

WASHINGTON, Oct. 4—The United States and the Soviet Union have finally agreed to end the deadlock over new embassy sites here and in Moscow, the State Department announced today.

In an agreement "in principle," disclosed by a department press spokesman, the two governments agreed Monday to trade nearly equal parcels of land for the construction of new embassy buildings.

The site in Washington is a 13-acre, Federally owned hill-top parcel overlooking the city. Until 1965 it was occupied by the Mount Alto Hospital of the Veterans Administration.

Buildings on the Mount Alto tract, including a home built in 1901 for William Jennings Bryant, former Secretary of State and three times a Democratic Presidential candidate, are now being razed by the General Services Administration.

In return, the Russians agreed to turn over a 9.6-acre tract in Moscow, just behind the American embassy, on Sadovaya Boulevard. The property is in an urban development area near the city's tallest skyscraper, the headquarters of Comecon, Russia's East European common market.

Will Keep Envoy's House

In addition, the Russians agreed to the retention by the United States of Spaso House, the American Ambassador's residence. It includes about 1.5 acres of land about a 15-minute walk from the new embassy office site.

The United States had also hoped to keep its present Moscow embassy building, an aging, nine-story former apartment house combining office and residence space for the embassy staff. This was not in the agreement, however.

The State Department spokesman, Carl Barch, said that each country would give the other a long-term lease on the properties but would retain title. It was not known whether any money was involved.

Mr. Barch said only that the two governments were "proceeding to work out formalities for the exchange of the properties."

The formalities include arrangements for full extraterritorial rights on the leased land.

The Moscow site was described by persons here who have inspected it as a block of largely shabby, run-down residences that will have to be

accept the Mount Alto site here—a tract valued at about \$8-million—appeared to have ended a long search for a new site to replace the overcrowded Soviet embassy at 1125 Sixteenth Street N.W., three blocks north of the White House. The Mount Alto property is at 2650 Wisconsin Avenue, N.W., on the northern edge of the Georgetown area.

The Sixteenth Street mansion was built in 1910 by Mrs. George M. Pullman, the sleeping car heiress, but never occupied by her. It served as the Czarist embassy for several years before the Bolshevik Revolution of 1917, and it later housed representatives of the Kerensky government.

The building was empty from 1922 until 1933, when the United States extended diplomatic recognition to the Soviet Union.

The Russians first made public their wish to move in 1963, when lawyers representing the embassy and backed by the state department sought rezoning on the so-called Bonnie Brae estate in the Chevy Chase section of northwest Washington.

The required zoning variance was granted by Washington officials, but residents of the area fought the ruling in the courts and won a reversal by the city's Board of Zoning Appeals.

Their complaint that a foreign chancery—an embassy's office quarters—had no place in a residential community was instrumental in the passage by Congress of a more restrictive embassy zoning code in 1964.

The Mount Alto location avoids all zoning complications. The property was once a private girls' school, the National School of Domestic Arts and Sciences, and later a hotel, the Mount Alto Inn. The Federal Government bought it in 1920 for \$460,000 as a hospital for veterans of World War I.

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U.S. and Soviet Resolve Dispute Over Sites for New Embassies

By BEN A. FRANKLIN