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THE FINANCING AND COMPLETION OF A GROUP OF SHELL HOMES

by

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amount of the mortgage held on their home; however, this information was available from the Register of Deeds. The dollar cost of interest and the annual interest rate were high since they had been figured as installment rather than amortized loans. The loans covered a period of time from three to eight years with monthly payments from \$36.80 to \$114.66, and no equity was being credited to the homeowner.

The tasks necessary to finish the shell house were performed in the following order: members of the family, local firms, and the shell home dealers. Relatives and friends gave only occasional assistance. Many homes lacked features that are considered basic to livability: heat, electricity, plumbing, kitchen sink, and kitchen cabinets.

The plan for paying for the purchases and installation of the finishing materials included payments of cash, financing over a period of time, and the use of a 30-day charge account. Payment at the time of purchase was used more frequently than any other one method. Cash expenditures were often not necessary for the installation of finishing materials since family members performed this work.

Owners of shell homes expressed both satisfaction and dissatisfaction with their homes; however, more than one-half of the homeowners would invest in another shell house if the need for a home presented itself.

#### ACKNOWLEDGMENTS

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## CHAPTER I

### INTRODUCTION

Many American families are unable to purchase adequate housing or improve their present housing situation primarily because of low income. The problem of supplying adequate housing for groups of various income levels becomes pressing since in recent years the costs of residential construction have been increasing more rapidly than other consumer costs.<sup>1</sup> There have been numerous attempts to make adequate housing available. A partial list of these attempts includes prefabrication, public housing, insured loans from the Federal Housing Administration and the Veterans Administration, and, more recently, the shell house.

The shell house is described as a wood frame structure which is completely finished on the outside and unfinished on the inside except for flooring, partition studding, and ceiling joists. It was not a major consumer item before 1940 and it was, primarily, a post-war development.<sup>2</sup>

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<sup>1</sup>Glenn H. Beyer, Housing: A Factual Analysis (New York: The Macmillan Company, 1958), p. 102.

<sup>2</sup>"Financing Builds the Profit in Shell Homes," Business Week, [n.v.] (June 4, 1960), 66.

The plan for a shell home is to give the buyer a chance to save by completing some of the labor himself and having other work done by those skilled in it.<sup>3</sup>

This is not a new idea, for ". . . probably something of the sort has been going on, in a disorganized way, since the frontier day of neighborly 'house raisings'." <sup>4</sup>

The growth of shell house companies, as evidenced by the numerous displays on highways near towns and cities, instigated an interest in shell homes as one possible answer to housing for those in the low income group. With this in mind, the present study was undertaken to determine the role the shell house played in providing low cost houses.

## I. THE PROBLEM

Statement of the problem. Speculation about the costs and problems involved in the purchase and completion of a shell house is widespread, but little is known about the actual cost to a family to complete a shell house and whether it meets the needs of the family. This study was undertaken (1) to show the relationship between the cost of the initial shell and the cost of the finished product (the cost to include the value of the lot and the cost of the subsequent additions); (2) to determine the method or methods of finishing and

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<sup>3</sup>"Variety Homes Opens Display," Custom Home Builders News, [n.v.] (November, 1962), 15.

<sup>4</sup>Robert Sheehan, "Should Jim Walter Come Out Of His Shell?" Fortune, LXV (April, 1962), 140.

financing the completion of the home; and (3) to obtain the homemakers' expressions of satisfaction with their shell homes.

Importance of the study. It is apparent that shell houses can fill a need for American families by providing decent, low-cost housing.<sup>5</sup> The attraction of the shell to the consumer ". . . is based on the fact that he can do a great deal of the high-cost finish work himself."<sup>6</sup> The number and complexity of the problems involved may not be fully realized by the consumer when he makes his decision to purchase a shell house. Little has been written on actual total costs and the methods of financing for the completion of a shell house.

## II. PROCEDURE

An interview schedule and a questionnaire were developed to facilitate the collection of data. The interview schedule used to collect data was divided into three major sections: information concerning the house, information concerning the finishing, and information concerning the homemaker's satisfaction with the shell home. A copy of the interview schedule is included as Appendix A. Additionally, a questionnaire was prepared to supplement the interview schedule. This questionnaire was designed to obtain general information concerning the family and is included as Appendix B.

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<sup>5</sup>A. M. Watkins, "Shell Housing: A Blessing With A Few Bugs In It," Harper's Magazine, CCXXIV (April, 1962), 43.

<sup>6</sup>W. T. Robinson, et al., "Shell Housing," DFPA Field Report #5-WTR-61 (Atlanta: Douglas Fir Plywood Association, 1961), p. 1.

Before the interviews were held, the interview schedule and questionnaire were pretested using four shell home owners in a locality other than those included in the study. The purposes of these interviews were (1) to determine the approximate length of time to expect each interview to be, and (2) to test both the interview schedule and questionnaire for clarity, continuity, and completeness. The interview schedule and questionnaire were revised to include suggested changes. Approximately thirty minutes were necessary to administer the interview schedule and questionnaire.

Preliminary investigation. A canvas of shell home dealers was made in Greensboro and Fayetteville, North Carolina, and Florence, South Carolina to determine a location for the study. It was hoped, through this canvas, to ascertain the number of shell homes sold in 1960 and to enlist the cooperation of the dealers in securing the names of the buyers of their homes in 1960. Cumberland County, North Carolina, and Florence County, South Carolina, were selected as the area to be sampled. These areas were chosen because of the concentration of shell houses sold during 1960 and the representation of different shell home companies.

Eligibility requirements. In order to provide uniformity, the following requirements were set for this study:

1. All homes used in the study were built in 1960.
2. Homemakers interviewed were those whose homes were main residences.

3. All homes used in the study were those located in Cumberland County, North Carolina, which were sold by firms located in Fayetteville, North Carolina, and those found in Florence County, South Carolina, which were sold by firms located in Florence, South Carolina.

Drawing the sample. It was necessary to have permission from the company officials for the shell home dealers to participate in the study. The names of the buyers of shell homes sold in 1960 by each of the six dealers representing five different shell home companies were needed for the drawing of the sample. State home offices for five of the dealers were not located in Florence or Fayetteville; therefore, in order to secure permission for the dealers to participate in the study, trips were made to Charlotte, North Carolina, and Columbia, South Carolina. Permission was refused except in one case, a company in Fayetteville, North Carolina. This company made available the names of the buyers of its houses, and in addition to the names, directions were given for locating the houses. The names of the buyers of houses sold by the five remaining dealers were obtained from the records of the Office of the Register of Deeds in Florence County, South Carolina, and Cumberland County, North Carolina.

A total of 215 houses were sold in 1960 by the six companies, 108 in Cumberland County and 107 in Florence County. The data with regard to the distribution of houses sold by companies are presented in Table I. Using a table of random numbers, fifteen names were chosen from the buyers of each of the six companies, giving a total of ninety homeowners that were to be visited.

TABLE I  
DISTRIBUTION OF HOUSES SOLD

COMPANY	LOCATION	NUMBER SOLD
A	Florence	22
B	Florence	31
C	Florence	16
D	Florence	38
E	Cumberland	58
F	Cumberland	50
TOTAL		215

Collecting the data. Data for the study were obtained through personal interviews with an occupant -- the wife, the husband, or, in some cases, both the husband and the wife. The following procedure was used in the collection of data:

1. Introduced self, giving identification as a graduate student of the School of Home Economics at The Woman's College of the University of North Carolina, Greensboro, North Carolina.<sup>7</sup> The letter of introduction is included as Appendix C.
2. Explained purpose of visit.
3. Established whether occupant was eligible for interview.
4. Asked for occupant's cooperation.
5. Offered to call at a later time in cases where it seemed to be an inconvenient time for occupant. In such cases, appointments were made for a later time.

<sup>7</sup>Since data were collected, the name of the school has been changed to the University of North Carolina at Greensboro.

6. Secured information needed for the interview schedule.
7. Asked interviewee to fill out questionnaire. In all cases, the interviewer was asked to fill out the questionnaire as the answers were given by occupant.
8. Expressed appreciation for occupant's cooperation.

The writer was courteously received, and the information, in most cases, was freely given. Only one eligible occupant refused to be interviewed.

Fifty-four interviews were completed. The largest number responding from any one company was twelve; the smallest number, five. In two cases, the names were originally listed by one company, but the buyer had purchased a house sold by another company. This will not affect the results of the study. The data with regard to respondents by companies may be seen in Table II.

There were 36 non-respondents, 40 per cent of the sample drawn (Table II). Reasons for failure to interview are listed in Table III, page 9. Thirteen houses could not be located. Partial or complete addresses for seven houses were known, but the houses could not be located. Addresses for the other six could not be found, and the names were not listed in the county tax offices. More than two calls were made to each of six houses; however, no one was at home. Eight of the families drawn in the sample did not build a shell house. Seemingly the eight families had talked to salesmen representing the shell house companies but had decided not to build. However, their names were carried by the Register of Deeds as owning shell homes.

Two of the three houses that were empty had not had occupants at any time. The owners were not living in the town where the houses

TABLE II  
RESPONDENTS BY COMPANIES

COMPANY	RESPONDENTS	NON-RESPONDENTS	TOTAL
A	9	6	15
B	9	6	15
C	10	6	16 <sup>a</sup>
D	5	9	14 <sup>a</sup>
E	12	4	16 <sup>b</sup>
F	9	5	14 <sup>b</sup>
TOTAL	54	36	90

<sup>a</sup>One of the respondents listed with Company D had built a Company C house.

<sup>b</sup>One of the respondents listed with Company F had built a Company E house.

TABLE III  
REASONS FOR FAILURE TO INTERVIEW

REASONS	COMPANY						TOTAL
	A	B	C	D	E	F	
Unable to locate	2	1	1	4	2	3	13
House never built	2	1	1	2	-	2	8
No one at home	1	-	4	-	1	-	6
House Unoccupied	1	1	-	1	-	-	3
Repossessed by company	-	2	-	-	-	-	2
Occupant refused to cooperate	-	1	-	-	-	-	1
House burned during construction	-	-	-	1	-	-	1
Rented; owner not located	-	-	-	1	-	-	1
Built to rent	-	-	-	-	1	-	1
<b>TOTALS</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>9</b>	<b>4</b>	<b>5</b>	<b>36</b>

were located. One owner had moved out of the state, and the other was in military service. The third house had been occupied, but the owner had moved out of the state.

### III. ORGANIZATION OF THE REMAINDER OF THE THESIS

The remainder of this study is organized in the following manner: the review of literature; background information regarding the families occupying the homes; the findings: the shell house, the lot, the cost of the shell houses, materials for finishing the shell houses, the installation of finishing materials, and homemakers' satisfaction with shell houses; and the summary and conclusions.

## CHAPTER II

### REVIEW OF LITERATURE

While the shell home industry as we know it today is relatively new, it has become an important part of the national housing picture. Until the last decade, not more than 10,000 shell houses a year were sold across the country. In the middle of the 1950's, however, sales began to climb sharply.<sup>8</sup> Robinson stated in a 1961 special field report on shell housing published by Douglas Fir Plywood Association that ". . . there are now 125,000 shells standing in the United States. . . . Shell sales in the South alone were up 300% for 1960 over 1959. . . ." <sup>9</sup>

Probably the most important concept of the shell house program is that it is concerned almost altogether with low cost housing. Average sale in the South is \$3,000 per house with the lowest priced models selling at around \$1,500. This means providing essential housing at lowest possible cost.<sup>10</sup>

A search of the literature revealed no information prior to 1958 to show the reaction of the building industry to shell home construction. At this time a shelter magazine, House and Home, reported that two builders of prefabricated houses had entered the "finish-

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<sup>8</sup>Watkins, loc. cit.

