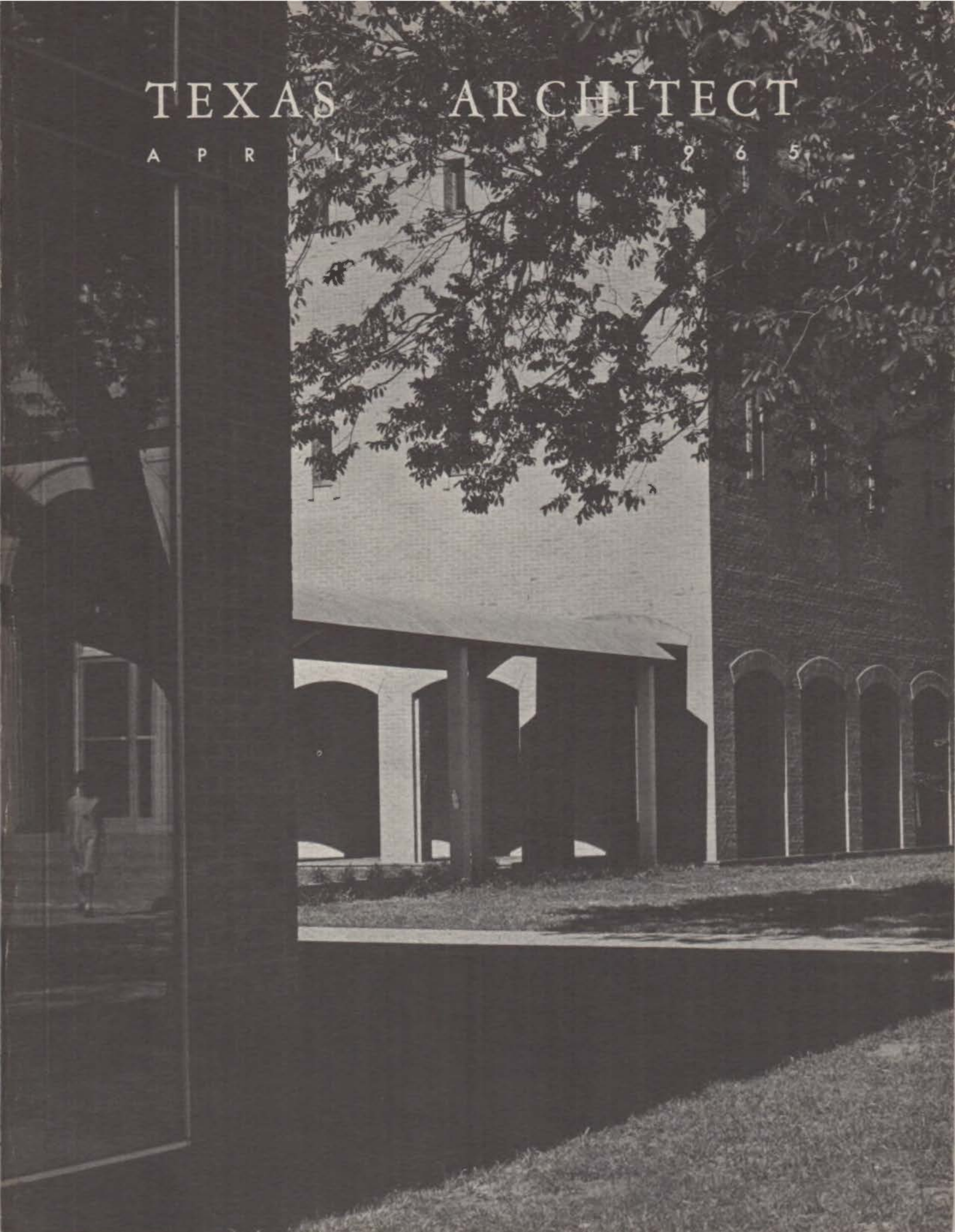
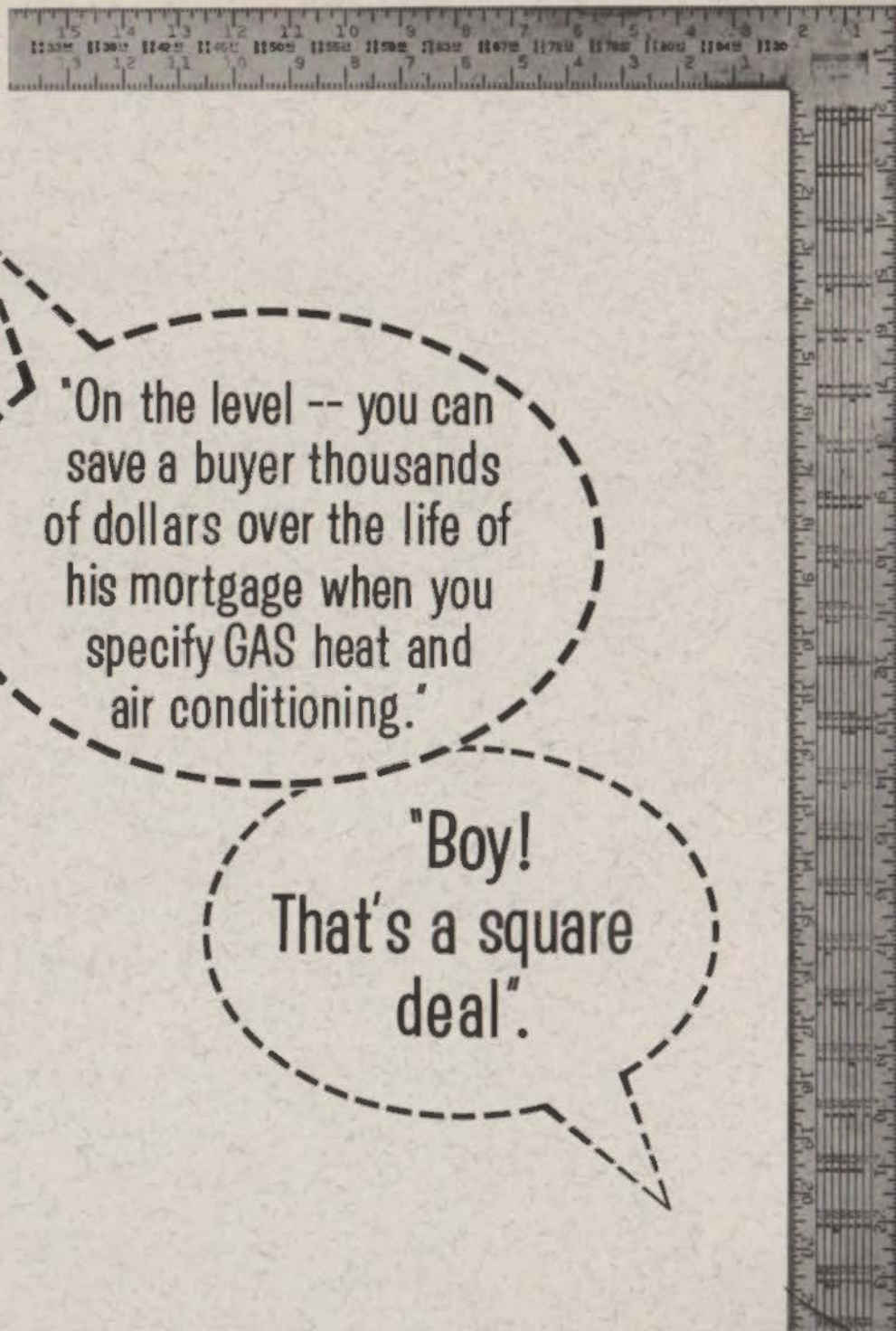


TEXAS ARCHITECT

A P R I L 1 9 6 5





"On the level -- you can save a buyer thousands of dollars over the life of his mortgage when you specify GAS heat and air conditioning."

"Boy! That's a square deal".

It's easy to sell an all-gas home when you can promise prospective home-buyers big savings — and know they'll be delivered. Together, gas heating, air conditioning, cooking, water heating and landscape lighting can save a home buyer thousands of dollars over the life of his mortgage. So why not put this built-in selling advantage into your next home?

Get full details from the builder department of your local gas utility.



FOR MODERN BUILDING . . . GAS IS GOOD BUSINESS

THE TEXAS ARCHITECT

VOLUME 15

APRIL 1965

NUMBER 4

Official Publication of

THE TEXAS SOCIETY OF ARCHITECTS

The Texas Regional Organization of
The American Institute of Architects
Don Edward Legge, A.I.A., Editor
James D. Pfluger, Associate Editor
John G. Flowers, Jr., Managing Editor

327 Perry - Brooks Building, Austin, Texas

Published monthly by the Texas Society of Architects in Austin. Subscription price, 50c per year, in advance. Copyrighted 1961 by the T.S.A., and title registration applied for with the U.S. Patent Office.

Editorial contributions, correspondence, and advertising invited by the Editor. Due to the nature of the publication, editorial contributions cannot be purchased. Publisher gives permission for reproduction of all or part of editorial material herein, and requests publication credit be given THE TEXAS ARCHITECT, and author of material when indicated. Publications which normally pay for editorial material are requested to give consideration to the author of reproduced by-lined feature material.

