

# Changing hands

## Fireman's Fund buys mortgage firm

By Casey Hens  
staff writer

Manufacturers Hanover Mortgage Corp. — the country's third-largest mortgage banker — is being sold to Fireman's Fund Insurance Cos. In a \$260-million cash transaction, it was announced Wednesday.

The Farmington Hills company is a wholly owned subsidiary of the New York-based Manufacturers Hanover Corp. (MHC on the New York Stock Exchange), which saw the subsidiary build a \$15-billion portfolio of 363,000 loans during its 15-year ownership.

The definitive stock purchase agreement is approved by both corporate boards and is expected to be finalized during the second quarter of 1986.

The sale is part of an ongoing reorganization at Manufacturers Hanover Corp. The transaction will bring the corporation a "sizeable" after-tax gain of about \$115 million, which will strengthen the company's financial position, officials said.

"We're delighted to be the winning bidder," said John Byrne, chairman of Fireman's Fund. "This is a very, very well-run company."

Five serious bids were considered before Fireman's Fund — based in Novato, Calif., near San Francisco — was selected.

THE CHANGE will allow the company more flexibility, removing it from the sometimes restrictive Federal Reserve regulations of a bank holding company, officials said. The company



W. Matzenback John Byrne

will address both new and traditional mortgage markets, an expanded product line and plans to cover a larger geographic area.

The acquisition is particularly pleasing to us because our parent (MHC) allowed us the input of voting for our new parent," William Matzenback, chairman and chief executive officer of Manufacturers Hanover Mortgage Corp., explained at a press conference Wednesday. "While they were voting for us, we were voting for them."

The new Fireman's Fund mortgage division will remain autonomous from the parent company as it did under Manufacturers Hanover, officials said. A five-year strategic plan developed by the mortgage division will continue to be followed.

"Our success is due, at least in part, to our independence," Matzenback explained. "Fireman's Fund will maintain present management and employee teams at the company's Farmington Hills headquarters. There will be no disruption or personnel trauma," Matzenback stressed. "Fireman's Fund recognizes this rich corporate resource and

**'Fireman's Fund recognizes this rich corporate resource and plans to keep the team intact.'**

— William Matzenback, Manufacturers Hanover

plans to keep the team intact." Employees may also be offered the option of buying into the company, Byrne added.

THE CORPORATE name will change, officials said, although no name decision has been made.

"I'd like to use the name of the parent, Fireman's Fund Mortgage Corp.," Matzenback added. The decision will be made during the next several months as the transaction is completed.

Upon learning of the purchase opportunity, Byrne broke through barriers of corporate attorneys, dealing directly with John McGillicuddy, chairman and chief executive officer of Manufacturers Hanover Corp., he explained. This variance from corporate tradition allowed Fireman's Fund a chance to bid for the company, coming up a winner during the final few weeks of negotiations.

Fireman's Fund Insurance Cos. was founded in 1953. It is a subsidiary of Fireman's Fund Corp., which is traded on the New York and Pacific stock exchanges.

Manufacturers Hanover Mortgage Corp. was founded in 1946 in Detroit as Citizens Mortgage Corp., handling a \$6 million portfolio in the first year. Following a merger in 1948 with Earp Corp., the mortgage banker opened a Grand Rapids branch and acquired the Frank Krue Mortgage Co. of Detroit in 1952.

The company's portfolio grew to \$266 million during the 1960s and it added commercial lending and opened additional branches in Ohio.

U.S. Industries acquired Citizens in 1969. The company moved to Southfield in 1970 and opened a commercial and residential branch in Chicago soon after.

IT WAS purchased by Manufacturers Hanover in 1973 when the mortgage portfolio was \$600 million. During the company's largest growth period between 1981-85, the number of mortgages it handled grew from 187,000 to 371,000.

Today the broker handles mortgages from all 50 states. It maintains 29 offices in 13 states, including Michigan.

The Farmington Hills headquarters houses a commercial office and a wholesale purchase office.

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