



# Farmington Observer

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Twenty-Five Cents

## Resident vows battle against mortgage sales

By Diane Gale  
staff writer

A Farmington man who says his options in selling his house are diminished by a current banking practice has vowed to fight and change that system.

"I'd be willing to start a grass-roots citizens' lobby to fight for change," Tom Racklyeft said. "Or at least the public should become aware of what's happening to them."

Racklyeft's drive stems from a Catch 22 scenario that began in May 1982 when he put his house at 2265 Colgate in Farmington Hills up for sale. His mortgage is \$27,000, and he was asking \$45,000 for the home.

He became aware of his plight a

week ago when his real estate agent from Smith Guardian informed him that his mortgage with Standard Federal Savings was sold to Federal Home Loan Mortgage Corp., commonly known as Freddie Mac.

Racklyeft says his options in selling the home were diminished since his mortgage was sold, because he wouldn't be able to have his mortgage assumed or sell under a land contract through Freddie Mac after Friday, July 1.

Freddie Mac was organized by the federal government, but isn't federally funded.

Selling mortgages is a common practice among loan institutions, and even considered good business, according to

banking officials. It allows the mortgage holder to acquire ready cash to loan out to additional people.

LENDING INSTITUTIONS commonly neglect to tell consumers their mortgage has been sold. Legally they have no obligation to do so. The homeowner continues to make payments to the initial lender.

"I would say most larger institutions, including banks, are selling their mortgages, and it's become a common practice, but it's been even more popular in the last 10 years," said Michigan Banking Association senior vice president and staff counsel Don Heinkkinen.

The reason is that once they sell the mortgage, and get the money back they

**'I'd be willing to start a grass roots citizen's lobby to fight for change. Or at least the public should become aware of what's happening to them.'**

—Tom Racklyeft

can turn around and sell another mortgage to another customer," Heinkkinen said.

Racklyeft also objects to the bank's policy of not informing the homeowner

that the mortgage was sold.

"It's not a necessary requirement to notify him," Standard Federal senior vice president of marketing Bill Yaw said. "His payments aren't affected."

Most loan institutions are invoking a due on sale clause, which is usually part of the mortgage agreement, according to officials at loan institutions.

However, the key is the various lending institutions have different payment policies.

For instance, Standard Federal usually allows the mortgages they hold to be assumed at a rate less than the market interest rate, according to Standard Federal executive vice president Gary Carley.

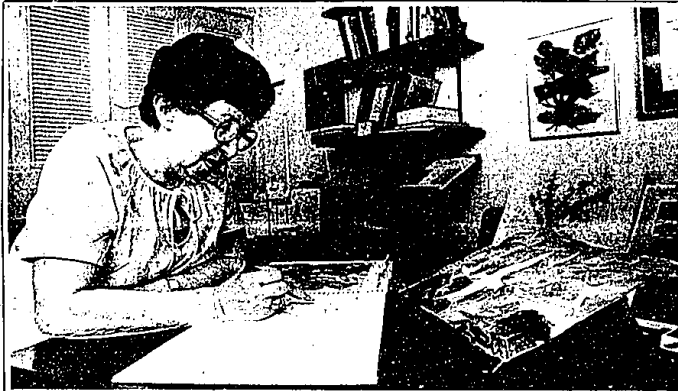
"We allow the home buyer to assume

the loan at a rate below the market rate, but the policy at other mortgage companies varies," Carley said.

AS OF LAST FRIDAY, Freddie Mac will not allow assumptions on mortgages which they own, except under special circumstances, according to Freddie Mac public information manager Helen Burke.

"I could have entered into a contract agreement with a potential buyer, and offered the home on a land contract only to find that the mortgage would have come due immediately," Racklyeft said, an accountant with McDonald's, said.

Please turn to Page 6



### Overcoming adversity

Jean Rothenberg sketches a drawing in spite of limited eyesight. The best work is one of her favorite paintings, which she displays among many originals that fill her apartment.



### Blind woman excels in art

you like it or you think your kids used to do that on rainy days," she said. "But I like it a lot."

One of her favorite collages is a work she dubbed "Daisies in the Field." "The flowers were painstaking because I had to cut them out and I couldn't see what I was doing," she said. "A horticulturist may not think they're flowers, but that's what impressionism art is."

ROTHENBERG SAID art has always been an important part of her life and, when her husband died 10 years ago, it took on a whole new importance. She began taking art classes, and diligently worked on her projects to fill in her time. But Rothenberg was no novice.

She earned bachelor's and master's degrees in art from Wayne State University while she taught art classes in the Detroit Public Schools.

"It was an accident I got involved in teaching art," she said. "I went in as a substitute teacher one day, and I stayed there for 18 years. All the while I was working on my degree."

"I still don't consider myself an artist, because I don't draw very well," Rothenberg said.

She may not consider herself an artist, but she was sponsored by two other

women to be a member of the Palette Guild, which is a group of women artists from the metropolitan Detroit area who meet once a month. Members also invite guest artists who critique their work at their various art shows.

Rothenberg chuckles when she boasts she recently sold one of her paintings at a West Bloomfield Parks and Recreation Art Show. She also belongs to the Farmington Artist Club.

She tends to look on the bright side of even the most unfortunate situations.