<sup>9</sup>Robinson, loc. cit.

<sup>10</sup>Ibid.

it-yourself" market.<sup>11</sup> In 1959, the shell house continued to attract manufacturers. Manufacturers of prefabricated houses were putting more production into "finish-it-yourself" houses to reach markets they otherwise would not share. The markets they were trying to reach included:

1. Those people who own land but cannot afford to put more than \$3,000 to \$5,000 into a house.
2. Those people who . . . will do part of the work themselves.<sup>12</sup>

The main advantages of shell houses to the prefabricated house manufacturer are based on two factors: first, the buyer does most of the finishing, thereby reducing most of the customer complaints; and second, the shell houses bring in business from those owners who have odd, isolated lots on which the FHA will not approve loans.<sup>13</sup>

The early history of the shell home industry may be traced through the development of one of the major shell home companies. The Jim Walter Corporation had its beginning in Tampa, Florida, in 1946 when James Walter answered an advertisement appearing in the Tampa Tribune offering a house for sale for \$995. He investigated and learned that the house was not complete and would have to be finished by the buyer. The shell home concept and its potential

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<sup>11</sup>"House and Homes 6th Annual Report on Prefabrication: House Manufacturers Design New Packages for the 'Finish-it-yourself' Market," House and Home, XIV (December, 1958), 92.

<sup>12</sup>"House and Homes 7th Annual Report on Prefabrication: The Manufactured House in 1960 . . .," House and Home, XVI (December, 1959), 113.

<sup>13</sup>Ibid., p. 115.

interested him, and he formed a partnership with the advertiser, O. L. Davenport.<sup>14</sup> The public seemingly shared this enthusiasm, for on their first day in business, 27 shells were sold for cash at a cost of \$1,195 each.<sup>15</sup>

The growth of the industry was steady during the first years of its existence, and expansion was continuous as more shell builders entered the field. There were nine leading shell home companies in 1959 building and selling shell houses through 205 branches. By the middle of 1961, the number of branches for these nine companies had risen to approximately 400.<sup>16</sup>

During the latter part of 1960 and early 1961, the stocks of shell home companies were considered growth stocks; however, a sharp fall in the stock of these companies suddenly occurred. The following reasons represent the thinking of many as to the underlying cause or causes of this turn of events:

. . . over-expansion of producing organization, over-selling, high-cost financing, a high rate of defaults, and a dwindling public enthusiasm for obligatory sweat equity.<sup>17</sup>

The problems confronting the consumer were just as numerous. Anticipation of owning a home often led to a misunderstanding of some

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<sup>14</sup>"Financing Builds the Profit in Shell Homes," loc. cit.

<sup>15</sup>"You-Finish-It-House," Newsweek, LI, (March 10, 1958), 90.

<sup>16</sup>"Shell Home Boom Cools Off," Business Week, [n.v.] (October 14, 1961), 129.

<sup>17</sup>"The New Housing Industry: Part II of an Eight Part Analysis of Major Changes in Today's Housing Industry," House and Home, XXIII, (February, 1963), 110.

of the factors involved in buying a shell home. Financing was one such factor. Others were the disadvantages of a small down payment and of having to pay, at the time of purchase, for finishing materials to complete the house.

"Many shell buyers underestimated the high cost of current financing methods, which have more in common with appliance loans than mortgage loans."<sup>18</sup> The Douglas Fir Plywood Company reported that "Interest can amount to 72% of the cash selling price over the period of a six-year loan."<sup>19</sup> Changing Times reported, however, in early 1962 that:

If you own your lot free and clear and it is worth 5% or more of the purchase price of the house, a nothing-down transaction can be arranged and the seller can make good on his "a dollar and a deed is all you need" sales slogan. Usually, the purchase of the house then can be financed with a five-to-seven-year installment loan discounted at 6% or 7% which represents an actual effective interest rate of 12% to 15%.<sup>20</sup>

The methods of computing time charges or interest on the shell home mortgages were explained in "The Shell House Industry" in this manner:

The shell house industry interest methods vary from builder to builder, but fall into two general categories. The first is 6 to 8% "add-on interest," which gives an effective yield of from about 12 to 16%, and is calculated identical to consumer credit or installment paper. For example: A purchaser buys a house for \$2,500 for a 6-year term. The term in years (6) multiplied by the add-on interest rate (6%) equals 36%, multiplied by \$2,500

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<sup>18</sup>Sterling F. Green, "A Boom Builds in Shell Houses." The News and Observer (Raleigh, North Carolina), April 1, 1962, p. 14.

<sup>19</sup>Robinson, loc. cit.

<sup>20</sup>"Those Houses you Finish Yourself," Changing Times, XVI (January, 1962), 28.

equals \$900. This \$900 added to the \$2,500 equals \$3,400 divided by term in months (72) equals about \$49 (the monthly payment.)

The second is the "simple-interest-discount" method. The builder, in order to make a 10 to 15% profit on the construction of Model "A" house, has cost plus profit of around \$2,500. . . . He will sell the house at a time price of \$3,200 plus 6% simple interest on a 6 year plan.<sup>21</sup>

The third method used by many shell home dealers to finance a home was to offer the home buyer a balloon contract. This provides for monthly payments of a fixed amount for a given period of time. Interest and credit charged accrue, however, and the final installment is considerably larger than previous monthly payments. More than likely, the buyer is unaware of this arrangement and is unprepared to pay a debt of this size. The customer is faced with two alternatives: borrow the money or lose his house.

The lack of a down payment may be the basis for another problem facing the consumer. In fact, American Home Magazine states that ". . . since some of these families have no margin for contingencies, nothing down houses are more subject to foreclosure."<sup>22</sup> The results of a fourteen-year study by the Veterans Administration showed that the foreclosure rate on no-down payment houses was two and one-half times the rate where a down payment was involved.<sup>23</sup> However, in September, 1961, those dealers selling only shell houses claimed in an article appearing in Popular Science that ". . . records show only

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<sup>21</sup>Harmon Wheeler, "The Shell House Industry: A Description and Evaluation," (Tampa, Florida, 1960) pp. 46-47.

<sup>22</sup>"Houses for Sale: No Down Payment," American Home, LXIV (July, 1961), 6.

<sup>23</sup>Ibid.

1% of shell houses are lost through nonpayment of their mortgages."<sup>24</sup> Eleven months later, the August, 1962, issue of American Shell Home News, the official publication for The American Shell Home Association, presented a different viewpoint in an article devoted exclusively to the problem of repossessions and their sale.<sup>25</sup>

Even if the consumer does all the necessary work, the problem of obtaining the required materials for finishing remains. According to S. A. Daniels, Florida Regional Sales Manager for the Jim Walter Corporation, as reported in Harper's Magazine, a year or more may be needed to finish shell houses because the buyers have to wait "from payday to payday" to be able to buy the materials needed for completion. He further states that \$700 will purchase all the finishing materials his customers need. The writer of the article thought that this figure may be unusually low as an outlay of several thousand dollars is often necessary.<sup>26</sup> The Institute for Essential Housing, designed to market low-income houses as a subsidiary of Certain-teed Products Corporation, maintained in Popular Science that, because owners are unable to find sufficient money to purchase the finishing material, too many shells go uncompleted. This company offered three different plans and prices for purchasing a house:

. . . a three-bedroom house for \$3,188 in shell form, \$4,380 for shell plus materials to finish it, and the same house completely

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<sup>24</sup>"A Shell Home: Your Biggest Home Improvement Bargain," Popular Science, CLXXIX (September, 1961), 148.

<sup>25</sup>"Field Management Tips," American Shell Home News, [n.v.] (August, 1962), 12.

<sup>26</sup>Watkins, op. cit., p. 44

finished for \$5,780. By buying the shell plus the materials and doing your own work, you can save \$1,400 -- or about 25 per cent.<sup>27</sup>

Materials for finishing the shell were not offered by the dealer in all instances. If these materials were not purchased as a package from the dealer, the cost varied from buyer to buyer depending upon the purchase plan. The results of a survey of a large number of shell homes chosen at random in Middle Georgia in 1960 was reported in The Shell House Industry and showed expenditures for the typical \$3,000 shell house as follows:

The lot was appraised at \$500.  
 \$750 had been spent in the installation of walls, ceilings, closets, and in painting the interior.  
 \$500 had gone to install the bathroom and plumbing.  
 \$350 had been paid for kitchen facilities and cabinets, and \$150 had been spent in wiring the house.<sup>28</sup>

This average shell home owner had increased the value of his structure \$2,250; consequently, the \$3,000 shell house increased in value to \$5,250.

#### I. SHELL HOME BUYERS

According to the results of a study which was conducted during 1960-1961 to determine the characteristics of the shell home buyers as reported in House and Home, the typical shell home buyer earns \$89.00 weekly, but his income is increasing. He is most likely a Negro, a skilled worker, approximately thirty-six years old, and the

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<sup>27</sup>"A Shell Home: Your Biggest Home Improvement Bargain," loc. cit.

<sup>28</sup>Wheeler, op. cit., p. 36.

chief wage earner for the family. In two out of five families, the wife works also.<sup>29</sup> This same magazine in March, 1963, divided shell home buyers into two groups: young families in their early thirties and couples fifty to fifty-five, whose children had grown up and left home.<sup>30</sup>

The largest single price category for the purchase price of the houses was \$2,100 to \$2,199, and this price range represented over nine per cent of shell home sales. The median purchase price of houses bought by white families fell between \$2,500 to \$2,599, while that of the Negroes was \$2,100 to \$2,199.<sup>31</sup>

The average income of shell home purchasers reported by House and Home in 1963 was approximately \$4,000, ranging from \$2,000 to \$5,000. This figure was lower than the one previously mentioned in the results of the 1960-61 survey. The southeastern area of the United States, where 70 per cent of the families have incomes under \$5,000, is considered the prime market for shell houses. The largest percentage of houses was bought by Negroes, but the distribution by race varies according to the price class and the region. The majority of shell homes (70 per cent) were sold along the outskirts of small towns. Approximately 20 per cent were sold in rural areas, and 10 per cent were sold in metropolitan areas.<sup>32</sup>

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<sup>29</sup>"Housing Market: Who Buys Shell Homes?" House and Home, XXI (February, 1962), p. 46.

<sup>30</sup>"Why Shell Housing's Bubble Burst," House and Home, XXIII (March, 1963), 126.

<sup>31</sup>"Housing Market: Who Buys Shell Homes?", loc. cit.

<sup>32</sup>"Why Shell Housing's Bubble Burst," op. cit., pp. 126-127.

## II. THE PRESENT AND FUTURE OF THE INDUSTRY

The shell home companies which were inexperienced and which lacked sufficient financial backing were not able to overcome the difficulties which arose during the years 1960-1962. As a result, a small number of the more responsible firms remain to supply the shell home market, with the Jim Walter Corporation and Modern Homes Construction Company as the leaders.<sup>33</sup>

In an earlier issue, House and Home had listed the Institute for Essential Housing, Midway Homes, Swift Homes, U. S. Shell Homes, Morris Homes Corporation, and Family Shell Homes as other remaining companies; however, U. S. Shell reappraised its operation, and, after deciding to offer to its customers consumer financing of housing, changed its name to U. S. Finance Company.<sup>34</sup> It may be possible that Swift Homes and Midway Homes are not shell home companies because they offer completely finished houses out of the usual price range of the shell, and the Institute for Essential Housing is revamping its approach with a new line of completely finished homes priced out of the low income range.<sup>35</sup>

The incorporation of descriptive terms and phrases such as "livable," "semi-finished," and "shell plus finishing materials" has begun to appear frequently in the advertising of many of the

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<sup>33</sup>"Survivors of the Shell-home Shakeout Start a Rally," House and Home, XXIV (December, 1963), p. 52.

