

THE

LUSTRON HOME

LUSTRON CORPORATION, 4200 EAST FIFTH AVENUE, COLUMBUS, OHIO

January 17, 1950

Dear Editor:

For some time, the Lustron Corporation has been in the news. As you know, it has suffered many growing pains. It is emerging as a strong, healthy company.

As we come to the end of 1949, we are proud to point to the nearly 2000 Lustron Homes sheltering as many families. These families are the best spokesmen for the fine quality of our product and the ultimate success of Lustron.

It is true that we have had marketing difficulties. In our early stages we could not supply homes in sufficient quantity to permit dealers to keep their specially trained AFL crews continuously busy erecting homes. This forced us to delay expansion of our dealer organization. Then, while we were testing our production capacity and costs, we built up an inventory of houses, all of which have now been sold. Now that we are finally tooled, and in a position to produce fine homes faster than they have ever been turned out before, we are taking steps to expand our dealer organization on a sound, profitable basis.

Enclosed you will find a folder of photographs and factual information about the Lustron Corporation which you may wish to place in your morgue for ready reference. We want you to have it as background when you think a Lustron story merits your attention.

Please feel free to call on us at any time if you want additional information about Lustron. We would also be very glad to have you or any of your associates visit our plant in Columbus.

Sincerely,

Carl G. Strandlund
Carl G. Strandlund
President

A NEW STANDARD FOR LIVING

FACT SHEET

Lustron Corporation
1200 East Fifth Avenue
Columbus 16, Ohio

The House

Precision built Lustron Homes are manufactured by straight line production methods. This newest application of lifetime porcelain finish on steel marks a radical departure from conventional building methods. Standard 2' x 2' exterior wall panels, standard 2' x 8' interior wall panels, standard 4' x 4' ceiling panels and shaped roof panels cover the interior and exterior of the home. All are designed as basic porcelain panels, coated on both sides to insure permanence.

CONSTRUCTION The skeleton of the house is made of steel framing, factory-welded into wall sections and roof trusses. Porcelain finish steel panels cover the roof, exterior and interior walls. Interlocking with each other, they are attached to the frame with concealed screws. Compressed between the panels is a permanent plastic sealing strip which forms a gasket and assures an air tight moisture resistant enclosure. This all steel construction provides great durability and strength.

DESIGN A choice of several colors in carefully blended combinations is available for the exterior. Interiors are finished in rich neutral tones which blend with any furniture or decorating scheme and which never need painting. Lustron colors have been carefully designed with the help of Howard Ketchum, Inc., one of the nation's foremost color experts. General lines follow the one-story modified ranch style architecture which has proved so popular in the past few years.

ROOF Specially shaped roof panels are designed both for strength and rugged appearance. The panels are finished on both sides with lifetime porcelain on steel. They are fastened to the steel roof trusses with concealed screws, giving the house a permanent and unusually attractive roof.

PERMANENCE The nature of lifetime porcelain finish is such that a Lustron Home never needs re-roofing or painting. The home is built of consistently high quality materials. Fire-safe, Lustron Homes receive the same low insurance rates as solid masonry construction. Rat-proof, decay-proof, termite and rodent-proof. The Lustron finish will not fade, crack or peel. Damage resulting from abuse can be easily repaired. All-aluminum sash windows open out, are easily operated from inside by crank type handles. Screens are included.

FOUNDATION The house is erected on a concrete slab. No basement, no expensive excavation necessary. Foundation is insulated with the best known material for foundation insulation.

INSULATION Walls and ceiling are fully insulated with high quality, fire resistant permanent material, making the home wonderfully cool in summer and snug and warm in winter. Special attention has been paid to cross ventilation of the bedrooms by the arrangement of the windows.

MODELS At present the Lustron Home is available in two Westchester DeLuxe Models. One is a two bedroom home of 1093 square feet, including a porch. The other is a three bedroom plan containing 1217 square feet. Both are equipped with

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many deluxe features including built-in bookshelves, bedroom vanity-storage wall, eleven closets and overhead storage cabinets, oil or gas radiant panel heating, dishwasher-clotheswasher combination, china cabinet passthrough, large picture windows, large service and storage area.

GARAGES The same exterior wall and roof panels which are used in the Lustron Home are sold to Lustron dealers in packages for one- and two-car garages to match the houses. These are fastened to wood framing supplied by the dealers. Breezeways, patios, carports, screened porches can be added by the dealer, at the customer's option, using Lustron panels in combination with conventional materials to give unlimited variety to Lustron Homes.

