

Booknotes

Meeks, Carol B. and Bilderback, Rebecca. *Alternate Mortgage Instruments: Bane or Boon?* (Department of Consumer Economics and Housing, Cornell University, Ithaca, New York, 14853.) 1978, 184 pages. Paper, \$3.00.

Federal Home Loan Bank Board. *Alternate Mortgage Instruments Research Study*, Volumes I, II, III. (U.S. Government Printing Office, Washington, DC 20402.) (Stock No. 012-000-00030-8) 1977.

Even though the battle over whether to permit the use of alternate mortgage instruments (AMIs) in federally regulated lending institutions seems to have been substantially won by the Federal Home Loan Bank Board (FHLBB), with the major types of AMIs permitted except for Variable Rate Mortgages in many states, the controversy continues. The two publications reviewed here cover many aspects of the complex issues surrounding AMIs. The three volume FHLBB study presents research and analyses mostly in favor of AMIs, while the Meeks and Bilderback publication presents both favorable and unfavorable studies and opinions.

Alternate mortgage instruments discussed include:

1. The Graduated Payment Mortgage (GPM), where the monthly payment starts out lower than the level needed to pay off the loan in the scheduled term, but payments gradually increase until the loan can be paid off in the remaining term;
2. The Variable Rate Mortgage (VRM), where the interest rate used on the remaining balance may change with corresponding changes in the monthly payment and/or the remaining term; and
3. The Reverse Annuity Mortgage (RAM), where elderly homeowners can receive an-

nity payments based on the equity in their homes.

There are several basic questions related to evaluations of AMIs. Will some consumers be significantly worse off as a result of the introduction of AMIs? Will society be worse off? Should AMIs be allowed, and if so, what consumer safeguards are needed?

There are also a number of specific questions that need to be answered to evaluate the various types of AMIs. True-blue laissez-faire advocates see no reason for any restrictions on mortgage instruments available to consumers. This conclusion is axiomatic if it is assumed that consumers are perfectly informed and financial markets are perfectly competitive. It is obvious that such perfection does not exist, but lack of perfection does not automatically provide an adequate rationale for government regulations restricting consumer choices. On the other hand, consumers already have a difficult enough time evaluating the standard mortgage, and increases in the number of choices available might make it easier for lenders to exploit ill-informed consumers. A recent study of new homeowners in California found that only about 40 percent did any shopping for mortgages, although most of those who chose a variable rate mortgage had also considered a fixed rate mortgage (Albaum and Kaufman, p. 41).

In the Meeks and Bilderback publication, Kenneth Thygerson of the United States League of Savings Associations states "The fact is, however, that the mortgage market is very competitive. Moreover, even if this market is made up of uninformed buyers, a competitive supply structure will still act to protect the consumer." His implicit assumption is that a market of vigorously competing lending institutions will lead to generally good results for consumers, even if most consumers lack the ability to do a comprehensive evaluation of alternatives. This assumption is as

hard to swallow as the assumption of some AMI opponents that all-powerful, all-knowing lenders will automatically rip-off impotent, ignorant consumers.

In my opinion, the evidence suggests that making the major alternate mortgage instruments available will have a beneficial effect for most consumers. More consumer education is needed, however, and a solid introduction to home finance is needed in housing courses. The Meeks and Bilderback publication provides a good background on AMIS, and the FHLBB publication provides almost everything you probably want to know, even if you did not know enough to ask.

References

Albaum, Gerald S. and Kaufman, George S. *Variable Rate Residential Mortgage: Implications for Borrowers*, Center for Capital Market Research, College of Business Administration, University of Oregon, Eugene, Oregon 97403.

Mullins, Carolyn J. *A Guide to Writing and Publishing in the Social and Behavioral Sciences*. New York: John Wiley and Sons, 1977. \$9.95 (paper, 431 pages.)

This guide provides detailed advice on all aspects of academic publishing. It is logically organized, although difficult to read at one sitting because of its reference book format. There are a number of pearls of wisdom, such as: "To many authors, editors are irritating obstacles in the struggle to get published...Long publication lags are endemic—up to five years and rarely less than eight months from submission of an article until, assuming acceptance, it is published." Problems leading to the generally abysmal record of academic journals for promptness include editors' limited time and other resources, and the poor quality of many articles submitted.

Mullins has many suggestions on organizing and writing articles, including the often given advice of rewriting and rewriting. Many people assume that authors are born with a talent for writing, when in fact, almost all good writing is the result of 99% perspiration and perhaps 1% inspiration. Editors' jobs would be much easier if authors would rewrite papers at least five times before submitting them to a journal. Academic journals contain some of the worst writing this side of government publications. Jargon plays a large role in the problem. As Mullins observes, "Properly used, technical language enhances clarity. Improperly used, it becomes jargon." In a multidisciplinary journal, such as *Housing and Society*, it is a very difficult editorial task to decide when to insist on rewriting of an article in plain English.

Mullins' book also contains useful information on writing books and dealing with book publishers. The information is valuable, and I wish I had known some of it four years ago when I was contemplating a book contract.

This book is a very worthwhile investment for anyone considering any type of academically oriented publications.

— Sherman Hanna, Kansas State University

Home Economics Teacher Educators. *Competencies for Home Economics Teachers* (Ames, Iowa: The Iowa State University Press) 1978, 34 pp., \$2.50 paper.

The purpose of this publication (a result of a national working clinic at Kansas City, February 1977, sponsored by the U.S. Office of Education and endorsed by AHEA and AVA) is to define broadly the professional levels of knowledge in home economics subject matter to be achieved by any person preparing to be a home economics teacher, designed to serve as a basis for planning programs for beginning teachers in both