<sup>34</sup>"Why Shell Housing's Bubble Burst," op. cit., p. 126.

<sup>35</sup>"Producer Shifts to Complete Homes After Shell House Fiasco," House and Home, XXIII (May, 1963), p. 9.

shell companies. It is conjectured that this is the result of the customer becoming more conscious of the relationship and desirability of good quality, low price, and value. It is apparent that the low monthly payments are not sufficient by themselves to induce the customer to buy. He wants to know those things that are concomitant with the payment as well as the quality of the materials.<sup>36</sup> Because of the demand for livable-but-unfinished homes, some companies began to find various methods of supplying satisfactory offers to quality-conscious buyers. Some firms offered a shell plus the package of finishing materials, and both would be included in the financing. Other companies offered to do some of the interior work that the customer might not be able to do (plumbing, heating, wiring, or whatever was requested). With this offer, the house, although not completely finished, could at least be lived in; and after the family had moved in, the remaining finishing tasks could be completed in a relatively short time. The idea of a livable-but-unfinished home is becoming a part of the housing picture because it has opened up a larger and broader market, thus giving impetus to the rapid if far from stable growth of this new industry by attracting higher-income families.<sup>37</sup>

Another trend that is gaining momentum is the vacation home. Increased leisure time has become a part of today's mode of life,

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<sup>36</sup>"What is Being Said About Our Industry: Shell Industry 'Big Business'," American Shell Home News, 11.v.7 (October, 1962), 21.

<sup>37</sup>Watkins, op. cit., p. 49.

giving a family the opportunity to spend more time away from home. A second house located within 100 miles of the family's regular dwelling offers a new market for the shell home industry. Some shell home companies offer especially designed vacation houses while others use regular designs. Previously a second home was frequently not practical, but

. . . with extended week-ends, longer vacations and additional days-off holidays, a considerable part of the year can be spent in second homes.<sup>38</sup>

It is interesting to note that in 1962 the Federal Housing Authority changed some of the regulations by which low-cost housing qualifies for FHA insurance. The new rulings are applicable to a house that is not finished; however, the completion tasks must not require the services of a skilled craftsman.<sup>39</sup> Some of the houses that the shell home companies are building today possibly could qualify under the new regulations, but the house fitting the definition of a shell house as given in this study would not qualify.

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<sup>38</sup>"The Second Home Market," American Shell Home News, [n.v.] (October, 1962), p. 18.

<sup>39</sup>Housing Market: FHA Cracks Down on Credit Analysis, "FHA Approves Shells-if . . ." House and Home, XXI (June, 1962), 49.

## CHAPTER III

### BACKGROUND INFORMATION

The houses used in this study were located in Cumberland County, North Carolina, and Florence County, South Carolina. The counties are within 60 miles of each other.

#### I. THE LOCATION

Located in the Sandhills section of North Carolina, Cumberland County's area is 661 square miles and its population is 148,418. Fayetteville is the only large town of this county, and is the farthest inland port in North Carolina. The industries are mainly, those associated with textiles and wood products. The Fort Bragg Military Reservation is located in the Western part of the county and provides a source of employment for the population. The rest of the county is partly agricultural and partly wooded. Its climate is mild during the winter months and warm in the summer.

Florence County is located in the Pee Dee Section of the coastal region of South Carolina. It covers an area of 805 square miles and has a population of 84,438. Approximately three-fourths of the area of Florence County is farm land, and 42 per cent of the population is employed in agriculture. Florence, the county seat, is the largest city of the county. The main industries include lumber and wood products, furniture manufacture, and textiles. The mean temperature is 63°.

## II. THE FAMILIES

Size and composition of households. The number of children per family ranged from one to eleven, but the family size occurring with the greatest frequency was four members (Table IV). Sixty-five per cent of the households were composed of a mother, father, and their children. Twenty per cent of the households had two adults and two children. Three-member families occurred almost as frequently or in 17 per cent of the households. Five-member and seven-member families occurred at the same frequency, 13 per cent. Forty-six per cent of the families had five or more members. There were no children in five of the households. Relatives lived in 11 of the households, and an unrelated person lived in one of the households.

There was a total of 159 children whose ages ranged from infancy to adulthood, but the greatest concentration of ages was in the elementary school group (Table V, p. 25). The total number of school-aged children was 103 or approximately 65 per cent. Approximately 22 per cent had not yet reached school age. There were approximately 13 per cent of the children who had passed school age and were still living at home.

Educational level of parents of household. The educational level attained by 40 per cent of the parents was one or more years of high school (Table VI, p. 26). This level represented the largest number in any one group. Eight per cent had some training beyond high school, and three wives and one husband had completed the Master's Degree. Six per cent reported that they had no formal schooling.



TABLE V  
AGES OF CHILDREN

AGE GROUP	Boys	Girls	Both	
			Number	Per Cent
Less than 1 year	5	2	7	4.4
1 through 5	14	14	28	17.6
6 -- 12	28	37	65	40.9
13 -- 18	18	20	38	23.9
Over 18	12	9	21	13.2
Total	77	82	159	100.0

TABLE VI  
EDUCATIONAL LEVEL OF PARENTS

Education Level	Husband		Wife		Total	
	Number	Per cent	Number	Per cent	Number	Per cent
Post Graduate	2	4.0	3	5.7	5	4.9
College	0	0.0	1	1.9	1	1.0
Trade School	1	2.0	1	1.8	2	1.9
High School	17	34.0	27	50.9	44	42.8
Junior High	7	14.0	7	13.2	14	13.6
Elementary	13	26.0	11	20.8	24	23.3
None	4	8.0	2	3.8	6	5.8
No Answer	6	12.0	1	1.9	7	6.7
	50 <sup>a</sup>	100.0	53 <sup>b</sup>	100.0	103	100.0

<sup>a</sup>Four husbands deceased.

<sup>b</sup>One wife deceased.

Source of income for the family. Farming, unskilled, and skilled jobs accounted for 71 per cent of the jobs held by the husbands: 35 per cent were employed as unskilled workers, 20 per cent in farming, and 16 per cent in jobs requiring special skills (Table VII). The largest number in any one group was 19 in unskilled labor. Represented by the remaining 29 per cent were a number of occupations including truck driving, teaching, proprietors of small businesses, and race driving. One husband did not work, one had retired, and five listed employment in two occupations. Skilled jobs referred to those that required training for a person to be able to perform, such as mechanics, carpenters, and masons. Unskilled jobs included those jobs for which no special preparation was necessary.

The number of wives working outside the home was 32; this represented 60 per cent of the wives. Of those who were employed, 19 were full-time employees and 13 were part-time. Fourteen stated that they did not work outside the home, seven gave no response, and one wife was deceased. The distribution of the occupations of the wives reveals that almost 60 per cent of the wives who worked were employed full time (Table VIII, p. 29). The largest number in any one occupation was eight employed full time as factory workers. General housework and farming accounted for the majority of the part-time working wives.

Income of families. Data from only 41 families were available for the tabulation of incomes (Table IX, p. 30). Ten interviewees

TABLE VII  
CLASSIFICATION OF HUSBANDS' OCCUPATION

Occupation Classification	Number	Per Cent
Unskilled Laborer	19	34.5
Skilled Laborer	9	16.4
Farmer	11	20.0
Truck Driver	5	9.1
Self-Employed	3	5.5
Race Driver	1	1.8
Retired	1	1.8
Teacher	1	1.8
Unemployed	1	1.8
No answer	4	7.3
Total	55 <sup>a</sup>	100.0

<sup>a</sup>Four husbands deceased. Five had two jobs.

TABLE VIII  
OCCUPATION OF GAINFULLY EMPLOYED WIVES

Occupation	Part-time	Full-time	Total
Factory Worker	-	8	8
Housework	5	3	8
Farming	5	-	5
Teacher	-	2	2
School Cafeteria	-	2	2
Miscellaneous	3	4	7
Total	13	19	32

TABLE IX  
INCOME DISTRIBUTION OF THE FAMILIES

Annual Income	Number	Per Cent
\$ 1 - 999	4	9.8
1,000 - 1,999	4	9.7
2,000 - 2,999	5	12.2
3,000 - 3,999	10	24.4
4,000 - 4,999	4	9.8
5,000 - 5,999	3	7.3
6,000 - 6,999	4	9.7
7,000 - 7,999	2	4.9
8,000 - 8,999	1	2.4
9,000 - 10,000	4	9.8

did not know the family income, two reported a wide range in which the income fell, and one refused to give this information.

Of the 41 families, 78 per cent had more than one source of income. The combined income resulted from both husband and wife working; social security payments along with a job for either husband or wife; a husband having two jobs; and, in one instance, rent from a person staying in the house.

The annual income as reported by the families ranged from less than \$1,000 for four families to over \$9,000 for another four families, with a median income of \$3,750 for all families.

Previous residence. More families reported that they had lived in a one-family structure than any other type housing:

One-family house	46
Two-family house	3
Trailer	2
Apartment	2
Rest home	1

Approximately 82 per cent of the owners of the shell homes had rented their previous residence. Ten per cent owned their homes prior to purchasing their present homes. Seven of the families stated that they had lived with the parents of either the husband or the wife before purchasing their shell home.

## CHAPTER IV

### FINDINGS

This chapter presents the findings in the following manner: a description of the shell houses and the lots, financing the houses, materials for finishing, the installation of interior features, planned improvements, and the satisfaction with the shell house as expressed by the respondents.

All of the homes included in this study were built during 1960, and in all but one home, the present family was the original owner.

#### I. THE SHELL HOUSE

Reasons for purchase. The families that participated in this study bought shell homes from six dealers or branch offices; two of the dealers represented the same shell home company. The decision to buy a shell house was made by family members in 51 of the 54 families (Table X). In cases where an individual made the decision, the wife or the husband was the one most often making this decision. In two instances, persons outside the family group influenced the decisions.

The choice of the model was, in 51 instances, a decision made by one or more family members; however, when one person made the choice, the wife more often made the decision.

The reasons given for buying a particular model varied; however, the floor plan of the model and/or the exterior design were each given

TABLE X  
PERSONS PARTICIPATING IN DECISION TO BUY  
SHELL HOUSE AND MODEL

Person	Shell House	Model
Wife	7	10
Husband	9	5
Both wife and husband	28	30
Family	7	6
Friend	1	-
Salesman	1	-
Already built	-	2
No answer	1	1

as the deciding factor by 19 families (Table XI). Price frequently was the reason stated by the families for choosing a particular model. A number of the families were influenced by more than one reason.

Price was apparently the most influential factor in making the decision to buy a shell house (Table XII, p. 36). Salesmanship of the dealer was the reason given by ten of the families. It was interesting to note that being able to pay as the house was finished was given in only one instance as a reason for buying a shell home.

Size of houses. Classification of houses by number of rooms showed that there were 8 six-room houses, 29 five-room houses, 16 four-room houses, and 1 three-room house. It was found that most of the houses included a living room, three bedrooms, and a kitchen-dining area combination (Table XIII, p. 37). Nine of the houses had a separate dining room; one had a dinette. Twenty-two of the houses had halls which added to the convenience of the house.

