

NEWS OF INTEREST IN REAL ESTATE AND BUILDING FIELDS

FEBRUARY PEAK MONTH IN REALTY ACTIVITY

Real estate market activity continued on an upward curve during February, according to the monthly index of real estate transfers and conveyances in 41 typical cities compiled by the National Association of Real Estate boards. The index for February, just computed, is 173. This means that the actual number of transfers and conveyances in the cities reporting was 73 percent higher during February 1925 than the average number of transfers and conveyances recorded in the same cities during February in the period 1916-1923, the period taken as the base of the Association's index reckonings.

The index for January of the current year was 171, for December preceding it was 158. The present upward swing has been in operation since November 1924, when the index was 144.

The index for the month just past is the highest figure reached in the cities reporting in the nine years 1916-1925, except for the months of January and February of last year. For January of 1924 the index read 182, and for February, when the phenomenal activity of the year reached its climax, the index was 183.

300 Municipalities Now Have Zoning Ordinances

City zoning, designed to protect home owners and other land owners in the reasonable use of their property, has gained much headway in the past year, according to a statement just issued by the United States Department of Commerce.

Sixty-two municipalities zoned during 1924, the department's records show. The number of cities and towns now protected by zoning ordinances has reached a total of 320, and more than 24,000,000 people are now living under such ordinances.

Real estate boards under the leadership of the National Association of Real Estate boards have had a leading part in the drafting of zoning ordinances so as to conserve the rights both of the general public and of the individual property owners affected.

Of the total number of zoning ordinances now in operation 199 are comprehensive ordinances, regulating the use, height, and area of buildings, the department announcement states. Partial regulation, applying only to use of building, or in a few cases, to use and area, or use and height, is given by 121 ordinances.

Divorces Fewer Among Home Owners, He Says

The couple who own their own home are in little danger of grounding on the divorce rocks, according to Judge Joseph Sabath, of the Superior Court of Cook county, known nationally for his work as a divorce judge.

"Very few people who own their homes come into the divorce courts," Judge Sabath said in a recent address before the board of governors of the Chicago "Own Your Home" exposition, one of the circuit of such expositions licensed as part of the "Own Your Home" campaign of the National Association of Real Estate boards. "Men are eager to stay in their own homes, to drive a nail or two and cut the grass. Having a home of her own gives the wife the opportunity to serve her husband that she does not have in rented quarters and this will make him love her more. If the home is hers she too will improve it and create a home life that will be attractive to and hold her husband."

Home Town Boosters Vie in Oratorical Contest

To pack all his pride and enthusiasm for his own city into a short five minutes' worth of oratory is the feat to be asked of each entrant in the National Home Town Speech contest which is to be part of the program of the National Association of Real Estate boards for its annual convention, to be held at Detroit, June 23-26. Twenty cities of the United States and Canada will pit their charms and advantages against each other in the contest. The representative of each will be chosen by its local real estate board from among the board's membership.

Number of cities entering the annual contest has grown so large that this year a preliminary elimination contest has been arranged for. The preliminary contest will be held at the Statler hotel in Detroit, June 22, when three judges chosen by the national association will determine the 20 to compete for the Chicago Real Estate Board Silver Trophy cup in the final event, to be held June 23.

The final decision will be made by three judges that the officers of the Detroit Real Estate board will choose.

Miss Barbara Mettler has returned to Smith college after a short vacation at her home in Hubbard Woods.