PRICE Lustron cannot quote a delivered and erected price for any home. To the factory cost of the house and transportation charges, the local builder-dealer adds the cost of erection labor, which amounts to 300 to 400 man hours at prevailing carpenter rates. Plumbing requires 40 hours, electrical work 25 hours, asphalt tile installation 12 to 16 hours. Site preparation, installation of electric, water, gas (or oil tank), and sewage lines is additional, as is the design and preparation of walks, driveways, landscaping and the addition of garages, breezeways and other features at the customer's option. Many of these costs vary according to size and condition of the lot.

The Plant

THE LUSTRON CORPORATION plant is leased from the War Assets Administration at \$35,000 per month. It is located directly east of Columbus, Ohio, near the Pennsylvania and B & O railroads. It is conveniently accessible to US highways 40, 62, and 33, a stone's throw from the Columbus airport.

In area it comprises 1,100,000 square feet of floor space in two huge buildings having floor space under roof equivalent to 22 football fields. Within the plant there has been installed \$15,000,000 worth of furnaces, presses, dies, welding machines and other tools necessary to turn out homes on full three-shift operation at the rate of 100 per day. Best production record to date is 27 in a single eight-hour shift. Forty-two houses have been shipped in one day.

Engineering of the plant has placed fabricating and processing equipment for manufacture of panels, cabinets, and sanitary ware in one building. The second building provides fabrication and assembly of structural members along with the integration of manufactured pieces with purchased parts. Huge truck-trailers serve as the assembly line package. These trailers are loaded inversely to the order in which parts are needed during house erection, so that they serve as warehouses on the construction site.

Production is controlled by orders on hand, with virtually no warehouse space for completed houses. Parts are fabricated on 163 presses, ranging from 30 to 1500 ton capacity. The largest of these presses can draw a bathtub in a single operation. Three huge automatic presses can turn out 2' x 2' panels in steady stream. The manufacturing processes are sustained and production flow maintained by more than 8 miles of constantly moving conveyors.

The largest porcelain enameling setup in the world is housed in one building where eleven specially designed furnaces with their accessory equipment might be considered as eleven enameling plants. Two of the eleven furnaces, electric ones, have the largest rated capacity of any in the world. The other nine furnaces are much larger than those commonly employed in the porcelain industry.

Welding is an important process in the manufacture of the Lustron Home. Here too, the Lustron plant is equipped to do projection and spot welding. One of the most complicated industrial welding applications is the automatic machine used in the assembly of roof trusses, in which 31 welds are completed in a 40-second cycle.

One important Lustron development is the use of cold rolled automobile body sheet steel of standard gauges. Ceramic engineers developed the process and materials to enable firing the porcelain at much lower temperatures than other plants. By permitting lower firing temperatures, this method cuts fuel costs, decreases warpage, and reduces tooling materially. Also of a revolutionary nature, was the use of cover coat porcelain enamel directly to the steel with the elimination of the conventional base or ground coat.

All labor within the plant is A.F. of L., workers being members of the carpenters, plumbers, or electricians unions.

Transportation

Lustron homes are carried from the Columbus, Ohio plant on specially built trailers to the site where they are to be erected. The country has been divided into zones, to permit uniform delivery prices at points equidistant from the factory.

Trailers used in the movement of the houses from the factory to the site are loaded on the plant assembly line, in proper rotation to permit rapid unloading and erection in the field. When it is necessary to ship homes by rail, the trailer is placed on a flat car, or specially crated to comply with railroad classifications. Tests are being conducted for export shipments, both by special crating and by shipping the loaded trailer.

The overall length of the Lustron truck and trailer is 45 feet. Trailer length is 32'6", width 8' and overall height 12'3".

Trailers are designed to accommodate the parts of the house without crating. Compartments and racks are designed to prevent damage to the materials while in transit, as well as during loading and unloading operations.

Tractors and trailers are leased by Lustron. Combination trailer-tractors are brightly colored in blue and yellow to permit ready visibility and an appearance of neatness and cleanliness which is evident in the house. On December 31, 1949, there were 800 of these specially designed trailers and 200 tractors available to Lustron.

Dealers

Builder-dealers are franchised to erect houses within a given geographical area. Prerequisite to receiving a franchise is experience in the construction and sales field, a good credit record, sufficient working capital and willingness to use AFL union labor.

At the end of 1949, Lustron has 234 dealers located in 35 states, and one in Venezuela. The dealer organization is growing constantly.

Dealers are responsible for initiating their own sales, and for constructing the homes. Any variations from the standard plans are the responsibility of the dealers.

