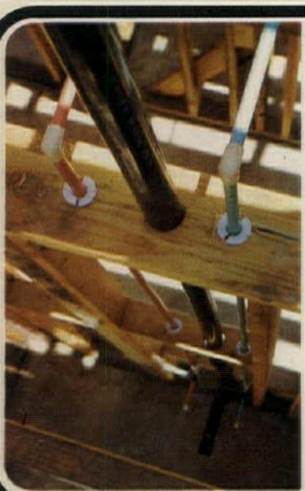
Heavy duty cutter makes a clean score and breakout in such fracture-sensitive sheet materials as acrylics, PVC, polystyrene, celluloid, and acetate. It cuts materials up to ¼" thick, can be used on asbestos and asphalt tiles, soft sheets, aluminum, copper, tin, brass, zinc. Handle is engineered to exert 55% more pressure than light duty models, with more control, less fatigue. Replaceable blade is removed by pressing forward edge. Fletcher-Terry, Farmington, Conn.

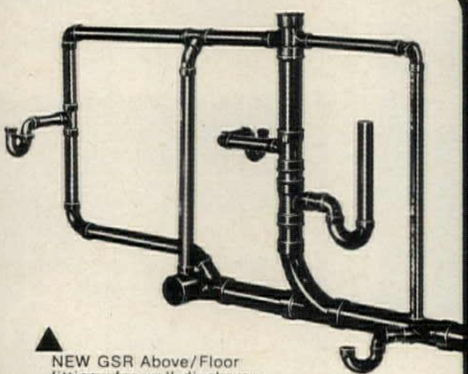
CIRCLE 213 ON READER SERVICE CARD



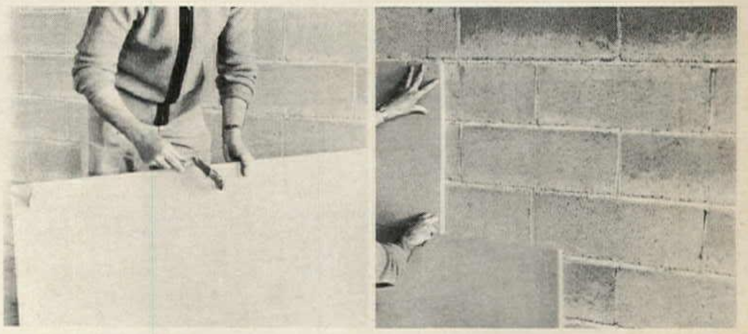
Conduit fishing equipment features a high speed blower and a heavy duty reel of steel fish tape. The blower weighs only 8 lbs., comes in a metal storage box. "Jet Line Air Liner Kit" includes conduit seal-offs, foam line carriers, and 500' rolls of pull line. Fish tape of spring steel is replaceable, winds onto reel with trigger action, heavy duty hand brake, and safety band to prevent pop-out. Case of high-impact plastic has a side window to show how much tape remains. Thomas, Matthews, N.C.

CIRCLE 214 ON READER SERVICE CARD





One coat paint, applied with airless sprayer, covers a two-bedroom, 3,500-sq.-ft. apartment in less than one hour. "Hide-A-Spray" latex flat paint covers all surfaces—walls, ceiling, doors, trim—and all materials—drywall, plaster, wood, concrete block, and masonry. Heavy-bodied, it seals pores, covers surface imperfections and joints, won't sag. One gallon covers 150 to 250 sq. ft. of new drywall. PPG Industries, Pittsburgh, Pa.
CIRCLE 235 ON READER SERVICE CARD