Appearance of names and pictures of products and services in either editorial copy or advertising does not constitute an endorsement of same by either the Texas Society of Architects or the American Institute of Architects.

TEXAS ARCHITECTURAL FOUNDATION

327 Perry-Brooks Building, Austin, Texas

TSA OFFICERS FOR 1965

George F. Harrall, F.A.I.A.
Dallas President
George S. Sowden
Fort Worth President Elect
Daniel Boone, Abilene Vice President
Louis Daeuble, El Paso Vice President
Douglas Steinman, Beaumont Vice President
Howard R. Barr, Austin Secretary-Treasurer

TSA DIRECTORS FOR 1965

Llewellyn W. Pitts, F.A.I.A.
Beaumont Regional Director
George F. Pierce, Jr., F.A.I.A.
Houston Past President
Reginald Roberts, F.A.I.A.
San Antonio President, Texas
Architectural Foundation
John J. Luther Abilene Chapter
E. Earl Merrell, Jr. Brazos Chapter
Phillip L. Bible Austin Chapter
William S. Whittet Coastal Bend Chapter
Harris Kemp Dallas Chapter
Duffy B. Stanley El Paso Chapter
Joseph J. Patterson Fort Worth Chapter
Gunter Koetter Houston Chapter
Howard Schmidt Lubbock Chapter
Gayle D. Wilhite Lower Rio Grande
Valley Chapter
Eugene Elam North Texas Chapter
R. J. Reinheimer, Jr. Northeast Tex. Chapter
Thomas A. Noonan San Antonio Chapter
Mike Mebane Southeast Texas Chapter
Earl W. Parge Texas Panhandle Chapter
Johnnie C. Fields West Texas Chapter
James D. Witt Waco Chapter
John G. Flowers, Jr.
Austin Executive Director

All of Texas recognizes the need to preserve its heritage for the generations to come. Books and papers and such treasures can be put in libraries and archives and museums; historic sites can be marked with plaques; the exploits of the pioneers can be written down to become adventures for our children; great names can be inscribed in marble and granite; but the preservation of the buildings of our past, our architectural heritage, is quite another problem.

This kind of preservation requires money, money for restoration and money for maintenance. But more than this, old buildings need to be used. Buildings are for people; nothing is more forlorn than a handsome old building standing empty and alone.

An outstanding example of preservation through use is "Laguna Gloria" (p. 18), an old building important to its community's history, alive with activity, full of people, contributing its beauty, and functioning still to enrich the cultural heritage of its city.

COVER

The studied simplicity of the Ely Vaughn Zollars Library lends a quiet, yet bold, order to the campus of Phillips University in Enid, Oklahoma. Architects O'Neil Ford and S. B. Zisman designed this Texas Architecture 1964 award winner.

TEXAS ARCHITECTURE 1964
HONORED FOR DISTINGUISHED DESIGN

ELY VAUGHN ZOLLARS LIBRARY
PHILLIPS UNIVERSITY
ENID, OKLAHOMA

O'NEIL FORD AND S. B. ZISMAN

ASSOCIATED ARCHITECTS AND PLANNERS

DUANE LANDRY—PROJECT ARCHITECT

Photographs — Rondal Partridge

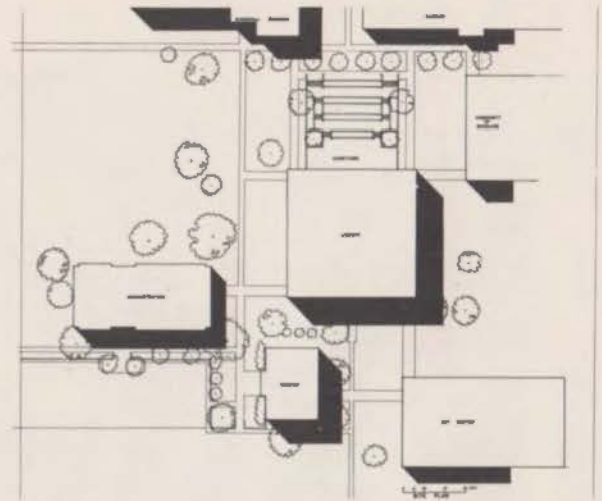
A small church-related college in a mid-western city of 45,000 wished to construct a library-administration building. The site was an area left vacant when the old "main" building was razed by fire some 20 years previously. Existing campus buildings surrounding the site were of a variety of styles, from 1900 corn-belt Georgian to 1950 collegiate Gothic.

The central location of the site and the focal character of a library make the building the natural crossroads of the campus. This, plus a desire to unify the existing scattered and dissonant buildings, indicated to the architect that the structure should be an uncomplicated mass, to be entered from all sides, and presenting faces of equal importance to all approaches.

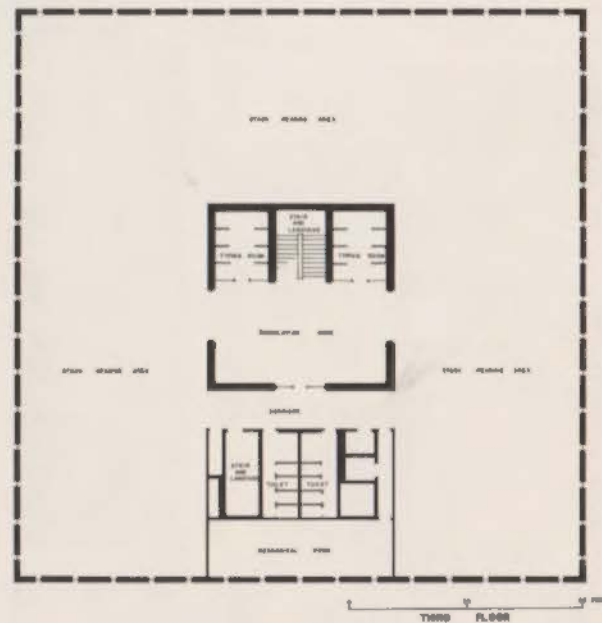
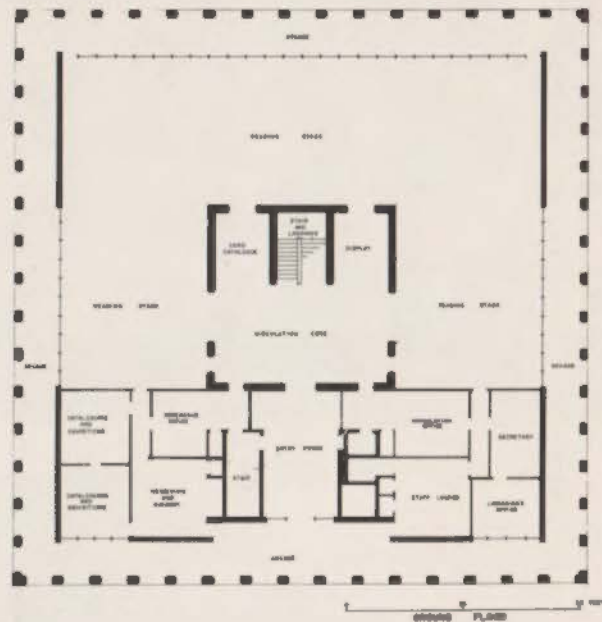
The building is therefore a simple block, 120 feet to a side, with one floor below grade and three above. The entry floor wall, mostly of glass, is set back from an arcade on all sides, giving a sense of welcome from any approach. The plan is a square doughnut, with vertical circulation and control desks in the central core area. Progressively quieter areas—stacks and seating—radiate out from this core, with carrels on the periphery. The area of the building was planned to accommodate a tripling of the number of volumes in the present collection and a doubling of the college enrollment. Library space not now required for books has been temporarily partitioned for classroom use. The floor below grade opens on a terraced reading court to the north. This has been sunk below natural ground level as a protection from prairie winds and is used during good weather as an amphitheater for campus assemblies and performances.

