The module is designed to give students a comprehensive picture of housing and how to get dollar value when in the housing marketplace. Further, the module acquaints students with the work that Federal, State, and local government is doing in the housing field and how they and their families can benefit from government help. As a result of using the module, students should: become familiar with the kinds of housing available; learn how to meet their housing needs; choose the kind best suited to meet their needs; learn about mortgages and obtaining loans; recognize the impact of economic conditions on the housing market; learn the procedures for selling a house; learn about the government's role in developing housing needs; become familiar with the operation of cooperative and condominium housing; learn about mobile homes; and make judgments about housing based upon sound information and their own value system. Each of the 52 units is headed by a question, to which the answers are presented under the headings of: understanding, suggested pupil and teacher activities, and source. (Author/NH)
FOREWORD

In 1967, the State Education Department published "Consumer Education - Materials for an Elective Course." This material has since been introduced into more than 800 of the New York State high schools. As a result of the interest in Consumer Education in the State and Nation, the Department has begun the preparation of a series of modules -- Expanded Programs of Consumer Education. This module, Housing, is the 17th to be produced. Those already distributed are:

- Consumer Issues and Action
- Consumer Problems of the Poor
- The Consumer and His Health Dollar
- The Consumer and Recreation
- Education and the Consumer
- The Consumer and Transportation
- The Consumer Looks at His Automobile Insurance
- Beauty Products and the Consumer
- Taxes and the Consumer
- Credit and the Consumer
- Coping With the Problems of a Technological Age
- Travel and the Consumer
- Law and the Consumer
- Food: Facts and Fancies
- Cars, Cycles, and Consumers
- Consumer Concerns

It is expected that another module will be produced in the field of Banking.

Nothing touches the lives of the disadvantaged more than the constant struggle to stretch limited financial resources to meet the increasing costs of living. These modules are designed in the hope that they will help the poor to make better use of their income, as well as with the expectation that those of higher income will be more understanding of their own problems and of the problems of their fellow citizens:

Unlike the original syllabus, where 12 units covering various phases of Consumer Education were bound together, the modules in Expanded Programs of Consumer Education are being prepared as separate publications to provide greater flexibility. Each of the modules in the series may be used as a discrete unit or with other units in the series. The modules may be presented as a semester or part of a semester course or in conjunction with the original syllabus which covers such areas as the purchase of food; shelter; appliances; automobiles; and a consideration of credit; money management; fraud, quackery, and deception; banking and savings; life and health insurance; security programs; and consumer law.

It is hoped that the presentation of the modules as separate publications will tend toward flexibility in their use as mini-courses in such fields as social studies, business education, home economics, industrial arts, agriculture, and other areas of the curriculum.
The suggestions to the teacher found in "Consumer Education — Materials for an Elective Course," pages 1-4, apply equally to each of these modules. The reaction and suggestions of those using these materials in the field will be helpful to the Department in planning further materials for Consumer Education and in making necessary revisions of the material.

Robert Feldman, assistant principal of Central Commercial High School, New York City, developed the module.

Hillis K. Idleman, associate in secondary curriculum development, prepared the module for publication.

GORDON E. VAN HOOFT
Director, Division of
Curriculum Development

One measure of man's upward movement is his choice of shelter
<table>
<thead>
<tr>
<th>CONTENTS</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Where Can the Consumer Find Housing?</td>
<td>3</td>
</tr>
<tr>
<td>What Are the Advantages of Living in Larger Urban Communities?</td>
<td>4</td>
</tr>
<tr>
<td>Are There Problems of Living in Larger Urban Areas?</td>
<td>5</td>
</tr>
<tr>
<td>What Are the Advantages and Disadvantages of Rural Living?</td>
<td>6</td>
</tr>
<tr>
<td>Who Is Responsible for Meeting the Housing Needs of the Consumer?</td>
<td>9</td>
</tr>
<tr>
<td>What Type of Housing Is Available to the Consumer?</td>
<td>13</td>
</tr>
<tr>
<td>What Are General Factors To Be Considered Before Choosing a Place to Live?</td>
<td>14</td>
</tr>
<tr>
<td>How Do You Judge a Neighborhood?</td>
<td>15</td>
</tr>
<tr>
<td>What Do You Look for in Rental Housing?</td>
<td>17</td>
</tr>
<tr>
<td>What Are the Advantages of Renting an Apartment or House?</td>
<td>23</td>
</tr>
<tr>
<td>What Are the Disadvantages of Rentals?</td>
<td>24</td>
</tr>
<tr>
<td>How Do You Find a Rental Apartment or House?</td>
<td>25</td>
</tr>
<tr>
<td>What Should You Know About the Lease?</td>
<td>27</td>
</tr>
<tr>
<td>What Are the Obligations of Tenants and Landlords?</td>
<td>29</td>
</tr>
<tr>
<td>Will Rent Control Regulations Apply When You Rent an Apartment?</td>
<td>31</td>
</tr>
<tr>
<td>What Choices Does a Buyer Have When in the Market for a Home?</td>
<td>32</td>
</tr>
<tr>
<td>Should You Buy or Rent a Home?</td>
<td>33</td>
</tr>
<tr>
<td>What Factors Are Involved in Choosing a House?</td>
<td>36</td>
</tr>
<tr>
<td>How Do You Find the Right House?</td>
<td>40</td>
</tr>
<tr>
<td>Should You Buy an Existing House or a New House?</td>
<td>41</td>
</tr>
<tr>
<td>How Do You Judge Quality in a House?</td>
<td>43</td>
</tr>
<tr>
<td>How Do You Go About Building Your Own Home?</td>
<td>45</td>
</tr>
<tr>
<td>What Construction Methods Are Being Used To Build Housing?</td>
<td>48</td>
</tr>
<tr>
<td>How Do Most People Finance the Purchase of a Home?</td>
<td>51</td>
</tr>
<tr>
<td>Where Can You Obtain Mortgage Loans?</td>
<td>51</td>
</tr>
<tr>
<td>What Are the Types of Mortgage Loans Available?</td>
<td>53</td>
</tr>
<tr>
<td>What Are Some Mortgage Terms You Should Know?</td>
<td>57</td>
</tr>
<tr>
<td>What Are the Closing Costs You Can Expect To Pay When You Purchase a House?</td>
<td>61</td>
</tr>
<tr>
<td>How Do You Go About Selling a House?</td>
<td>65</td>
</tr>
<tr>
<td>How Do You Choose a Broker?</td>
<td>67</td>
</tr>
<tr>
<td>What Should You Do If You Decide To Sell the House Yourself?</td>
<td>68</td>
</tr>
<tr>
<td>Should You Hire a Lawyer When You Buy Or Sell a House?</td>
<td>70</td>
</tr>
<tr>
<td>What Can You Do To Protect Your Home Investment?</td>
<td>71</td>
</tr>
<tr>
<td>What Is a Condominium?</td>
<td>73</td>
</tr>
<tr>
<td>How Does the Condominium Operate?</td>
<td>75</td>
</tr>
<tr>
<td>What Factors Might Be Considered When Shopping for a Condominium?</td>
<td>76</td>
</tr>
<tr>
<td>What Is a Housing Cooperative?</td>
<td>77</td>
</tr>
<tr>
<td>How Does a Cooperative Operate?</td>
<td>78</td>
</tr>
<tr>
<td>How Does the Cooperative Differ From the Condominium?</td>
<td>80</td>
</tr>
<tr>
<td>What Are the Homeownership Advantages to Members of Condominiums and Cooperatives?</td>
<td>81</td>
</tr>
<tr>
<td>What Is a Mobile Home?</td>
<td>82</td>
</tr>
<tr>
<td>What Are The Sizes and Types of Mobile Homes?</td>
<td>83</td>
</tr>
<tr>
<td>What Is Included in the Basic Price of a Typical Mobile Home?</td>
<td>84</td>
</tr>
<tr>
<td>Where Can You Put a Mobile Home?</td>
<td>85</td>
</tr>
<tr>
<td>Can You Finance the Purchase of a Mobile Home?</td>
<td>86</td>
</tr>
<tr>
<td>What Are the Advantages and Disadvantages of Mobile Homes?</td>
<td>87</td>
</tr>
</tbody>
</table>
What Role Does Government Play in Providing Housing? ....... 88
What Role Has the Federal Government Played? ............. 89
What Is New York State Doing in the Field of Housing? ....... 92
What Is Being Done To Provide Adequate Housing for the Elderly? ... 97
What Should You Know About Buying a Vacation Home? .......... 100
How Can You Protect Yourself When You Buy a Vacation Home? ... 101
Housing is one of man's basic needs and its cost represents the single largest expense in the budget of most individuals and families. It is estimated that up to 30 percent of total income is spent by most people to meet their shelter needs.

Since the end of World War II, housing to meet the needs of low and moderate income families has been in short supply. This shortage, according to most authorities, will get worse with each passing year. Former Governor Rockefeller stated in an address, "Probably no problem facing the state and the nation is more serious than the lack of adequate housing." Not only does a housing shortage exist for Americans earning moderate and low incomes; 1970 census figures show that 7 percent of our population live in substandard housing. Despite the usual accuracy of census figures, housing experts feel the figure is much higher; none claim it is lower.

Since it is apparent a housing crisis exists, a module dealing with housing should receive priority consideration in a consumer education course. In a few years the students sitting in your classroom will be in the market for housing. As they grow older their living patterns will change, and with these changes there will be changes in the nature and amount of housing space required.

This module is designed to give students a comprehensive picture of housing and how to get dollar value when in the housing marketplace. Further, the module will acquaint students with the work that government, Federal, state and local, is doing in the housing field and how they and their families can benefit from government help.

To insure pupil understanding, the teacher should feel free to expand and supplement units in the module. The teacher should become familiar with housing problems in the community, and these problems should become part of the classroom discussion. It is also important for the teacher to keep abreast of economic conditions, as these will have an effect on the kinds of housing available and its cost. For example, as this is being written, mortgage money is very scarce, mortgage interest rates are very high, and construction costs are skyrocketing. All these factors are making it very difficult for people to buy or sell houses. These economic conditions are also having an adverse affect on apartment rentals and cooperative and condominium sales. Should economic conditions change, the teacher must be ready to make adjustments in the module and state the facts as they exist when the module is being taught.

As a result of using the module, class discussion, and other activities students should

- become familiar with the kinds of housing available
- learn how to go about meeting their housing needs
be able to make a choice of the kind of housing best suited to meet their needs

learn about mortgages and how you go about obtaining mortgage loans

recognize the impact of economic conditions on the housing market

become familiar with procedures to follow when selling a house

learn about the role of government in developing the housing needs of the community

become familiar with the operation of cooperative and condominium housing

learn about mobile homes

make judgments about housing based upon sound information and their own value system.
### UNDERSTANDING

**Where Can the Consumer Find Housing?**

- Housing is available in limited supply in areas including
  - large cities
  - suburban communities
  - small cities, towns and villages
  - rural areas

### SUGGESTED PUPIL AND TEACHER ACTIVITIES

- Point out that an urban area can be a small town as well as a large city. The U.S. Census Bureau classifies each place with 2,500 population or more as an urban area.
- Use a map of the state to show the location of various large cities, suburban areas of the cities, smaller cities and towns, and rural areas. Discuss the effect of urban sprawl on rural areas.
- Census figures show the percentage of people living in towns of less than 50,000 has increased by 50 percent since 1920. Ask students for their opinion as to why the small towns, not the large ones, are growing.
- In schools located in smaller urban areas poll the class to find out how many students live in a rural area. Have them discuss the advantages and disadvantages of rural living. Set up a debate and have students who live in the town debate the

### SOURCE

- In a magazine, "Challenge" published by the U.S. Department of Housing and Urban Development, November, 1973, it is reported that "Our intensive and consumptive use of land is expected to escalate dramatically in the next 27 years... The equivalent of every school, pipeline, power-plant, office building, airport, shopping center, factory, home and highway that has been built during our first 200 years may have to be matched to accommodate population and market demands projected for the year 2000... Some conservative projections for land use...are: (1) 10.7 million acres may be consumed by urban sprawl... (2) 3.5 million acres may be paved over for highways and airports... (4) five million acres may be lost to agriculture for public facilities,
WHAT ARE THE ADVANTAGES OF LIVING IN LARGER URBAN COMMUNITIES?

- Mass transit facilities
  - Have students prepare a list of mass transit facilities in their community. Have them include, in the listing, the present cost of using the facilities and the prospects of the costs remaining at the present level during the coming months.

- The proximity of schools, shopping areas, houses of worship, and parks
  - Have students complete the chart below:

    | Facility         | Distance From Home |
    |------------------|--------------------|
    | School           |                    |
    | Church           |                    |
    | Shopping area    |                    |
    | Fire hydrant     |                    |
    | Firehouse        |                    |
    | Police station   |                    |
    | Park             |                    |
    | Movie house      |                    |
    | Theatre          |                    |
    | Museum           |                    |

  - What conclusions can be drawn from this study?

- Public and utility services are readily available
  - What problems are created if public and utility services are not available?

SOURCE
ARE THERE PROBLEMS OF LIVING IN LARGER URBAN AREAS?

The problems of urban living include:

- traffic congestion
  - Have students who live in larger urban areas discuss the effect of traffic congestion on their traveling to and from school.

- water, air, and noise pollution
  - Have students check with local government agencies to determine antipollution laws that are in effect in the community. From their own observation how effective is the enforcement mechanism?

- increasing crime rates
  - It should be pointed out that crime in suburban areas and smaller cities, and villages, is on the increase as well.


The late President Johnson in his Natural Beauty Message to Congress in February, 1965 said, "The uncontrolled waste products of our technology are menacing the world we live in, our enjoyment, and our health."

In an article, "Urban Crime," Prof. Marvin E. Wolfgang of the University of Pennsylvania cited police statistics that indicate urban areas have higher crime rates than rural areas and the rate of serious crimes per 100,000 population appears to increase with the size of the community.
WHAT ARE THE ADVANTAGES AND DISADVANTAGES OF RURAL LIVING?

- The advantages of rural living include

- decline of mass transit systems
  - Where a community has a mass transit system, students discuss the number of service available and what can be done to improve the existing service. Draft a letter with suggestions for improvement and mail it to the local transit authority. Consider that improvements will have to be paid for either by higher fares or taxes.

- deterioration of housing
  - Where feasible, have students tour inner city areas to observe the general condition of the housing. What causes housing in such areas to deteriorate so fast? What effect do tax patterns have on such deterioration? What steps are cities taking to halt the pattern of deterioration? What further steps should be taken?

The Mayor's Rent Control Committee of New York City stated the following in its report to the Mayor of New York City:
- The total rental housing inventory in New York City is less than in 1969.
- The number of buildings demolished or abandoned is increasing at an accelerating rate.
- The number of housing units classified as substandard has increased...
- New residential construction, both private and public, has declined to the lowest level since World War II.
UNDERSTANDING

- possibility of less
air, water and
noise pollution

- psychic
satisfaction

- lower crime rates

- visual beauty

SUGGESTED PUPIL AND
TEACHER ACTIVITIES

. Ask students who live in rural areas to check local streams, rivers, and lakes for signs of pollution.

Where a school services urban and rural areas, conduct the following experiment. Have a student who lives in a rural area use a tape recorder to tape the sounds heard between the period 6:00 to 9:05 P.M. Have a student who lives in an urban area do the same thing. Compare the tapes and discuss the levels of noise heard and their effect on everyday living.

. In a magazine article, "The Importance of Human Environments" it is pointed out that research has shown that excess noise can affect the nervous, endocrine, and reproductive systems. There is also a belief that it may damage unborn children.

Forum Magazine, Fall/Winter, 1974

. One of the hardest things to describe is the feeling of pride and joy some people feel in owning a piece of land where they have elbow room to do as they please without neighbors peering at them. Ask pupils who live or have visited in rural areas to describe this feeling.

. Have students check with the local sheriff's office for information on crime rate figures in urban areas and rural areas serviced by the sheriff's office.