Data concerning the amount of floor space were ascertained for 48 of the 54 houses. Forty-five of the 48 houses had less than 1,000 square feet (Table XIV, p. 38). Fifty-eight per cent of the 48 houses contained from 600 to 1,000 square feet; over one-third, or 38 per cent, of the houses had an area of 800 to 1,000 square feet. Three of the houses had over 1,200 square feet of floor space, and the smallest house had an area of 480 square feet.

Changes in floor plans. Changes in the original house plans were made by 23 families, while 29 families had made no changes, and 2 families did not know whether changes had been made. The feature

TABLE XI  
REASONS GIVEN FOR BUYING A PARTICULAR MODEL

Reason	Number <sup>a</sup>
Floor plan	19
Exterior design	19
Price	11
Size of model	5
No reason given	4
Salesmanship of dealer	3
Future additions possible	2
Liked color of model	1
Carport	1
Newest model	1
House suitable to lot	1
Liked display model	3

<sup>a</sup>More than one reason given by some respondents.

TABLE XII  
REASONS GIVEN FOR BUYING SHELL HOUSE

Reason	Number <sup>a</sup>
Price	27
Salesmanship of dealer	10
Ease of financing	7
Family can finish house	5
No reason given	3
Able to build quickly	2
Recommendation of a friend	2
Pay as house is finished	1
Floor plan	1
Size of house	1
Television commercial	1
House already built	1
Chance to own home	1
Dreamed about owning	1
Worked with company	1
Lot unsuitable for conventional loan	1

<sup>a</sup>More than one reason given by some respondents.

TABLE XIII  
TYPE OF ROOMS IN THE HOUSES

Type of Room	Number of Houses
Living room	50
Dining room	9
Family room	8
Kitchen	11
Combination rooms	
Living-dining room	1
Kitchen-dining room	42
Living-Kitchen	1
Living-dining-kitchen	2
Dinette	1
Bedrooms	
One	1
Two	20
Three	31
Four	2
Bath - one	49
Hall	22
Utility	1
Carport	4
Carport with storage	4
Porches	
One	16
Two	7

TABLE XIV  
SQUARE FOOTAGE OF HOUSES

Square Feet	Number <sup>a</sup>
400 - 499	3
500 - 599	14
600 - 699	6
700 - 799	4
800 - 899	12
900 - 999	6
1,000 and over	3

<sup>a</sup>Information not available for six houses.

changed most often was a door (Table XV). This change occurred in 19 cases, ten of which were the omission of a door. Increased storage space was provided by five of the changes. This increase usually was in the form of an added or enlarged closet. One of the owners stated that had she been present while the house was being built, she would have made changes, but did not indicate which changes she would have made.

## II. THE LOT

Size of lots. Approximately one-half of the lots on which the houses were built had an area of one-half an acre or more (Table XVI, p. 41). The size of the largest lot was a tract of 28 acres, and the size of the smallest lot was 50' x 75'. Nine of the families owned lots with a 50-foot frontage. The frontages of 23 of the lots ranged from 50 feet to 200 feet with depths of from 75 feet to 220 feet. The size of the lots for eight of the houses were not known.

Value of lots. Approximately two-thirds (69 per cent) of the families were able to state the value of their lots, and 17 families did not know the value (Table XVII, p. 42). Eighty-four per cent of those reporting owned lots valued at less than \$700. The value of the lots for 51 per cent, or 19, of the families was less than \$300, and three lots were valued at over \$1,000. The most expensive lot was valued at \$5,500; the least expensive at \$50. The largest number of lots in any one group was ten, and this was in the \$200 - \$299 price range.

TABLE XV  
CHANGES MADE IN ORIGINAL FLOOR PLANS

Change	Number
Added, omitted, or changed position of a door	20
Changed location of room	9
Changed dimension of rooms	9
Omitted wall between rooms	6
Added Porch	5
Provided more storage space	5
Reversed plan	3
Made archway instead of door	2
Changed location of window	2
Added window	1
Made house 4' larger	1

TABLE XVI  
DISTRIBUTION OF SIZES OF LOTS

Size	Number <sup>a</sup>
50 x 75	1
50 x 100	3
50 x 140	1
50 x 150	1
50 x 210	1
50 x 215	1
50 x 220	1
60 x 100	1
75 x 100	2
75 x 125	1
100 x 150	3
100 x 200	2
110 x 190	1
150 x 150	1
150 x 200	1
200 x 200	1
1/2 acre	8
1 acre	13
2 acres	1
28 acres	1

<sup>a</sup>Information not available for eight lots.

TABLE XVII  
VALUE OF LOTS

Value	Number	Per Cent
\$ 1 - 99	2	5.4
100 - 199	7	18.9
200 - 299	10	27.0
300 - 399	3	8.1
400 - 499	2	5.4
500 - 599	3	8.1
600 - 699	4	10.8
700 - 799	-	-
800 - 899	1	2.7
900 - 999	2	5.4
1,000 and over	3	8.1
Total	37 <sup>a</sup>	100.0

<sup>a</sup>Information not available for 17 lots.

### III. THE COST OF THE SHELL HOUSES

Initial cost of the shell. The initial purchase price of the shell homes ranged from \$1,345 to \$5,000 (Table XVIII). Fourteen of the homemakers interviewed did not know the cost of their shell homes. Twenty-four (60 per cent) of the 40 families who knew the cost, owned homes of an initial cost that ranged between \$1,995 and \$2,995. There were eight shell homes which cost less than \$1,995 and eight which cost more than \$2,995.

Down payment. Over three-fourths (78 per cent) of those interviewed stated that a down payment was necessary when they purchased their shell home (Table XIX, p. 45). The deed to the lot on which the shell house was to be built was reported as being required by these homeowners. Thirty-five of the homeowners stated that a \$1.00 or a \$5.00 payment was also required. Twelve of the families stated that a down payment was not required. The shell home companies included in this study, however, have as a general requirement the deed to the lot as a partial down payment. Usually a small monetary payment was required by the companies in addition to the deed. Five of the families made, however, larger down payments. Four of these payments ranged from \$100 to \$338, and one family stated that they had paid down one-half the purchase price of the shell house.

Plan for payment of the shell homes. Approximately 93 per cent of the shell homes were being financed by the shell home dealer from whom they had been purchased, and two were being financed by lending

TABLE XVIII  
 COST OF THE INITIAL SHELL  
 AS REPORTED BY THE FAMILIES<sup>a</sup>

Cost	Number of Houses
\$1,235	1
1,595	3
1,695	1
1,800	1
1,895	2
1,995	4
2,025	1
2,100	1
2,195	4
2,395	1
2,500	1
2,600	1
2,695	1
2,795	3
2,995	7
3,295	3
3,500	1
3,998	1
4,000	1
5,000	2
Unknown	14

<sup>a</sup>Additional financing charges not included.

TABLE XIX  
 AMOUNT OF DOWN PAYMENT MADE BY HOMEOWNER

Amount of Payment	Number	Per Cent
No down payment	12	22.2
Deed to lot	2	3.7
Deed to lot plus \$1.00	25	46.3
Deed to lot plus \$5.00	10	18.5
Deed to lot plus \$100 - \$350	4	7.4
Deed to lot plus over \$350	1 <sup>a</sup>	1.9
Total	54	100.0

<sup>a</sup>One homeowner paid down one-half of purchase price of shell house.

agencies. Five of the homemakers interviewed did not know the term of years of the mortgage or to whom it was being paid. Over two-thirds (69 per cent) of the mortgages were five or six-year mortgages (Table XX). Only two were for less than five years.

Items financed in initial contract. Thirty-six homemakers stated that no other items were financed with the initial shell house, fourteen stated that there were other items included, and four did not know. Among the 14 who stated that other items were included, one did not know what was included. The items included in the initial contract were the wall materials in seven contracts, the finishing materials in six contracts, and insurance in two contracts. One of the families listed two items, finishing materials and insurance, as being included in the initial contract.

Terms of financial arrangements. The terms of the financial arrangements between the shell home dealers and 49 of the 54 shell homeowners were secured from the Office of the Register of Deeds of both counties. This information included the total amount for which the house was mortgaged and the number and amount of monthly payments. With the information secured from the Register of Deeds and the initial cost of the shell, the dollar cost of the interest and the annual interest rate were determined (Table XXI, p. 48). It was possible to calculate the rate of interest for 21 of the houses since homeowners stated that the only item included in the mortgage was the cost of the shell. It was not possible to determine the rate of interest for the remaining houses as 14 homeowners reported that an unknown amount

TABLE XX  
MATURITY OF HOUSE MORTGAGE

Term of years	Number of Mortgage	Per Cent
3	1	1.9
4	1	1.9
5	12	22.2
6	25	46.2
7	5	9.3
8	5	9.3
Unknown	5	9.3
Total	54	100.0

TABLE XXI  
COST OF THE SHELL INCLUDING FINANCING

Initial Cost of Shell	House Mortgage	Dollar Cost of Interest	Annual Interest Rate <sup>a</sup>	Number of Monthly Payments	Amount of payment
\$1,595	\$3,124.80	\$1,529.80	31.5	72	\$43.40
1,595	2,829.60	1,234.60	25.4	72	39.30
1,800	3,636.00	1,836.00	33.5	72	50.50
1,995	3,190.20	1,195.20	23.6	60	53.17
1,995	3,297.60	1,302.60	21.5	72	45.80
1,995	3,490.00	1,495.00	24.6	72	48.50
1,995	3,510.60	1,515.60	29.9	60	58.51
2,195	3,499.20	1,304.20	19.5	72	48.60
2,195	3,326.40	1,131.40	16.9	72	46.20
2,395	3,672.00	1,277.00	21.0	60	61.20
2,500	4,749.84	2,249.84	29.6	72	65.97
2,600	3,672.00	1,072.00	13.6	72	51.00
2,695	4,334.40	1,639.40	20.0	72	60.20
2,795	4,579.20	1,784.20	21.0	72	63.60
2,995	4,742.40	1,747.40	23.0	60	79.04
2,995	5,843.04	2,848.04	26.8	84	69.56
2,995	5,068.80	3,073.80	33.7	72	70.40
2,995	5,385.60	2,390.60	26.2	72	74.80
2,995	6,217.20	3,222.20	35.4	72	86.35
3,295	5,648.40	2,353.40	23.5	72	78.45
3,295	4,896.00	1,601.00	16.0	72	68.00

<sup>a</sup>The formula used in computation of annual interest rate:

$$R = \frac{2MI}{P(N+1)}$$

- R - the annual rate charged  
M - the number of payment periods in one year  
I - the true dollar cost of the credit  
P - the net amount of the balance to be paid  
N - the number of installments borrower will make

for finishing materials or other items had been included in the mortgage. Eleven homeowners were unable to state the initial cost of the shell, and three did not know whether other items had been included in the mortgage. Deeds were not recorded for five houses in the names of the home occupants. Calculations from available information show the annual rate of interest to be from 13.6 per cent to 35.4 per cent. The dollar cost of interest reflects the fact that these mortgages had not been figured as amortized loans but rather as installment loans.

All of the mortgages listed by the Register of Deeds were to be repaid in monthly installments that ranged from \$39.30 to \$86.35 for a period of time up to 96 months. A tabulation of this information is included as Appendix D. In many of the mortgages, other costs had been included in the information obtained from the Office of the Register of Deeds. It is interesting to note the number of factors relating to cost that the homeowners were unable to state.