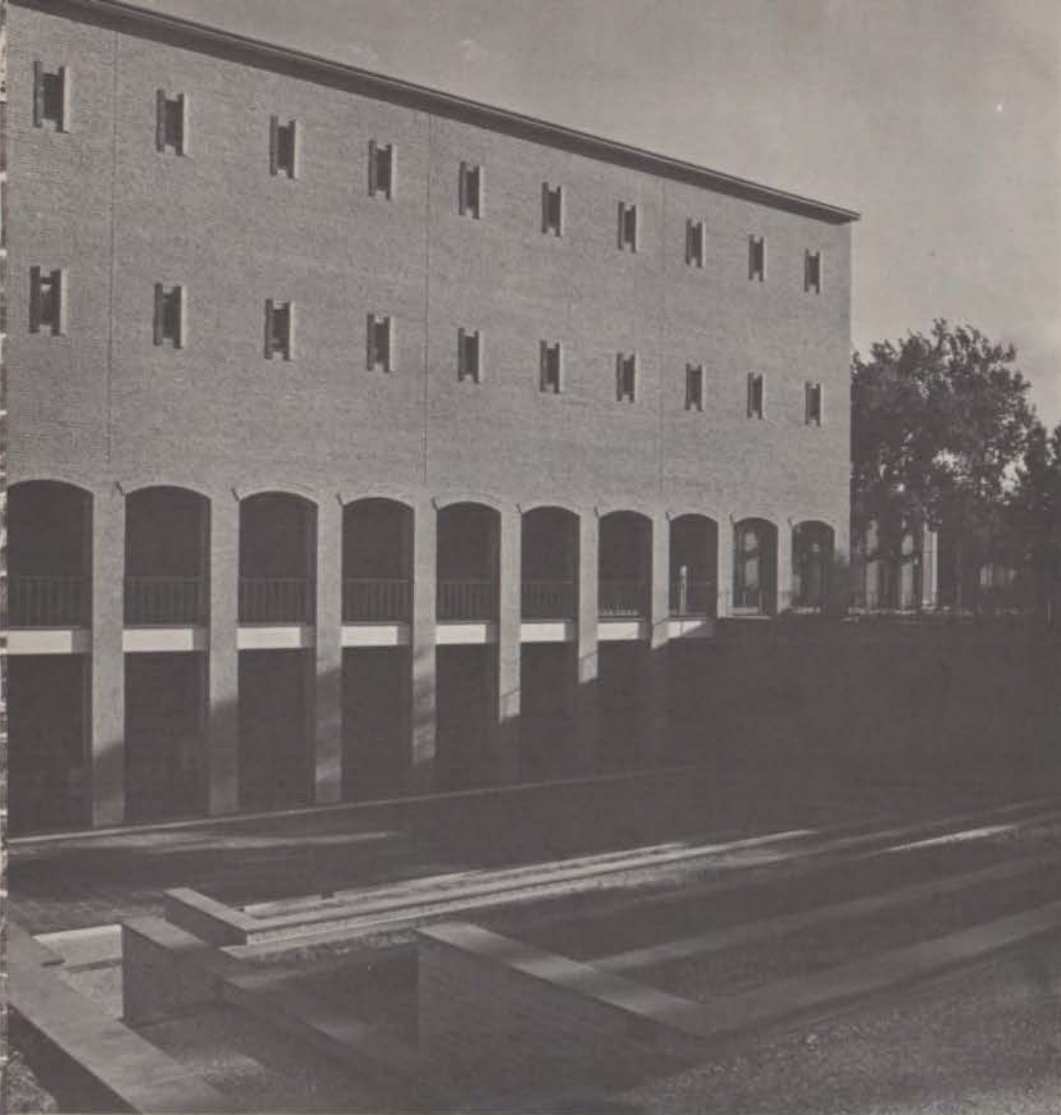
The structure is pre-stressed, post-tensioned concrete, 150 lbs./sq. ft. live load with columns around the core and at the walls. This column placement allows freedom for ever-changing seating and stack arrangements. Exterior and core walls are of buff brick, exposed inside and out. The brick at the upper floors is pierced by small windows which, from the inside, define the outside walls.

The plan of concentric squares begins with the circulation core and radiates outward functionally.



The site plan indicates the focal role of the Library. Its simple geometry is a unifying influence.





In delightful contrast to the imposed restraint of three sides of the building, the fourth bursts open into the elegant complexity of the terraced garden! What a wonderful place on a summer evening with students all about on steps and terraces and balconies watching a play or listening to a string quartet.

Surrounding arcades are a study in the elements of design: light, shadow, order, consistency, textural contrasts, varying planes of focal attention. Imagine the changing scenes through the archways as one strolls along this rich, sheltering promenade.



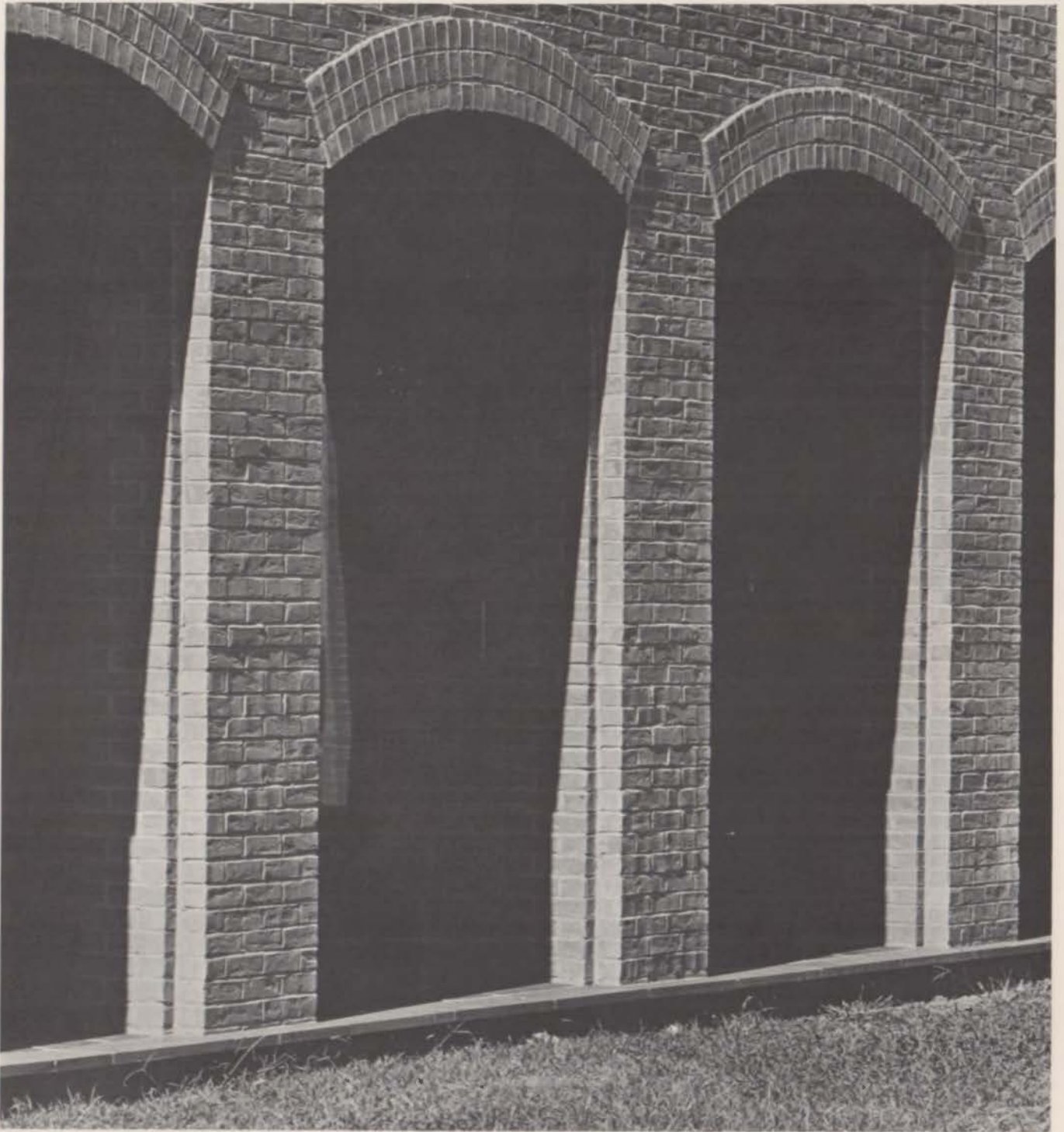
ZOLLARS LIBRARY



Tasteful furniture and handsome shelving may be changed at will to meet ever changing needs for stack and seating areas.



ZOLLARS LIBRARY



The arched colonnade of the arcade reflects the sensitivity with which proportion and detail were dealt. These can make the difference between the worthwhile and the mediocre. Here an architect has worked.

A P A R T M E N T
O W N E R S H I P
I N T E X A S

*Cooperative and
Condominium*

JOHN MIXON

*Associate Professor
College of Law
University of Houston*

*Condensed from article
appearing in Houston Law Review,
Vol. 1, page 226 (1963-64).*

Where shall the Texas city dweller live? In today's burgeoning Southwestern city, an urbanite has a traditional threefold choice. He can buy a standardized subdivision house miles away from his downtown job; he can buy an old house near the commercial center of the maturing metropolis or he can rent. Although single family dwellings are still available for rentals, the multi-unit apartment projects clearly dominate the present and future supply of rental offerings.

A decision among these alternatives is a fretful one. Home ownership has its attractions. Besides gaining status as a landowner, the home buyer can claim personal income tax deductions for property taxes and for interest paid on his mortgage; the government provides mortgage insurance to help him buy a house; his homestead is safe from creditors' claims; and he has no landlord likely to raise the rent. Payments on the mortgage provide a sort of forced savings, and, in an era of rising land costs, a sound investment. But there are drawbacks. Home ownership in a distant subdivision means many frustrating hours of commuting time wasted between home and job. Buying an older house near the central city brings higher upkeep costs and constant irritation from creeping commercialism as deed restrictions expire and zoning boards become more permissive. Because of their efficient use of high priced land, new apartment projects can be located in desirable areas near the commercial center. But to get the pleasant, close-in living convenience of downtown apartments, an urbanite traditionally has had to give up the substantial benefits of home ownership.