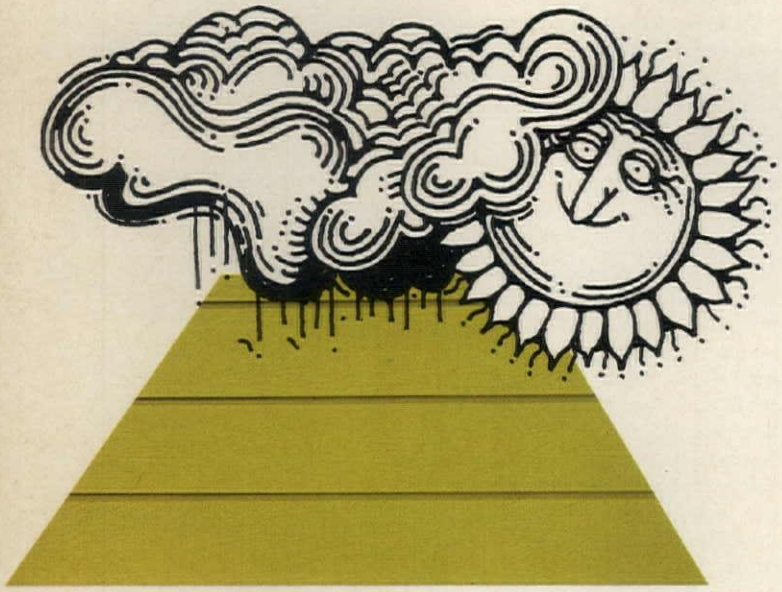


Multi-purpose bonding mortar, used indoors or out, will bond foamed polystyrene or polyurethane, foamglas, fiberglass, insulation board, or ceramic tiles to floors, walls, or ceilings of concrete, brick, or plaster. "Ardurit X7G" powder, mixed with water, drys to a water-resistant tension-free cement with an almost unbreakable bond. A 55-lb. bag covers about 240 sq. ft., and the cost will run about 1¢ per sq. ft. R-Deck, Waltham, Mass.
CIRCLE 236 ON READER SERVICE CARD

Acrylic sealer protects not only concrete, but masonry, terrazzo, slate, stone, ceramic, and exposed aggregate surfaces, indoors and out. Residential driveways, sidewalks, patios, and basement floors, and institutional or commercial floors coated with "HIAC" are weatherproof, stainproof, and resistant to oil, grease, de-icing salts, and acids. W.R. Meadows, Elgin, Ill.
CIRCLE 237 ON READER SERVICE CARD

Concrete color coat has an epoxy chlorinated rubber base for good coverage and adhesion with no peeling or chipping. Used on showroom, warehouse, or basement floors, plus patios, sidewalks, or swimming pools, it protects concrete surfaces from petroleum products and de-icing chemicals. It resists abrasion, and won't fade. Twelve colors plus white. TK Products, Minneapolis.
CIRCLE 238 ON READER SERVICE CARD

New G-P textured hardboard siding.



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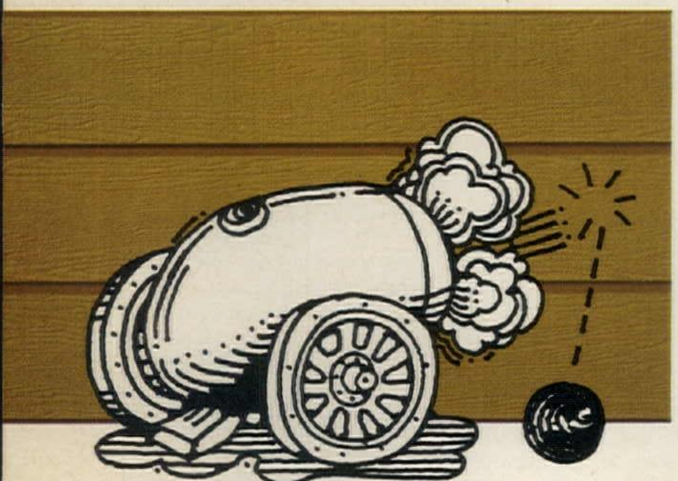

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CIRCLE 123 ON READER SERVICE CARD

LITERATURE

Insulation fasteners. Catalog photos show uses of Stic-Klip fasteners for speedy installation of fiberglass, styrofoam, urethane, and other insulation materials. Eight types of fasteners are described as to their cost, strength, and durability. And the Klips method is compared to oher types of attachment. Stic-Klip, Cambridge, Mass.
CIRCLE 301 ON READER SERVICE CARD

Safety in lighting. "Lighting for Safety and Security" discusses varied lighting situations: commercial and industrial properties, suburban areas, entranceways, walkways, recreational areas, garages, streets and highways. Ways to light these areas effectively, for safety and security, are described. General Electric, Cleveland, Ohio.
CIRCLE 302 ON READER SERVICE CARD

Lift truck safety film. Using professional stunt men in accident scenes, a film "The Color of Danger" shows results of improper lift truck operating practices. The film has received top ratings from the National Committee on Films for Safety and the International Labor and Industrial Film Triennial. Also available is a booklet of the same name that shows scenes from the movie. Both are available from local Towmotor dealers.