. What is the worth of a beautiful sunset or sunrise in the country? Are such manifestations of nature as apparent in the city?
<table>
<thead>
<tr>
<th>UNDERSTANDING</th>
<th>SUGGESTED PUPIL AND TEACHER ACTIVITIES</th>
<th>SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>- the cost of living is usually lower</td>
<td>- Why are the costs of services lower in rural areas? Are there some services that cost more?</td>
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<td>- feeling of community pride</td>
<td>- Why is it easier to develop a feeling of community pride in a rural area?</td>
<td></td>
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<td></td>
<td>- Is it possible that a sense of community pride develops out of a need for each to help the other which might not be true in the city?</td>
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<td></td>
<td>. The disadvantages of rural living include</td>
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<td></td>
<td>- lower salary scales and gross income</td>
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<tr>
<td></td>
<td>- fewer educational institutions</td>
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<tr>
<td></td>
<td>- no mass transit system available</td>
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<td></td>
<td>- increased cost of commuting by automobile because of the higher cost of fuel.</td>
<td></td>
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<td></td>
<td>. What would some of the reasons be for lower salary scales in rural areas? Have your students attempt to answer this question.</td>
<td></td>
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<td>. Have students who live in rural areas indicate the distance they must travel to and from school every day.</td>
<td></td>
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<td></td>
<td>. Discuss the impact of the energy crisis and the resulting high cost of gasoline on the rural commuter. Do students feel the</td>
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<td></td>
<td>. According to a report by Dr. Dorothy Newman, senior associate of the Washington Center for Metropolitan Studies, rural families</td>
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<td>. Many rural dwellers enjoy a sense of community solidarity not felt by urban dwellers. While each lives a free life, in time of emergency (fire, illness, death) they usually find an out-pouring of genuine interest and help from neighbors. Perhaps because they lack urban services, they feel more strongly the need to help each other in times of stress.</td>
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</tr>
</tbody>
</table>


In his book "Buying Country Property," Mr. Irving Price points out the cost of living in rural areas is less than in urban areas but so are the salary scales.
<table>
<thead>
<tr>
<th>UNDERSTANDING</th>
<th>SUGGESTED PUPIL AND TEACHER ACTIVITIES</th>
<th>SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WHO IS RESPONSIBLE FOR MEETING THE HOUSING NEEDS OF THE CONSUMER?</strong></td>
<td>high cost of gasoline is justified? What alternatives to the automobile might they suggest the rural commuter use?</td>
<td>earning less than $5,000 a year spend as much as 25 to 40 percent of their incomes on gas, primarily to buy gas to get to and from work. She further reports that while only half the poor families have cars they use them almost entirely for work-related purposes.</td>
</tr>
<tr>
<td>- The Federal government, state government, and many local governments build public projects and offer financial assistance to private industry to build housing.</td>
<td>Have students check in the community to determine which housing was built with public funds. Also check to determine which new housing in the community is being built with public funds.</td>
<td>Write to the U.S. Department and Housing and Urban Development for listings of federally assisted housing.</td>
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<tr>
<td>- Wherever government offers financial assistance the builder must conform to rules and regulations dealing with the renting or selling of housing.</td>
<td>Write to the various agencies listed in the Source column and obtain information as to how you may qualify for housing in your community built with public funds.</td>
<td>Write to the New York State Division of Housing and Community Renewal, Two World Trade Center, New York, N.Y. for a listing of state-assisted housing.</td>
</tr>
<tr>
<td>- Public funds are used to build rental and cooperative apartments.</td>
<td>Make a comparison of rental costs in housing built with public funds and with private funds.</td>
<td>Write to New York City Housing and Development Administration 100 Gold Street, New York, N.Y. 10038 for a listing of city-assisted housing.</td>
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<td></td>
<td>Compare the cost of purchasing a privately built cooperative with</td>
<td>Write to Housing Authority in your community for listings of housing run by the authority.</td>
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</tbody>
</table>
- Income limits are in effect in all public housing and in housing built by private industry with government assistance.

- Families earning more than the income limits are not eligible for public housing or government-assisted private housing.

- If earnings increase while living in a publicly assisted project and family income exceeds the income limit for the apartment, the family is required to pay a surcharge.

- A surcharge is a charge above and beyond your annual rent or carrying charges.

- Check with a local public housing project built with government assistance for their monthly rental or carrying charges. Based on this information calculate the income limits for a family of three persons; a family of four persons.

- Contact the local housing authority and find out what procedures are in effect to check the income of a family interested in living in publicly assisted housing.

- Invite a representative of the local housing authority to visit the class to discuss the housing being provided by the community. Ask for details on eligibility and how to apply for housing in the public sector.

- Write to the local housing authority and obtain information on the formula used to determine a surcharge.

- Developments built under the Mitchell-Lama (Limited Profit Housing Companies) Law of New York State restrict gross annual income for a family of three persons to a maximum of six times the annual rent or carrying charges. For a family of four or more persons the limit is seven times the annual rent or carrying charges.

- In the Redevelopment Companies program the formula is eight times the annual rent or carrying charges.

- Investigate steps your community may have taken to sell run-down housing for a nominal sum (in some cases as low as $1) in return for a pledge of the new owner to fix it up and restore it to the tax rolls.

- For more detail on income limits write to the agencies listed on page 9.
UNDERSTANDING

- Surcharge payments are due once a year and can be paid in a lump sum or in monthly installments.

- When income limits are exceeded in public projects the family may be required to move.

SUGGESTED PUPIL AND TEACHER ACTIVITIES

- Set up a number of problems and have students calculate the surcharge in each case.

- Have students check with the local housing authority for its policy on families whose income exceeds the legal limit in a public project.

SOURCE

- In the November, 1973 issue of the HUD Challenge, a magazine published by the U.S. Department of Housing and Urban Development it was reported that of the 2,378,500 housing starts made in 1972 2,039,700 were non-subsidized.

- Explain the difference between the high-rise apartment and the walk-up apartment. Also indicate how a garden apartment differs from an ordinary apartment building. Discuss briefly cooperatives, condominiums, and private homes, since they will be covered in detail later in the module.

- Explain the difference between a detached and a semi-detached unit; between a semi-detached unit and an attached unit. Discuss the advantages of each type, and have students state their preference and the reasons for their choice.

- Private industry provides most of the consumer's housing needs.

- Housing built in the private sector includes high-rise buildings, walk-up apartment buildings, garden apartments, cooperatives, condominiums and one-and-two family private homes.

- Private homes can be built as a single unit, (detached), semi-detached, or as an attached unit.
Our choice of shelter reflects our values in life.
WHAT TYPE OF HOUSING IS AVAILABLE TO THE CONSUMER?

- The choices open to the consumer include
  - rental apartments
  - house rentals
  - purchase of an existing home
  - purchase of a new house
  - building a home

Ask students to check the real estate section of the local newspaper. Have them prepare sample listings for each type of living accommodation advertised. For each listing include the cost. What conclusions can be drawn as to the cost of the different kinds of housing available?


For source information:
- obtain a copy of the pamphlet, "Housing: a Nationwide Crisis" by Maxwell S. Stewart. It can be obtained from The Public Affairs Committee, 381 Park Ave., South, New York 10016.
- It is referred to as Public Affairs Pamphlet No. 495; the cost is 35 cents.
- In the pamphlet, Mr. Stewart indicates the number of new houses required for the country through 1978 has been set at 26 million, of which 6 million should be for low-income and moderate-income families. The need in the New York City metropolitan area is estimated at 200,000 units a year for the next 30 years; only about 46,000 a year were built in the five years 1966 to 1970.

Note to the teacher:
At this point you might want to take time to discuss the housing crisis that exists. At this writing the building of public projects and publicly assisted private housing is at a virtual halt. Further, housing starts in the private sector are expected to be below 2 million for the year 1974 (see figure for 1972 in source column at top of page). Have students discuss the housing crisis, the effect on their future, and what they would like to see done to improve the situation.

Ask students to check "Money Management - Your the real estate Housing Dollar," House- section of the local hold Finance Corporation, newspaper. Prudential Plaza, Chicago, Illinois, 60601


(continued)
UNDERSTANDING

- buying a condominium
- purchasing a cooperative apartment
- buying a mobile home

SUGGESTED PUPIL AND TEACHER ACTIVITIES

- Write to a dealer of mobile homes and obtain literature. Compare the physical layout of the mobile home with the layout of your living quarters. Determine student feelings about the possibility of their living in a mobile home.

- Have students indicate the type of housing they would prefer. What are the reasons behind their choice?

SOURCE

Presents possibilities of housing in the 21st century. Can be used to stimulate discussion on the types of housing available today.

WHAT ARE GENERAL FACTORS TO BE CONSIDERED BEFORE CHOOSING A PLACE TO LIVE?

- Monetary considerations are a prime factor to consider when making a choice of shelter.
- How much to spend would be dependent upon yearly income, age of head of household, cash reserves, and future financial prospects.

- Point out to students the following general rules as to how much should be spent for housing:
  - A family should spend no more than two to two and one-half times its total annual income on housing.
  - Housing expenses should be limited to one week's pay out of each month's salary.

- In a pamphlet, "Selecting and Financing a Home," published by the U.S. Department of Agriculture, it is pointed out that to allow a flat percent of income for housing does not fit every family because of differences in income and age of the head of the household. A survey made by the department shows spending for housing varies, as indicated on the chart below.
Selecting a location to satisfy housing needs is considered by many to be the single most important consideration.

HOW DO YOU JUDGE A NEIGHBORHOOD?

- In picking a neighborhood to live the location should be desirable now and it should look promising for the future.

- Specific location factors to be considered include the accessibility of:
  - schools
  - houses of worship
  - shopping areas
  - availability of transportation

Before going into specific location factors to be considered, have the students list what they consider to be of prime importance in selecting a place to live.

Discuss how prospects for the future of a neighborhood can be checked in advance. i.e.: prospects for changes in zoning regulations, availability of land for future development, etc.

Have each student prepare a chart showing the location of all items listed and the distance from his home. Ask students to compare charts to determine which students live in what may be considered ideal locations.


<table>
<thead>
<tr>
<th>Income after Taxes</th>
<th>Percent</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $5000</td>
<td>26</td>
<td>Income after Taxes</td>
</tr>
<tr>
<td>Over $5000</td>
<td>22</td>
<td>Source</td>
</tr>
<tr>
<td>Percent</td>
<td>Percent</td>
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</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Age of head</th>
<th>Under 35</th>
<th>26</th>
<th>22</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>35 to 44</td>
<td>26</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>45 to 54</td>
<td>32</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>55 and over</td>
<td>39</td>
<td>15</td>
</tr>
</tbody>
</table>
UNDERSTANDING

- hospitals
- parks and playgrounds
- recreation and entertainment facilities
- employment centers.

Neighborhood characteristics to be considered include

- general condition and appearance of neighborhood
- condition of adjoining housing
- condition of streets, include drainage and street surfacing
- traffic conditions
- presence of excessive smoke, odors, or fumes.

SUGGESTED PUPIL AND TEACHER ACTIVITIES

- Survey local communities to determine transportation costs to the nearest centers of employment. Have students check with their families to find out how commuting costs compare to other expenses in the family budget.

- Using a rating system of 1 to 5 (5 being the highest rating) have students rate their neighborhood. The rating sheet should also include monthly rental or carrying charges. Check to see if there is a correlation between what is being paid for housing and the condition of the neighborhood.

- Contact the local Environmental Protection Agency for information on air quality in your community.

SOURCE

- Cramer, Richard D., "The Choice is Yours," Consumers All, The Yearbook of Agriculture, US Department of Agriculture, Washington, D.C., 1965. This book may be available from your local Congressman, or will be found in the local library.

- "Consumer Education, Materials for an Elective Course," available from the State Education Department, The University of the State of New York.
<table>
<thead>
<tr>
<th>UNDERSTANDING</th>
<th>SUGGESTED PUPIL AND TEACHER ACTIVITIES</th>
<th>SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>- fire and police protection</td>
<td>- It should be made clear that the cost of utilities will vary depending on the company servicing your community. Have students compare the utility rates charged in their community with the utility rates charged in neighboring communities and in the larger cities in the state.</td>
<td></td>
</tr>
<tr>
<td>- garbage and rubbish removal schedules</td>
<td>- Emphasize that zoning regulations are as important to the apartment dweller as they are to the person living in his own house. Have students obtain from the local housing board the zoning regulations for their neighborhood. Have students compare zoning regulations to determine which neighborhoods are the most desirable.</td>
<td>In a magazine article, &quot;The Burger That's Eating New York&quot; by Ms. Mimi Sheraton, New York magazine, August 19, 1974, the author shows how zoning regulations are important to the apartment house dweller.</td>
</tr>
<tr>
<td>- snow clearance</td>
<td></td>
<td></td>
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<tr>
<td>- zoning regulation.</td>
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</tr>
</tbody>
</table>

**WHAT DO YOU LOOK FOR IN RENTAL HOUSING?**

- Consumers can satisfy their housing needs by renting an apartment or a house.
- Rentals may be available fully or partially furnished.
- Compare costs of fully furnished apartments and houses with those that are partially furnished.
UNDERSTANDING
Most rentals contain no furnishings.

After monetary considerations, prime thought is given to location.

Three areas to consider when looking for a rental are outside the building or house, inside the apartment building and inside the apartment or house.

A check of the outside of the building or house should include
- character of the neighborhood
- convenience of location
- condition of building or house
- exposure of rooms
- safety conditions in the neighborhood

SUGGESTED PUPIL AND TEACHER ACTIVITIES
furnished or not furnished at all. Obtain information from classified ads in the real estate section of the local newspaper.

Have students prepare a list of those things that could be used to judge the character of a neighborhood.

Ask students to appraise the condition of the building or house they live in. Have them indicate the criteria used.

Discuss the importance of exposure of rooms, and the relation to comfort. i.e. undesirability of bedrooms having a northern exposure.

How might safety conditions in a neighborhood be gauged? Discuss

SOURCE
"If you Have to Rent Out Your House," Changing Times, Feb., 1974, pages 51-52

See pages 15-17 for discussion on how to choose the best location


An audit of crime in New York City showed crime to be underreported as follows:
<table>
<thead>
<tr>
<th>UNDERSTANDING</th>
<th>SUGGESTED PUPIL AND TEACHER ACTIVITIES</th>
<th>SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>privacy offered by location of the building</td>
<td>why police statistics may not give an accurate picture of crime rate in a community?</td>
<td>Auto theft and rape under-reported by 22 percent, larceny by 54 percent, robbery 90 percent and burglary 96 percent. Indications are that under-reporting is the case in most communities in the country. From &quot;The Metropolitan Enigma&quot; by James Q. Wilson</td>
</tr>
<tr>
<td>play areas for children</td>
<td></td>
<td></td>
</tr>
<tr>
<td>cleanliness of the neighborhood</td>
<td></td>
<td></td>
</tr>
<tr>
<td>parking facilities</td>
<td>Discuss the importance of having parking facilities, especially in larger cities. Determine the average cost of parking in your community. Debate the question, &quot;Should local government provide low cost parking for its citizens?&quot;</td>
<td></td>
</tr>
<tr>
<td>sewage facilities</td>
<td>Why would it be a good idea to look over the neighborhood where you are considering renting during a heavy rainstorm?</td>
<td></td>
</tr>
<tr>
<td>A check of the inside of an apartment building should reveal</td>
<td></td>
<td>A recent law passed in New York City makes it mandatory for builders to set aside space to provide for tenant parking.</td>
</tr>
<tr>
<td>well lighted entrances and hallways</td>
<td>Point out that good lighting can be a deterrent to crime.</td>
<td></td>
</tr>
<tr>
<td>UNDERSTANDING</td>
<td>SUGGESTED PUPIL AND TEACHER ACTIVITIES</td>
<td>SOURCE</td>
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<tr>
<td>---------------</td>
<td>---------------------------------------</td>
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</tr>
<tr>
<td>- cleanliness of hallways</td>
<td>. Emphasize that fire escapes are not usually found in high-rise apartment buildings and this could prove to be a problem during a fire. Indicate that fire escapes are not provided because such structures are fire resistant. This doesn't mean there won't be fires; it means the fire, in most cases, will not spread throughout the building.</td>
<td>. An article in the May 27, 1974 issue of New York magazine reported on the dangers of fires in high-rise buildings. The article can be a source of information for a discussion on the problems of fire and high-rise developments.</td>
</tr>
<tr>
<td>- location of fire escapes</td>
<td>. Why are laundry room facilities important in rental situations? Discuss the question of the location of the laundry facilities and why this could be a factor in making the decision to rent. (Note: This question could be related to safety since a good many crimes occurring in an apartment buildings take place in the laundry room.)</td>
<td></td>
</tr>
<tr>
<td>- laundry room facilities</td>
<td>. Students who live in apartment buildings where there are security locks on entrance doors might check to see if other keys will open the door. What conclusions may be drawn from this experiment?</td>
<td></td>
</tr>
<tr>
<td>- conveniences such as elevators and incinerators</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- security locks on entrance doors.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
. A check of the inside of the apartment or house should include
- conditions of walls, floors, windows, ceilings, and doors
- location and number of electrical outlets
- cross ventilation in rooms
- adequate current to meet the needs of modern home appliances
- ample storage area and closets

. Have students check each room in their home for the number of electrical outlets. Is the number sufficient? What do they consider to be an ample number of electrical outlets in different types of rooms?
. Discuss how cross ventilation can help keep down electrical costs during the summer months and add to comfort.
. Invite a representative of the local power company to visit the class to discuss the power needs of the many high-wattage electrical appliances that are being used in homes today. As a result of the information provided during the talk have students check the appliances used in their home against the amperage available.
. Discuss how much storage space is considered to be sufficient in a home. Have students

. A check of the fuse box in a home or apartments will show the amperage available in the home.
. A six foot rod in a closet is considered satisfactory; a seven foot rod would indicate a more than adequate


A check of the fuse box in a home or apartments will show the amperage available in the home.
SUGGESTED PUPIL AND UNDERSTANDING TEACHER ACTIVITIES

- Measure closets and storage space in their home to see if the space allotted is sufficient.