This is no longer so. New ideas in land ownership have broken the buy-or-rent dilemma for city dwellers. Today a buyer can purchase an apartment and get the benefits of home ownership and close-in living in a modern apartment project.

In New York, up to twenty per cent of middle income apartment construction is based on a tenant ownership plan. Apartment ownership is spreading. In the South, apartments can be brought in Houston, Tucson, Miami and Palm Beach. There are two types of apartments for sale: cooperatives and condominiums. Cooperatives were introduced into this country by housing profiteers during the rent control days of World War I. After a brief period of depression disfavor, co-ops regained popularity by relieving the recent housing shortage in New York and Chicago, where high land prices rule out single family dwellings for most buyers. The cooperative project works through a corporation which owns an apartment building and rents apartments only to tenants who own stock in the corporation.

The other type of apartments for sale, condominiums are centuries old in European housing, but brand new to the United States. In a condominium, each oc-

COOPERATIVES AND CONDOMINIUMS

cupant owns his apartment outright. The apartment owners own undivided interests in the land, entrance ways, elevators and other commonly used parts of the project. Because of the novelty of condominium, state legislatures had to pass special laws to make condominium ownership possible. At least twenty-eight states, including Texas, have recently passed condominium acts.

Cooperatives

The important difference between a standard apartment rental project and a cooperative project is that, in a co-op, it is the tenants who own and control the landlord corporation. In putting together a co-op project, sponsors get a charter for a landlord corporation that will hold title to an apartment building. They sell all of the corporation stock to prospective residents. Each share of stock entitles the buyer to a long term lease on a designated apartment. The lease provides for monthly rent-type assessments to cover mortgage payments, upkeep, utilities and services. Thus, the cooperative tenant is still a renter and does not really "own" his apartment. But, because the landlord corporation exists for the tenants' convenience, there is no landlord's profit. Tenants control the project by holding stockholders' meetings and electing directors and officers. A special provision in the income tax law allows stockholder-tenants to deduct their share of the project's property taxes and interest paid on the mortgage.

In their early years, most cooperative apartment projects are heavily mortgaged to pay construction costs. The landlord corporation is obligated to pay the mortgage note. If the project fails, stockholder-tenants may lose their investment, but they have no personal responsibility to pay off the mortgage.

There is a major disadvantage in cooperative financing. The project's success depends on each stockholder-tenant's meeting his share of the monthly assessment to cover project expenses and payments on the mortgage. If some stockholder-tenants default and move out, those who remain in the project must make up the deficiency to keep the mortgagee from foreclosing on the project. If total assessment collections fall below the amount required to meet the mortgage payments, the mortgagee will foreclose and all stockholder-tenants will be swept out, whether delinquent or not. For this reason, a stockholder-tenant cannot safely make advance payments on his share of the project indebtedness. This factor, called "financial interdependence," combined with generally excessive debt financing, caused seventy-five percent of operating cooperatives to fail during the 1930's and gave them a bad name for some time thereafter.

The Co-op Lease.

The co-op stockholder-tenant occupies his apartment under a lease which is similar to the commercial variety. One form provides substantially as follows:

1. The cooperative agrees to rent an designated apartment to the stockholder-tenant until the year 2014. All project leases terminate on the same date.
2. The stockholder-tenant's rent obligation is spelled out along with the procedure for calculating assessments. The board of directors is required to estimate the project's cash requirements for the year, taking into consideration anticipated and accrued liabilities, income, and reserve obligations. The stockholder-tenant promises to pay his share of the yearly assessment in monthly installments.
3. The apartment is restricted to residential use. Limitations are placed on the lessee's right to sublet or assign his occupancy rights. If the stockholder-tenant desires to sell his stock and accompanying apartment lease, his purchaser must be approved by the board of directors.
4. The lessor agrees to keep the building and common elements in good repair; the lessee agrees to maintain his apartment, and to hold lessor harmless from consequences of his acts and those of his guests.
5. The lessor retains a right of entry and right to make repairs in the leased apartment at lessee's expense. Lessee is forbidden to place a mechanic's lien on the property.
6. Upon occurrence of any of the following events, lessor may re-enter and terminate the lease:
 - a. If lessee ceases to own the accompanying cooperative stock;
 - b. If lessee becomes bankrupt;
 - c. If lessee makes an unauthorized use of the apartment, or assigns or sublets without observing lease restrictions;
 - d. If lessee defaults in rent payment, or breaches other lease covenants;
 - e. If eighty percent of the stockholder-tenants declare in a formal action that lessee is an undersirable tenant;
 - f. If the board of directors acts with approval of eighty percent of the stock-tenants and terminate all outstanding proprietary leases; or
 - g. If the building is taken by condemnation.
7. By giving written notice of intention to cancel and



surrendering his lease and stock certificate on or before April 1 of any year, any lessee can cancel his lease as of the following September 30. If cancellations endanger the project's status as a housing cooperative for income tax purposes, the corporation must notify all remaining stockholder-tenants. All stockholder-tenants then have a right to cancel their leases.

8. The lessor establishes project house rules and provides lessee a copy. Lessor retains power to make later rules and modifications which are binding upon lessee after prescribed notice is given. All proprietary leases are expressly subordinated to the project mortgage, and to any later mortgages which may be placed on the project by the lessor.

9. Lessor binds himself to keep account records, and to make future leases only upon the same terms provided in the instant lease, unless variations are approved by a two-thirds vote of stockholder-tenants.

10. Lessor covenants that the lessee shall have quiet enjoyment of the premises upon compliance with the terms of his lease. All covenants are binding on assigners of the stockholder-tenant's interest.

11. On the date set for termination of all proprietary leases, the board of directors determines what disposition is to be made of the project property.

Governmental Regulation

Because cooperative sales involve corporate stock, an initial offering may be regulated by state or federal securities acts. The federal act, generally speaking, does not apply to stock offered only to residents of the state in which the cooperative operates. But the Texas Blue Sky law applies to all cooperative stock offerings except consumer organized cooperatives where non-advertised sales are made to fewer than thirty-five purchasers. If either the state or federal act applies to a particular project, it is imperative that the

developer comply with the regulations. A non-complying seller is subject to criminal penalties under both the federal and state acts. The Texas act allows a purchaser to back out of a sale if the seller does not comply with the Blue Sky law.

Financing

The major item in cooperative financing is getting a purchase price (or construction) loan. Theoretically, a landlord corporation has two options: to float a bond issue or to find an institutional money lender. Unless the project is quite large or is connected with public housing, borrowing from an institutional lender is the probable choice. In conventional situations, lenders require a substantial equity investment by stockholder-tenants. These projects tend to be luxury apartments for higher income groups.

Recognizing that apartment ownership is desirable for low and middle income families, federal agencies and at least one state have subsidized certain areas of cooperative financing. Presently, the most significant subsidy assistance comes from the Federal Housing Administration (FHA) and the Federal National Mortgage Association (FNMA). The FHA insures cooperative mortgages; FNMA buys insured mortgages. Although conventionally financed projects need not follow their patterns, the institutional influence of FHA types merits a detailed study.

FHA Insured Projects.

FHA mortgage insurance has been available for cooperative projects since 1950. Mortgages insured under section 213 cannot exceed \$20,000,000 for private projects, and \$25,000,000 for public projects; mortgage insurance is restricted to ninety-seven percent of replacement value. There is a per-room limitation of \$2500 for walkups and \$3000 for elevator projects except in designated high cost areas. Maximum amortization time is 40 years. Cooperatives built under the Moderate Income and Displaced Families provisions of section 221 are eligible for FHA mortgage insurance covering up to one hundred percent of replacement cost. FNMA purchases qualifying mortgages at an approved interest rate.

Section 213 describes three types of cooperative apartment projects of immediate interest: the management project, the existing-construction project, and the investor-sponsored project.

a. The Management Project. Interested sponsors may decide to put together a cooperative project to improve their own housing situation. Their first step is to line up an acceptable tract of land and get drawings and construction figures. The FHA will provide a free analysis of the project's feasibility. If the project

COOPERATIVES AND CONDOMINIUMS

appears to be sound, the sponsors locate a lender and file with FHA an application for mortgage insurance. FHA makes a detailed analysis of replacement cost, estimated operating income, expenses, and related factors. If it approved the project, FHA issues a commitment for insurance, stating the amount it will insure. Since FHA will insure a maximum ninety-seven percent of replacement cost, the sponsors must, prior to closing the loan, form the landlord corporation under applicable state law and sell its stock to prospective tenants. Each subscriber makes a down payment of at least three percent to cover the difference between actual cost and the ninety-seven percent mortgage, along with an additional amount to provide working capital. After the stock is subscribed and down payments collected, the project loan can be closed. The landlord corporation signs a mortgage note for the loan, and FHA endorses the note to provide mortgage insurance. Subscribers' down payments are deposited with the mortgagee. With money available from the mortgagee, the newly formed corporation can pay for the land and let construction contracts. As construction advances, the mortgagee makes progress payments to the builder. After the building is completed, stockholder-tenants move in and commence paying their monthly assessments for mortgage payments and maintenance charges.

b. Existing-Construction Projects. Instead of constructing a building, the cooperative may purchase an existing apartment building under the plan described above.

c. Investor-Sponsored Projects. An investor-sponsored project is one put together by a builder (investor-sponsor) for profit. The builder applies for an FHA appraisal and loan insurance commitment before he commences construction. If FHA approves the project, a builder can finance his land purchase and construction cost by an FHA insured construction loan. Because "replacement cost" includes a reasonable profit for the investor-sponsor, the construction loan covers most of the builder's out-of-pocket expenses.