#### IV. MATERIALS FOR FINISHING THE SHELL HOUSES

Cost of the finishing materials. The cost of the finishing materials purchased for the shell houses ranged from below \$100 to over \$1,000 (Table XXII). The plumbing was the feature for which the greatest amount of money was spent, and the paint was the least expensive. Many of the homemakers did not know the purchase price of the finishing materials for the various features. The materials for 56 features were purchased in a package plan from either the shell home dealer or a local firm. Three homeowners reported that no dollar cost was

TABLE XXII  
PURCHASE PRICE OF FINISHING MATERIALS FOR THE SHELL HOUSES

Cost	Heat	Wall-board	Wir-ing	Paint-ing	Floor-ing	Plumb-ing	Kitchen Cabinets
\$ 0 - 99	11	2	11	18	7	3	8
100 - 199	1	7	9	1	3	3	2
200 - 299	5	1	6	-	1	2	3
300 - 399	1	3	3	-	-	4	-
400 - 699	1	1	-	1	1	2	1
1,000 and over	-	-	-	-	-	2	-
Included in package plan	16	22	8	3	1	3	3
No dollar cost	2	-	-	-	-	-	1
Unknown	12	11	9	14	15	8	7
Totals	49	47	46	37	28	27	25

attached to the finishing materials inasmuch as two were gifts and the third was obtained by an exchange of materials.

Plan for payment of finishing materials for major interior features. Data were obtained relating to the plan for paying for the finishing materials. The materials were paid for more frequently at the time of purchase than at any other time (Table XXIII). Cash payments were made for the materials for finishing different features ranging from plumbing paid for in cash by 15 families to wiring paid for in cash by 24 families. The 30-day charge account was used by eight of the families to purchase the wiring material. Fifty-seven features requiring finishing materials were financed over a period of time. The cost of the wallboard was financed by 22 of the families that finished the walls. Financing was done by either the shell home dealer or a local firm. Many of the householders had not kept records of finishing costs and could not estimate the cost of finishing materials.

#### V. THE INSTALLATION OF INTERIOR FEATURES

Plan for installation of finishing materials. Except for the installation of the wiring and plumbing, a member or members of the family most often performed the tasks necessary for finishing the shell house (Table XXIV, p. 53). If members of the family did not do the work, a local firm more often performed these tasks except in the case of the heating system. The shell home dealer provided for the heat in 16 houses.

TABLE XXIII  
 METHOD OF PAYMENT FOR PURCHASE OF FINISHING MATERIALS  
 FOR MAJOR INTERIOR FEATURES

Interior Features	Features Completed	Method of payment				
		Cash	30-day charge	Financed	No dollar cost	Unknown
Heat	49	19	1	15	2	12
Wallboard	47	16	-	22	-	9
Wiring	46	24	8	8	-	6
Painting	37	23	1	4	-	9
Flooring	28	19	-	2	-	7
Plumbing	27	15	1	5	-	6
Kitchen	25	18	-	1	2	4

TABLE XXIV  
 PERSONS WHO INSTALLED FINISHING MATERIALS

Feature	Family	Shell Home Dealer	Local Firm	Friend	Relative	Unknown	Total
Heat	16	16	8	1	2	6	49
Walls	33	5	8	1	-	-	47
Wiring	10	6	28	1	-	1	46
Painting	34	1	2	-	-	-	37
Flooring	24	-	3	-	-	1	28
Plumbing	8	2	15	-	-	2	27
Kitchen	15	-	10	-	-	1	26

The tasks accomplished most often by members of the family were the interior painting and the finishing of the walls. At the time of the interview, some painting had been done in 37 of the homes. In 92 per cent of these homes, the painting was done by family members. Forty-seven of the homes had sheetrock on the walls, and in 70 per cent of these homes, family members had hung the sheetrock. A local firm performed this task in 17 per cent of the homes.

Cost of installation of finishing materials. Data were obtained concerning the cost of the labor involved in finishing the shell homes. When the homemakers knew the cost of the installation, more of the fees fell in the \$1.00 to \$49.00 range for each of the major features than any other one range (Table XXV). A part of the installation often was done by family members, a friend, and relatives, and for this reason, no cash expenditure by the family was necessary. Wiring and plumbing were an exception to this method of installation. The cost of the installation for these two features was often included in the initial cost of the materials.

Plan for payment of installation costs. Data were obtained concerning the plan of paying for the cost of the labor necessary to complete the shell houses (Table XXVI, p. 56). In many instances, the work was accomplished by one or more of the family members; consequently, no expenditure of money was necessary. In more than 56 per cent of the homes, no cash was necessary for the completion of the walls, painting, flooring, or kitchen. Cash was paid by 41 per cent of the families for the installation of the wiring, and eight families

TABLE XXV  
COST OF INSTALLATION OF FINISHING MATERIALS

Cost	Heat	Walls	Wir- ing	Paint- ing	Floor- ing	Plumb- ing <sup>a</sup>	Kitchen Cabinets
\$ 1 - 49	3	6	6	1	2 <sup>b</sup>	-	3
50 - 99	-	1	2	1	-	4	-
100 - 149	-	-	-	-	-	1	-
150 - 199	-	-	-	-	-	1	-
200 - 249	-	-	-	-	-	-	-
250 - 299	-	1	-	-	-	-	-
No labor charged	20	33	11	34	23	8	14
Included in materials	17	5	24	1	2	9	2
Unknown	9	1	3	-	1	4	5
Completed	49	47	46	37	28	27	24

<sup>a</sup>Plumbing installation costs for bathroom and kitchen.

<sup>b</sup>Family finished floors -- an \$8 charge for renting sanding machine.

TABLE XXVI  
 METHOD OF PAYMENT FOR INSTALLATION COSTS  
 OF MAJOR INTERIOR FEATURES

Interior Features	Features Completed	Method of payment					
		Cash	30-day charge	Fi- nanced	No dollar cost	Included with Materials	Un- known
Heat	49	4	1	16	17	-	11
Wallboard	47	8	-	5	33	-	1
Wiring	46	19	8	6	11	2	-
Painting	37	2	-	1	34	-	-
Flooring	28	4	-	-	23	-	1
Plumbing	27	14	-	4	6	-	3
Kitchen	25	6	-	-	14	1	4

used the 30-day charge account for installation costs. Fourteen of the 27 families that had installed plumbing paid for it in cash; however, only four families paid for heating installation in cash. Financing or installation at no dollar cost was used most frequently to provide for the installation of the heating device.

Other features added in finishing the houses. There were some items other than the major interior features which were added in finishing the houses. The most frequently occurring additions were those of doors, baseboards, and moldings (Table XXVII). Even though these three occurred at the same frequency (19), they were not necessarily reported by the same homemaker. Six families stated that their homes had been underpinned. Floor tile and a carport were features also reported added to four houses. It is interesting to note that 15 features had been added to one house.

Time of completion of houses. The number of interior features added to the shell and the time of their completion in relation to the day that the family moved into the house were obtained by means of the interview schedule. At the time of the interview, a heating system, walls, and/or wiring were reported as being in 85 per cent or more of the houses (Table XXVIII, p. 59). At least one of the following features was in 50 per cent or more of the houses: plumbing, improved floors, painting, wiring, walls, or heat.

A means by which the house could be heated had been installed in 49 (91 per cent) of the houses, and 41 of these heating systems had been completed before the family moved into the house. Three houses

TABLE XXVII  
OTHER ITEMS ADDED IN FINISHING HOUSES<sup>a</sup>

Item	Number of Houses	Item	Number of Houses
Doors	19	Stoop	1
Baseboards	19	Storm doors	1
Molding	19	Disappearing stairway	1
Underpinning	6	Kitchen fan	1
Bathroom features	6	Kitchen paneling	1
Tile	4	Wallpaper	1
Carport	4	Shelving	1
Water Heater	4	Brace Rods	1
Window framing	4	Awnings	1
Porch	3	Sliding doors	1
Insulation	2	Cement porch	1
Brick Veneer	2	Screen door	1
Flood Light	2	Shutters	1
Well	1	Wall switches	1
Termite treatment	1	Septic tank	1
Celotex	1	Room dividers	1
Pump	1	Wall Oven	1
Surface Units	1		

<sup>a</sup>More than one feature mentioned by some respondents.

TABLE XXVIII

## TIME OF COMPLETION OF INTERIOR FEATURES OF HOUSES

Interior Features	Time of Completion						At time of interview			
	Before moving into house	After moving into house					Completed		Incompleted	
		1-3 mos.	4-5 mos.	10-12 mos.	1-2 yrs.	No specific time	Number	Per Cent	Number	Per Cent
Heat	41	1	1	3	3	-	49	90.7	5	9.3
Walls	40	1	-	4	1	1	47	88.9	7	11.1
Wiring	41	1	1	1	-	2	46	85.2	8	14.8
Painting	27	1	1	4	2	2	37	65.1	17	34.9
Floors	21	1	-	3	2	1	28	51.9	26	48.1
Plumbing	18	3	-	1	3	2	27	50.0	27	50.0
Kitchen <sup>a</sup>	13	2	-	1	4	5	25	46.3	29	53.7

<sup>a</sup>Includes kitchen cabinets and sinks.

did not have heat until at least one year after the moving date. Five (9 per cent) of the houses were reported as having no heat.

Owners of 85 per cent of the 47 houses that had walls reported completion of the installation before the family moved into the house. The interior walls of eight of the houses had been added after the family had moved into the house. Eleven per cent of the houses were without walls in one or more rooms of the house.

Eight or approximately 15 per cent of the houses had no electricity. Of the 46 houses that had been wired, the wiring for 89 per cent was complete at the time the family moved into the house.

The features that had been completed with the least frequency were the installation of storage, work space, and a sink in the kitchen. Less than one-half (46 per cent) of the houses were reported as having these features.

Comparison of estimated and actual cost of finishing. Thirty-five per cent of the families interviewed stated that the actual cost of finishing the shell house was greater than the family had anticipated. Five families reported they spent less for the finishing tasks, and 11 said they spent the planned amount. Eighteen families had not made a comparison of the two figures; and only one family reported that no estimate had been made as to the cost of finishing at the time of purchase of the house.

The difference in the estimated cost for finishing the houses as compared with the actual amount spent ranged from \$15 to \$2,500 (Table XXIX). Of the 19 families who stated that the actual cost

TABLE XXIX  
 RELATIONSHIP BETWEEN ESTIMATED AND ACTUAL COST  
 OF FINISHING THE SHELL HOUSE  
 (24 HOUSES)

Amount	Greater Than Estimated Cost	Less Than Estimated Cost
\$ 1 - 100	4	-
175 - 500	3	2
1,000	3	-
1,500	2	-
2,500	1	-
Unknown	6	3
<b>Total</b>	<b>19</b>	<b>5</b>

of finishing exceeded the projected cost, six of the families reported that the cost ranged from \$1,000 to \$2,500 more than had been estimated. Four families reported a difference of under \$100. Three families stated that the actual cost exceeded the estimated cost by \$175 to \$500, while two families stated that the actual cost was from \$175 to \$500 less than the estimated cost. Six families reported that a greater amount had been spent for the finishing and three families stated that the actual cost had been less; however, they were unable to state specific amounts.

Many of the respondents did not know one or more of the costs for the purchase and finishing of their homes; therefore, a comparison of the initial cost of the shell house and the total housing investment cannot be made for each of the houses included in this study. However, based on information as to the cost of the initial shell, value of lots, and finishing costs, a range of cost of each of these items and the mortgage held on the house was determined (Table XXX). Apparently, the cost of the initial shell was not an indication of the amount of finishing that would be done, as the finished house with the greatest value was originally a shell house, the price of which was in the \$2,600 to \$3,000 range. Often, the amount of the mortgage reflected not only the interest to be paid, but, in addition, an amount for some of the finishing materials. The cost of the lot to the homeowner in some cases was the actual amount paid; however, in other cases, it was an estimated value that may not be accurate.

