

Business

Barry Jensen editor/591-2300



(C)7C

3 ways to release the equity in your home

Doctor S, one of our most valued clients, has been concerned about substantial equity in his home. Mr. L has a similar problem.

More than 10 million older Americans now own their homes without any outstanding mortgage. Many of those homes have built up a sizable equity. But how does an owner get at it without selling out?

Lenders offer several programs to help cash-short homeowners raise their monthly incomes by drawing upon the equity in their homes. The Senate Committee on Aging provides the following examples of home-equity conversions.

your home, paid to you in monthly installments over a set period of time, often 10 years.

In a 10-year loan with a fixed interest rate of, say, 14 percent plus some fees and some other charges, equity of \$120,000 would provide a monthly income of \$463.

After 10 years, you would have to repay or renegotiate the loan.

Sale and Lease-Back (SLB)

In this plan, the investor buys your home, often at a discounted price, and you retain the right to rent it for the remainder of your life or for a more limited time.

Reverse-Annuity Mortgage (RAM)

A RAM is a loan against the equity in



finances and you

Sid Mittra

You can receive payment in a lump sum or divided into equal monthly payments based upon an annuity bought by the investor. If you wish, you can have your rent deducted from the monthly mortgage payment you receive.

With this type of loan, you borrow against your equity and defer payment of all principal and interest either for a specified term or until you sell your house.

A DPL can be helpful if you need cash, for example, to fix up your house before selling it.

In this article, we have presented

several ways of releasing the equity in your home.

Bear in mind, however, that once you embark on any form of home-equity conversion, you surrender your right to sell the property or pass it on to your heirs until loan repayment is arranged.

Consult your financial planner or CPA before embarking upon any of the alternative methods of releasing equity discussed above.

Educational Seminar: The Observer & Eccentric Newspapers and the Coordinated Financial Planning staff will conduct a seminar 7-10 p.m. Tuesday, May 14, at the Bloomfield Township Li-

brary, 1099 Lone Pine Road, Bloomfield Hills. This seminar will cover: strategic planning (comprehensive and retirement planning); tactical planning (insurance, taxes, education, wills); and product planning (mutual funds, stocks and bonds, real estate and oil and gas tax shelters). An out-of-town investment specialist will discuss a specific tax shelter. The seminar is free, but registration is required. For more details, call 643-8888.

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

Deferred-Payment Loan (DPL)

datebook

DIRECT MARKETERS

Thursday, May 2 — Direct Marketing Association of Detroit meets in Detroit. Information: VI Davidson, 961-9720.

INDUSTRIAL OFFICE PARKS

Friday, May 3 — Michigan Chapter of the National Association of Industrial and Office Parks meets at 8 a.m. in Southfield. Information: David G. Miles, 559-2000.

IBM PC

Saturday, May 4 — A four-session, non-credit course on the fundamentals of operating the IBM personal computer will be offered from 9:30 a.m. to 12:30 p.m. in Rochester. Fee: \$85. Information: 370-3120. Sponsor: Oakland University.

GRE WORKSHOP

Saturday, May 4 — A five-session, non-credit workshop for the Graduate Record Examination will be offered from 9 a.m. to 3 p.m. in Rochester. Fee: \$95. Information: 370-3120. Sponsor: Oakland University.

TOOL CONFERENCE

Monday-Thursday, May 6-9 — SME International Tool & Manufacturing Engineering Conference and Exposition begins at noon in Detroit. Information: 271-1500. Sponsor: Society of Manufacturing Engineers.

REAL ESTATE APPRAISERS

Monday-Saturday, May 6-11 — Residential Evaluation offered in Troy. Tuition: \$400. Information: 573-6987. Sponsor: American Institute of Real Estate Appraising.

ELECTRONIC OFFICES

Tuesday, May 7 — "Managing the Electronic Office" seminar will begin at 8:30 a.m. in Detroit. No fee. Information: Cherie Maxon, 963-2110. Sponsor: Contract Interiors.

SYMPHONY INTRODUCTION

Wednesday, May 8 — "Introduction to Symphony" course offered from 8:45 a.m. to 12:15 p.m. in Troy. Fee: \$55. Information: 689-8282, Ext. 258. Sponsor: Walsh College.

CLIENT ACCOUNTING

Wednesday, May 8 — "Client Accounting on the Microcomputer" offered 1-4 p.m. in Troy. Fee: \$55. Information: 689-8282, Ext. 258. Sponsor: Walsh College.

COST ANALYSIS

Wednesday, May 8 — Institute of Cost Analysis meets at 11:30 a.m. Information: Joyce Martin, 574-8717.

FRANCHISE SEMINAR

Wednesday, May 8 — "The Ins and Outs of What You Should Know About Franchises" will be held in Birmingham. Reservation: 540-0373. Sponsor: Preferred Business Investments Inc./VR Business Brokers.

COMPUTER CONSULTANTS

Wednesday, May 8 — Independent Computer consultants Association meets at 8 p.m. in Southfield. Information: Dave Bernard, 978-9320.

EFFECTIVE SUPERVISION

Friday, May 10 — "Effective Supervision — the Gut Issue" course offered from 8:45 a.m. to 4:30 p.m. in Troy. Fee: \$90. Information: 689-8282, Ext. 258. Sponsor: Walsh College.

EFFECTIVE COMMUNICATION

Friday, May 10 — "Confident Speaking and Tips for Presenters" course offered from 9 a.m. to 3:45 p.m. in Troy. Fee: \$85. Information: 689-8282, Ext. 258. Sponsor: Walsh College.

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