



finances and you

Sid Mittra

Language of mortgages needs some explaining

LAST WEEK we presented four types of loans — fixed rate, adjustable rate, equity sharing and inflation indexed. As part of a three-column series, we'll review briefly the pros and cons of each.

• **FIXED RATE**

Conventional mortgages are still attractive for those with high incomes and the conviction that interest rates will remain high for a long time. But if you are a professional just establishing your business and expect your income will rise significantly in the future, then the graduated payment may be appropriate for you.

Growing equity and zero-interest-rate types are for those who can make large payments now and wish to pay off their loans early.

• **ADJUSTABLE RATE**

These types were created when prediction of future interest rates became impossible. The typical adjustable rate loan is excellent for those who predict interest rates will drop in the near future. If you are willing to give up part of your equity if interest rates rise, you may be able to lower your monthly payments by selecting a dual-rate loan.

Of course, if you expect a substantial increase in your income, you may like the balloon payment loan, which requires you to repay the mortgage within five years.

• **EQUITY SHARING**

This is a highly innovative type of loan which allows you to make a small down payment in return for your commitment to give up part of your house's tax benefits and future appreciation. Partnership mortgage falls into this same category, although it is particularly suited for low-income people.

• **INFLATION INDEXED**

This type is especially designed for those who believe their incomes will keep pace with inflation. Here the payments will rise and fall with inflation.

Next week: Key factors in making the choice

Sid Mittra is president of the Coordinated Financial Planning firm in Troy and a professor of economics and management at Oakland University.

marketplace

SWENSEN'S, an ice-cream franchise store that is best known on the West Coast, opened its second store in Michigan at the Oakland Plaza, in Michigan at the Oakland Plaza. The store offers a luncheon menu of quiches, soups, salads, sandwiches and a total of 175 different flavors of ice cream (though only 50 or so will be available at any given time). The store will make its ice cream on the premises, and anyone who wants to watch some being made will be taken behind the scenes for a peek.

MANAGEMENT WORLD, a monthly magazine published by the Administrative Management Society, reports that small business computers have become commonplace in many businesses. Of 222 companies responding to a survey, 71 percent are using or considering buying small computers, known as desktop computers, microcomputers or personal computers. The breakdown in the use of the machines includes accounting (66 percent), filing and records (51 percent) and word processing (30 percent).

AMERICANA Kitchens and Modernization Inc. of Troy was elected to membership in the American Institute of Kitchen Dealers by the board of directors of the Institute.

HAPPY BIRTHDAY was the theme of a recent surprise party thrown by the employees of Cast Metal Industries Inc. of Southfield. The party was to celebrate the firm's 25th anniversary and came complete with a cake for the company's founder, Ray H. Witt. Cast Metal has grown to include six major foundries, four machining centers, a pattern works, foundry

equipment manufacturing companies, a transportation division, international operations and engineering divisions.

A **SERIES** of humorous radio commercials for Sidney Krandall and Sons, a Troy jeweler, continues to reap a harvest of honors for its creator, Jill Gaynes. Gaynes, a former Detroit-area teacher whose parents live in West Bloomfield, was a finalist for the recent CLIO awards, the advertising industry's version of the Oscar. Earlier in the year, the spots — in one, the guests at the wedding jostle the cheap wedding ring, and in another, a woman's diamond is so small she accidentally sucks it up a straw — won the Spike awards.

CARL ROSMAN and Co., a Southfield realty and development firm that manages the Travelers Tower II in Southfield and the Birch Hill Plaza in Westland, has moved into its second generation. The firm, formerly owned by its founder, Carl Rosman, has been sold to his son, Robert Rosman, who will co-own it with Donald Hartman. The elder Rosman and his partner, William Levitt, will continue to work for the company as consultant and senior vice president, respectively.

WEST BLOOMFIELD is the site of the newest office of Olde Discount Stockbrokers, Michigan's largest discount broker. Olde now has 26 offices in 18 states, thanks to the opening of its newest office, which is at 6346 Orchard Lake Road, just north of Maple Road.