Lustron conducts a Sales and Management Training Clinic at the factory to train dealers in the successful operation of a dealership.

Erection

A standard erection procedure has been prescribed by the Service Department of the Lustron Corporation, which is responsible for instruction of dealer erection crews, quality control of erection in the field, and replacement of parts damaged in shipment.

When the first Lustron homes were erected, workmen required as many as 1500 hours to piece the buildings together in the field. Engineering developments and improved erection methods have cut this time to an average of 350 hours--with some houses being put up in as few as 250 hours. Normal building time is approximately two weeks. AF of L carpenters, electricians and plumbers are used for all field construction labor.

Lustron maintains an Erection Training School at the factory to train dealers' supervisors and foremen in efficient erection methods.

Home Finance

Lustron homes are being financed through all sources of mortgage financing. Loans have been made by many of the largest insurance companies through their branch offices throughout the country. Savings and loan associations have been prominent in Lustron customer financing, making a large number of loans without government guarantee.

Almost all Federal Housing Administration offices east of the Rocky Mountains have by now processed mortgage insurance applications on Lustron homes. Field offices of the Veterans Administration have guaranteed second mortgage loans to veterans in many localities thereby enabling them to buy Lustron homes with little or no down payments. The amounts which the lending institutions, FHA and VA, are willing to loan or guarantee are being gradually raised as the Lustron home demonstrates its potentialities for market acceptability and owner satisfaction.

Lustron Corporation and the Galbreath Mortgage Company, of Columbus, Ohio, have developed a plan for interim financing of dealers which has been acclaimed by everyone in the home manufacturing industry as a distinct contribution to the solution of one of the major problems of the industry. The plan has been made available to one other company and the Galbreath Mortgage Company has received overtures for its extension to many others. Under the plan, Lustron dealers may receive a loan for erection costs plus payment for the Lustron house package as it leaves the gate on the Lustron special trailer.

Shipments and Inventory

Shipments of Lustron Homes have diminished completely the inventory of homes built up during the production testing of the factory. At the present time, only a minimum inventory of ten or fifteen houses is maintained to provide for color and other options to meet the needs of customers and zoning regulations.

Shipments by states to and including December 31, 1949, have been as follows:

Alabama	15	New Jersey	12
Arkansas	12	New Mexico	7
Connecticut	42	New York	103
District of Columbia	20	North Carolina	39
Florida	16	North Dakota	12
Georgia	18	Ohio	275
Illinois	307	Oklahoma	8
Indiana	142	Pennsylvania	116
Iowa	112	South Carolina	2
Kansas	70	South Dakota	27
Kentucky	28	Tennessee	29
Louisiana	22	Texas	13
Maryland	7	Virginia	81
Massachusetts	22	West Virginia	64
Michigan	48	Wisconsin	129
Minnesota	29	Export	5
Mississippi	5	Test & Demonstration	11
Missouri	97		
Nebraska	25	TOTAL SHIPMENTS	1970

Public Acceptance

A total of 404,061 letters and written inquiries have been received by Lustron Corporation since April 1948, when its national advertising began. In addition, it is estimated that more than two million people have visited and inspected demonstration Lustron Homes in communities throughout the country east of the Rocky Mountains.

Independent surveys of Lustron homeowners show almost universal satisfaction with the Lustron Home by those who have invested their money and who are in the best position to judge. In localities where a number of Lustron Homes have been erected, dealers report no difficulty securing additional sales. Public acceptance or customer orders have not been serious problems in most localities.

Sales have held up surprisingly well in November and December, and prospects are good for January and February, in spite of winter weather.

As dealers become better organized to handle the widespread demand for Lustron Homes, and as financing arrangements are being simplified, the sales prospects for the months ahead look very good.

Current Financial Summary

Lustron has not borrowed any money from RFC since September 13, 1949. At the present time, Lustron has liquid assets in the form of cash and receivables of over two and a half million dollars. The only money needed now is to

provide for additional working capital on a stepped up program beginning in March—dictated by an improvement in sales.

Expenses of creating the manufacturing facilities were at a peak in June 1949. Losses as of November have been reduced by almost one million dollars per month. The loss in November was \$628,431.83, which included \$158,734.56 for interest and rent paid back to the government, \$107,370.93 charged off for depreciation and amortization of equipment already paid for, and \$159,180.54 charged off for unused mileage which is subject to recovery when volume increases, leaving a net loss excluding these fixed charges of \$203,145.80 for November.

The last loans from RFC were granted on a short term basis with the understanding that re-payments would be scheduled by RFC to meet Lustron's ability to pay.

December 31, 1949 -