- Condition of heating and plumbing facilities.
  - Invite a trade teacher or industrial arts teacher to visit the class to discuss what to look for to check the adequacy of heating and plumbing in a house or apartment.

- Amount of work space in kitchen.
  - Point out that in checking the amount of work space you must take into account the kinds of kitchen appliances you possess and whether or not they require storing on a counter top.

- Condition of windows, screens, blinds and shades.

- Presence of a master TV antenna and/or cable television.
  - Point out that where a master TV antenna is present there may be an additional charge to be hooked into the master antenna.

Why is a master TV antenna or cable TV important in outlying communities?

- Type of and condition of appliances provided.
  - Rental apartments and houses usually include, as part of the rental, the standard appliances found in most homes: stove, refrigerator and sink. It should be pointed out, however.

For information on cable TV, write or contact the local company providing the service. Information on the cost and extra benefits to the user of cable TV can be obtained from the company and passed on to the students.
### WHAT ARE THE ADVANTAGES OF RENTING AN APARTMENT OR HOUSE?

<table>
<thead>
<tr>
<th>UNDERSTANDING</th>
<th>SUGGESTED PUPIL AND TEACHER ACTIVITIES</th>
<th>SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rentals require no capital outlay.</td>
<td>Discuss how a tight money market and high interest costs are putting the prices of homes out of reach of many families. Ask a local banker or real estate broker to visit the class to discuss renting versus buying under present market conditions.</td>
<td>The National Association of Home Builders reported the average cost of a new house has spiraled nearly 20 percent during the past year.</td>
</tr>
<tr>
<td>People who rent have greater mobility if there are changes in income or desires.</td>
<td>Discuss with students their feelings about the need for mobility in their lives. Poll the class to find out how many moves their families have made in the past five years.</td>
<td>On the average Americans move every five years.</td>
</tr>
<tr>
<td>Housing expenses in rentals are generally fixed, making budgeting easier.</td>
<td>All obligations are over when the lease expires.</td>
<td></td>
</tr>
<tr>
<td>UNDERSTANDING</td>
<td>SUGGESTED PUPIL AND TEACHER ACTIVITIES</td>
<td>SOURCE</td>
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<tr>
<td>---------------</td>
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</tr>
<tr>
<td>You usually have freedom from responsibility for repairs and maintenance.</td>
<td>Have students who live in their own home report to the class on the amount of time spent on repairs and maintenance in the home.</td>
<td>One to two percent of the cost of a home must be budgeted for maintenance costs.</td>
</tr>
<tr>
<td><strong>WHAT ARE THE DISADVANTAGES OF RENTALS?</strong></td>
<td></td>
<td>&quot;Consumer Education Materials for an Elective Course,&quot; The State Education Department, The University of the State of New York, Page 70</td>
</tr>
<tr>
<td>No equity in the property</td>
<td>Explain what is meant by equity. Indicate the matter of equity will be discussed further in the section dealing with buying a home.</td>
<td></td>
</tr>
<tr>
<td>Instability of rent</td>
<td>Discuss the impact of the increasing cost of fuel and other costs on the rent structure of apartments not subject to rent control laws.</td>
<td></td>
</tr>
<tr>
<td>Cost of improvements to the property are lost when you move.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No pride in ownership</td>
<td>Discuss how pride of ownership is a vital factor when appearance of a property is concerned.</td>
<td></td>
</tr>
<tr>
<td>The price and quality is subject to housing availability.</td>
<td>Discuss the law of supply and demand and its impact on rent. Point out that unless current trends change, the future will bring a severe shortage of rental housing and higher rents.</td>
<td>In a report prepared by The New York City Rand Institute, it is pointed out there has been a net growth in the number of households, despite the lack of population growth. Couple this with a decline of new construction and the massive withdrawal of housing from the active inventory (especially</td>
</tr>
</tbody>
</table>
Renting may be more expensive over a period of years than owning a home.

Assuming a house for sale and a rental house or apartment have an equivalent amount of space and/or other yardsticks of value, the chart below shows annual costs for the first ten years. (Equivalent figures have been used to make the figures valid.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Rent</th>
<th>Annual Owner's Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$6200</td>
<td>$6960</td>
</tr>
<tr>
<td>2</td>
<td>6448</td>
<td>4965</td>
</tr>
<tr>
<td>3</td>
<td>6706</td>
<td>4303</td>
</tr>
<tr>
<td>4</td>
<td>6974</td>
<td>3975</td>
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<td>7253</td>
<td>3780</td>
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<td>3652</td>
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<td>7</td>
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<td>9</td>
<td>8485</td>
<td>3444</td>
</tr>
<tr>
<td>10</td>
<td>8824</td>
<td>3404</td>
</tr>
</tbody>
</table>

Over a 10-year period, savings on owning versus renting come to $32,898, or an average of $3290 a year.

<table>
<thead>
<tr>
<th>Understanding</th>
<th>Suggested Pupil and Teacher Activities</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classified advertisements</td>
<td>Use an opaque projector to go over the rentals in the classified section of the local newspaper. Have students indicate which apartments appear to be suitable for a single person; for a newly married couple. A follow-up to this exercise may involve sending students to check on the rental so they can be rated according to the items covered on pages 14 through 22 of this module.</td>
<td>Levy, Feldman, Sasserath, &quot;Consumer in the Marketplace,&quot; Pitman Publishing Company, New York, page 231</td>
</tr>
<tr>
<td>Family members, relatives, and friends</td>
<td>Ask each student in class to check with family and friends for leads on apartment or house rentals. How many leads were generated by the class as a whole? Check selected leads against leads found in the classified section. Can any conclusions be drawn from this exercise?</td>
<td></td>
</tr>
<tr>
<td>Real estate agents</td>
<td>Invite a real estate agent to class to discuss how the real estate agent operates with regard to rentals. Be sure he covers the fees charged for his services and who pays the fees.</td>
<td>&quot;The Family Real Estate Advisor,&quot; a booklet published by Simon and Schuster, Inc., 630 Fifth Avenue, New York, New York 10020</td>
</tr>
<tr>
<td>Public agencies</td>
<td>Point out that public agencies usually deal with housing for low-and-moderate-income families.</td>
<td>For public rental housing in New York City, write to New York City Housing Authority,</td>
</tr>
</tbody>
</table>

For public rental housing in New York City, write to New York City Housing Authority,
WHAT SHOULD YOU KNOW ABOUT THE LEASE?

. A lease is a contract between the tenant and the landlord.

. A lease specifies the terms both parties agree to when a dwelling is rented.

. The lease is a legal document and must be examined carefully before being signed.

. Both landlord and tenants are bound by the provisions of a lease.

. Information found in a lease should include
  - names of tenant and landlord
  - period of time for which lease is effective
  - description of premises to be leased
  - right of landlord to inspect apartment or house

. Obtain a copy of a standard lease form and go over each item with the class. Ask students who live in rentals to check the lease for any unusual provision in the lease.

. Secure "A Guide for Renters." Note in October issue the 10 points regarding the landlord's rights in a typical lease. Ask pupils to study their families' leases to see how many of their families' leases contain these "danger sign clauses."

. Using an actual lease compare the items covered in the lease with the points covered in the Suggested Learning Column.

. Check with local agencies for information on eligibility for the housing available.

. Check local directories for the housing authority located in your community.


- amount of rent to be paid
- date rent is due
- who is responsible for maintaining the premises and decorating the apartment
- amount of security required
- details concerning subletting
- provisions concerning the keeping of pets
- provisions concerning utilities.

**SOURCE**

. Landlords vs. tenants: Rules of the game are changing; Changing Times, May 1972.

. Discuss why a landlord usually requires the tenant to leave at least a one-month security deposit when a lease is signed. Be sure to indicate what happens to the security when the tenant decides to move.

. Explain the meaning of subletting.

. Many leases prohibit tenants from keeping pets in the house.

. There are a number of court decisions on record upholding the right of the landlord to prohibit the keeping of pets in rental apartments and houses.

. The cost of gas is usually included in the rental charge for an apartment. Some apartment rents include the cost of both gas and electricity. Discuss how much of a savings can be realized when both gas and electric are included in the rental charges.

Make it clear that a lease for a house rental should not be signed until it is clearly indicated.
WHAT CAUTIONS SHOULD RENTERS TAKE?

- Do not leave blank spaces in a lease.
- The tenant should have an exact copy of the lease.
- All changes should be written and initialed by both parties to the lease.
- Make it clear that the lease is a form of contract and all the rules that should be followed when entering into a contract apply to the lease.
- Give examples of what could happen if blank spaces are left on a lease next to the amount of rent, the apartment number, or the day that the rent is due.

WHAT ARE THE OBLIGATIONS OF TENANTS AND LANDLORDS?

- Both tenants and landlords have moral and legal obligations to abide by the terms of a lease.
- Do leases seem to protect the owners more than the tenants? If so, what factors may have led to the development of modern standard leases?
- In most communities the law requires tenants to
  - pay rent promptly
  - tell the landlord exactly who lives in the apartment
- Explain the kind of action the landlord can take if the tenant does not live up to his legal obligations, i.e., eviction.
- Point out there are health laws in effect limiting the number of people who may live in a given area.
- New York City law, for example, forbids sleeping in the kitchen or the bathroom.

SOURCE

- New York City law, for example, forbids sleeping in the kitchen or the bathroom.
UNDERSTANDING

- keep the apartment clean
- keep halls clear
- refrain from using props to keep the corridor doors open or shut
- many leases require prior approval before subletting is permitted
- some leases restrict occupancy to members of one family group
- repair damage caused by the tenant.

SUGGESTED PUPIL AND TEACHER ACTIVITIES

. Have students check the local housing statutes for laws pertaining to the tenant's obligations
. It should be made clear that the purpose of this law is to insure tenant safety in case of fire.
. Why do some leases restrict occupancy to the original lessee?
. Why do some leases restrict occupancy to members of one family?
. Find out what the law requires of the landlord with regard to the hours heat and hot water must be provided, also the temperature that must be maintained. Is the landlord entitled to collect rent even if heat or hot water are not provided due to a breakdown?
. Check with the local Department of Health to determine what laws apply to landlords.

SOURCE

. "You and Your Landlord," a pamphlet available from the New York City Housing Authority, 250 Broadway, New York City.
. In New York City hot water must be at least 120 degrees and provided between the hours of 6 a.m. to midnight; from October 1 through May 31; building temperature must be at least 68 degrees between 6 a.m. and 10 p.m., and 55 degrees between 10 p.m. and 6 a.m.
. In a study conducted by the New York City Rand Institute it is reported that in many instances relations between landlords and tenants have
SUGGESTED PUPIL AND TEACHER ACTIVITIES

- provide garbage facilities
- paint the apartment at specified intervals
- refrain from interfering with the tenant's right of possession except to protect his property.

Failure of the landlord to live up to his legal obligations may result in the tenant being granted a rent reduction.

. Does the right to protect his property entitle the landlord to enter the tenant's premises even when the tenant is away?
. Invite a member of the local housing authority to visit the class to provide information on what the law expects of landlords and the penalties, to the landlord, for not fulfilling his legal obligations.

WILL RENT CONTROL REGULATIONS APPLY WHEN YOU RENT AN APARTMENT?

. Of the total supply of housing units in the state approximately 1.2 million units come under rent control regulations.
. The bulk of rent controlled units, 1.1 million units are located in New York City; the balance are located in 101 municipalities throughout the state.
. Under terms of the Vacancy Decontrol Law enacted in 1971, any rent controlled apartment which

SOURCE

UNDERSTANDING

began voluntarily vacant on or after July 1, 1971 could no longer be subject to any control or regulation by the State of New York.

- Under vacancy decontrol, the rent of tenants in residence was not affected but new tenants paid varying rentals.

- Under terms of the Emergency Housing Rent Control Law, the state can remove rent controls from apartments in any municipality when the rental vacancy rate exceeds five percent.

- The Emergency Tenant Protection Act of 1974 is the newest state law affecting rent control.

SUGGESTED PUPIL AND TEACHER ACTIVITIES

apartments the law includes stringent penalties, both civil and criminal against landlords guilty of harassment.

- The critics of rent control claim that rent control prevents landlords from making a fair profit on their investment. Many tenant groups claim that rent control is the only way that many people can afford decent housing. Set up a committee to study the effects of rent control in the state and have them report their findings to the class.

- Contact the nearest office of the State Housing Division of Housing and Community Renewal - Office of Rent Administration for information on rent control in the state.

- Have the students indicate their preference as to the type of house they prefer. What are the reasons for their choice?

WHAT CHOICES DOES A BUYER HAVE WHEN IN THE MARKET FOR A HOUSE?

- The family in the market for a house can
  - purchase an existing house
  - purchase an already built new house

SOURCE

- Federal controls went into effect. Under the federal controls, increases were generally limited to 2.5 percent above the rent of comparable apartments which had been decontrolled and rented during the six weeks prior to the Federal control period.


- Contact the nearest office of the State Housing Division of Housing and Community Renewal - Office of Rent Administration for information on rent control in the state.

- Have the students indicate their preference as to the type of house they prefer. What are the reasons for their choice?

SHOULD YOU BUY OR RENT A HOUSE?

- To rent or buy is a decision influenced by
  - financial considerations
  - family size and space considerations
  - how the family feels about giving up its mobility
  - a person's willingness to assume the responsibilities of the maintenance of a house and its grounds.

The advantages of renting are
  - mobility is retained
  - expensive maintenance costs are avoided

SUGGESTED PUPIL AND TEACHER ACTIVITIES

- Why does the newly married couple usually settle for a rented home?
- Prepare a display showing how the housing needs of a family might change, from marriage through old age, as the size and needs of the family change.
- Poll the class to determine the total number of moves made by the student's families during the past ten years.
- Have a student whose family owns a house report on the various maintenance and ground chores he must perform on a regular basis.
- Discuss why people might want to retain their mobility.
- Visit local repairmen and obtain approximate costs for each of the following jobs:

SOURCE

"Should You Rent or Buy?" A pamphlet issued by the U.S. Department of Housing and Urban Development, Washington, D.C. 20410. Free

"Buying or Selling a House," U.S. News and World Reports, May 7, 1973, pages 57-59

Thal & Holcomb, "Your Family and It's Money," Houghton Mifflin Co., pages 148-152
UNDERSTANDING
- upkeep and repairs are the problems of the landlord
- you may have the option to buy at a later date.

The advantages of buying a home are
- home ownership is an incentive to save and is a measure of economic progress
- monthly mortgage payments may be less than rent for the same amount of space

SUGGESTED PUPIL AND TEACHER ACTIVITIES
- weekly maintenance of lawn of 2000 square feet
- replacing a septic system
- replacing a hot water heater
- repairing a furnace with a damaged fire box
- cutting down and removing a 60 foot high tree
- repairing a broken water pipe

What conclusions can be drawn from this survey?

Point out that in some cases, especially where an owner wants to sell the house and he is having trouble finding a buyer, a person who rents may have an option to buy with part of the rent already paid going towards the purchase price.

The advantages of buying a home are
- home ownership is an incentive to save and is a measure of economic progress
- monthly mortgage payments may be less than rent for the same amount of space

The conclusion of the survey is

A study made comparing annual rent with annual owner costs showed that the annual owner costs exceeded the annual rental during the first year only. In each subsequent year owner costs went down and rental costs increased. The conclusion of the survey is

SOURCE

Check local classified ads for the monthly rent for a three bedroom home. Find out the average monthly charges for a three bedroom home and compare the costs.
- interest payments and real estate taxes are deductible from income taxes

- equity is being built with each payment

- home ownership improves your credit rating and gives you greater opportunity to "trade-up"

---

. If a person pays real estate and mortgage interest payments that amount to $1800 a year, how much taxes are saved if the person pays 26 percent of his salary for taxes; 30 percent; 36 percent?