Concurrently, the investor-sponsor must procure a charter for a management project corporation. This corporation will eventually be the project landlord. To cut down on self-dealing, the landlord corporation must hire an attorney to deal with the builder. The builder solicits members for the new cooperative while construction is underway. If his project succeeds, the builder will sell all of the stock in the landlord corporation to stockholder-tenants before the building is finished. Each stockholder-tenant will by then have paid in at least three percent of the pur-

chase price for his apartment to the landlord corporation. This money is held in escrow until the transaction is completed.

When the landlord corporation is fully subscribed and the apartment building finished, the builder sells the land and structures to the landlord corporation. The purchasing cooperative gets an FHA insured purchase price loan for ninety-seven percent of replacement cost, which includes builder's profit. The mortgage proceeds and stockholder-tenants down payment go to the builder, who pays off the construction loan and pockets his profit. New York FHA cooperative projects have had a five to nine percent profit range.

The investor-sponsor must use his best efforts to complete the sale to a landlord corporation after construction is finished. Stockholder-tenants in investor-sponsored projects may have to pay more for their apartments than those who buy in self-initiated projects because of the added investor-sponsor's profit. But buyers from an investor-sponsor benefit by seeing the building under construction, having realistic move-in dates, and perhaps having more competent planning.

The three types of projects are subject to general FHA regulations concerning cooperative formation and operation. Recognizing that good management is essential to the success of a large cooperative, FHA requires professional building management unless stockholder-tenants provide an acceptable management staff from their own number. FHA is a preferred shareholder in the landlord corporation, and can take over if the cooperative violates its charter. The corporation must provide regular reports to stockholders and to the FHA. Racial discrimination in tenant selection is forbidden. The cooperative cannot be used for transient occupancy. FHA's approved by-laws restrict each stockholder-tenant to one vote in management affairs, regardless of how many apartments he owns.

Resales of Cooperative Apartments

The first purchaser of a cooperative apartment subscribes to a share of stock in the landlord corporation, and the corporation grants him a long-term lease on a designated apartment. Subsequent sales by the initial purchaser can follow one of three patterns:

1. The share of stock can be transferred to the new purchaser, along with an assignment of the related apartment lease, or
2. The share of stock can be transferred to the new

COOPERATIVES AND CONDOMINIUMS

purchaser and the seller's lease surrendered to the landlord corporation. The landlord corporation then issues a new lease to the purchaser, or

3. The landlord corporation can buy back the share of cooperative stock and accept a surrender of the seller's apartment lease. The corporation then locates a buyer who will purchase a new share of stock and receive a new lease. The latter procedure is followed by cooperatives which retain options to repurchase stock placed on the market at the stock's "book value." If the value of the project's real estate has appreciated, the project will likely repurchase and take the resale profit. Selling stockholder-tenants thus forfeit any speculative profits from cooperative purchases, and remaining tenants receive the windfall.

The normal resale price of a cooperative apartment will approximate the seller's share of the project's equity at the time of sale. In a middle income project's early years, the first mortgage is likely to be substantial; the project's equity and the stockholder-tenant's equity will be small. A buyer at this point will have to come up with only a small cash "down payment" for his apartment. But as the project matures and the mortgage debt is reduced, the values of the project's equity and the stockholder-tenant's share of stock increase. As the dollar value of a seller's stock goes up, it becomes progressively harder for a buyer to pay cash for his purchase. In conventional land transactions, a buyer can refinance an unmanageable equity by getting a new loan sufficient to pay off the old mortgage and satisfy most of the seller's equity. The new lender then takes a first mortgage on the property. This cannot be done in a cooperative apartment sale. The project mortgage

is not subject to division among the several apartments; no stockholder-tenant can "pay off" his mortgage. A cooperative apartment purchaser must therefore use his share of cooperative stock as security for a purchase price loan. Willing lenders may be hard to locate, because they would have no lien on any part of the project's real estate. Upon default, they or the purchaser at foreclosure sale would get the share of stock, its occupancy rights, and no more. In event of project failure, the pledgee of a share of cooperative stock would have his security interest wiped out entirely. If local institutional lenders cannot be persuaded that this "unconventional" security is satisfactory, sellers may be forced to finance the sale themselves, or cut the sales price below the fair market value of the apartment to attract a buyer with cash. A cooperative corporation could help finance resales if it wished. The corporation would either buy back stock offered for sale and resell it on easy terms to a new purchaser, or loan the money outright. This could be a dangerous practice because it amounts to self-investment and substantially increases the project's susceptibility to failure from financial interdependence.

Legal Problems

Because of the peculiarities of Texas corporation law, it may not be possible to put together a standard stock cooperative in this state. Any developer desiring to promote a cooperative should get legal advice at a very early point. The lawyer may advise that the corporation cannot be formed without a special act by the state legislature. He will probably suggest that the developer consider the alternative type of apartment, ownership-*condominium*.

CONDOMINIUMS

In condominium, each purchaser owns his apartment outright. There is no landlord; there is no lease. All apartment owners have undivided fractional interests in common areas connected with the project: land, foundation, walls, roof, air conditioning equipment, elevators, etc. Apartment owners bear costs of maintenance and services according to their proportionate ownership. Each apartment owner arranges his own financing. Because there is no corporation which owns the entire project, there is no single mortgage. The financial interdependence flaw in cooperative financing is not a substantial factor in condominiums. If a condominium apartment owner fails to meet his mortgage payments, the mortgagee forecloses on the single apartment. Other unit owners suffer only to the extent that the defaulting owner's share of maintenance assessments may not be paid. If a condominium buyer



COOPERATIVES AND CONDOMINIUMS

desires, he can pay cash for his unit and own it unencumbered except for maintenance charges. The condominium buyer gets the same tax and equity advantages available to the co-op buyer.

Condominium does not fit neatly into common law ideas about property ownership. It has been described as creating "horizontal estates" in air space, e.g., in a ten story apartment building, there are ten horizontal layers of property subject to separate, subdivided ownership. Even Blackstone considered air space subject to private ownership. While very few pre-condominium American legal writers thought about carving up thin air into separately owned cubicles, there is substantial agreement that it can be done. But it takes more than separate ownership of air space to make condominiums work. No substantial apartment project, regardless of ownership, can operate successfully without some form of central management control. Decisions must be made as to repairs, replacement reserves, insurance coverage, and hundreds of other matters. There must also be an enforceable assessment procedure that requires all apartment owners to pay their share of project expenses.

To provide a legal framework to solve these problems of condominium operation, the Texas legislature passed a special Condominium Act. The Act sets up a statutory scheme for establishing condominium regimes, delegating management and collecting assessments against individual unit owners. Under the Texas Act, a developer creates a condominium regime by filing a formal instrument called a declaration with the County Clerk. After the condominium regime is established, separate apartments can be conveyed to individual buyers. The entire project is managed by a council of co-owners which contracts in the project's name and assesses co-owners for their pro-rata shares of expenses. The act spells out obligations of co-owners to repair or rebuild when the building is destroyed or damaged.

A. Establishing a condominium regime.

In Texas, a developer can set up a condominium regime on land that is owned in fee, or on which he has a long term lease. The formal declaration must contain certain statements required by the Act: a legal description of the land; a plat delineating and numbering the separate condominium units; a description of related garages, carports, and other areas subject to individual ownership; a description of the parts of the project to be owned by all co-owners; and a statement of the fractional or percentage interest which each apartment bears to the entire condominium regime. Also, the declaration may contain "any further provisions, matters or covenants desired." This provision allows the developer to include an individually

tailored scheme for operating the project after the units are sold.

If the project is to be FHA financed, the declaration must also contain a statement of the total project's value and the value of each unit; a statement of the purposes for which the building and each apartment can be used; the name of the person to receive service of legal process; and specific provisions relating to voting procedures on decisions to rebuild, repair, restore or sell the property in event of damage or destruction.

A project must have at least four units to qualify as a condominium regime in Texas.

B. Legal ownership of project property

Each co-owner has fee simple title to his own apartment. All co-owners are tenants in common in those areas of the project which are not set apart for individual ownership. Some of the jointly owned areas will be *general elements* which may be used by all co-owners in the project. Other jointly owned areas are *limited elements*, which may be used only by designated co-owners, and from which other co-owners can be excluded. Thus, a single condominium unit owner owns fee title to his apartment and to his carport. He can prevent other co-owners from trespassing on this property, just as if it were his home in a subdivision. But he must share the stairway and corridor with other co-owners who use it for access to their apartments. All co-owners have an undivided interest in the land, roof, bearing walls, and the like.