TABLE XXX  
RANGE OF COST AS RELATED TO HOUSING INVESTMENT

Initial Cost of Shell <sup>a</sup>	Number of Houses	Amount of Mortgage <sup>b</sup>	Value of Lot <sup>a</sup>	Finishing Costs <sup>a</sup>	Total Value
Less than \$2,000	12	\$2,326.80 - 3,801.80	\$152 - 850	\$ 0.00 - 1,499	\$2,326.80 - 5,600.80
\$2,025 - 2,500	8	3,326.40 - 5,369.05	50 - 1,200	108.50 - 2,086	3,438.00 - 6,958.00
2,600 - 3,000	12	3,052.80 - 6,742.97	150 - 5,800	57.00 - 3,387	3,924.00 - 11,643.04
3,295 - 3,998	5	3,643.20 - 6,217.20	300 - 600	530.00 - 1,462	3,643.20 - 7,015.00
4,000 - 5,000	4	4,935.60 - 7,166.88	125 - 1,000	467.00 - 556	5,000.00 - 8,365.38
Unknown	13	2,649.60 - 7,396.84	50 - 650	8.00 - 2,550	2,657.60 - 10,446.84

<sup>a</sup>Based on replies of respondents.

<sup>b</sup>Based on information obtained from Office of Register of Deeds.

## VI. PLANNED IMPROVEMENTS

Plans for future additions. Two-thirds of the families had made no definite plans for the improvement of their homes in the near future. Of these 36 families, nine stated that plans for improvements would be made when obligations on the present house had been met. The remaining 18 or one-third of the 54 families interviewed had made plans, three of which were already in progress. The most frequently named future addition to the house was the completion of the bathroom, an improvement planned by 14 of the families (Table XXXI). Other interior features frequently named were installation of plumbing, painting, and the addition of another room. These were listed by 11 families each. The rooms that were to be added included bedrooms, dining rooms, dens, living rooms, a sewing room, and a recreation room.

Exterior features desired by four families included the addition of a porch, a carport, and brick veneer. Underpinning, patios, and a breezeway were the remaining exterior features appearing in the plans of four other families. Other future plans of three families projected the change of the existing den into a bedroom or a sewing room and enlarging the living room.

Costs and plan of payment for future improvements. The purchase price of the materials needed to complete the planned improvements of the 18 houses ranged from \$25 to \$650. The cost of the materials for nine of the houses was \$300 or less. Seven families reported that the purchase price of the materials was not known.

TABLE XXXI  
IMPROVEMENTS PLANNED FOR 18 HOMES<sup>a</sup>

Improvements	Number	Improvements	Number
<b>Changes</b>			
Change den to bedroom	1	Plumbing	11
Enlarge living room	1	Paint	11
Change den to sewing room	1	Finish Floors	7
		Doors	7
		Molding	4
		Baseboards	4
<b>Exterior Features</b>		Kitchen cabinets and sinks	4
Porch	4	Storage space	3
Brick Veneer	4	Window facings	3
Carport	4	Flue	2
Underpin	3	Insulation	1
Patio	2	Chimney	1
Breezeway	1	Air Conditioning and heat	1
		Locks	1
<b>Interior Features</b>			
Bathroom Complete	14		
Addition of room	11		
Bedrooms	3		
Dining Room	2		
Den	2		
Living Room	2		
Sewing Room	1		
Recreation Room	1		

<sup>a</sup>One or more improvements planned per house.

The plan of paying for the materials for the future additions to the 18 houses had been ascertained by nine of the families. Seven of the families indicated that cash would be paid for the purchases. One family planned to use a 30-day charge account, and one was to have the materials given to them.

The cost of the labor necessary to complete the additions to the houses was not known by 11 of the families. Three families reported that the cost would be \$300, and two stated that the cost would be included in the purchase price of the materials. The two remaining families estimated that a \$40 or \$50-charge would be required for the completion of these improvements.

Eleven families had not progressed far enough with their planning to be able to say how the costs of the additions would be paid. Two families planned to pay cash, and five required no cash expenditure as the family planned to do the work.

#### VII. SATISFACTION WITH SHELL HOMES

The homemakers' expressions and reasons for satisfaction with their shell homes were sought. The features of the home that were liked best and least by the homemakers are included in this section as well as reasons that would influence the decision to invest in another shell home if the situation ever presented itself.

Space. The replies of the homemakers concerning the adequacy of space revealed that 38 families or 70 per cent were satisfied with their present home. Two homemakers did not respond to this question,

and 14 stated that the space was inadequate. Among the 14 homemakers who considered the space in their homes inadequate, ten objected to the insufficient number of rooms; four specifically stated that additional bedroom space was needed. In one instance, the homemaker stated that the space in the present home was inadequate, but that the family could not afford a larger house.

Satisfaction with features of the shell house. Each homemaker interviewed was asked to indicate the feature or features of her shell home that she liked best and those she liked least. The number of responses made by a homemaker was not limited, and more than one feature was mentioned by some of the respondents, resulting in a tabulation of 62 liked and 74 disliked house features (Table XXXII).

No one feature of the shell home was liked more than another by 37 per cent of the respondents. Twenty of the respondents expressed satisfaction with all of the features of their shell homes, stating that everything was liked or nothing was disliked.

Twelve (22 per cent) of the homemakers expressed favorable attitudes toward ownership of a shell home. That the shell home gave the family an opportunity to own a home was considered by eight respondents as being an important factor in satisfaction with their homes. Moreover, the remaining four expressed satisfaction with the convenience and comfort afforded them by their home, the enjoyment of the work done by the families, and the sense of accomplishment received from the finishing of the house.

The division of space within the house accounted for 20 per cent of the replies expressing satisfaction with the house. The features

TABLE XXXII  
SATISFACTION WITH SHELL HOMES

Features Liked	No. of Respondents	Features Disliked	No. of Respondents
Everything	15		
Home Site	6		4
Location	4	Location	4
Agrarian Soil	1		
Protection from elements	1		
Finances	5		6
Terms for payment	4	Financing too high	1
Cost	1	Did not get what paid for	1
		Not worth money	1
		Unfair practices of dealer	1
		Plumbing deal	1
		Thought company made repairs till paid for	1
Physical features	8		17
Outside design	2	Too small	5
Size	1	Low windows	1
Windows	1	Windows leak	2
Closet space	2	Steps did not last	1
Sliding Doors	1	Roof leaks	1
Finishing good	1	Eaves too short	1
		Lack of insulation	1
		Chimney location	1
		No chimney	1
		No roof over porch	1
		Kitchen cabinets	1
		Paint peeling	1

TABLE XXXII (CONTINUED)  
 SATISFACTION WITH SHELL HOMES

Features Liked	No. of Respondents	Features Disliked	No. of Respondents
Space Division	11		30
Arrangement	3	Carport	1
Carport	1	Lack of bathroom	1
Bathroom	1	Dining room	1
Living room	2	Dining-Kitchen arrangement	1
Kitchen	3	Lack of storage space	1
Shape of bedrooms	1	Lack of porch	1
		Porch	7
		Rooms too small	17
Attitude Toward Home			
Ownership	12		
Own home	8		
Comfort and convenience	2		
Enjoyed work	1		
Sense of accomplishment	1		
Nothing in particular	5	Nothing in particular	16

most often mentioned were the arrangement of the space in the house and satisfaction with the kitchen. Four of the responses related to the method of paying for the shell house; however, only one considered the cost of the shell a basis for satisfaction.

Forty-eight (89 per cent) of the homeowners expressed discontent with the physical features and the division of space of the houses. The complaint expressed most frequently (31 per cent) by the respondents was the small amount of space in the rooms of the houses. Seven replies expressed dissatisfaction with the existing porches, and five suggested that the house was too small. Dissatisfaction with the business practices of the shell home companies was expressed by six of the respondents. Approximately one-third (30 per cent) of the homeowners found nothing wrong with their homes.

Investment in another shell home. Sixty-two responses were obtained as to whether an investment would be made in another shell house if the situation were such that another home was needed by the family. The additional eight responses resulted from both husband and wife answering this question. Thirty-one or 50 per cent of those answering this question stated that they would invest in another shell home, and cited their reasons for this decision (Table XXXIII). Among the 31 respondents giving an affirmative reply, 42 per cent said that they were satisfied with their present house, and for this reason, they would purchase another shell house. Fifty-eight per cent of the respondents expressed satisfaction with the shell home companies and the financial arrangements. Satisfaction with the cost of the

TABLE XXXIII  
 REASONS GIVEN FOR OCCUPANT'S ATTITUDE TOWARD  
 INVESTING IN ANOTHER SHELL HOME

Reasons investment would be made	No. of Respondents	Reasons investment would not be made	No. of Respondents
House	13	House	5
Satisfied with present home	12	Present house	1
Does not leak	1	Prefer another type house	4
Finances	18		10
Method of payment	9	Too expensive	5
Price	5	Treatment received from company	1
Like Company	2	No adequate protection for investment	1
Terms clear in contract	1	Contract not upheld	3
Guarantee	1		
Construction	6		7
Finish by owner	2	Dislikes to finish	2
Easy to finish	1	Too long to finish	1
Good material used	1	Cheap material	4
Strong foundation	1		
Does not leak	1		
Nothing in particular	1		

shell home and the method of payment accounted for 45 per cent of the reasons given for investment in another shell home.

Thirty-five per cent of the respondents stated they would not buy another shell home. The reasons influencing this decision were widely varied; however, some are related and lend themselves to grouping. One category concerned dissatisfaction with the shell home companies. Five respondents expressed general disfavor with the companies, and another five respondents also expressed the opinion that the shell house was too expensive and felt their investment was unwise. Three respondents expressed dissatisfaction with having to complete the finishing, and four preferred another type of dwelling.

Nine (15 per cent) of the respondents gave provisional answers to the question. These nine householders would invest in another shell home if the people in the shell home company were known, if arrangements regarding payments were understood explicitly, if assured that carpenters would do a good job, if a loan on another type house could not be secured, if the inside work were already finished, and if another type house could not be purchased.

## CHAPTER V

### SUMMARY AND CONCLUSIONS

#### I. SUMMARY

The shell home has recently developed as a factor in the national housing market. In a review of literature, no research was located that indicated how well the shell home meets the housing need of that segment of American population to which it most appealed, the low income family.

The definition of the term shell house as used in this study was "a wood frame structure completely finished on the outside and unfinished on the inside except for flooring, partition studding, and ceiling joists."

The purposes of the study were (1) to show the relationship between the cost of the initial shell and the cost of the finished product (the cost to include the value of the lot and the cost of the subsequent additions); (2) to determine the method or methods of finishing and financing the completion of the home; and (3) to obtain the homemakers' expressions of satisfaction with their shell homes.

All of the homes included in this study were built in 1960, and they were located in Cumberland County, North Carolina, and Florence County, South Carolina.

The data for this study were obtained by using a pretested schedule and questionnaire with 54 owners of shell homes that had been

randomly selected. The eligibility requirement for inclusion in this study limited the selection of homeowners to those whose homes were the main residence for the family.

Background information. Background information revealed that the number of family members ranged from one to 13, but the family size occurring with the greatest frequency was four. There was a total of 159 children living in the shell homes whose ages ranged from infancy to adulthood. Approximately 65 per cent of the children were of school age. The average number of children per household for 48 households was 3.3. There were no children in five of the households. Relatives lived in 11 of the households, and an unrelated person lived in one of the households.