. Discuss the meaning of "equity" and explain how it builds as the mortgage on a home decreases. At this point discuss "sweat equity" and how the labors of the owner can improve the value of a property.

. Explain the meaning of "trade-up."

. Visit a local bank and pose the following hypothetical questions to the loan officer.
   - A person owns a home valued at $35,000. His equity in the house is $20,000. He wants to buy a new home costing $55,000. Under what circumstances would the bank issue a mortgage for $25,000?
   - A person has been renting a home for the past three years.

---

. Write to the local office of the Internal Revenue Service and the New York State Department of Taxation for rules and regulations concerning the deduction of real estate interest on mortgage payment from Federal and state taxes.

---

that it is cheaper to rent than to buy if you will live in the house only for a year or so.
**UNDERSTANDING**

- **an investment in a home may stand up against changes in the economy better than other purchases.**

**SUGGESTED PUPIL AND TEACHER ACTIVITIES**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Investigate what has happened to the value of homes in your community during the past five years. Report your findings to the class.</td>
<td>- The National Association of Home Builders reported that the average cost of a new home spiraled nearly 20 percent to more than $41,000 during 1973-74. Under present conditions the value of such a house will increase with each passing year.</td>
</tr>
<tr>
<td>- It must be emphasized that buying a house involves the assuming of a long term obligation and a long term investment of money. Careful consideration of the family budget must be made before a house is purchased.</td>
<td>- For a chart on estimating a housing allowance obtain a copy of &quot;Selecting and Financing a Home&quot; from the U.S. Department of Agriculture. The chart is on page 15.</td>
</tr>
<tr>
<td>- Why is it not wise to buy the best home on the block? What may changes in the neighborhood do to the value of your home? How might the family's happiness be related to the location of the home?</td>
<td>- Refer to pages 15-17 in this module for a discussion on choosing the proper location.</td>
</tr>
</tbody>
</table>

**WHAT FACTORS ARE INVOLVED IN CHOOSING A HOUSE?**

- cost of the house
- location

SOURCE

- Schoenfeld & Natella, "Consumer and His Dollars," Oceana
SUGGESTED PUPIL AND TEACHER ACTIVITIES

- Extra assessments that might be levied against the property for utilities to be installed
- Prospects of future assessments to improve the neighborhood such as for streets, sidewalks, sewers, and other improvements
- Insurance rates and water rates
- Opportunities for employment


The local water authority can quote rates for water usage in a community. Water costs can run to $150 a year and higher.

A report of the National Commission on Urban Problems reports an interesting paradox with regard to employment opportunities in suburban communities. The report showed that central cities increasingly are
. Survey the types of employment opportunities in the community in which the prospective home is located.

. Have each student select an area in the community where he would like to own a home. Have them find out what transportation is available to get them to the nearest major employment area. Also have them determine the cost of transportation. If private transportation must be used have them determine the cost of using an automobile using 17 cents per mile as a means of determining cost.

. Make the point that commutation rates will in all probability continue to rise and the prospective homeowner should keep this fact in mind. Since the end of WW II fares have gone up nearly 350 percent, and

becoming white-collar employment centers while the suburbs are becoming the employment areas for blue-collar workers. This is ironical in view of the fact that low-paid blue collar workers, for the most part, (especially if they are minorities) live in the central city while white-collar workers are increasingly living in the suburbs.

Studies show the poor spend a greater portion of their income on transportation than higher-income Americans. To help the low-income consumer with his transportation problems the Office of Economic Opportunity instituted a transportation stamp program modeled after the food stamp program. Under the program, being tested in West Virginia, eligible parties can purchase transportation stamps that are good for all modes of transportation, public and private, so long as the carrier is willing to accept the stamps.

. transportation facilities and commutation rates

SOURCE

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despite this rise, transportation industry profits continue to decline.

. neighborhood characteristics

. public and utility services available

. zoning laws

. school district

. tax rate

. Refer to page 16 in the module for a discussion on neighborhood characteristics.

. Refer to page 4 in the module for a discussion on what to consider with regard to public and utility services.

. Point out that zoning laws can be, and are frequently, changed. Have a student prepare a report on the zoning changes made in his community during the past twenty years. Discuss the effect changes in zoning regulations have had on the community as a whole.

. The school district servicing a community is usually given close scrutiny by a family before they move into a community. Have students indicate what they would look for in a school for their children.

. The primary source of school funds in many communities is realized from the proceeds of the real estate or property tax. Compare the tax rate in your town with a neighboring town with a neighboring area. In a pamphlet, "Housing - A Nationwide Crisis," the author, M.S. Stewart, reports that the real estate tax in many areas is equivalent to a sales tax of 3947.
HOW DO YOU FIND THE RIGHT HOUSE?

. Check with real estate brokers and real estate advertising.

. Inform friends and neighbors you are in the market for a house.

. Take a Sunday drive or walk looking for houses for sale and model homes on display.

. Keep a record of all houses you find attractive.

SOURCE

20 to 30 percent on housing. Mr. Stewart reports that if the real estate tax were cut to the same level as the sales tax (6 or 7 percent of rental value), another 10 percent of low-income families would be in position to purchase new housing.


Murray, Robert W., "How To Buy the Right House at The Right Price," Collier Books, New York 1965
SHOULD YOU BUY AN EXISTING HOUSE OR A NEW HOUSE?

. New houses are generally built as part of a development forming a new community. Existing houses are mostly found in established communities.

. Generate a discussion as to which is more desirable: buying a new house in a new community with neighbors all starting out together or buying an existing house in an already established neighborhood.

. New houses offer the benefits of modern construction methods while older houses were built to different standards.

. Invite a local building contractor to visit the class to discuss modern methods of construction as opposed to the kind of construction used in homes built 20 and 30 years ago.

. Lighting and electrical wiring in new houses will meet up-to-date building code specifications.

. Check with a local electrical contractor to determine the cost of rewiring a three bedroom house.

. Maintenance costs for new houses are lower than for older houses.

. The purchase of a new houses usually requires lower down payments than for older houses.

. Discuss how the owner's equity in an existing house usually requires a higher down payment on the part of the purchaser.

. Check the classified ads and compare down payments required on new houses as opposed to older houses being sold.

SOURCE

. Statistics show that two out of every three buyers purchase a used house.


. "Statistics show that two out of every three buyers purchase a used house."


UNDERSTANDING

. If the house is purchased before completion the builder may allow minor changes in design.

. Taxes on older houses are usually more stable than taxes on new houses.

. New houses can be landscaped according to your desires while older houses will have already been landscaped.

. A substantial sum of money for redecorating may be necessary in an older house.

SUGGESTED PUPIL AND TEACHER ACTIVITIES

. It should be made clear that changes, if allowed by the builder, would not be any that required any major structural change unless the purchaser was willing to pay for the major changes.

. Discuss why the tax rates on older houses would remain more stable than on newly built houses. Be sure to point out the many improvements that must be made to the neighborhood in new developments.

. Point out that the builder of a house usually puts in a lawn and possibly one or two trees and nothing more. The rest of the cost of landscaping is borne by the home owner. Have students visit a local nursery to obtain prices of various trees and shrubs that they might want as landscaping around a home they owned. What would they estimate to be the cost of landscaping according to their desires?

. Contact a local home improvement firm and obtain approximate costs of putting a new kitchen.

. Below are typical costs for normal home improvement jobs recommended by the National Home Improvement Council:

<table>
<thead>
<tr>
<th>Job</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacing hot-air furnace</td>
<td>$700-$1000</td>
</tr>
<tr>
<td>Reroofing asphalt shingles</td>
<td>$90-$125 per over 100 sq. feet.</td>
</tr>
<tr>
<td>Residing house</td>
<td>$2400-$3500</td>
</tr>
</tbody>
</table>

. "How to Shop For an Older House," Better Homes and Gardens, October, 1966


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</tbody>
</table>
SUGGESTED PUPIL AND TEACHER ACTIVITIES

UNDERSTANDING

Schools, shopping centers, transportation and entertainment facilities are already available in communities with older houses. Older houses may be less salable than new houses.

HOW DO YOU JUDGE QUALITY IN A HOUSE?

- The house design should be attractive, practical and comfortable.
- Discuss the advantages of the different types of house design - split level, two story, ranch, house with or without basement.
- Invite the owner of an older home to discuss possible construction faults to watch for.
- Have students examine their home or apartment to check on the following defects:
- Discuss the advantages of the different types of house design - split level, two story, ranch, house with or without basement.
- Invite the owner of an older home to discuss possible construction faults to watch for.
- Have students examine their home or apartment to check on the following defects:

<table>
<thead>
<tr>
<th>Job</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Installing new tile shower</td>
<td>$1000</td>
</tr>
<tr>
<td>Remodeling kitchen cabinets</td>
<td>$1000</td>
</tr>
<tr>
<td>Dormer and new room 15 x 20 feet</td>
<td>$6000 to $9000</td>
</tr>
<tr>
<td>Adding 2nd story to one-story house</td>
<td>$12,000 to $18,000</td>
</tr>
<tr>
<td>Exterior painting</td>
<td>$1200 to $1800</td>
</tr>
</tbody>
</table>

SOURCE

- "What You Should Know Before You Buy a Home," a pamphlet available from the US, Savings and Loan League, 221 N. LaSalle Street, Chicago, Illinois
UNDERSTANDING

in attic, condition of roof and gutters, and number and placement of electrical outlets should be of good quality and adequate.

SUGGESTED PUPIL AND TEACHER ACTIVITIES

settlement cracks in foundation or walls; rot in wood girders or joists, water stains indicating leakage, low water pressure, flaking paint and poor drainage from the lot. What conclusions can they draw as to the construction or maintenance of their home or apartment?

WHAT PRECAUTIONS CAN BE TAKEN BY THE BUYER TO INSURE HE IS RECEIVING VALUE FOR HIS MONEY?

. If you are purchasing a new home it would be desirable to:

- check the reputation of the builder

  - Discuss how the prospective buyer can check the reputation of a local builder through the offices of the Better Business Bureau, the local bank, or other homeowners who used the builder's services. This is vital to any decision on buying a home since so many homeowners have trouble with builders who do not live up to their promises.

- engage an architect or professional engineer to inspect the house at various stages of construction

  - Invite an architect to class to discuss what the architect looks for when he inspects a new house for a client. Also

SOURCE

. Hoffman, George, C., "Don't Go By Appearances - A Manual for House Inspection," House Book, Box 80, Corte, California. 94925. 1972, 88 pages. $3.00

. Contact the local Better Business Bureau and have them send you the latest information on problems homeowners are having with local builders.

. The local architectural society can provide information on architects available to visit the school.
SUGGESTED PUPIL AND UNDERSTANDING

TEACHER ACTIVITIES

- check to see that the house was built according to local building codes

- obtain details of the builder's guarantee and for how long the guarantee runs.

- engage the services of an architect or engineer to inspect the house.

- Items to be inspected include condition of the basic structure, heating and plumbing systems, condition of appliances, and electrical wiring.

HOW DO YOU GO ABOUT BUILDING YOUR OWN HOME?

- The first step toward building a home is acquiring a site.

- Ask a real estate broker or builder how one locates a site. What are typical lots selling for in your community? Why should

SOURCE

have him indicate the usual fee charged for such services.

Information on local building codes can be obtained through the housing authority in the community.

Why would it be desirable to have details of the builder's guarantee spelled out in writing?

Explain how the cost of hiring a professional can more than offset the cost if the information provided indicates a house is not a good buy at the price because of extensive repairs required. Also indicate that an architect's or engineer's report could result in a lower price for a house because it does require major repairs.

Appraisers are available in most communities who will inspect a house for a fee of approximately $75-$150.


"Buy or Build a Home," Better Business Bureau of Metropolitan New York, 220 Church Street, New York
SUGGESTED PUPIL AND
TEACHER ACTIVITIES

the lot be surveyed
before purchase?

. A site should be
surveyed in advance
of purchase.

. A check should be
made of the
topography and
slope of the
ground.

. Point out that slope
of ground is vital
where water run-off
is concerned. Also
mention that the site
should be checked
during a heavy rain
to determine what
happens to water
run-off. Low lying
areas next to rivers
and streams most
definitely must
be checked against
the possibility of
flooding.

. An examination
should be made of
the type of ground
on the site.

. Indicate that
excavation costs
depend on the type
of ground being
excavated. The more
difficult the
excavation job the
more expensive.
Removal of solid
rock will cost more
than $1 per cubic
foot. Wet land may
not be suitable for
building purposes.

. After land is acquired,
it is necessary to
obtain building plans.

. Point out that slope
of ground is vital
where water run-off
is concerned. Also
mention that the site
should be checked
during a heavy rain
to determine what
happens to water
run-off. Low lying
areas next to rivers
and streams most
definitely must
be checked against
the possibility of
flooding.

. Building plans
can be purchased
from the govern-
ment, or from
publications
dealing with
housing such as

. Have students check
through back issues
of Better Homes and
Gardens in the school
library. Using class
funds send away for
one or two sets of

SOURCE

. House Construction:
How To Reduce Costs,"
Consumer Information,
Consumer Products
Information Center,
Pueblo, Colorado. 81009. Guidelines for
savings in location,
style, interior
arrangements, and
in selection of materi-
als and utilities

. "Buy A Lot And Build
A House?" Changing
Times May 1969

. For information on
soil, write for
"Know the Soil You
Build On." Available
from Consumer Informa-
tion, Public Documents
Distribution Center,
Pueblo, Colorado.
81009. Cost is 15
cents. Advice on how
to choose suitable
land for building.

. See the "Yearbook of
Agriculture 1965" for
building plans or
contact the County
Extension office for
help.
<table>
<thead>
<tr>
<th>UNDERSTANDING</th>
<th>SUGGESTED PUPIL AND TEACHER ACTIVITIES</th>
<th>SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better Homes and Gardens.</td>
<td>house plans. Go over the plans with the class to see if they meet the needs of the class as a whole.</td>
<td></td>
</tr>
<tr>
<td>- An architect can be engaged to take your ideas and translate them into a practical working plan, or you can ask the architect to design a house for you.</td>
<td>Contact a local architect and obtain information as to how the architect arrives at a fee for designing a house. Try to find out the average cost of the architect’s services.</td>
<td></td>
</tr>
<tr>
<td>- An architect can be hired just to produce a house plan; or his services can include the drawing of the plan, the hiring of a construction firm, and complete supervision of the building process once work is started.</td>
<td>It should be made clear that the more work required or the architect the higher the cost of the services to the homeowner.</td>
<td></td>
</tr>
<tr>
<td>Other ways of building a house include:</td>
<td>&quot;Building a house with ready-made plans,&quot; Changing Times, December 1972</td>
<td></td>
</tr>
<tr>
<td>- hiring a contractor or builder to build you a home using stock plans</td>
<td>Indicate that buying stock plans and using different contractors for different phases of the work could result in savings for the owner-builder. It</td>
<td></td>
</tr>
<tr>
<td>- buying stock plans and making arrangements with different contractors for different phases of the work.</td>
<td>The U.S. Government has a number of publications available for people who decide to build their own homes. They also provide house plans for a minimal price. Some pamphlets</td>
<td></td>
</tr>
</tbody>
</table>

"Building a house with ready-made plans," Changing Times, December 1972
WHAT CONSTRUCTION METHODS ARE BEING USED TO BUILD HOUSING?

. Most houses are built using the traditional on-site building methods.

. Building a house by conventional methods requires the purchase of building plans and the services of people in the construction field.

. Arrange for a field trip to a building site so students may see how homes are constructed. Try to arrange for a knowledgable person to explain what the students are seeing.

. Prepare a list of all components involved in the building of a new house from the excavation of the site to the final touches of painting and decorating.

. Contact one of the larger well-known builders in the community to try to arrange the field trip. Before undertaking the trip, however, check to be sure the school's insurance coverage will cover such a trip.

. An article in the Albany Times-Union, August 18, 1974 reports that housing starts (the number of houses being built) is down below the 2 million level for the year. This is attributed to the tight money market and the soaring prices of construction.
The building industry has developed new methods of construction in the hope of ultimately reducing construction costs.

Pre-cutting is a relatively new method of home construction.
- All lumber and other parts needed to construct a house are pre-cut at a factory and shipped to the building site.
- At the site construction people assemble the parts following diagrams sent from the factory.