Each unit can be financed separately. A condominium purchaser can thus pay cash for his apartment, or take his choice of a ten, fifteen or twenty year mortgage. He can refinance the apartment when he sells. Financing a condominium unit sale is handled the same as financing a subdivision house sale. Condominium mortgages are legal investments for all Texas banks, savings and loan associations, trust companies, life insurance companies, trustees and other regulated investors.

The Condominium Act requires taxing authorities to assess, collect and foreclose only against individual units and that unit's share of common elements. The condominium owner may claim taxes on his condominium unit and interest paid on his mortgage as personal income tax deductions. Condominium apartments also qualify for the homestead tax exemption.

C. Project Management and Operation

Good management is as essential to a condominium project as to rental or cooperative projects. Because there is no single project owner, condominium management must be delegated to an administrator or administrative body.



The Texas act does not require that any management scheme be set out in the declaration. But organizers can include suitable management plans in the declaration. A minimal governmental structure is established by the Texas act. Following the FHA model act, it provides that project administration shall be governed by the by-laws approved and adopted by the sole owner or owners and the council of co-owners. The council may amend the by-laws from time to time, presumably by majority vote unless otherwise stipulated.

The declaration must state each apartment's percentage or fractional participation in the entire project. All unit owners are members of the council of co-owners and have voting rights according to their assigned percentage. "Majority of co-owners" is defined by the condominium law to mean apartment owners with fifty-one percent of the votes. Responsible administrative officials designated by the by-laws or council must maintain detailed records on receipts and expenditures. Co-owners are personally obligated to pay their share of assessments and cannot avoid their obligation by waiving use of common elements or by abandoning the apartment.

The FHA promulgated condominium by-laws includes details as to voting, members' meetings, order of business, qualification and term of a governing board of directors, designation of association (council) officers, and specific co-owner obligations. Among the listed co-owner obligations are payment for repairs, and restrictions on use. Rules of conduct are established. The FHA form requires a seventy-five percent vote to modify the by-laws. Project management may be delegated to a specialist.

D. Apartment Use Control

Most apartment owners in a residential project will want to control commercial use of apartments, prevent remodeling that interferes with the aesthetic or structural integrity of the building, and enforce normal sanitary rules. There are two ways to do this.

First, the declaration and initial deeds can impose restrictive covenants which limit apartments to residential, office or other specific uses. Even without the implementing language of the Texas act, restrictive covenants could be placed on the fee conveyance. Once imposed, these covenants can be enforced by other co-owners in suits to enjoin non-conforming uses.

Second, the council of co-owners is empowered by the Texas act to govern the project through by-laws which may be amended from time to time. Standing alone, this section should allow the council to establish project rules prohibiting offensive uses.

E. Damage To, Or Destruction Of, Project Structures

Most condominium regimes will insure against casualty loss to project structures. The Texas act authorizes collection of premiums by council assessment. Co-owners can also purchase separate insurance protection. But insurance provides only a partial answer to casualty loss problems. Certain losses may be uninsurable; insurance companies sometimes go broke; the policy may lapse; and even if a particular loss is insured, proceeds may be insufficient to repair the damage.

The project's declaration or by-laws can set up a scheme for sharing the misfortune of uninsured losses. If the project does not provide for this, the Texas condominium law furnishes some guide lines for apportioning the loss. If less than two-thirds of the project is destroyed, project insurance must be used to repair the damage. If the insurance proceeds are insufficient to make the repairs, the deficiency must be paid by co-owners who are directly affected by the damage. Thus, if there were a fire on the tenth floor of a ten floor condominium, the loss would probably be shared as follows: the roof repair would be paid for by all co-owners in the building; the tenth floor corridor repairs would be paid for by tenth floor occupants; and each tenth floor occupant would have to pay for his own interior apartment repairs.

If more than two-thirds of the building is destroyed, there is no obligation to rebuild. Insurance proceeds must be turned over to the co-owners in proportion to their project ownership.

F. Withdrawal from the Act

Property that has become a condominium regime can be withdrawn from the Act only by unanimous consent of co-owners, and with consent of all mortgagees. After property has been withdrawn from the act, the co-owners become tenants in common, holding undivided interests equal to their fractional participation in the regime. The requirements for unanimous consent for withdrawal could cause considerable inconvenience if the project became so valuable for non-condominium purposes that most co-owners wanted to sell. A developer could provide in the condominium declaration that the project could be withdrawn from the act and sold upon the motion of some designated percentage of co-owners.

COOPERATIVES AND CONDOMINIUMS

FHA Mortgage Insurance

In 1961, the National Housing Act was amended to provide FHA mortgage insurance for condominiums. Under the condominium amendment, mortgage insurance is available only for individual unit purchases. Insurance is limited to mortgages that do not exceed \$25,000 per unit, with declining coverage for mortgages that exceed \$13,500. For apartments selling for \$13,500 or less, FHA insurance is available for up to ninety-seven percent of appraised value. There is a per room limitation of \$2500 for walkups and \$3000 for elevator structures. Units held for rental are further restricted to eighty-five percent of the insurance level available for occupant mortgagors. Maximum amortization time is thirty years.

Although construction mortgage insurance is not provided under the condominium section, the project must once have been covered by FHA mortgage insurance to qualify individual units for mortgage insurance. Most FHA condominium projects will be built under section 207, which allows project mortgage insurance of a maximum ninety percent of replacement value for total indebtedness, not to exceed \$20,000,000 for private mortgagors and \$50,000,000 for public mortgagors. Coverage under any building or rehabilitation provision, *except section 213* (the cooperative section), will qualify a project for condominium mortgage insurance if FHA minimum standards were applicable. Cooperatives built or acquired under section 213 are thus precluded from conversion to condominium unless they were at some time covered under another FHA mortgage insurance provision. The regulations offer no explanation for denying cooperatives the opportunity to switch to condominiums.

Section 234 does not present quite the friendly picture for condominiums that section 213 offers cooperative sponsors. There is no provision for free pre-application feasibility analysis. Self-initiating sponsors are not favored over investors on construction mortgages. For a project to qualify for FHA unit mortgage insurance, the sponsor must commit the building and site to a condominium regime under applicable state law permitting fee ownership of the separate units. The commitment plan must include, in addition to its formal parts, an assigned basic value for the structure and the percentage thereof allocated to each apartment. The plan must provide for project management through an association of owners empowered to determine operating policies and assess owners for common expenses. The association must procure a blanket insurance policy, to be paid for by an apartment assessments.

FHA mortgage insurance commitments are conditioned upon completion of the project and sale of eighty percent of units to FHA-approved tenants. When all qualifications are met, individual unit sales can be completed and the project mortgage released. FHA regulations restrict condominium unit owners to a maximum ownership of four insured family units. All unit owners must reside in the project. Units held for rental cannot be used for transient or hotel occupancy. Racial restriction or discrimination is forbidden.

A condominium developer should get expert legal advice before commencing his project. Because of the novelty and complexity of condominium ownership, there are many technicalities that must be ironed out before individual sales are made. The attorney must see to it that the act is complied with; he must check applicable Blue Sky laws to see whether the particular sale is regulated by the state or federal commissions; he must draw up a declaration and set up operating rules for the council of co-owners. Because there are few standard forms available, the attorney must be given a substantial amount of time within which to research the various problems and devise ways of meeting them.

Will Texans Buy Apartments?

At this point, nobody can predict the impact which apartment ownership will have on the housing market and on building practices. The co-op's popularity in New York and Chicago may not be directly translatable into condominium success in Houston, Dallas and San Antonio. But the factors that led to apartment ownership in northern cities are dramatically evident in the expanding Texas cities. Land values have skyrocketed. Commuting problems are forcing people back into the inner city. Local city officials have waked up to the decay of their downtown business district. Apartment ownership can help solve these problems.

Apartment ownership offers specific advantages to the urban family which make it a rational alternative to renting or buying a single family dwelling. Apartment buyers get the tax savings, equity investment, homestead protection and home ownership status formerly available only to subdivision buyers. When the advantage of close-in living is added, apartment ownership makes an attractive package. There are other advantages that are not quite so apparent. Among them are:

COOPERATIVES AND CONDOMINIUMS

1. Cost. The price of a subdivision house includes a large, privately owned lot and an expansive, expensive network of streets and sewers. These high cost items are cut down considerably in a compact co-op or condominium project, whether it be high-rise, townhouse or garden apartment. Volume construction techniques can cut condominium costs even lower if the project is planned as an integrated, single contract unit. The cost of utility connections should be shaved to a fraction of that required for a sprawling subdivision serving the same number of families. Utilities may even be available at bargain commercial rates for condominium buyers, with the project allocating individual charges. Air conditioning and heating may be provided on a project-wide basis at a savings to apartment owners. Insurance covering all project structures should be less expensive than single policies on individual houses. Unit costs of landscaping and repairs should be less than for single family dwellings.

2. Project facilities. Private swimming pools are seldom economically justifiable for the ordinary homeowner. But a co-op or condominium project's pool could be built and maintained at a nominal cost per unit. This is also true of playground equipment, game rooms, party rooms and whatever other facilities the co-owners decide is worth the price. Luxury living that is presently promised for apartment renters can just as easily be furnished the apartment buyer.

