

Here's HOW to protect new house

Through its HOW program, the housing industry is responding to increased public demand for consumer protection in the housing market.

HOW stands for Home Owners Warranty Program. It was created as a subsidiary of the National Association of Home Builders (NAHB), Washington, D.C. NAHB developed HOW in 1973, basing it on a successful home warranty plan operating in Great Britain.

The HOW program provides 10-year protection on new homes through a builder warranty and national insurance coverage. Specific-

ally, HOW builders warrant against major structural defects and against defects in workmanship and materials during the first year of coverage. During the second year, the warranty continues on major structural defects and on the piping, wiring and duct work systems.

The American Bankers Insurance Company of Florida backs the warranty with insurance coverage during these two years, if for any reason, the builder cannot meet his obligations. The insurance company provides the third through tenth year of coverage against major structural

defects. The HOW home owner receives a consumer information booklet which completely explains the coverage in detailed but non-technical language. Another important aspect of HOW is that during the 10-year period the coverage is transferable to

all new owners of the house.

HOW builders are carefully screened for technical competence, financial soundness and a history of good customer relations before being admitted into the program. Not only is a buyer of a HOW home assured

of 10-year protection, but he knows that he is dealing with a builder who has met these important criteria.

A unique aspect of the program is its complaint-handling procedure. HOW has adopted conciliation and arbitration techniques to settle buy-

er builder disputes. This is a key benefit for the buyer as it affords a fair and speedy resolution of disagreements over what is or is not covered under HOW.

The system first calls for the builder and buyer to try resolving differ-

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Buying best in bear market

Buy or rent? That's a front-burner question confronting many families today.

It's a decision that deserves some thoughtful consideration. After all, buying a home is prob-

ably the biggest investment a family will ever make.

Buying a new home, it has been said, is a wise decision any time. But professionals in the housing and real estate

field will tell you that the best time to buy is during a bear market—when the demand is low and the supply of units is high, as it is today. That's when consumers can negotiate the best price.

All too often, potential consumers make mortgage interest rates the determining factor in their decision to buy a new home. Many delay a purchase of a new home in anticipation of a drop in interest rates. This is a costly mistake, Sylvia Porter, noted business columnist, said in a recent article. "Even if rates do decline modestly (and don't count on it) the decline almost surely will be offset by increases in the price of houses you want to buy," she said.

Nationally, the current mortgage market situation for homebuyers has improved compared to the previous three years. There's plenty of mort-

gage money available at savings and loan associations and other lending institutions. Mortgage interest rates have dropped from their peak levels of 1974-75, but are not expected to decline substantially from current levels.

Buying a new home has also been described as an inflation-proof savings plan. Besides being a hedge against inflation, homeownership offers a consumer perhaps his only chance to acquire a large sum of capital over a period of years. "Suburban community houses have risen about 10 per cent in value each year during the past 10 years," which, Ms. Porter said, "beats the ace of inflation—and this is only one advantage of course."

Tax shelters are another advantage. Homeowners can deduct local

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