Pre-fabricating parts of a house is another relatively new method of construction.
- Pre-fabricating is a process where sections of the house, such as walls, floors, roofs and ceilings, are pre-cut and assembled at the factory.
- The sections are then shipped to the site where they are put together.

Point out that almost 20 percent of the new homes being built this year will consist of parts pre-cut at a factory and assembled at the building site.

What are the advantages of buying a pre-cut or pre-fabricated house? What are the possible disadvantages?

Prices on construction materials are increasing by leaps and bounds, and builders who might ordinarily build on the speculative market are reluctant to do so in these times.

Contact dealers listed under "Houses Pre-Cut And Fabricated" in your telephone directory; write to one or more of them, explaining your project, and asking for sample floor plans and illustrations.

A house is basically a series of layers, consisting of an external wall covered with siding, a support wall of framing lumber, insulation, an inner skin of plaster or plaster board, and a wall covering. Why might it be more economical to have these layers assembled at a factory?
Building modules is a third method of construction being used.

- A module is a completed section of a house.

- The module, having three completed walls, is shipped to the building site where it is joined together with other modules to form the house.

- Modules, when they leave the factory, are complete sections including appliances in kitchen sections, bathrooms, electrical outlets, etc.

Whatever the type of construction used, a foundation must be built for all homes.

All homes when completed must be hooked into existing power, water, and sewage lines.

Where water and sewage lines are not available the owner must dig a well and build a septic system to take care of wastes.

The use of newer methods of construction is expected to keep building costs within reason during the years to come.

Point out that a module used in house construction is very similar to a mobile home. The only difference is that usually the module has only three walls. One wall is left out as this is where other modules, forming the house, will be joined. Levitt and Sons, one of the country's largest builders, turns out a modular unit that can be placed on a foundation or on wheels so it can be used as a mobile home.

U.S. News and World Report states that a survey of the home building industry shows that 450 of the largest building firms in the country plan to put up 50 percent more modular and pre-fabricated housing in 1974.

One of the problems holding back rapid development of modular housing is the high cost of transporting the modules to the building site. To overcome this problem the Federal government is attempting to get states to adjust highway shipping costs for modular housing.

Point out that a major advantage of using pre-cut and pre-fabricated materials or modules is that it cuts down construction time. In the case of modular housing the homeowner can have a finished home in a few days time.

Contact the local building inspector. Are pre-fab houses permitted in your area? Why might local labor object to such housing?
HOW DO MOST PEOPLE FINANCE THE PURCHASE OF A HOME?

- Most individuals finance a house purchase by borrowing money with a mortgage on the home given as security.

- Shopping for the best available mortgage can be as important as shopping for a good house.

- Interest rates on mortgages will vary from lending institution to lending institution.

- A mortgage requires that repayment be made in monthly installments.

- Failure to make the mortgage payments can result in the lender taking over the property and the borrower losing the equity he has acquired.

WHERE CAN YOU OBTAIN MORTGAGE LOANS?

- Loans are available from savings banks, commercial banks, savings-and-loans associations, mortgage bankers, and insurance companies.

SUGGESTED PUPIL AND TEACHER ACTIVITIES

- Send selected students to different lending institutions in the community. Have them determine what the current interest charges are for home mortgages.

- Make a bulletin board display to show the cost of borrowing money at various rates. With the average rates on mortgages now at 9 percent what would be the interest costs on a 30 year mortgage if $25,000 were borrowed?

- Repeat the importance of shopping for mortgage money because the savings of 1/2 percent interest could amount to substantial amounts of money over the life of a mortgage.

SOURCE

- "More For Your Money," a column written by Art Watkins. Family Circle, August, 1971


- Statistics show that savings and loan associations account for by far the greatest number of mortgage loans, followed by commercial banks, savings banks, and life insurance companies.
SUGGESTED PUPIL AND TEACHER ACTIVITIES

. To assure the best mortgage terms the borrower should compare
- the terms offered by the various lenders
- the amount you can borrow
- the rate of interest to be paid during the life of the loan
- number of years the mortgage will run
- special service charges made for processing and granting a loan.

. Obtain figures, from a firm advancing mortgage money as to how much interest must be paid on a mortgage of $20,000 for a period of 25 years at a rate of 8 percent; 8 1/2 percent; 10 percent; 12 percent.

. Try to obtain from a bank officer the criteria used to determine the amount of money the bank will lend on a mortgage.

. Point out that interest rates are constantly fluctuating and the rate quoted when shopping for a loan may not be the same when ready to close the deal for the mortgage.

. Emphasize that the longer the mortgage runs the more that is being paid in terms of interest.

. Most lending institutions charge "points" and other fees.

. The chart below shows what monthly payments will be for each $1000 borrowed at different rates of interest for different periods of time.

<table>
<thead>
<tr>
<th>Interest Rate</th>
<th>Payment Period 10 yrs</th>
<th>Payment Period 20 yrs</th>
<th>Payment Period 30 yrs</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 1/2%</td>
<td>$11.88</td>
<td>$8.06</td>
<td>$7.00</td>
</tr>
<tr>
<td>8 1/2%</td>
<td>12.40</td>
<td>8.68</td>
<td>7.69</td>
</tr>
<tr>
<td>9</td>
<td>12.67</td>
<td>9.00</td>
<td>8.05</td>
</tr>
<tr>
<td>10</td>
<td>13.22</td>
<td>9.66</td>
<td>8.78</td>
</tr>
</tbody>
</table>

SOURCE


. The chart below shows what monthly payments will be for each $1000 borrowed at different rates of interest for different periods of time.

. Rep. Wright Patman (Dem.) of Texas feels that the home buyer gets stuck with some
WHAT ARE THE TYPES OF MORTGAGE LOANS AVAILABLE?

Various types of mortgage loan plans are available. These are the

- conventional loan
- VA (Veterans Administration) loan
- FHA (Federal Housing Administration) insured loans
- Farmers Home Administration loans

Conventional loans are made strictly between you and the lender.

This type of loan is the most common type used to buy

before a deal is closed. Points and fee closings will be discussed later in the module.

The average consumer is bewildered by the number of different ways of computing costs. The best way to compare them is to ask a number of banks and other leading institutions what the net cost is for a specific sum over a stated period of years; for example, what is the net cost to borrow $30,000 for a period of 30 years?

unnecessary and overblown charges when purchasing a house. It is his contention that this prevents low and moderate income families from purchasing a home. Congress is looking into some bills that will control these costs.

Bettr housing is in sight for many

 Invite staff members or parents who have recently obtained mortgage loans to visit the class to discuss their experience while shopping for the loan.

 The chart below shows how much interest is being paid for a $20,000 mortgage over a 25 year period at varying interest rates.
and build homes and is the easiest to obtain.

- Conventional loans usually run for a period of up to 30 years.

- The borrower can usually obtain as much as 80 percent of the value of the property including the house and the land.

- Larger down payments are usually required with this type of loan.

- Interest rates for conventional loans vary, depending upon the amount of the down payment, area in which the house is located, credit rating of the party making the loan, and economic conditions at the time of signing.

- Banks use total income earned as a major basis in deciding how much of a mortgage to grant.

 invite a local bank officer to visit the class to discuss his bank's policy with respect to mortgages. Is mortgage money available? Are banks offering discounts to those with older-type, low-interest rate mortgages to encourage borrowers to pay up the balance due? Why would this be so?

- Point out that banks require the larger down payment because there is no agency or firm that guarantees payment of the loan. Also indicate that economic conditions will dictate the size of the down payment required. In tight money markets, banks have been known to ask for a down payment as high as 40 to 50 percent before granting a mortgage. Discuss how this affects the chances of low and middle income families in the mortgage market.

- Indicate that under terms of the 1974 Federal Housing law lenders must include all of a working

<table>
<thead>
<tr>
<th>Interest</th>
<th>Total Interest Over 25 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>6%</td>
<td>$18,000</td>
</tr>
<tr>
<td>7%</td>
<td>22,390</td>
</tr>
<tr>
<td>7 1/2%</td>
<td>24,330</td>
</tr>
<tr>
<td>8%</td>
<td>26,280</td>
</tr>
<tr>
<td>8 1/2%</td>
<td>28,200</td>
</tr>
<tr>
<td>9%</td>
<td>30,220</td>
</tr>
<tr>
<td>9 1/2%</td>
<td>32,370</td>
</tr>
<tr>
<td>10%</td>
<td>34,460</td>
</tr>
</tbody>
</table>

"Mortgage 'Bargains,'" National Observer, September 28, 1974, p. 8

Mortgage loans at the time this is being written are very hard to obtain because of the tight money market. In addition, where mortgages are available, interest being charged is very high. Interest rates, as you know, vary and are dependent on economic conditions. Therefore, check with local lending institutions to determine the current interest rates being charged at the time you are discussing mortgages with your class.
SUGGESTED PUPIL AND UNDERSTANDING TEACHER ACTIVITIES SOURCE

- FHA loans are made by private lenders and insured by the Federal Housing Administration
  - Make it clear to the class that the FHA does not make loans. The FHA only agrees to insure the lender against loss if the borrower fails to repay the loan.

- With FHA insured loans the borrower can obtain up to 97 percent of the property value.
  - Discuss why lending institutions will lend more money when the FHA insures a loan.

- There is a maximum amount that will be insured by the FHA.

- To pay expenses and cover possible losses the FHA charges an insurance premium of 1/2 percent per year on the unpaid balance of the loan. This charge is included in the borrower's monthly payment.

- Since the FHA will insure loans up to 97 percent of the value of the property, the borrower can usually purchase a home with a smaller down payment.

- Interest rates that can be charged for a FHA insured loan are regulated by the FHA.

- Make it clear that Federal law sets a ceiling on how much of a mortgage the FHA will insure. Point out the ceiling varies with the type of house. 

- Example: On a $48,000 single family home, the down payment under the old law would come to $15,000. (The maximum FHA insured mortgage was $33,000.) Under the new law the down payment need only be $3000.

- Federal law sets a ceiling on mortgage loans.

<table>
<thead>
<tr>
<th>Size</th>
<th>Old Ceiling</th>
<th>New Ceiling</th>
</tr>
</thead>
<tbody>
<tr>
<td>One family</td>
<td>$33,000</td>
<td>$45,000</td>
</tr>
<tr>
<td>Two family</td>
<td>35,000</td>
<td>48,750</td>
</tr>
<tr>
<td>Three family</td>
<td>35,750</td>
<td>48,750</td>
</tr>
</tbody>
</table>
Before agreeing to insure a loan, the FHA appraises each home to determine its value and to determine that it is structurally sound and does not present conditions that endanger the health, safety, and well-being of the occupant.

Where owners cannot make mortgage payment on FHA insured mortgages, the FHA takes over ownership of the house and offers it for sale to interested home buyers.

- For help in finding FHA owned houses, contact any real estate broker.

VA guaranteed loans are made to eligible veterans by private lenders.

Check with the FHA to determine the maximum interest rate they will allow with an FHA insured loan.

Check with local real estate brokers to get a listing of FHA homes in the community that are for sale. Have students visit the houses and report back to the class on the condition of the property.

The present maximum rate on loans insured by the Federal Housing Administration and guaranteed by the Veterans Administration is 9 1/2%. The rate can change frequently (during 1974 it changed four times) so to find out the current maximum rate allowable contact the Federal Housing Administration and the Veterans Administration.


"To The Home Buying Veteran," VA pamphlet 26-6, Revised. Available from the Veterans Administration,
SUGGESTED PUPIL AND TEACHER ACTIVITIES

. Before insuring a loan the VA will inspect the home to be purchased to determine value.

. The borrower makes his own arrangements for the loan through the usual financial channels, and the VA then guarantees the lender against loss up to 60 percent of the loan.

. There is no charge to WW II and Korean veterans for guaranteeing a loan; Vietnam veterans are required to pay a small fee, 1/2 of one percent of the amount of the loan.

. The Farmers Home Administration offers housing loans to rural families who are able to obtain credit.

. Loans made by the Farmers Home Administration can be used to buy an existing house, buy a lot and build a home or build or repair a home on land already owned. Write to the Farmers Home Administration for more information on these loans.

WHAT ARE SOME MORTGAGE TERMS YOU SHOULD KNOW?

. Open end mortgage - gives the homeowner the right to request, at a future date, additional money from the lender for improvements or modernization of the home.

. Discuss the advantages of the open-end mortgage to the borrower.

SOURCE

Washington, D.C.
20420


UNDERSTANDING

. Package mortgage - permits the borrower to include cost of appliances, furnishings, and other equipment found in the house in the mortgage loan.

. Prepayment privilege - a feature that allows the homeowner to make larger payments than required by the terms of the contract. By paying off the mortgage sooner, the borrower saves on the amount of interest to be paid.

. Deed - a legal paper transferring title of property from seller to buyer.

. Warranty deed - gives title to the buyer and the seller warrants that he will defend title to the

SUGGESTED PUPIL AND TEACHER ACTIVITIES

. Explain that this allows the borrower to pay for the cost of appliances over the life of the loan. To determine the cost of furnishing a new house have students shop for the following items to determine the additional cost over and above the cost of the house: Refrigerator, freezer, three 10,000 BTU air conditioners, washing machine, dryer, 50 square yards of carpeting, and garbage disposal unit. Is it wise to include the cost of such items which normally might be expected to last 15 years on a 30 or more year mortgage?

. Some banks may charge a premium if you want to pay off the mortgage sooner. Discuss why banks might want to charge a person for paying off his debts sooner than he is required.

. Obtain a copy of a deed. Use an opaque projector to show the deed to the class and discuss the items covered in the deed.

SOURCE

<table>
<thead>
<tr>
<th>UNDERSTANDING</th>
<th>SUGGESTED PUPIL AND TEACHER ACTIVITIES</th>
<th>SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>property against any outside claims. If at a later date it becomes clear the seller did not have clear title the buyer may sue for breach of warranty.</td>
<td>Why is the warranty deed preferable to the quitclaim deed?</td>
<td>&quot;Wise Home Buying.&quot; U.S. Department of Housing and Urban Development, Washington, D.C.</td>
</tr>
<tr>
<td>Quitclaim deed - gives the buyer whatever title the seller may have had and the buyer assumes any risks.</td>
<td>Discuss why a title search should always be undertaken when property is being purchased.</td>
<td></td>
</tr>
<tr>
<td>Title search - a method of checking the safety of title of a piece of property. It traces the history of ownership of a piece of property.</td>
<td>Check with a local insurance company to determine the cost of title insurance. Also point out that the borrower pays for the title insurance.</td>
<td></td>
</tr>
<tr>
<td>Title insurance - an insurance policy that usually protects lenders against loss of their interest in property due to questions as to who has legal title to the property.</td>
<td>Explain that when the borrower pays off the mortgage he has 100% equity in the house; that is to say that if the house is sold for $50,000 the entire sum belongs to the homeowner.</td>
<td></td>
</tr>
<tr>
<td>Equity - a buyer's initial and increasing ownership rights in a house as he pays off the mortgage</td>
<td>Why must some money be transferred before an agreement to purchase a home is binding? Why must the agreement be in writing?</td>
<td></td>
</tr>
<tr>
<td>Earnest money - the deposit money given to the seller by the potential buyer to show that he is serious about buying the house.</td>
<td>Until some money changes hands from buyer to seller no arrangement for sale is binding. The amount of earnest money may</td>
<td></td>
</tr>
</tbody>
</table>
. Escrow funds - money, or papers representing financial transactions, which are given to a third party to hold until the conditions of a contract are fulfilled.

. Why did consumers object to banks holding funds in escrow without interest? Banks must now pay 2 percent interest on such accounts. Should the interest be higher?

. Mortgagor - the person who mortgages his property (the borrower)

. Mortgagee - the person to whom mortgage is given (the institution lending the money)

. Closing costs - sometimes called settlement costs. They represent costs in addition to the price of the house.

. Closing day - the date on which the title for the property passes from the seller to the buyer.

. Mortgage discount "Points" -

. "Points" will be discussed in the

SOURCE

be as little as $1 but normally is 10 percent of the purchase price.

"Home-loan escrow accounts: Service or Swindle?" Changing Times, July 1972

Payments for taxes due are normally placed in escrow by the lending institution. They are paid in monthly installments to the bank, for example, which then pays the tax as it falls due annually.

The terms mortgagee and mortgagor are often misleading to the public. The mortgagee is the lender, the person who is receiving the mortgage. The mortgagor is the person who owns the property and is giving the mortgage.

A discussion of closing costs will be made later on in the module.
UNDERSTANDING

A one time charge assessed by the lender to increase the yield from the mortgage.