3. Project stability. There is no way that a subdivision homeowner can control the entrance of undesirable neighbors into his subdivision. Neighborhood degeneration is always a chance factor in a home purchase, and it directly affects the homeowner's enjoyment of his property and in some cases the value of his investment. For many years, cooperative projects have been allowed to screen prospective apartment buyers. Project occupants can prevent the entry of people with bad credit ratings, too many children, or who otherwise might be a disruptive influence in the project. Condominium projects will probably be allowed the same degree of selectivity. Of course, selection schemes that are directed toward prohibiting potential purchasers because of race, religion or color will not be enforced by the courts.

Up to this point, the advantages of apartment ownership have been considered from the consumer's point of view. However, the community also stands to benefit if co-ops and condominiums catch on. An effective mass transit system is possible in the growing cities of the South and Southwest only if there is a greater density in their urban population. Apartment projects give better land use and a higher population density than comparable subdivision development.

Express busses connecting major projects with the downtown business district could keep hundreds of automobiles off of the overcrowded streets. The costs of street repair, street cleaning, police protection, garbage collection, drainage and fire protection could be cut because of the compactness of co-op or condominium projects.

The future of apartment ownership lies in the hands of financiers and consumers. If money is available to finance co-op or condominium projects, and if consumers will buy them, land developers will build them. If they catch the buyer's fancy, the potential in larger cities is tremendous. Apartment ownership is an exciting and novel concept for all professions, crafts and industries that provide Americans with a place to live.

LAGUNA GLORIA

In 1832 Stephen F. Austin selected the beautiful site upon which Laguna Gloria was built to be where he would build his home. He wrote, "I shall fix a place on the Colorado at the foot of the mountains to live." This was never accomplished because of his death; yet the property is of historic interest on his account.

Years later Mr. and Mrs. Sevier, the former Clara Driscoll, engaged Harvey L. Page of San Antonio as their architect, Jack Johnson as their contractor, and construction was started on a winter residence which they named Laguna Gloria.

The property was occupied by the Seviers as their winter home from its completion in 1916 until August of 1929.

During their residence at Laguna Gloria it became a well-known center of international hospitality.

After they moved to Corpus the main house was closed and for 14 years the property was maintained by an elderly Mexican caretaker, Galvan, who had come from the Driscoll ranch when the Seviers first built Laguna Gloria.

In 1943 Clara Driscoll conveyed the property to the Texas Fine Arts Holding Corporation with the provision that it be maintained as an art museum.

The palms that Clara Driscoll had planted years before stood tall around the inner drive. The majestic oaks were covered with moss; the grounds were covered with wild verbena and wild yellow roses. In the spring the mountain laurel, redbud and flowering peach added their clusters to the lush natural beauty of the lakeside property. Lavender and white irises bordered the path to the pagoda at the point.

The gates to the estate are of historic interest in that they were the original iron gates to the state capitol. They had been replaced when the driveways to the capitol were widened, and Mr. and Mrs. Sevier rescued them from the cavern of the state capitol where they had been in storage for many years. They bear the official crest of the state of Texas and make an historic entrance to the grounds of Laguna Gloria. A second set of the old capitol gates are to be found at the point on the site where Clara Driscoll's pagoda once stood. The statues in the north garden of the four seasons, the Seviers brought from Venice; the Lions that guard the walk to the lagoon are from Rome; the Spanish cannon from the Philippines; the Italian well they brought from Tuscany and the old mission bell is a relic of early Texas days. The small window to the right of the doorway as you enter the main building is a copy of the beautiful window of San Jose mission. The only original furnishings that remain at Laguna Gloria are the chandelier in the main salon and the large Peter Mansbendel hand-carved table.



Since the creation of the Laguna Gloria Art Museum, Inc. as a separate entity of the TFAA in 1961, the first board has worked diligently to create a well-rounded Art Museum dedicated to the acquisition and presentation of each of the creative arts—painting, sculpture, drawing, graphics and crafts. The policy of the museum has been to present the old and the new, not featuring one school in favor of another, nor one artist or group of artists in favor of others, but rather to present what is being created and what is being collected and to allow the exhibitions to speak for themselves.

The Museum serves the members of the Texas Fine Arts Association (TFAA) by exhibiting several TFAA sponsored shows each year: the annual membership show, which allows each member of TFAA throughout the state to exhibit at Laguna Gloria; the annual Spring Jury show in which all members may compete for awards and purchase prizes; the annual TFAA citation show, which is made up of winning art objects from the various regional TFAA competitions and which are eligible for circuit exhibits, and the TFAA annual arts and crafts exhibit which brings together this important phase of the creative arts.

The Laguna Gloria Art Museum augments the total assets of the community in the field of fine arts. It is a stimulus in attracting new residents and interesting visitors. It offers a program with specific benefits for school children and creative adults. It provides a beautiful place of inspiration and reflection in this day of pressing deadlines and hyper-activity.

The Museum will continue to be a stimulus in raising the cultural level of the capital city of the state of Texas—possessing as it does such a unique spot of natural beauty and enjoying the interest and support of so many of Austin's citizens.



The Exhibitions Program makes an attempt at variety in the visual arts by presenting exhibitions of all types (painting, sculpture, and graphics) from many sources.



The Museum maintains a Sales and Rental Gallery which distributes art to patrons desiring to rent or buy original art for their homes, offices, clubs, etc. Artists are carefully selected to show in the gallery and a very high quality is maintained.

LAGUNA GLORIA



Regular classes for adults and children are offered by competent teachers at Laguna Gloria throughout the year.



CAVITY WALL TIE

The Research and Development Department of AA Wire Products Company has announced that they have just completed a study at the Illinois Institute of Technology Research Center in Chicago on cavity wall reinforcing systems.

The research effort was directed toward the development of a wire tie which would develop shear resistance between two wythes of a masonry cavity wall. A practical tie which can achieve this and still be used with the modular 3/8" mortar joint is not currently available.

Laboratory experiments consisted of preliminary testing of various wire designs for shear and compression resistance. In these experiments, the X tie, flush welded in the center of the cavity, was more than twice as strong, both in shear and compression, as two diagonal trusses intersecting in the center of the cavity without a weld.

Further tests were conducted on full size four foot by eight foot (4' x 8')

masonry panels of cavity wall design when lateral loading was in the vertical span, and twelve foot times four foot panels (12' x 4') when lateral loading was in the horizontal span.

Other cavity wall ties used in the study were the conventional 3/16" Z-Bar and AA Wire Products Company Econo-Cavity-Lok.

The new AA-Lok increased the strength of a 10" cavity wall loaded in the horizontal span by a factor of 1.80 over the same wall tied with the conventional Z-Bar.

The new design placed both reinforcing wires in the block backup in direct tension and thus increased the load carrying capacity of the wall, with both 3/16" reinforcing wires in the backup in tension.

The complete report on this study, Project IITR1B862-1 is available from AA Wire Products Company, 714 E. 61st St., Chicago 37, Illinois.





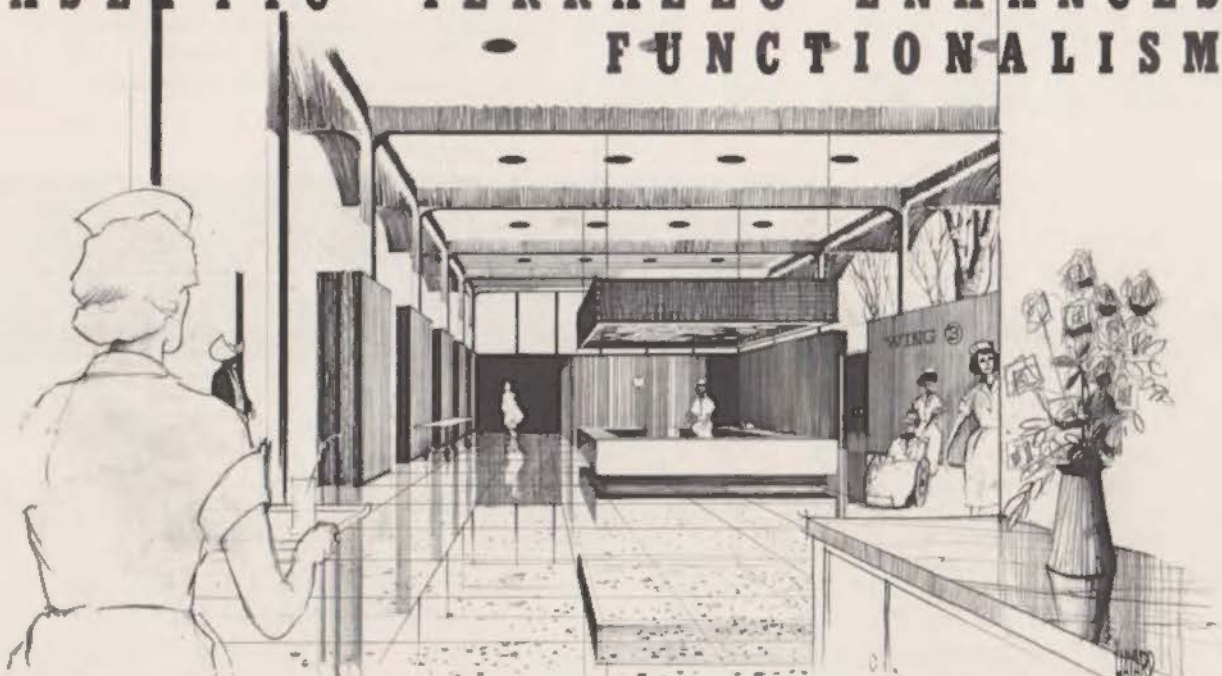

For all types of construction including monolithic flooring and steel studding walls. Features: (1) maximum number of closets in batteries with minimum floor fill, (2) short, buttress feet for encasement in walls and (3) positive support of fixtures. Adapts to syphon jet or blow-out closets or women's urinals. Ask for literature.