Your Insurance

Edited By F. J. Budinger

(What the 80 Per Cent Clause in Fire Insurance Means)

The 80 per cent Clause is also known as the Co-Insurance clause, the Average Clause and the Contribution Clause. All mean the same although the latter term is the technically correct one. There is very much misunderstanding about this clause. It has been the cause of much argument and resultant ill-feeling on the part of poorly informed assured persons toward their insuring companies. The clause provides for absolute fairness to both assureds and insuring companies and is tempered as well as enforced by law in Cook county. Inasmuch as the actual value of the fire insurance carried to protect business properties, buildings and their contents, is governed by this Contribution Clause, it is extremely important that every business man, particularly, understand thoroughly the details of the clause. We will attempt to explain:

Explains Contribution Clause

"In consideration of the rate at which this policy is written, it is expressly stipulated and made a condition of this contract that this company shall be liable for no greater proportion of any loss than the amount hereby insured bears to eighty (80%) per cent of the actual cash value of the property described herein at the time when such loss shall happen, nor for more than the proportion which this policy bears to the total contributing insurance thereon. In case the claim for loss does not exceed five per cent of the total amount of insurance upon the property described herein and in force at the time such loss occurs, no special inventory or appraisal of the undamaged property shall be required. If this policy be divided into two or more items, the foregoing conditions shall apply to each item separately."

Tells What It's All About

This simply means that the fire insurance rates applying to commercial risks in Cook County contemplate that the owners of property to be insured will carry a minimum of 80% per cent of the actual cash value of the property to be insured and that if such owners do not carry insurance equal or in excess of 80 per cent of the cash value of the property to be insured, then such owner in the event of a loss shall recover from the insurance company no greater proportion of the loss than the amount of insurance carried bears to 80 percent of the actual cash value of the loss.

Gives Same Examples

Assume that you have commercial property worth \$10,000 and you only carry \$5000 fire insurance. You have a loss of \$2000. Most folks would expect to collect the full \$2,000. The policy does not however provide for that because it stipulates that to be fully covered you must carry at least 80 per cent of the actual cash value of the property to be insured. In this case \$5,000 was carried as against the required minimum of \$8,000. Therefore 5-8ths of the loss is the maximum amount that the company is liable for. You can readily see that if \$8,000 had been carried, 8-8ths or the whole of the loss would be recoverable.

In another instance we'll say that a commercial property owner has property valued at \$10,000 and carries \$9,000 fire insurance. This assured is carrying better than 80 per cent of his value and therefore could recover the full amount of any loss not to exceed \$9,000 the total amount of his insurance.

Shows When Clause Has no Effect

If a loss equals or exceeds 80 per cent of the value of the property insured, then regardless of the amount of insurance carried, the full amount of insurance can be collected.

The clause does not affect insurance on dwellings, household furniture and flat buildings of the smaller type. Throughout this article we have referred to an 80 per cent clause which is the percentage to be applied on com-

mercial buildings in Cook County. This percentage can be adjusted in proportion to a special rate. Of course to reduce the percentage the rate is proportionately increased.

Cites Reason For Clause

The clause really regulates the cost of fire insurance in this County to make it absolutely equitable to all concerned. Note the following: Jones owns property valued at \$10,000 and carries \$8,000 insurance costing him \$80.00. Smith owns property valued at the same amount and carries only \$5,000 insurance for which he is paying \$50.00. In both instances the risks are similar, the rate the same. If there was no Co-Insurance Clause attached to either policy and fires occurred damaging each building to the extent of \$5,000 both Jones and Smith would collect \$5,000 under their policies, whereas for the same amount of loss Jones would have paid \$80.00 and Smith \$50.00. This manifestly is unfair. It is to take care of such injustice that insurance companies require that the Co-Insurance Clause be attached to the policy. (Note, Jones will collect \$8,000 if the loss is that much.)

Offers Information

We solicit further inquiries in regard to the Contribution Clause. No doubt some of our readers will still have some doubts as to the meaning of the Clause. We hope that they will call on us through this column. It should be very apparent that every business man should know definitely whether or not he is fully insured and we strongly urge our reader friends who own business property to get in touch with their insurance agent and have their insurance placed in order so that in the event of a loss there will be no misunderstanding about the insurance to be collected. Next week we will in our article publish a table showing the increase in building costs over the last 12 years. A reference to this will enable home owners particularly to arrive at the correct amount of insurance that they should carry.