WHAT ARE THE CLOSING COSTS YOU CAN EXPECT TO PAY WHEN YOU PURCHASE A HOUSE?

Closing costs are additional expenses paid by the buyer on the day the sale is finalized.

Closing costs are all the charges and fees incurred in transferring ownership of the house, in processing the loan papers, in taking the steps necessary to make sure the lender is protected.

Charges that are usually found on the settlement statement include:
- title search
- title insurance
- attorney's fees
- survey fees

SOURCE

"Buying a Home? Don't Forget Those Closing Costs," pamphlet available from U.S. Department of Housing and Urban Development. The pamphlet may be obtained from any HUD area office or HUD-FHA insuring office.

"How Do You Save on Closing Costs?" Mechanics Illustrated, June, 1973, pages 60-61

In an article in "U.S. News and World Report," March 6, 1972, it is reported that many persons buying a home for the first time are shocked at the "extra" cash payments they have to make when they get ready to "settle." In addition to the price of the house and the sales commission, fees are levied on buyer and seller, or both, for things such as title search, title insurance, legal services, transfer of property, preparation of document, notary services, transfer taxes, recording cost,
SUGGESTED PUPIL AND
TEACHER ACTIVITIES

- fees for the
preparation of the
documents such as
deed, mortgage, and
other papers pertinent
to the sale.

- closing fee
Point out this is a
charge made for
handling the
settlement
transaction.

- credit reports
Lenders usually
obtain credit
reports on people
looking for
mortgage money.
The cost of
this is usually
borne by the
person who wants
to borrow the
money.

- termite inspection
Many lenders
request that
property be checked
for harmful pests
before granting
a loan.

- origination fee -
a service fee charged
for origination of
the loan. It is
usually a small
percent of the
face value of the
mortgage.

the property. The
cost of a survey is
well worth it when
you consider the
headaches that can
be avoided when
you know exactly
where your property
begins and ends.

A survey made by the
Department of Housing
and Urban Development
and the Veterans Ad-
ministration revealed
that closing costs
vary widely across
the country. They
average about $558
and can run much
higher, particularly
for expensive
properties. The
survey was based only
on sales involving
federally insured or
guaranteed mortgages,
but it reflects
trends in the con-
ventional mortgage
market as well. Some
figures cited in the
survey showed:

<table>
<thead>
<tr>
<th>State</th>
<th>Seller</th>
<th>Buyers</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York</td>
<td>$240</td>
<td>$645</td>
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<tr>
<td>New Jersey</td>
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<td>$592</td>
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<tr>
<td>Connecticut</td>
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<td>California</td>
<td>$425</td>
<td>$252</td>
</tr>
<tr>
<td>Texas</td>
<td>$377</td>
<td>$105</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>$76</td>
<td>$288</td>
</tr>
<tr>
<td>Virginia</td>
<td>$317</td>
<td>$480</td>
</tr>
<tr>
<td>Alaska</td>
<td>$328</td>
<td>$491</td>
</tr>
</tbody>
</table>

"All The Costs You
Face in Buying a Home,"
Good Housekeeping,
February, 1973,
page 170

"Some Breaks For
Home Buyers,"
- Mortgage discount - "Points" - a one time charge made by the lender that enables him to realize a greater yield from the mortgage

- SUGGESTED PUPIL AND TEACHER ACTIVITIES

  the mortgage is for $15,000 the service fee on an FHA loan or VA loan will amount to $150.

  It should be made clear that charging "points" is nothing more than a method used by the lender to get a greater yield on a mortgage loan. In tight money markets lenders will attempt to get more "points" so they can make more money. The buyer should be made aware, as was indicated previously, that he, in many instances, is in a position to shop for a mortgage. When economic conditions make it a "buyer's" market then the buyer should look around for a loan where it is not required to pay "points." FHA and VA guaranteed loans forbid the home buyer from paying points. This should show why it may be difficult to obtain FHA and VA guaranteed loans. To explain how points are paid use this example. A mortgage is for $20,000 and the lender is charging three points. Each point is equivalent to one percentage point so the buyer is paying 3 percent or $600 to secure the loan. The $600 is discounted, or deducted, from the mortgage amount so the borrower only receives $19,400 but he pays back the full $20,000 over the life of the mortgage.

SOURCE

U.S. News and World Report, February 4, 1974, page 30-31
. An appraisal fee

. Indicate an appraisal is designed to determine the value of the property. In FHA and VA loans the fee is established by government regulation.

. Check with a local appraisal firm to determine the charge for an appraisal in your community.

. A recording fee - charged by the local government to record documents

. Investigate the cost of recording fees in your community.

. State and local transfer taxes

. What is the local transfer tax?

. Mortgage insurance premiums

. Make it clear that mortgage insurance premiums pay for insurance that guarantees the lender against loss if the borrower fails to make his payments. This type of policy should not be confused with mortgage life or disability insurance policies designed to pay off the mortgage in behalf of the borrower should he die or become physically disabled.

. There may also be a number of miscellaneous fees to cover notary costs, inspection fees, charges for photographs of the property, a schedule of mortgage payments, and other incidental expenses payable by either the buyer or the seller.
HOW DO YOU GO ABOUT SELLING A HOUSE?

- The seller can attempt to sell the house by himself or he can employ the services of a real estate agent.

- When you undertake the selling of a house by yourself, you are in a position to save the commission that would have to be paid to a broker.

- When an owner decides to sell his own house, he must be ready to:
  - reduce the price because the buyer knows you are not paying a commission
  - accept curiosity seekers walking through your house
  - spend time on negotiating and showing prospective buyers the house

- Invite parents or others who have sold houses themselves to describe their experiences. If they were to do it again, would they employ a real estate agent?

- Indicate that a buyer usually exerts pressure for a lower price when a real estate broker is not involved in the sale. The buyer's rationale is "if a broker handled the sale you would have to give him a commission, so why not turn part of the commission over to me by lowering the price?"

SOURCE

"Buying and Selling Real Estate," New York State Bar Association, 1 Elk Street, Albany, New York 12207


"You can sell your House yourself if..." Changing Times, June 1972
UNDERSTANDING

- spend time and money on advertising.

SUGGESTED PUPIL AND TEACHER ACTIVITIES

- Have students prepare a classified advertisement for a house for sale. Take the advertisement to the local newspaper and determine the cost of running the ad for four Sundays in succession.

- When you use the services of a real estate broker you pay a percentage of the selling price as a fee. The usual fee charge is 6 to 7 percent.

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- The advantages of using brokers are

- they are experts in the field and they usually sell houses faster

- being familiar with the market they might be able to get the best price possible for the house

- brokers advertise the house at their own expense

- they take care of showing interested people the property

- they will handle all negotiations for the sale of the house

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- they will handle all negotiations for the sale of the house

SOURCE

- "Dealing with a Real Estate Broker," Changing Times, April, 1959
- they may be in a position to help the buyer get a mortgage.

- If a realtor does not sell the house he receives no fee.

- Sellers can arrange for multiple listing for his house. Multiple listing means more than one agent will be attempting to sell your house.

- Another method of selling is to give a realtor an "exclusive" for a set period of time.

How do you choose a broker?

- Choose a broker who is a member of the local

- Contact a local realtor and determine how the commission is paid if more than one agent was attempting to sell the house.

- Point out that an exclusive means that only one agent will be trying to sell the house. An "exclusive" usually runs 30 to 90 days. Discuss with the class which method they feel is the best - Using multiple listing or giving an agent an "exclusive."

SOURCE

valuable time brokers attempt to screen people so that they only take around people who are really interested in buying.

"Realtor" is a term registered with the
UNDERSTANDING

real estate board and
who is licensed as a
real estate broker.

Licensed realtors
are bound by a
code of ethics
designed to maintain
honest dealings with
the public.

Information on reliable
brokers can be obtained
from the local bank,
builders, relatives,
and friends who have
used the services of
a realtor.

WHAT SHOULD YOU DO
IF YOU DECIDE TO SELL
THE HOUSE YOURSELF?

Do not overprice
the house

- the services of
a professional
appraiser can
be used to
determine the
value of the
property.

- over-priced
houses that remain
on the market for an
extended period are
difficult to sell.

SUGGESTED PUPIL AND
TEACHER ACTIVITIES

. Contact a local firm
that appraises homes
to determine the
criteria used in
making an appraisal.

SOURCE

U.S. Patent Office.
A realtor is a member
of the local real
estate board and the
National Association
of Real Estate Boards.

. "Want To Sell Your
House in a Hurry?"
Readers Digest,
October, 1965

The president of a
large Philadelphia
realty firm stated,
"The value of your
house is not what
you think it is, or
the buyer thinks. It
is determined
chiefly by the
location, the neighbor-
hood, and the
current market."
UNDERSTANDING

- Prepare a fact sheet about the house, giving vital statistics that include:
  - size of house
  - size of lot
  - annual taxes
  - heating bills
  - location of nearby schools, shopping centers, houses of worship
  - special features of the house such as copper plumbing, insulation, etc.

- The fact sheet should also include minor drawbacks and flaws, especially if they are obvious.

- Advertise the house in the best local paper for real estate advertising.

- Prepare the house for prospective buyers by making repairs where needed and painting as needed. Getting the house ready allows you to show it to the best advantage.

SUGGESTED PUPIL AND TEACHER ACTIVITIES

- Have students who live in private houses prepare a fact sheet on their home. From the fact sheets cull all the vital statistics and facts and prepare a model fact sheet that could be used by students and their families at some future date.

- Discuss why it is good psychology to list flaws, as well as the good points, in a fact sheet describing the house.

- Indicate that people who live in smaller towns and villages should advertise in the newspapers of the nearest large city or town, as well as the local newspaper.

- Discuss why it is a good selling technique to invest in repairs and painting when you are getting a house ready for sale.

- According to T.R. Kivett, a realtor of Yucaipa, California, "there are lots of things you can do to sell a house. Paint it, if possible. Replace loose shingles or tiles. Fix the fence and trelliswork, the leaking faucets,

SOURCE
<table>
<thead>
<tr>
<th>UNDERSTANDING</th>
<th>SUGGESTED PUPIL AND TEACHER ACTIVITIES</th>
<th>SOURCE</th>
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</thead>
<tbody>
<tr>
<td>SHOULD YOU HIRE A LAWYER WHEN YOU BUY OR SELL A HOUSE?</td>
<td>Sell for the best offer.</td>
<td>creaking floors and loose knobs. Mow the lawn, cultivate the flower beds, prune the bushes, give your place the well-cared-for look. Remember your kitchen is the heart of the home, so keep it spotless; no dirty dishes. Women are also sensitive about bathrooms; keep them clean and orderly. Clear out the clutter in the closets, basement stairs. And if you have pets, clear them out, too.&quot;</td>
</tr>
<tr>
<td>Real estate transactions can be very complicated and the hiring of an expert, in this case a lawyer, versed in real estate transactions, will serve to protect your interests.</td>
<td>Indicate that the asking price for a house should come pretty close to the selling price if the appraisal was realistic. This means that when the &quot;right offer&quot; comes you have to be prepared to move and accept. The &quot;right&quot; offer may be the first offer and if it is turned down, there may not be another as good.</td>
<td>&quot;Home Buyers Guide,&quot; American Bar Association, 1155 East 60th Street, Chicago, Illinois 60637</td>
</tr>
<tr>
<td>Invite a lawyer to visit the class to discuss the services he can provide to a client involved in a real estate transaction.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
UNDERSTANDING

Some of the services rendered by a lawyer are these:

- he interprets legal phrasing so that rights and obligations are understood by all parties to the transaction
- conducts a title search to see that the title is clear
- checks on any back taxes and assessments there may be against the property
- handles all agreements regarding costs.

WHAT CAN YOU DO TO PROTECT YOUR HOME INVESTMENT?

Protection for your home and personal property is available through various kinds of insurance policies. The types of policies available to the homeowner are

- Standard fire insurance protects against losses from damage caused by fire and lightning.
- Interview parents and friends to gather information on home losses that were covered by insurance and those that were not. What conclusion do you draw from these case studies?
- Ask students to contact a local insurance company for information on fire insurance coverage provided by the company. Have them determine rates to see if rates vary from company to company. In making comparisons among

SOURCE


"Fire-Safety and Prevention; Disasters; Burglary and You; Are You Protected?" National Research Bureau, Inc., Employees Relations Bureau Corp., 221 N. LaSalle Street, Chicago, Illinois 60601
- Fire insurance can be extended to protect against losses caused by storms, explosion, riot, aircraft damage, etc. This type of coverage is called "extended coverage."

- Personal liability insurance protects you when someone is injured on your property. The policy also covers injuries or damage resulting from activities of your family.

- Theft insurance protects your personal property against robbery, burglary and larceny.

- When checking the costs of standard fire insurance have students determine the additional premium charged for extended coverage. Also determine exactly what is covered in extended coverage.

. Invite an insurance agent to visit the class to discuss the various types of policies available to the homeowner. Obtain information on what is considered sufficient coverage, and how the company arrives at the amount to be paid in case of loss or injury.

. There are neighborhoods within communities where it is not possible to obtain theft insurance. Have students determine whether or not they live in such a neighborhood. If they do, have them contact the local insurance company to find out why this type of insurance will not be provided.

. Rates be sure that prices quoted are for the same type of coverage.

. Filmstrip: "Patterns for Protection." Insurance Information Institute, 110 Williams Street, New York, New York 10038. 15 minutes. Color.
UNDERSTANDING

. A homeowner's insurance policy is a package policy offering all risk coverage under one premium. Homeowner policies include coverage for fire, liability, and theft insurance, plus coverage against damage from storms, water, and vandalism.

. Contact an insurance company to find out the cost of a homeowner's policy and the coverage offered by the policy. Determine the cost if each type of coverage supplied in the homeowner's policy were purchased separately.

SUGGESTED PUPIL AND TEACHER ACTIVITIES

. Point out to the class that people who reside in apartments may be able to purchase a homeowner's policy to cover their apartment.

. Check the real estate section of the newspaper for condominiums for sale. How do prices of condominiums compare with prices of homes having the same number of bedrooms?

. Explain that individuals are responsible for taking care of and maintaining their own apartments. All common areas and facilities are maintained by employees of the condominium development. For example the

WHAT IS A CONDOMINIUM?

. A condominium may be one building or more than one building in the form of a group of row apartments, high rise buildings, attached single family structures, or a combination of any of the above.

. In a condominium the individual owns separately his unit in the development.

. Besides owning his own apartment, the individual and owners of other units have an undivided interest in the common areas and facilities in the project.

SOURCE


The common areas in a condominium include:
- land upon which the development is built
- roof of the building
- hallways
- lobbies
- parking areas
- community facilities
- commercial facilities.

Individual owners of a unit need not cut grass or clean common hallways, although they are assessed for these services. Point out in addition to his mortgage payments the owner of a condominium unit must pay a monthly maintenance charge that goes for all common maintenance work (grass mowing, snow shoveling), upkeep of the interior and exterior common areas, upkeep of recreational facilities, trash removal and other services.

Write to various developers of condominium projects and ask for literature. Prepare a chart listing the various condominiums, their location, purchasing costs, and maintenance charges, and the facilities offered. Determine which appears to be the best condominium buy.

Condominiums offer special advantages to certain groups. Indicate that an increasingly popular housing choice by the elderly is the condominium. Two factors, freedom from maintenance and the presence of...
HOW DOES THE CONDOMINIUM OPERATE?

. The individual takes title to his unit.

. Each owner of a unit has a vote in the association that administers the affairs of the condominium after the developer relinquishes control. The number of votes you have depends on how much you have invested in the purchase of your condominium unit.

. Each owner pays taxes for his unit only.

. Each owner may or may not have a mortgage on his own unit, depending on his wishes and his ability to finance the purchase of his unit.

. Make it clear that the individual owns the unit he lives in the same as someone owns a house they have purchased.

. Point out that the prices for condominium units will vary within the same development. The price of a unit will depend on size, location of the unit, and other factors that would make one unit more desirable than another. The person who pays more for his unit will have more votes in the association that administers the affairs of the project.

. Point out that real estate taxes and mortgage interest charges are fully deductible tax items.

. Provisions for joint ownership date back to ancient Roman law; the term condominium is from the Latin words meaning "exercising domain with others." Federal condominium legislation was approved in 1961.
WHAT FACTORS MIGHT BE CONSIDERED WHEN SHOPPING FOR A CONDOMINIUM?

- When shopping for a condominium in a new project the following are some questions you might ask before you buy:
  
  - Can the developer give you a firm completion date?
  
  - Is there a sufficient warranty on the building?
  