The educational level most commonly attained by the parents of the households was one or more years of high school. Four of the parents completed the Master's Degree, while six had no formal schooling.

The majority of the husbands of the households were employed in farming, skilled, and unskilled jobs. Five of the husbands held two jobs. Thirty-two of the wives were gainfully employed, 19 worked full time and 13, part time. Factory work, general housework, and farming accounted for the jobs held by the majority of the working wives.

Annual income for the families ranged from less than \$1,000 to over \$9,000, with the median income \$3,750. Approximately one-fourth of the families had annual incomes between \$3,000 and \$3,999.

Most of the families living in the shell homes had previously lived in a one-family structure. Eighty-two per cent of these families had rented their previous residences.

The shell houses. Through interviews, data were collected as to the persons participating in the decision to buy a shell home and a particular model. Further, reasons for the choice in each case were sought. Family members together frequently made the decision to purchase a shell home. The wife or the husband was the person most frequently making this decision if it were made by an individual.

Price was the most influential factor in deciding to buy a shell house. Salesmanship of the dealer was given by ten of the families as a deciding factor. Other reasons given by more than one family included: ease of financing, the use of family labor to finish the house, and the possibility of building quickly.

The choice of the particular model purchased was, in most cases, a family decision. However, the wife frequently made the decision when the choice was made by only one person. Two of the homes were already built when the homes were purchased by the present owners.

Floor plan, exterior design, and price were the reasons given most frequently as influencing the choice of a model. Reasons occurring less frequently but mentioned by more than one family were size, salesmanship of dealer, the possibility of future additions, and the influence of the display model.

Division of houses by number of rooms showed that there were one three-room house, 16 four-room houses, 29 five-room houses, and

8 six-room houses. Most of the houses were similar in that they included a living room, three bedrooms, and a kitchen-dining area combination. The size of 48 of the 54 houses ranged in area from 480 square feet to 1,248 square feet. Approximately one-half (58 per cent) of the 48 houses had an area of 600 to 1,000 square feet.

Twenty-nine of the homeowners surveyed made no changes in the original floor plan of their shell homes. Of the 23 families who made changes, the feature most often changed was a door. Other alterations cited frequently were changes in the location of rooms; change in the dimensions of rooms; omissions of walls between rooms; additions of a porch; and provisions for additional storage space. One family enlarged the house through additional footage. Changes made in the original plans tended to increase the comfort and convenience of the house.

The lots on which the shell houses were built varied in size from a 50' x 75' lot to a tract of 28 acres. Approximately 20 per cent of the families owned lots that had a 50-foot frontage and ranged from 75' to 220' in depth. Lots of 60' x 100' to 200' x 200' were owned by 14 families; lots of one-half acre were owned by 8 families; and lots of one acre were owned by 13 families.

There was also a wide range of value placed upon the lots owned by the families in this study. Seventeen of the lots were valued at \$300 or less, however, the values ranged from \$50 to \$5,500.

Shell houses ranging in cost from \$1,345 to \$5,000 were purchased by the families included in this study. Twenty-six per cent of the families were unable to quote the initial price of their homes.

Of the 40 homes for which a price was known, 24, or 60 per cent, ranged between \$1,995 and \$2,995. The remaining 16 were equally divided with eight costing less than \$1,995 and eight costing more than \$2,995.

The deed to the lot on which the shell house will be built and a small monetary payment of \$1 or \$5 compose the usual requirement that must be met by the buyers of shell homes; however, 12 of the families interviewed stated that a down payment was not necessary. Forty of the families were aware of both requirements. Five of the families made larger down payments and paid from \$100 to one-half the purchase price of their shell home.

Mortgages for all homes being financed were from three to eight years in length. Most of the shell homes were being financed by the shell home dealer for a period of five or six years. A few of the homeowners stated that materials for finishing the house and insurance were items also included in the financial agreement when the shell house was purchased. However, it was evident that some of the respondents did not know the items that were included in the agreement with the shell home dealer.

It was possible to secure from the Register of Deeds the terms of the financial arrangement that had been made between the shell home dealer and the buyer of the shell house. The amount of the mortgage and the terms of payment were available from the Office of the Register of Deeds for all except five of the homeowners interviewed. The rate of interest was calculated for those houses where the shell house alone was included in the mortgage. The inclusion of finishing materials or other items with the initial cost of the shell house prevented the

rate of interest being calculated on all the houses; however, the rate of interest was calculated for 21 of the houses. It was found that the annual rate of interest ranged from 13.6 per cent to 35.4 per cent and was calculated as installment loans. In spite of the high rate of interest, the respondents were not aware of the dollar cost involved in these financial arrangements.

The finishing of shell homes. The cost of the finishing materials varied according to the plan of purchase and ranged from \$50 to more than \$1,000. Plumbing costs accounted for the greatest amount of money spent for any one feature, and the paint costs were the least. Many of the homemakers knew neither the purchase price of the finishing materials for some of the features nor the place from which they had been purchased. Other families stated that the materials had been secured through a package plan from the shell home dealer or a local firm, and the costs were not known.

The methods by which the purchase price of the finishing materials were paid included cash, a 30-day charge account, or financing over a period of time. The materials were more frequently paid for at the time of purchase than at any other time. Financing was done by either the shell home dealer or a local firm.

Little professional help was being used to finish most of the shell houses, a member or members of the family usually performing the tasks necessary. Experienced labor was used frequently for the installation of the wiring and plumbing. A local firm more often performed the tasks when members of the family did not do the work

except for the installation of a heating system. The shell home dealer made provision in a number of houses for all features except for flooring and kitchen improvements.

No outlay of cash was necessary for the completion of a majority of the major interior features of the homes since family members, friends, and relatives did the required work. The costs of installation ranged to \$300, however, the labor costs to install most of the features were less than \$50. Costs for installation were unknown by many homemakers as the cost of labor had been included in the price of the finishing materials.

Items other than the major features had been added by some of the families in the finishing of their homes. Those items occurring most often were: interior doors, baseboards, and moldings. Underpinning, floor tile, and a carport were features also added to a few of the houses. One family reported 15 features that had been added to their home.

One or more of the major interior features had been completed in approximately 46 per cent of the 54 houses at the time of the interview. Eighty-five per cent or more of the houses had a heating system, walls, and/or wiring, and at least one of the following features was in 50 per cent or more of the houses: plumbing, improved flooring, painting, wiring, walls, or heat.

Provisions for heat had been completed in 49 or 91 per cent of the 54 houses, and 41 of these heating systems had been completed before the family moved into the house. Five or 9 per cent of the houses were reported as having no heat.

Sheetrock was the material used to finish the walls and had been added to 47 houses. The walls of 40 or 85 per cent of the houses had been completed by the time the family moved into the house, and 7 or 11 per cent of the houses were without walls in one or more rooms of the house. Forty-six houses had been wired and 41 or 89 per cent of the families had completed the installation by the time they moved into the house. Eight or approximately 15 per cent of the houses had no electricity. Interior painting had been done in 37 houses, 27 of which had been painted at the time the family moved into the house. Improvement to the floors were added to 28 of the houses. Twenty-one of these improvements had been accomplished by the moving date of the family. Only half of the 54 houses had plumbing. Eighteen houses had plumbing at the time the family moved into the house. It is interesting to note that 49 of the homemakers listed a bathroom as one of the rooms in their homes, but only 27 of the houses had plumbing. The features that had been completed with the least frequency were those usually found in a kitchen. Less than one-half of the families had cabinets, work space, or a sink in the kitchen, and only 13 families had completed the installation of these features before moving into the house.

The actual cost of finishing the shell houses was greater than had been anticipated by 19 of the families and was less than expected by five of the families. Nineteen of the families were unable to make a comparison of the two figures. The difference in the estimated cost for finishing the houses as compared with the actual amount spent ranged from \$15 to \$2,500 for those families who exceeded the estimated

cost and ranged from \$175 to \$500 for those families who overestimated the cost of finishing. Eleven of the homeowners stated that they had spent the amount that they had budgeted for finishing their houses.

Eighteen, or less than one-half of the families, had definite plans for the addition of features to their homes; three families had already begun work on these improvements. A bathroom was the feature planned to be added by 14 of the 18 families. Other interior features frequently mentioned by the homemakers were the installation of plumbing, painting, and the addition of another room. Exterior features named most frequently by the families were the addition of a porch, a carport, brick veneer, and underpinning. Eleven of the homeowners desired more space and planned to add another room to the house.

The families were in various stages of planning for the improvements to be made to their homes; consequently, information concerning the costs were not available in all instances. A cost range of \$25 to \$650 was estimated for the purchase of the materials for house improvements. Most of the families stated that they planned to pay cash for the materials.

A majority of the families had not determined the installation fee or labor costs for the proposed additions to their present house. Five of the families planned to do the work themselves; therefore, no cash expenditure would be necessary.

Owners' appraisal of the shell house. A majority of the 54 families expressed satisfaction with the space in their shell homes.

A few of the respondents reported that they had inadequate space, and an additional bedroom was the room most frequently desired.

Twenty homemakers expressed satisfaction with all features of their shell homes. The specific features that resulted in satisfaction to the homemakers and mentioned by them were, in order according to the frequency of occurrence: chance to own a home; location of home; financial arrangement; various physical features of the house; arrangement of house; and comfort and convenience of house.

Some disadvantages of a shell home were recognized by the respondents. A few of these disadvantages were individually mentioned while others were mentioned by more than one homemaker. The complaint most often expressed by the homemaker was one of discontent with the lack of space in the rooms. Other features with which more than one homemaker expressed dissatisfaction were: existing porch or lack of a porch; plan of the house; house too small; location of house; financial arrangement; practices of the shell home dealer; lack of storage; and poor construction.

All of the respondents interviewed and, in addition, a husband or wife in eight of the families, answered the question of whether an investment would be made in another shell house. Thirty-one or 50 per cent of the respondents indicated that another shell house would be purchased. Satisfaction with the present house was one reason given by the respondents as a factor in their interest in buying another shell home. The method of paying, the price, and the satisfaction with the company and its policies were reasons stated by 18 respondents. Another group of reasons related to satisfaction with

the construction of the shell house and included statements such as: good material had been used in the construction; the house was easy to finish; and the owner was able to use his own labor in finishing the house.

Twenty-two of the respondents stated that they would not buy another shell home. The reasons influencing this lack of interest in another shell house were primarily related to the financing such as: contract not upheld; house too expensive; no adequate protection for investment; and unsatisfactory treatment from the shell home company. In addition, some of the respondents did not like the house after they had moved in, the cheap material used in its construction, and the length of time needed to finish the house.

Nine of the respondents gave a qualified yes to the question of the purchase of another shell house. They indicated that an investment in another shell home would be made if the people in the shell home company were known, if arrangements regarding payments were understood explicitly, if they were assured that the carpenters would do a good job, if a loan on another type house could not be secured, if the inside work were already finished, and if another type house could not be purchased.

## II. CONCLUSIONS

From the findings of this study, it may be concluded that:

(1) A comparison of the initial cost of the shell house and the total housing investment cannot be made for all of the houses in the study since many respondents did not know one or more of the

costs for the purchase and finishing of their homes. The family did not have a record of the amount of the mortgage held on their home; however, this information was available from the Register of Deeds. The dollar cost of interest and the annual interest rate were high since they had been figured as installment rather than amortized loans. The loans covered a period of time from three to eight years with monthly payments from \$36.80 to \$114.66, and no equity was being credited to the homeowner. The deed to the lot on which the shell house will be built and a small monetary payment of \$1.00 or \$5.00 compose the usual requirement that must be met by the buyers of shell homes; however, some of the families interviewed stated that a down payment was not necessary.