District Representatives
JOE P. DILLARD & ASSOC.
1531 Edison Dallas 7, Texas
Phone: RI 8-7708

R. B. ARNOLD COMPANY
P. O. Box 10695
Houston 18, Texas
Phone: OY 6-5591

JOSAM MANUFACTURING CO.
Michigan City, Indiana

ASEPTIC TERRAZZO ENHANCES FUNCTIONALISM



Texas Terrazzo Contractors Association, Inc.

Clarence E. Moore, Jr. • 1906 Terbet Lane, Fort Worth, Texas 76112

Executive Secretary • Texas Terrazzo Contractors Ass'n.

Architectural Representative • National Terrazzo & Mosaic Ass'n.

280 reasons why you'll like designing with

Leipziger named . . .

Hugo Leipziger-Pearce, University of Texas professor of architecture and planning, has been named a consultant to the U.S. Public Housing Administration on the design of multi-family housing and housing for the aged.

Prof. Leipziger will be a consultant to the PHA's central office in Washington, D.C., as well as its regional offices and directors.

The PHA said the consultant program is designed to "raise the level of design, particularly as it applies to improving the planning of all housing in this country, to achieve the proper environment for this nation."

Prof. Leipziger came to UT in 1939 to establish an undergraduate program in city planning with support from the Rockefeller Foundation. Since 1952 he has directed an independent graduate program in community and regional planning. He has been a supervising consultant to the urban planning assistance program administered by the State Department of Health since 1957.

A native of Germany, Prof. Leipziger was a regional director of DEWOG (the German housing authority). In 1950-51 he served as a special consultant in architecture and city planning to the U.S. Department of State and the U.S. High Commissioner to Germany. In that capacity he supervised the site selection for 16 U.S. Information Service centers in Germany.

A member of the American Institute of Architects and American Institute of Planners, Prof. Leipziger has been a visiting professor at the University of North Carolina and Yale University.



MONARCH'S MONOSCORE CERAMIC TILE

Monoscore comes in 7 patterns and 40 Colorblend colors!

Monoscore has a pattern to fit practically any design need . . . a color to match any desired mood. Monoscore offers architects more freedom of expression than any other wall surface material.

Specify Monoscore . . . Monarch's ceramic tile of certified quality.



1965
TEXAS SOCIETY OF ARCHITECTS

ANNUAL MEETING
AUSTIN

NOVEMBER 3, 4, 5, 1965

concrete progress...

cement manufacturers work so many ways to make it happen

MATCHING CONCRETE'S TALENTS TO THE ARCHITECT'S CREATIVENESS

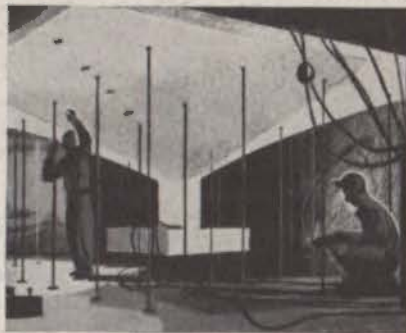
Today's unique concrete shell roofs evidence dramatically how concrete is capturing the imagination of architects—and for that matter, of professionals in every field of construction. □ Yet, the growing appeal of concrete is no mere happenstance. It has been developed by broadening the versatility of concrete, by enabling builders to exploit its limitless potential—by literally “making progress happen.” □ Major responsibility for this development was taken on years ago in the U.S. and Canada by the manufacturers of portland cement. While competing for sales, they cooperate for progress. Through their Portland Cement Association, they sponsor a development program beyond the resources of any of them individually. □ Research, basic and applied, conducted in a 10-million-dollar laboratory complex, has enabled concrete to meet the needs of a new era. □ In the continuously changing technology of construction in every field, concrete users

depend on the continuing flow of engineering and technical literature provided—as well as the services of a specialist staff, including 375 field engineers working out of 38 district offices. □ These services are among the many provided by cement manufacturers, without charge, to users of concrete. They benefit everyone in some way every day at work, at home, on the highway.

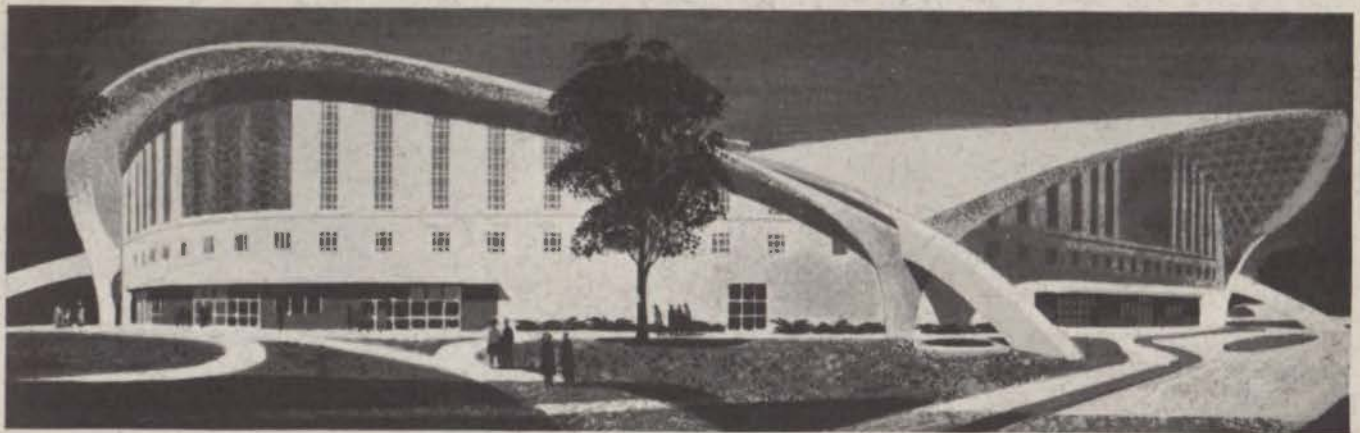
PORTLAND CEMENT ASSOCIATION

110 East Eighth St., Austin, Texas 78701

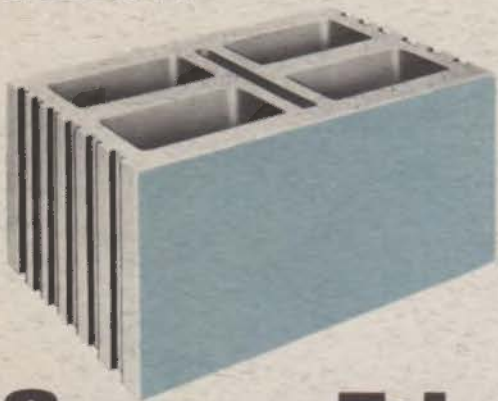
An organization to improve and extend the uses of portland cement and concrete



TESTING A NEW TWIST IN CONCRETE. Engineers at PCA Laboratories subject a concrete shell to 10½ tons of load. Findings help architects and construction engineers to broaden their uses of concrete in fresh, bold ways.



NEW STAR-K



Super-Tile

SUPER SIZE... 8" x 8" x 16" size offers faster installation, less handling, fewer units and an 8" wall finished both sides.

SUPER ECONOMY... Wall installation costs can be reduced by as much as 50%... Both finished wall faces are set at the same time. With fewer units in the wall, take-off, estimating, detailing and handling time is also proportionately reduced.

SUPER VERSATILITY... Vertical coring provides for easy cutting to half units as well as offering units with finished ends. Accurate sizing means narrower, neater, more consistent joints. Requirements for other than Super-Tile bullnose, double bullnose, square corners and butterfly units can be met with standard 8W series units.

NEW STAR-LITE... Light weight structural glazed tile offering unequalled dimensional precision, easy handling, cutting and drilling.

FULL SERVICE... We will be most happy to be of service at any time during your planning, specifying, bidding or building. Full information including sizes, colors, samples and prices are available... You'll find us convenient to write or call.



TEXAS ARCHITECT
P. O. Box 152
AUSTIN, TEXAS
RETURN REQUESTED

Acme Brick Company

Amarillo ■ Abilene ■ Lubbock ■ Midland ■ Wichita Falls ■ Ft. Worth
Dallas ■ Longview ■ Beaumont ■ Houston ■ Corpus Christi ■ San Antonio

BULK RATE
U. S. POSTAGE
PAID
AUSTIN, TEXAS
PERMIT NO. 1301