  - Do all the recreation facilities promised in advertising appear in the contract?
  
  - Is the developer leasing back the recreational facilities to the owners, indicating this is a vital question to ask, especially in a period of tight money and rapidly increasing construction costs. Both factors can lead to substantial delays in completion dates.

. Indicate this is a vital question to ask, especially in a period of tight money and rapidly increasing construction costs. Both factors can lead to substantial delays in completion dates.

. It must be remembered the individual owns his own unit. If something goes wrong in the apartment soon after he moves in, he will want to be sure the builder will remedy any and all problems.

. Point out a major selling point for the condominium is the recreational facilities offered as part of the development. You would want to be sure that the facilities being advertised were in fact going to be built.

. Look for articles dealing with the problems of condominium buying. Among the

**Source**

Karr, James

UNDERSTANDING

making people pay rent for what they thought they owned?

SUGGESTED PUPIL AND TEACHER ACTIVITIES

problems are these:
- developments promised may not in fact be present
- fees for management may escalate rapidly
- the character of the development may change rapidly.

- Does the development meet with all state and exchange regulations?

- Are there restrictive child and pet provisions?

It should be emphasized that a great many condominiums are developed for older people. Many of these condominiums prohibit children. Indicate this does not mean children can't visit and stay with relatives; they just can't live there permanently. Determine how students feel about restrictions on children.

WHAT IS THE HOUSING COOPERATIVE?

The housing cooperative is a corporation that is owned and operated by its members (called stockholders).

The corporation owns the property and all buildings on the property.

Write to a local housing cooperative and obtain a copy of its "Articles of Incorporation." Go over these with the class.

Compare cooperative membership with condominium ownership. Can you see why condominium ownership has had such popularity?


"Coming Together the Cooperative Way," The New Leader, April 17, 1972
SUGGESTED PUPIL AND TEACHER ACTIVITIES

UNDERSTANDING

. Purchasing a stock in a housing cooperative entitles you to a dwelling unit in the cooperative.

. A stockholder in a cooperative does not own the apartment he lives in. The apartment is owned by the housing cooperative.

. A cooperative's affairs are handled by an elected Board of Directors, usually residents of the cooperative.

. Each member of a cooperative has only one vote.

. Cooperative projects usually contain recreational and community facilities for use of all members.

HOW DOES A COOPERATIVE OPERATE?

. The Board of Directors decides matters that concern maintenance of the project.

. Visit a local cooperative housing project and make a list of the recreational and community facilities that are part of the cooperative. How do these compare with similar facilities available to people who live in rental apartments and private homes?

SOURCE

. "A New Look At Cooperatives," Public Affairs Pamphlet No. 487, 301 Park Avenue, South, New York 10016

. For additional information on cooperatives write to The United Housing Foundation, 465 Grand Street, New York 10002.

. Attend a meeting of the Board of Directors of a local cooperative. Report on the meeting to the class.

. Invite a member of the Board of Directors of a local cooperative to visit the class to discuss the role of the Board in operating the cooperative.
UNDERSTANDING

- The cost of stock to an individual depends upon the total cost of the project, and the size, location, and type of living unit desired.

SUGGESTED PUPIL AND TEACHER ACTIVITIES

- Obtain pricing information from a local cooperative housing project and show how prices vary depending upon size, location and type of living unit chosen.

- During the discussion a distinction between cooperatives in the private and public sector must be made. Be sure to point out that prices for cooperatives in the private sector are determined by the law of supply and demand. In the public sector prices are determined by who built the project and how it was financed, and there are income limits for people who wish to become members of the cooperative.

- Each member stockholder signs an occupancy agreement in which he agrees to pay the cooperative a monthly carrying charge equal to his share of the sum required by the cooperative to meet expenses.

- As operating costs vary, the monthly charges may be adjusted up or down to reflect changes.

SOURCE

- In cooperatives built with public assistance in the form of funds and/or tax abatements people earning more than a specified amount of money (amount depends on monthly carrying charges and size of family) cannot become members of the cooperative. If you are already a member of a cooperative and your income exceeds the legal limit for your apartment you will be required to pay a surcharge. A surcharge is an extra amount you will be required to pay above and beyond your monthly carrying charges.

- The Urban Institute, a Washington-based research firm, found that cooperative operating expenses ran from 15 to 35 percent lower per
If a stockholder decides to withdraw, the cooperative has a 30 day option to purchase the stock from the withdrawing member. If the cooperative does not act on the option, the withdrawing member may sell on the open market.

Subletting may be allowed in some cooperatives.

Explain what is meant by subletting. Check with local cooperatives to determine their policy on subletting.

HOW DOES THE COOPERATIVE DIFFER FROM THE CONDOMINIUM?

In a cooperative the mortgagor is the corporation; in the condominium the mortgagor is each individual owner.

The monthly carrying charge in the cooperative is a proportionate share of all costs including the mortgage on the cooperative; in the condominium the monthly maintenance charge is a percentage of the common estate costs. Mortgage payments on the individually owned unit are paid separately by the mortgagor.

**SUGGESTED PUPIL AND TEACHER ACTIVITIES**

- It should be pointed out that public cooperatives always exercise their option to purchase the stock of a withdrawing member.

- Explain what is meant by subletting. Check with local cooperatives to determine their policy on subletting.

**SOURCE**

Real estate taxes for the cooperative are assessed on the property of the cooperative corporation; in the condominium on the individual unit.

A cooperative member has one vote; the condominium member has the number of votes representing the percentage of value of his unit to the total of all units.

WHAT ARE THE HOMEOWNERSHIP ADVANTAGES TO MEMBERS OF CONDOMINIUMS AND COOPERATIVES?

There is no landlord profit to be paid.

Both cooperative and condominiums offer tax advantages to residents. Real estate and mortgage interest can be deducted from tax returns.

There is an equity accumulation where the cooperative or

Determine how students feel about the voting policies of cooperatives and condominiums.

Point out that since people who live in cooperatives and condominiums are in effect "owners," their monthly costs do not include landlord profits.

Contact local cooperatives and condominiums to find out the average yearly amount their members deduct for real estate taxes and mortgage interest. Obtain the same information from people who own their own homes. How do the amounts compare?

Studies made by the U.S. Department of Housing and Urban Development show that not having to pay a landlord's profit results in a reduction of 10 percent or more in monthly housing costs.
<table>
<thead>
<tr>
<th>UNDERSTANDING</th>
<th>SUGGESTED PUPIL AND TEACHER ACTIVITIES</th>
<th>SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>condominium is successfully operated.</td>
<td>Ask students to visit a local rental housing development and a local cooperative and/or condominium. Have them report on the physical appearance of each project visited. What conclusions can be drawn from their visits?</td>
<td></td>
</tr>
<tr>
<td>There are reduced maintenance costs since owners take better care of the overall property.</td>
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<tr>
<td>A mobile home is a complete home designed for year-round living which is shipped in finished form on a structural frame, with wheels and brakes similar to a travel trailer.</td>
<td>Visit a mobile home park, if there is one in your community, and obtain first hand impressions as to the desirability of living in a mobile home from residents of the park. Determine the feelings of the students based on their own observations.</td>
<td>&quot;Mobile homes have a reputation for being poorly constructed, and homely. A recent report prepared by the Taliesin Associated Architects of the Frank Lloyd Wright Foundation describes the mobile home as a 'jarring intrusion on the landscape, still a 'box' in spite of improvements.' Everybody's Money, Credit Union, National Association, Madison, Wisconsin</td>
</tr>
<tr>
<td>It can be transported to a homesite where it is connected to the necessary utilities.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>A mobile home is designed and built for use as a permanent residence. It cannot</td>
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</tbody>
</table>
UNDERSTANDING

be pulled by an automobile.

it is not designed to be towed behind a car as is a regular trailer. When a mobile home is to be transported, it is transported by a specially constructed truck.

SUGGESTED PUPIL AND TEACHER ACTIVITIES

SOURCE

Everybody's Money has received letters from readers telling of walls that have popped out in transit and of deadly flash fires started in mobile homes.

"A Nader-related group, The Center for Auto Safety, is publishing a report on mobile homes later this spring. The group took up the study because of complaints from owners. The most frequent gripe, according to director Lowell Dodge, concerned poor construction, and in particular, leaky roofs. One woman, he said, had logged how many gallons of water she collected during each rainstorm. Another consumer complained of wind leaks: 'A Kleenex held in front of the electrical outlet would blow horizontally.'" Everybody's Money, Spring 1974, Credit Union National Association, Madison Wisconsin

WHAT ARE THE SIZES AND TYPES OF MOBILE HOMES?

Mobile homes are available in a number of lengths. Due to the fact that they must be transported over the highways, widths are usually restricted to 12 feet.

Point out that many states have laws regulating length as well as width of mobile homes that can be moved on highways. For this reason the

SUGGESTED PUPIL AND TEACHER ACTIVITIES

- Single wide - A single unit 12' wide by 65' long having 744 square feet of living space is a popular size.

- Expandable - Have "additions" which telescope inside the home during highway movement. "Additions" can add up to 100 square feet of additional living space.

- Double wide - Two single units built and towed separately to the site and there joined together to make one living unit. The two parts can be separated if towing to a new location becomes necessary.

WHAT IS INCLUDED IN THE BASIC PRICE OF A TYPICAL MOBILE HOME?

A typical mobile home contains

- a living room
- complete kitchen with appliances
- a dinette
- one or two bathrooms
- one, two, or three bedrooms

3-foot towing hitch is usually quoted in the overall dimensions of the home. The 3 feet should be excluded when measuring actual living space.

Source: Pueblo, Colorado 81009

Measure the dimensions of every room in your home or apartment, and get the total square footage of living space. How does this compare to the living space in a single unit? expandable, or double wide unit?

It should be made clear that local zoning regulations have much to do with the types and sizes of mobile homes available in any specific place. Contact a local mobile home dealer and ask him to outline the local zoning regulations dealing with mobile homes.

Visit or write to a dealer of mobile homes and obtain prices and descriptive literature for the models available. How do the prices compare with the prices for regular houses?

UNDERSTANDING

- cabinets and closets
- heating system
- water heater.

Most mobile homes are sold completely furnished and decorated.

Optional equipment that can be purchased includes air-conditioning, laundry equipment, dishwasher, garbage disposal unit, and central vacuum cleaning systems.

Mobile homes can be obtained for gas or electric operation.

Other extras that could be purchased include

- steps with handrails
- skirting to conceal wheels
- supports to provide a foundation that will hold the home stable and level.

WHERE CAN YOU PUT A MOBILE HOME?

Mobile home parks

SUGGESTED PUPIL AND TEACHER ACTIVITIES

- Obtain information on the cost of the optional equipment listed and determine how much would be added to the cost of the home if everything listed was purchased.

- Indicate that the use of extras is designed to make the mobile home look less a mobile home and more a permanent structure. For example, many mobile home parks require skirting around the base of the mobile home.

- Point out there are more than 15,000 mobile home parks in the United States. Check with a mobile park to find out about the availability of skirting and similar features.

SOURCE

- Most mobile homes are built to established national standards. The standards were developed by the American National Standards Institute (ASNI) and are called ASNI Standard A119.1 for mobile homes. ASNI A119.1 has been designed to protect the safety and health of the mobile home owner. Mobile homes financed through the FHA or the VA must be built according to ASNI Standard A119.1.

- "Even though you can easily buy a coffee pot or electric knife with a one-year warranty, the general policy of the mobile home industry is to warrant their products for only 90 days after delivery. Some companies have one-year warranties, which are required if you finance the home with a VA or FHA loan.

- "The appliances in the home are under the warranty of each manufacturer. Terms may run to five years." Everybody's Money, Spring 1974

- New York State has passed a statute affecting the right mobile park owners have to evict park tenants.
SUGGESTED PUPIL AND TEACHER ACTIVITIES

- Mobile home parks have available to tenants hook-ups for water, gas, electricity, and waste systems. A mobile home can be placed on your own lot. When it is placed on your own lot it is necessary to provide for gas or electricity, sewage, and water systems.

- Check with a mobile home dealer for the cost involved in transporting a mobile home.

- It should be emphasized that it is vital to check local zoning regulations before a mobile home is placed on your own lot. Many communities forbid the use of mobile homes in any area other than a mobile home park. Check to see what the zoning regulation for mobile homes is in your community.

CAN YOU FINANCE THE PURCHASE OF A MOBILE HOME?

- Financing a mobile home can be done in the same manner as financing an automobile.

- Check with local banks or savings and loan associations to determine their policy towards making mobile home loans. If they do not make mobile home loans, they may be able to make a loan for a portion of the cost of the mobile home.

- "Your initial outlay for a mobile home will no doubt be a lot less than if you buy a conventional home. A mobile home costs as little as residents. Under the law the owner must show cause and the statute restricts eviction to cases where the tenant defaults in his rent, goes bankrupt, uses the premises for illegal business, breaks the terms of the lease, or persistently violates park rules. From Consumer Reports, October, 1973

- "Because of a negative public attitude toward mobile homes, finding a good park is often difficult. Strict zoning laws and building codes restrict parks to certain areas. And local laws may prohibit you from placing your home on your own land. As a result, mobile home families are often forced to live in overcrowded, rundown, poorly located and poorly kept locations." Everybody's Money, Spring 1974
UNDERSTANDING

Financing can be obtained from local lending institutions.

The U.S. Department of Housing and Urban Development (HUD) will insure loans made for mobile homes if certain conditions are met:

- The maximum dollar amount insured is $10,000 for single units and $15,000 for double units.
- Maximum term of loan is twelve years for a single unit; fifteen years for two or more units.

WHAT ARE THE ADVANTAGES AND DISADVANTAGES OF MOBILE HOMES.

- The most significant advantage of the mobile home is its price.
- Mobile homes can be purchased for less than $10,000 for a single unit.
- Price is such a significant factor that more than 20% of all new housing units built are mobile homes.
- Compare the price of a fully equipped single unit mobile home with the price of a two bedroom one family house in your community.
- Point out the total cost of a mobile home is lower because $6,000 to $7,000 or as much as $20,000 or more.

SUGGESTED PUPIL AND TEACHER ACTIVITIES

- Make mobile home loans, get information as to the conditions under which a loan would be granted.
- Price is such a significant factor that more than 20% of all new housing units built are mobile homes.
- Compare the price of a fully equipped single unit mobile home with the price of a two bedroom one family house in your community.
- Point out the total cost of a mobile home is lower because $6,000 to $7,000 or as much as $20,000 or more.

SOURCE

"But initial price isn't the only consideration. It's a commonly accepted fact that whereas a conventional home appreciates in value, largely because of the land it sits on, a mobile home depreciates. Eventually, the buyer of a conventional home usually ends up with considerable assets, while the mobile home buyer does not." Ibid


The 1970 Census of Housing showed that twice as many mobile homes were located in rural areas as opposed to urban areas; most of the mobile homes were located in the southern and western parts of the country; 30 percent of the mobile homes were owned by people 25 years of age and less; only 2 percent of the mobile homes housed families of four or more.
SUGGESTED PUPIL AND TEACHER ACTIVITIES

Mobile homes can be transported to a new site should the owner decide to relocate.

A disadvantage of the mobile home is that it tends to depreciate rapidly. This results in lower resale value.

Many communities, particularly those in metropolitan areas, prohibit mobile homes or they are severely restricted.

Mobile homes tend to be less satisfactory for large families than apartments or houses designed for the same size family.

WHAT ROLE DOES GOVERNMENT PLAY IN PROVIDING HOUSING?

Housing help by government (Federal, state, and local) ranges from "public housing" for the working poor and welfare families to rent-subsidizing housing for "moderate" and "middle income" families.

SOURCE

more and only 1 percent of the homes were owned by people earning more than $15,000 a year.

"For a lot of families a mobile home is the answer to the high price of housing."

"It's estimated that the industry now accounts for 67 percent of all new single family dwellings selling for under $25,000 and almost all the market below $15,000."

Everybody’s Money, Spring 1974, Credit Union National Association, Madison, Wisconsin

"A mobile home vs. a house: How the Costs Compare," Changing Times, January 1971

"Housing is Everyone's Problem." Ibid
UNDERSTANDING

To be eligible for public housing help, one must be below the poverty level.

To be eligible for moderate income projects, earnings cannot be more than 35% in excess of what a person in public housing earns.

To be eligible for middle-income housing, total income cannot be more than six or seven times the rent or carrying charges of the apartment.

SUGGESTED PUPIL AND TEACHER ACTIVITIES

Check with local housing agencies to find out how eligibility for public housing is determined.