(2) The tasks necessary to finish the shell house were performed in the following order: members of the family, local firms, and the shell home dealers. Relatives and friends gave only occasional assistance. Many homes lacked features that are considered basic to livability: heat, electricity, plumbing, kitchen sink, and kitchen cabinets.

(3) The plan for paying for the purchase and installation of the finishing materials included payments of cash, financing over a period of time, and the use of a 30-day charge account. Payment at the time of purchase was used more frequently than any other one method. Cash expenditures were often not necessary for the installation of finishing materials since family members performed this work.

(4) Owners of shell homes expressed both satisfaction and dissatisfaction with their homes; however, more than one-half of the homeowners would invest in another shell house if the need for a home presented itself.

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APPENDIX A

ATTACHED FORMS

1968

1968

QUESTIONS CONCERNING THE HOME

1. What is the street name of your home? \_\_\_\_\_

2. What is the model name of your home? \_\_\_\_\_

3. How many rooms do you have in your home? \_\_\_\_\_

- Living room
- Dining room
- Living-dining room
- Kitchen
- Den
- Family room
- Bath
- Hall
- Bedroom
- Utility room
- Garage
- Porch
- Other \_\_\_\_\_

APPENDIXES

4. What is the square footage of your home? \_\_\_\_\_

5. Who participated in decision to buy a home? \_\_\_\_\_

6. Who selected the model? \_\_\_\_\_

Home	Model
<input type="checkbox"/> Husband	<input type="checkbox"/>
<input type="checkbox"/> Wife	<input type="checkbox"/>
<input type="checkbox"/> Both	<input type="checkbox"/>
<input type="checkbox"/> Family	<input type="checkbox"/>
<input type="checkbox"/> Other	<input type="checkbox"/>

7. How long have you lived here? \_\_\_\_\_

8. Previous residence: Did you rent? \_\_\_\_\_

- Was your home \_\_\_\_\_
- One family structure
- Two family structure
- Apartment building

## APPENDIX A

## INTERVIEW SCHEDULE

Name \_\_\_\_\_ Address \_\_\_\_\_ Tel. \_\_\_\_\_

## A. INFORMATION CONCERNING THE HOME

1. What is the brand name of your home? \_\_\_\_\_
2. What is the model name of your home? \_\_\_\_\_
3. How many rooms do you have in your home? \_\_\_\_\_

Living room  
 Dining room  
 Living-dining room  
 Kitchen  
 Den  
 Family room  
 Bath  
 Hall  
 Bedrooms  
 Utility room  
 Garage  
 Porch  
 Other \_\_\_\_\_

4. What is the square footage of your home? \_\_\_\_\_
5. a. Who participated in decision to buy a shell home?  
 b. Who selected the model?

<u>Home</u>		<u>Model</u>
_____	Husband	_____
_____	Wife	_____
_____	Both	_____
_____	Family	_____
_____	Other	_____

6. How long have you lived here? \_\_\_\_\_
7. Previous residence: Did you rent? \_\_\_\_\_ Own? \_\_\_\_\_

Was your home \_\_\_\_\_ One family structure?  
 \_\_\_\_\_ Two family structure?  
 \_\_\_\_\_ Apartment building?

8. a. Why, primarily, did you choose a shell home?

b. Why, primarily, did you choose this model?

Home

Model

<input type="checkbox"/>	Price.	<input type="checkbox"/>
<input type="checkbox"/>	Able to finish it yourself.	<input type="checkbox"/>
<input type="checkbox"/>	Able to pay as you finish.	<input type="checkbox"/>
<input type="checkbox"/>	Ease of financing.	<input type="checkbox"/>
<input type="checkbox"/>	Floor plan of house.	<input type="checkbox"/>
<input type="checkbox"/>	Design of house.	<input type="checkbox"/>
<input type="checkbox"/>	Salesmanship of dealer.	<input type="checkbox"/>
<input type="checkbox"/>	Other.	<input type="checkbox"/>

9. Did you change the original floor plan?  Yes  No

If answer is yes, in what way did you change it?

10. What size lot do you have? \_\_\_\_\_

11. What is the value of your lot? \_\_\_\_\_

12. What was the cost of your initial shell? \_\_\_\_\_

13. What was the plan for paying for the shell? \_\_\_\_\_

<input type="checkbox"/>	Cash	<input type="checkbox"/>	Financed	<input type="checkbox"/>	Shell Home Dealer
<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	Bank
<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	Finance Company
<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	FHA
<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	GI Loan
<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	Savings and Loan Association
<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	Insurance Company
<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	Other

14. If the shell were financed, how long? \_\_\_\_\_

Are things other than the shell included in this?

Yes  No

If your answer is yes, what things are included?

15. Was a down payment necessary? \_\_\_\_\_ Yes \_\_\_\_\_ No

If the answer is yes, how much was the down payment? \_\_\_\_\_

B. INFORMATION CONCERNING THE FINISHING:

1. What was finished before moving into your house?

Questions 2 through 7 to be answered on page 4.

2. What was the purchase price for the finishing material?

3. How was it paid?

4. Who did the installation?

5. What was the cost of installation?

6. How was it paid?

7. When was it finished?

8. What remains to be finished?

9. Are there plans for finishing these things?

10. Approximately how much will these things cost?

<u>Purchase Price</u>	<u>How Paid</u>	<u>Installation Cost</u>	<u>How Paid</u>

11. Did the finishing cost more or less than you anticipated?  
 \_\_\_\_\_ More \_\_\_\_\_ Less

Approximately how much? \_\_\_\_\_

<u>FEATURE</u>	<u>COST OF MATERIAL</u>	<u>HOW PAID</u>	<u>WHO INSTALLED</u>	<u>COST OF INSTALLATION</u>	<u>HOW PAID</u>	<u>WHEN FINISHED</u>
----------------	-------------------------	-----------------	----------------------	-----------------------------	-----------------	----------------------

Wiring

Plumbing

Kitchen

Sheet Rock

Painting

Floors

Heating

Trim

---



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---



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C. INFORMATION CONCERNING SATISFACTION

1. Is existing space adequate for present family and activities?

Yes  No

If answer is no, why?

2. What do you like best about your home?

3. What do you like least about your home?

4. If you moved to another city, would you invest in another shell home?

Yes  No

Why?

APPENDIX B

QUESTIONNAIRE

1. How many are in your family? \_\_\_\_\_
2. Children in the family:  
How many boys \_\_\_\_\_ What are their ages \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
How many girls \_\_\_\_\_ What are their ages \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
3. Other persons living in the home:  
Are there others living in your home? \_\_\_\_\_ Yes \_\_\_\_\_ No  
How many children? \_\_\_\_\_  
How many adults? \_\_\_\_\_
4. Education of parents: Please check.

Husband	Wife	
( )	( )	Elementary.
( )	( )	Junior High.
( )	( )	Senior High.
( )	( )	1-4 years college.
( )	( )	Graduate work.
5. Occupations:  
What is the occupation of the husband? \_\_\_\_\_  
Does the wife work outside the home? \_\_\_\_\_ No  
\_\_\_\_\_ Part-time  
\_\_\_\_\_ Full time  
If the answer is yes, what kind of work does she do? \_\_\_\_\_
6. Income:  
What is the income of the family? \_\_\_\_\_ Weekly  
\_\_\_\_\_ Monthly  
\_\_\_\_\_ Yearly

APPENDIX C  
THE WOMAN'S COLLEGE  
OF THE UNIVERSITY OF NORTH CAROLINA  
GREENSBORO

SCHOOL OF HOME ECONOMICS

June 26, 1964

This is to introduce to you Betty Campbell, a graduate student in the School of Home Economics at The Woman's College. Miss Campbell is making a survey of shell homes to fulfill the thesis requirements for her Master's degree.

We join her in expressing appreciation for the time and help that you are giving to make this study possible.

Cordially yours,

Professor of Home Economics

MBS:bc

## APPENDIX D

RELATIONSHIP OF RECORDED MORTGAGE  
TO INVESTMENT IN SHELL HOME

Initial Cost <sup>a</sup>	Value of Lot <sup>a</sup>	Cost of Finishing Materials and Installation <sup>a</sup>	Recorded Mortgage <sup>b</sup>	Term of Months <sup>b</sup>	Monthly Payment <sup>b</sup>
\$1,345	\$ 630	\$ 294	\$2,325.80	60	\$ 38.78
1,595	300	128	3,124.80	72	43.40
1,595	850	231	2,829.60	72	39.30
1,595	Unknown	None	Unknown	Unknown	Unknown
1,685	400	1,032	Unknown	Unknown	Unknown
1,800	550	310	3,636.00	72	50.50
1,895	300	145	3,571.20	72	49.60
1,895	200	1,499	3,801.80	72	52.80
1,995	Unknown	200	3,190.20	60	53.17
1,995	200	251	3,297.60	72	45.80
1,995	152	230	3,490.00	72	48.50
1,995	300	370	3,510.60	60	58.51
2,025	250	108	3,337.20	72	46.35
2,100	300	950	3,692.16	96	38.46
2,195	600	569	5,359.05	96	59.13
2,195	50	112	3,499.20	72	48.60
2,195	Unknown	428	3,326.40	72	46.20
2,195	100	342	3,096.00	72	43.00
2,395	1,200	2,086	3,672.00	60	61.20
2,500	Unknown	750	4,749.84	72	65.97
2,600	Unknown	450	3,672.00	72	51.00
2,695	150	185	4,334.40	72	60.20
2,795	1,000	1,955	4,867.20	72	67.60
2,795	300	165	4,579.20	72	63.60
2,795	300	829	Unknown	Unknown	Unknown
2,995	5,000	57	3,052.80	72	42.40
2,995	Unknown	3,387	4,742.40	60	79.04
2,995	700	Unknown	6,742.97	96	74.46
2,995	5,800	Unknown	5,843.04	84	69.56
2,995	Unknown	Unknown	5,068.80	72	70.40
2,995	300	560	5,385.60	72	74.80
2,995	200	Unknown	6,217.20	72	86.35
3,295	300	530	5,648.40	72	78.45
3,295	300	Unknown	4,896.00	72	68.00

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\$3,295	\$ 600	\$ 1,462	\$4,953.00	72	\$ 68.80
3,500	Unknown	Unknown	3,643.20	72	50.60
3,998	500	799	4,680.00	72	65.00
4,000	400	467	4,935.60	72	68.55
5,000	1,000	550	5,628.00	84	67.00
5,000	Unknown	Unknown	Unknown	Unknown	Unknown
4,800	700	498	7,166.88	84	85.32
Unknown	125	556	4,870.00	72	67.65
Unknown	Unknown	Unknown	2,700.00	72	37.50
Unknown	Unknown	Unknown	3,600.00	72	50.00
Unknown	Unknown	154	5,245.80	84	62.45
Unknown	150	75	6,177.45	96	67.03
Unknown	500	2,550	7,396.84	96	77.04
Unknown	Unknown	Unknown	5,277.60	72	73.30
Unknown	650	Unknown	4,795.20	72	66.60
Unknown	Unknown	Unknown	4,132.80	72	57.40
Unknown	50	90	6,879.60	60	114.66
Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
Unknown	Unknown	8	2,649.60	72	36.80
Unknown	Unknown	100	3,124.80	72	43.40

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<sup>a</sup>As reported by respondents.

<sup>b</sup>As listed in the Office of Register of Deeds.