Sound absorbent insulation. Wall treatments for controlling sound in mechanical equipment rooms, auditoriums, gymnasiums, sound studios, etc. are discussed in a booklet that includes reference tables for flexible, semi-rigid and composite-faced insulations and their sound absorption performances. Owens-Corning Fiberglas, Toledo, Ohio.
CIRCLE 303 ON READER SERVICE CARD

Fire Safety. Nine new publications are available from the National Fire Protection Assoc. They can be purchased by writing NFPA Publications Department, 60 Batterymarch St., Boston, Mass. 02110: *Electrical Code.* The newest edition of the "National Electrical Code" supersedes all previous issues. New articles, changes, and deletions are included, as well as a résumé of Code changes since the 1968 edition. Specify brochure NFPA No. 70-1971, ANSI C1-1971 and enclose $3.50 for softbound copies, $4.95 for hardcover.
Sprinkler systems. Two booklets are available. "Standard for the Installation of Sprinkler Systems" discusses new Contractor's Material and Test Certificate requirements and costs $2.50. Specify brochure NFPA No. 13.
"Summary of Important Factors" has been rewritten, and includes a discussion of the most common cause of sprinkler system failures. Send $1 and specify NFPA No. 13A.
Standpipe and hose systems. "Standard for the Installation of Standpipe and Hose Systems" has recently been amended to recognize combined automatic sprinkler and standpipe risers under certain conditions. Specify NFPA No. 14 and send $1.
Water Tanks. Updated to include current usage of construction materials, "Standard for Water Tanks for Private Fire Protection" costs $2.50. Specify brochure No. 22.
Heat Producing Appliances. A reference for inspection of clearances for heat producing appliances from combustible construction, the revised "Manual on Clearances for Heat Producing Appliances" costs $1. Write for NFPA No. 89M.
Ventilation systems. Covering air heating, plain ventilating, combination heating and ventilating, air cooling, air conditioning, and exhaust systems, "Standard for the Installation of Air Conditioning and Ventilating Systems" (NFPA 90A) is available for $1.
Also available is "Standard for the Installation of Residence Type Warm Air Heating and Air Conditioning Systems" which has been revised. Write for brochure NFPA No. 90B and send $1.
Cutting and welding. Newly revised and updated, "Standard for Fire Prevention in Use of Cutting and Welding Processes" also includes an appendix of 22 fire and explosion case histories. Send $1 for brochure NFPA 51B.

Marble color and use guide. Twenty-one full-page, four-color reproductions of marble are included in an 84-page, 8½ x 11, spiral bound booklet. On the back of each are details on source, description, suggested uses, recommended sizes, properties, and availability. Also featured are photos of applications, methods of installation, and short-form building specifications. Vermont Marble, Proctor, Vt.
CIRCLE 304 ON READER SERVICE CARD

Wall Coverings. Five four-color photos of handprinted wallcoverings plus black and whites of an additional 21 designs make up the "Front Page Collection" brochure. Information on other features such as correlated fabrics also is available. Classic Wallcoverings Connoisseur, New York City.
CIRCLE 305 ON READER SERVICE CARD

Wall switches. The complete line of "Centura" specification grade wall switches, wall plates, and receptacles is shown in a new full-color catalog. Special design and performance features, configurations, ratings, dimensions, packaging, weights, and specifications are listed. Leviton, Brooklyn, N.Y.
CIRCLE 306 ON READER SERVICE CARD

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A Architectural File (green)
I Industrial Construction File (blue)
L Light Construction File (yellow)
D Interior Design File (black)

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