Prepare a list of all public, moderate income and middle-income developments in the community. Include in this listing location, rental or carrying charges (if it is a cooperative), and how to go about making application. This listing could be duplicated and distributed.

WHAT ROLE HAS THE FEDERAL GOVERNMENT PLAYED?

The Federal government has a continuing program of public housing financing, construction, and management.

Government insured loans enable low and moderate income families to purchase their own homes.

Rent subsidies allowing low income people to lease apartments in private buildings are available through local government.

SOURCE


Contact the local housing authority to find out if your community operates a program of leased housing in privately owned buildings that is
- Subsidies under this program are also available to low-income families who want to purchase their own home.

- Under a program called the Hope Plan, a mortgage-assistance program is available to middle-income families.

- This help is provided only with mortgages obtained from local savings and loans associations.

- In addition to providing various forms of financial assistance, the Federal government, under the terms of the Fair Housing Law of 1968, assures equal opportunity

. Have pupils inquire whether their parents or friends have received government help to purchase homes. If so, what were their experiences with this help?

. Under the program the Federal government pays a portion of the monthly mortgage payment for five years.

. Contact a local savings and loan association to find out if assistance in this program is offered in your area.

. Information about subsidy programs can be obtained from the Service Center, Room B-258, Department of Housing and Urban Development, Washington, D.C. 20410. For people in small towns and rural areas information can be obtained from the nearest office of the Farmers Home Administration or by writing to the Department of Agriculture, Washington, D.C. 20250.

. Information on the Hope Plan can be obtained from the Federal Home Loan Bank, Washington, D.C. 20552.

. The following pamphlets dealing with equal opportunity are available from the Department of Housing and Urban Development, Washington, D.C.

. Information about subsidy programs can be obtained from the Service Center, Room B-258, Department of Housing and Urban Development, Washington, D.C. 20410. For people in small towns and rural areas information can be obtained from the nearest office of the Farmers Home Administration or by writing to the Department of Agriculture, Washington, D.C. 20250.

. Information on the Hope Plan can be obtained from the Federal Home Loan Bank, Washington, D.C. 20552.

. The following pamphlets dealing with equal opportunity are available from the Department of Housing and Urban Development, Washington, D.C.
THE FAIR HOUSING LAW

Provides protection against the following acts, if they are based on race, color, religion, or national origin:

- refusing to sell or rent to, deal, or negotiate with any person

- discriminating in terms or conditions for buying or renting houses

- discriminating by advertising that housing is available only to persons of a certain race, color, religion, or national origin

- denying that housing is available for inspection, sale, or rent when it really is available

- persuading owners to sell or rent housing by telling them that minority groups are moving into a neighborhood.

- denying or making different terms or conditions for home loans by commercial lenders such as banks, savings and loan.

It should be pointed out that the existence of a law does not necessarily mean that all discrimination in housing has been eliminated. Determine student reaction to the effect of the Fair Housing Law. Have any of them had problems of discrimination? If so, from whom were they able to obtain help?

Point out that the term used to describe this action is called "blockbusting." Explain how blockbusting can be used to make huge profits.

SOURCE

- "Fair Housing Laws and Other Federal Civil Rights Laws and Executive Orders Relating to the Programs of the U.S. Department of Housing and Urban Development."

- "Fair Housing: What It Means To You."

- "Fair-Housing - U.S.A."

- "Your Housing Rights: Live Where You Want to Live."
SUGGESTED PUPIL AND TEACHER ACTIVITIES

<table>
<thead>
<tr>
<th>UNDERSTANDING</th>
<th>Activites</th>
</tr>
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<tbody>
<tr>
<td>associations, and insurance companies</td>
<td>Discuss how multiple listing services can help in the selling or renting of a house or apartment. Have students visit a local real estate office to secure copies of multiple listing offerings available.</td>
</tr>
<tr>
<td>- denying to anyone the use of or participation in any real estate services such as brokers' organizations, multiple listing services, or other facilities related to the selling or renting of a house.</td>
<td>The complaint can be made directly to HUD.</td>
</tr>
<tr>
<td>Complaints, under the law, can be made in any of three ways.</td>
<td>When making a complaint to HUD it should be addressed to Fair Housing c/o of the nearest HUD regional office or to Washington, D.C.</td>
</tr>
<tr>
<td>- The complaint can be made directly to HUD.</td>
<td>The individual can take court action by taking the complaint directly to the U.S. District Court, or state, or local court.</td>
</tr>
<tr>
<td>- The individual can take court action by taking the complaint directly to the U.S. District Court, or state, or local court.</td>
<td>Emphasize that complaints taken directly to court must be made within 180 days of the alleged discriminatory act.</td>
</tr>
<tr>
<td>- Complaints may also be made to the office of the Attorney General.</td>
<td>Invite a representative of local HUD office to visit the class to discuss the Fair Housing Law.</td>
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WHAT IS NEW YORK STATE DOING IN THE FIELD OF HOUSING?

The New York State Division of Housing and Community Renewal administers a comprehensive...
program of technical and financial assistance for community development of housing.

- Any municipality desiring assistance under a program administered by the Division of Housing and Community Development must do so at its own initiative.

- Middle-income housing in the state is developed under the Limited Profit Housing Companies Law and the Limited Dividend Housing Companies Law.

  - The Limited Profit Housing Companies Law, popularly known as the Mitchell-Lama law, enables sponsors of rental and cooperative housing to receive long-term low interest mortgage loans of up to 95 percent of a project's cost.

  - The Limited Dividend Housing Companies Law grants private builders tax exemptions and condemnation.

    - Discuss why the power of condemnation is important when a builder is trying to put together a parcel of land upon which to build.

Make it clear that the state does not build the housing but the terms of the law provide incentive to private sponsors and non-profit organizations to build middle-income housing.

Have students check with the local housing authority to determine what housing programs have been or are being built with state aid.

Have students prepare a listing of the Mitchell-Lama developments in your community. Make a comparison of the rentals or carrying charges in Mitchell-Lama housing projects with the charges for similar housing in the private sector.

- This program, while still on the books as law, has not been used in recent years, having been superseded by the Limited Profit Housing Program.
power to encourage the building of middle-income housing. In return the builder agrees to limit the profit on his investment.

The Capital Grant Low Rent Assistance program provides low-income families with housing in regulated middle-income housing developments.

- Under the program the state Housing Finance Agency sublets apartments, in middle income developments, which it rents to low-income families at rentals approximating prevailing public housing rents in the same community.

- Under the program families must pay at least 20 percent of their income for rent.

- As a family's income increases, the amount of the rent supplement being paid by the state decreases.

- Presently, under the law, Vietnam veterans receive preference.

- Indicate that any Mitchell-Lama project built since January 1, 1965, is required, as a condition of their Mitchell-Lama assistance, to accept Capital Grant families if the commissioner of Housing and Community Renewal asks them to.

- Almost all of the families receiving assistance under the program reside in projects in New York City. Have students check with the local housing authority to determine how many such families there are in your community. If the answer is "none" attempt to find out the reason why.

- Have students check with the Housing Finance Agency to find out what chance a low-income

SOURCE


In an article in the Journal of Housing, January, 1974, it is reported that a total estimated value of more than half a billion dollars in low- and middle-income housing construction was begun, continued, or completed through state-administered programs during 1973.
family has of receiving Capital Grant Low Rent Assistance if no member of the family is a Vietnam veteran.

- The Housing Development Fund encourages the construction of low income housing by granting interest-free loans to qualified nonprofit housing corporations to cover architectural, legal, and other preliminary development costs incurred prior to the availability of mortgage funds.

- The state sells voter-approved public housing bonds to finance low rent public housing programs.

  - The state grants local housing authorities an annual cash subsidy to make up the difference between the rents collected and the cost of operating the project and debt retirement. The community matches the state's subsidy through real estate tax exemption and with cash, if necessary.

- The state is also involved in the Urban Renewal program under the Federal Title I Program.

  - The Federal government pays three-quarters of an urban renewal project cost.

  - Check with local housing boards to determine what urban renewal projects are being developed in the community. Find out how a family can become eligible for an apartment in an urban

- "Programs for Urban Growth." New York State Division of Housing and Community Renewal. Available from the Research and Information Bureau, New York State Division of Housing and Community Renewal.
and the state pays up to one-half the balance. Local funds pay for the balance. The local, state and Federal contributions make up the difference between the cost of acquiring and clearing an area's slum properties and the lower price for when the cleared site is resold to developers.

Under the New York State HOPE (Home Owners Purchase Endorsement) program loans are made to people who do not have the money to purchase stock in cooperative housing developments.

In addition to the programs providing assistance for the building of housing, the state has a number of codes designed to insure the utilization of sound construction that will make housing safe and comfortable for the occupant.

The State Building Construction Code sets standards of what building construction materials should meet and allows the use of any materials that meets these standards.

. The planning of an urban renewal project usually generates much debate. If a community is involved in such a debate, invite a proponent and opponent of the project to visit the class to discuss their viewpoints.

. For detailed information on the HOPE program contact the New York State Housing Finance Agency. Check local telephone directory for address.

. The State Building Construction Code is accepted voluntarily by municipalities. Check to see if your community requires builders to abide by the code. If so, obtain a copy of the code and go over its provisions in class.
**UNDERSTANDING**

. The State Model Housing Code is a guide to municipalities in meeting the housing regulations under the Federal and State urban renewal and housing programs. The code sets standards for the maintenance and occupancy of homes and apartments, hotels and motels, mobile and recreational homes and home parks, and migrant housing premises.

. The Mobile Homes Code governs the construction and installation of mobile homes and establishes state standards similar to those that protect residents of conventional housing under the State Building Construction Code.

. The New York State Division of Housing and Community Renewal is responsible for the administration of the State's residential rent control laws outside of New York City.

**SUGGESTED PUPIL AND TEACHER ACTIVITIES**

. Obtain a copy of the Model Housing Code and go over the provisions with the class. Discuss how the code affects each individual.

. The Mobile Home Code became effective in 1974. It applies to new mobile homes sold, offered for sale, or moved into New York State. Mobile homes purchased prior to 1974 and located in New York State are not subject to the regulations.

. Refer to page 31 for discussion on rent control.

**SOURCE**

. A report by the Department of Housing and Urban Development indicates that "Over 1.6 million elderly live in housing that lacks basic plumbing facilities. They pay
<table>
<thead>
<tr>
<th>UNDERSTANDING</th>
<th>SUGGESTED PUPIL AND TEACHER ACTIVITIES</th>
<th>SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Federal programs to insure adequate housing for the elderly include</td>
<td>- Determine if your community has any programs to help the elderly secure adequate housing. If such programs are in effect find out how a person can become eligible for the program.</td>
<td>&quot;A Report to Older Americans,&quot; U.S. Department of Housing and Urban Development, Washington, D.C.</td>
</tr>
<tr>
<td>- liberal mortgage insurance for privately-financed housing</td>
<td>- Invite a senior citizen to the class to discuss the problems the elderly face in securing adequate housing.</td>
<td>Retirement homes and hotels,&quot; Changing Times, March 1973</td>
</tr>
<tr>
<td>- help to local housing authorities to provide for the elderly in public housing projects</td>
<td>- The Federal government offers loan guarantees to provide for the building of nursing homes.</td>
<td>Under Section 232 (Nursing Home Insurance Program) of the National Housing Act the Federal government will guarantee mortgage loans, up to 90 percent, for the building of new nursing homes or for rehabilitation projects involving existing nursing homes.</td>
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<tr>
<td>- subsidies to bring down mortgage interest rates</td>
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<td>- rent supplements.</td>
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SUGGESTED PUPIL AND TEACHER ACTIVITIES

New York State, under the provisions of the Emergency Tenant Protection Act of 1974, allows cities, towns, and villages to grant exemptions from rent increases to people over the age of 62 where the annual income is $6,500 or less a year.

The Empire Housing Foundation, established by the state in 1967, is designed to stimulate participation by non-profit sponsors in state programs to provide housing for the aged.

Government on the local level is also involved in providing adequate housing for the elderly.

New York City has specially designed apartments for the elderly. Special features of these apartments include non-skid tile floors in bathrooms, automatic shut-off devices on gas ranges, grab-bars over bathtubs, windows which can be raised or lowered easily, electric outlets located 24 inches above the floor, and extra large radiators to provide more heat in winter.

Contact the office of the State Housing Commissioner to find out how successful the Empire Housing Foundation has been in promoting the building of housing for the elderly.

Information on housing for the elderly in your community can be obtained from the local housing authority.

For detailed information on housing for the elderly in New York City write to the New York City Housing Authority, 5 Park Place, New York, N.Y. 10007.

Emphasize that the demand for specially designed apartments in New York City far exceeds the supply. If specially designed units are not available, the elderly who qualify will be housed in standard apartments.

Information on housing for the elderly in your community can be obtained from the local housing authority.
WHAT SHOULD YOU KNOW ABOUT BUYING A VACATION HOME?

. More than 2 million Americans own a vacation home in addition to their year-round residence.

. The turning of rural land into vacation communities has become a multibillion dollar business.

. Most vacation homes are sold through sales presentations in your home community.

. The sales techniques most used to promote vacation home sales involves the offering of free dinners and free trips to the vacation home site for the prospective buyer.

. According to the U.S. Office of Interstate Land Sales, some unfair tactics used by uncrupulous land developers include
   - misrepresenting the present and future value of a piece of property
   - exaggerated promises of refunds to unsatisfied customers

Discuss the dangers involved in buying a vacation home hundreds, and in some cases thousands, of miles from your year-round residence.

Discuss the psychology of giving someone something for nothing as a selling technique. Have students indicate how they would feel about making a purchase if the seller provided him with a free trip to the vacation home site.

Indicate that many developers require you to come to the vacation home site.


Buying vacation land-nine ways not to get stung," Changing Times, August 1973

Buy a vacation place all your own?" Changing Times, August 1971
SUGGESTED PUPIL AND TEACHER ACTIVITIES

- Misrepresenting the availability of sewers, roads, schools, water, etc.
- Failure to keep verbal promises about future improvements to a development such as a golf course or swimming pool.
- "Baiting" customers with inexpensive lots and then pressuring them into buying a more expensive property.
- Encouraging customers to waive rights to a 48-hour cooling-off period when they can cancel a purchase.

Emphasize the importance of having everything that is offered or promised written in any contract that is signed.

Explain how "bait and switch" operates.

It should be made clear that a buyer should never waive his or her rights when making a purchase. The cooling-off period, which is required by law, is designed to give a person time to think over his actions away from the pressure being exerted by an overzealous salesman.

SOURCE

HUD reports that the 48-hour cooling-off waiver may be written into a contract; so it is very important to read the contract before it is signed.

Check the real estate section for leads on vacation home.

The head of the Federal Office of Interstate Land Sales.

HOW CAN YOU PROTECT YOURSELF WHEN YOU BUY REAL ESTATE?

- Obtain a copy of the property report, contract, and other...
- Be very careful when considering a purchase.
- Read the contract carefully and make sure you understand all the terms.
- If you have any doubts, seek the advice of a lawyer or other professional.
- Make sure you have a cooling-off period during which you can cancel the purchase if you change your mind.

SUGGESTED PUPIL AND TEACHER ACTIVITIES

- Home site to obtain a refund. In some instances the site might be so far from your home it would cost you as much to get there as you left for a deposit.
<table>
<thead>
<tr>
<th>UNDERSTANDING</th>
<th>SUGGESTED PUPIL AND TEACHER ACTIVITIES</th>
<th>SOURCE</th>
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</thead>
<tbody>
<tr>
<td>pertinent documents and take them home to read.</td>
<td>communities. Write to the developer and in a copy of Property Report and other pertinent documents. Go over this information with the class.</td>
<td>Registration reported that &quot;thousands are cheated... only the tip of the iceberg is just now beginning to be seen. Thousands of people every week are being misled or cheated when buying lots for recreational, retirement or investment purposes.&quot;</td>
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<tr>
<td>. Don't make any hasty decisions.</td>
<td>. Indicate that one pressure tactic used is to indicate that the home you are interested in might not be available tomorrow.</td>
<td></td>
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<tr>
<td>. Check w. HUD's Office of Interstate Land Sales for further information about a development.</td>
<td>. Make a list of vacation home developments from the real estate section and write to the Interstate Land Sales office for information on the developments.</td>
<td></td>
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<tr>
<td>. Get legal advice if the investment is sizeable</td>
<td>. It should be made clear that because a developer is registered with HUD, it should not be assumed that the government has inspected or approved the project. It has not.</td>
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<tr>
<td>. Don't waive or cancel the 48-hour &quot;cooling off&quot; period.</td>
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