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Encourage Interest in Landscaping, Gardening

A class in flower culture and landscaping open to the public is being conducted by the Tulsa, Oklahoma, Real Estate board. The course, aimed to give home owners and flower-lovers of the city the information needed for landscaping improvement, is an extension of the regular technical real estate educational work carried on by the board. The class is conducted as part of the work of the night high school. It was opened following public requests for such a course.

Aware of the value of attractive lawns to a community member boards of the National Association of Real Estate boards in a number of cities have been preparing the way for

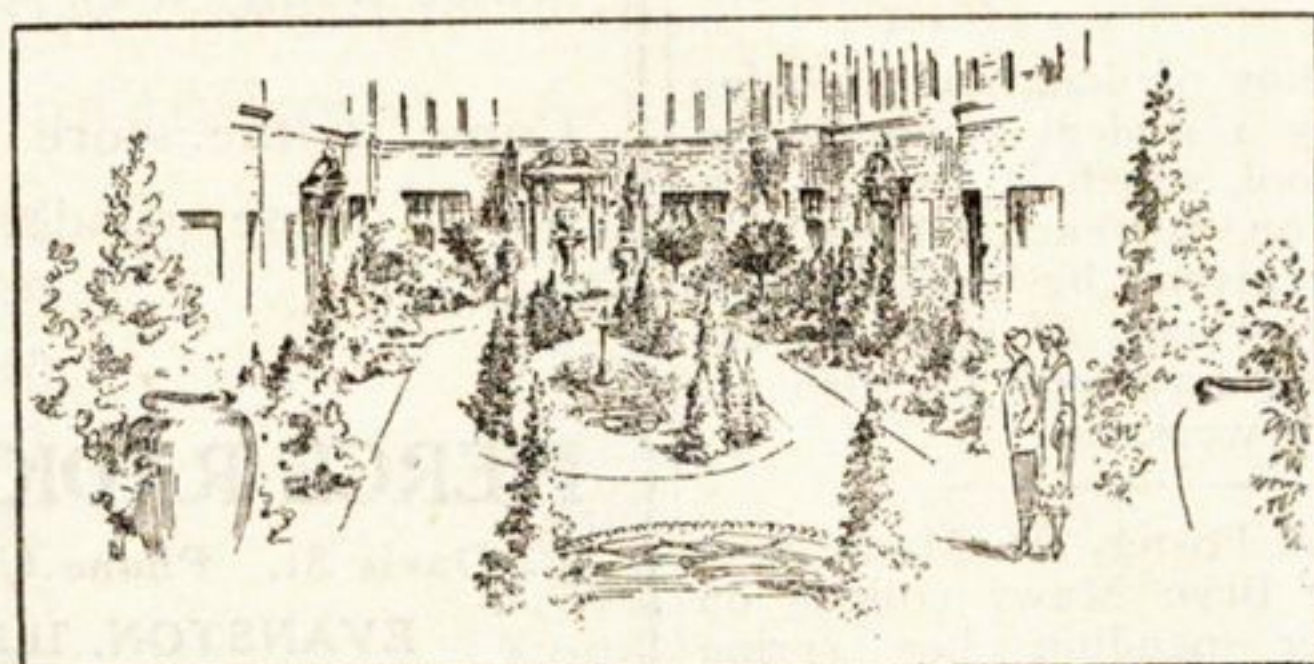
spring crocuses and tulips and for the summer's blossoming to follow them. They are encouraging in every way the planting of trees, the cultivation of gardens and general civic beautification.

The Denver Real Estate board plans to award prizes for the most beautiful premises and also for the best kept yards cared for by tenant renters, as part of its campaign to "Keep Denver Beautiful." A floricultural committee has been appointed to provide for the planting of trees, shrubs and flowers.

Real estate boards of Omaha, Nebraska, San Antonio, Texas, Minneapolis, Minnesota, and Fort Smith, Arkansas, have taken a lead in developing back-yard beauty through similar contests.

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