THE STATE'S largest mortgage corporation and the fourth largest

in the United States, Manufacturers Hanover Mortgage Corp. in Farmington Hills, reduced its interest rate on adjustable rate mortgages from 15 1/2 percent to 14 1/2 percent. The ARM is written for a 30-year term with an interest rate that is adjustable every five years. It is adjusted up or down based on a government index of five-year Treasury Securities. Maximum loan amount is \$107,000.

THE CPA'S role in bankruptcy matters will be the topic of discussion at a breakfast Tuesday, Sept. 14, at the Sheraton-Southfield Hotel. The breakfast, held by the Detroit chapter of the Michigan Association of CPAs, begins at 7:45 a.m. and features a talk by Asher Rabinowitz, a senior partner in Hoagman Miller Schwartz and Cohn.

IT'S MERGER time for two Birmingham communications firms. Baker, Abbs, Cunningham and Kleppinger, a Birmingham advertising and public-relations company, has joined in financial matrimony with Michael Hedge and Associates, a Troy public-relations firm. Hedge becomes vice president of the new public-relations division of BAC&K.

GRADUATE COURSES with the University of Michigan School of Business Administration will be available this fall at Groves High School in Birmingham. There will be introductory and advanced courses in real estate principles and practices and a course in real estate law. For information, call 763-2170.

THE MACOMB CHAPTER of Professional Secretaries International will hold its first dinner meeting

of the year Sept. 8 at the Gazebo in Warren. For information, call Barbara Repine at 263-9112 after 6 p.m.

OAKLAND UNIVERSITY is offering non-credit computer courses, including a course in how to choose a business computer system. In addition, there will be a class in business-related problems and solutions, including payroll, inventory and records. All classes are offered evenings for six weeks. Call 377-3120 for more details.

COMMUNITY National Bank has reduced interest rates for new car loans financed for periods up to 36 months to 15 percent. This action reflects CNB's substantial earnings improvement over profit levels of a year ago, along with the drop in current cost of funds.

THE MIDWEST Pension Conference-Michigan Chapter will conduct its first meeting of the year Thursday, Sept. 16, at the Detroit University Club, 1411 E. Jefferson Ave. in Detroit. Featured speaker is Kenneth Grossman, senior consultant with A.S. Hansen Inc., speaking on developing pension plan investment policies. The reception is at 5:30 p.m. Dinner follows. Call Gail Fales at 259-5000 for reservations.

ARNOLD Cleaners has opened its third location at 31555 10 Mile Road near Orchard Lake Road in Farmington. The 50-year-old business has facilities in Oak Park and Southfield. Agnes Vallinont will manage the new store.

Businesses wishing to submit items for the Observer & Eccentric business section should address them to Ron Garbinski, 1225 Bowers, Birmingham 48012.

business people

Several local certified public accountants were elected officers of the Michigan Association of Certified Public Accountants. **RAYMOND HOWARD** of Farmington Hills, **CHARLES HOKE** of Bloomfield Hills and **JAMES KARLING** of West Bloomfield were elected to the association's board of directors. Howard is a partner in the Detroit office of Deloitte Haskins & Sells. Hoke is a director of McEndarffer, Hoke & Bernhard of Bloomfield Hills. Karling is a partner in the Detroit office of Arthur Young & Co. He has served on the board since 1978, being re-elected at

the association's annual meeting. **HAROLD DUBROWSKY** of Southfield was elected treasurer of the association. He is managing partner at Alexander Grant & Co. in Detroit. The association is headquartered in Southfield.

ROBERT SHERK of West Bloomfield was elected chairman of the Metropolitan Detroit Chapter of the Michigan Association of Certified Public Accountants. He is executive vice president of Schostak Brothers & Co. of Southfield. Other chapter officers include vice chairman **STEPHEN ERSTEIN** of Coopers & Lybrand.

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