"I thank God that when one eye goes out, I always seem to have a little light in the other eye," Rothenberg said. "Hopefully I'll have more eyesight one day again."

Her eye problems are a result of ruptured blood vessels, cataracts, ulcerations and infections.

Art isn't Rothenberg's only interest. She also writes as a hobby.

The diversified woman even won second- and third-place awards in the 1980 and 1981 Olympics in the senior citizen division.

"Last year I couldn't enter because I had just had eye surgery, and when I wore goggles the water still got in," she said. "Maybe I'm lazy and using my eyesight as an excuse."

## City ponders bond sale for new shopping center

By Joanne Maliszewski  
staff writer

Farmington residents will have a chance to speak their piece over the establishment of tax-exempt bonding which will enable the Farmer Jack supermarket to move from downtown to the corner of Nine Mile and Farmington roads.

The public hearing will be at 8 p.m. Monday, July 18, at Farmington City Hall. The proposal for the center is being made by Farmer Jack supermarkets and the Weatherford-Walker Development Corp.

If bonding is approved, the present

Farmer Jacks on Grand River and State will close. When Farmer Jack announced the proposal last year it caused a public outcry which spawned a petition drive by area residents. But the attempt to persuade the food chain to keep its downtown store open was futile.

Farmer Jack has yet to announce what will happen to the present store building.

But City Manager Robert Deadman said that even though the grocery store chain still has a five-year lease on the 20,000-square-foot facility downtown, that building hopefully would be renovated for other stores "to add competi-

tion to the downtown area."

A Weatherford-Walker official said that more details about the proposed shopping center would be released following the city's public hearing.

BEFORE THE PROPOSED center on the southeast corner of Nine Mile and Farmington roads can be financed, however, city officials must establish an Economic Development Corporation (EDC) capable of borrowing and issuing revenue bonds to finance or refinance the costs of a commercial or industrial project.

Farmington City Council is expected to approve the proposed creation of an EDC following the hearing.

"It is not tax abatement," said City manager Robert Deadman, explaining that an EDC, unlike tax-exemption certificates, provides firms with a method of financing, but does not let them off the hook for taxes.

"We have never offered tax abatement on new projects," he said. "We have literally no tax-abatement projects in the city."

Generally, a project is financed by taking out a mortgage. But interest earned on the mortgage by the finance company would be taxable as income. With EDC bonds, which the authority's board of directors may issue to any "normal lending institution," interest earned is tax exempt by the state and federal governments, Deadman said.

"Just the bond is tax exempt," he added, indicating, for example, both Farmer Jack and the development firm are liable for other usually taxable items.

Without an EDC, Weatherford-Walker would have to go out on the open market to get a mortgage for the proposed shopping center, which will host Farmer Jack as the anchor store, at the going interest rate.

WITH AN EDC, however, since the financial institution does not have to pay taxes on its interest earned from the bonds, the lender offers the developer a mortgage at lower interest rates.

Please turn to Page 6

## Senior housing project reduced

By Joanne Maliszewski  
staff writer

President Ronald Reagan's cuts into the Department of Housing and Urban Development coffers has caused backers of auto dealer Roger Peck's proposed senior citizen housing center to reduce the size of the project's first phase this year.

"Instead of 201 units, we'll put up 101 this fiscal year," said Jerry Tattersall, Peck Chevrolet's general manager and coordinator of the Farmington Hills non-profit Housing Corp.'s applications for federal financing.

The HUD application for funding, mailed last week, will be evaluated and by September the housing corporation should know whether it will receive help in putting up the approximately \$4.4 million first phase of the senior citizen housing project on an 8.7-acre site owned by Peck. The land fronts Nine Mile and Tack south of Grand River.

After Oct. 1, Tattersall said, the corporation will again apply for HUD funding of the other 100 units at another \$4.4 million.

Although the six-member housing corporation's board of directors thought they were the tax-exempt/mortgage of the project — a HUD requirement — Tattersall learned last week that not until the corporation actually receives funding does it become the project's sponsor.

So until that time, Tattersall said, the metropolitan Detroit AFL-CIO will act as sponsor of the project. The corporation had to look for another sponsor, he said, so with the AFL-CIO joining the ballgame, the project now will have to be built by local workers.

though there will be income restrictions on potential residents, Tattersall said he wasn't sure exactly what the minimum income would be. But all residents must be 62 years or older.

According to Peck's proposal, he would lease the site to the non-profit corporation, which would designate either Peck or a specialized firm to manage the development.

In-house stores and shops, walking paths, a duck pond, courtyards and greenbelts would make the housing development a departure from the typical senior citizen complex.

The corporation's directors recently were denied their request by Farmington Hills City Council for \$140,000 in Community Development Block Grant money to pay for what they called "off-site improvements." Some of those improvements were tap and extension of water lines, enlarging a storm water retention basin, acceleration and deceleration lanes, as well as a masonry wall and earth berm to buffer the proposed center from Peck Chevrolet.

what's inside

Community Calendar . . . 6B  
Editorials . . . . . 4A  
Inside Angles . . . . . 3A  
Obituaries . . . . . 2A  
Oral Querrel . . . . . 4A  
Shopping cart. . . . . Section B  
Sports . . . . . Section C  
Suburban Life. . . . . 5, 6B

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