GNMAs still good if you know the limitations

Despite the carnage GNMA investors a comperiment diary year, those investments are still alive, well and kicking. However, GNMAs are attractive only to those investors who are aware of their limitations and know how to buy them.

Back to Basics

Ginnie Mae is a part of the Department of Housing and Urban Department of Housing Alban Department of Housing Ho



finances and you

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though the original life of the mortgages behind these securities is 25-30
off in just a couple of years,
years, the average life of a pool of
rorigage morks out to 12-14 years
because of prepayments of principal
by borrowers and mortgage refinancings.
That is neclesiv what hancened in

because of prepayments of principal interatized mortgage congastion, or by borrowers and mortgage reflnancings.

That is precisely what happened in the fall of 1987 when homeowners dumped their 13-percent or 14-percent mortgages in favor of 9-percent mortgages in favor of 9-percent mortgages and result, investors who thought they had bought 14-16 years

what creates a massive confusion, however, is the fact that the cash flow does not enlirely represent the freum on investment. For instance, if you invest \$10,000 in a GNMA and receive \$1,000 for the year, your net return is not 10 percent \$(\$1,000)\$. The reason is that the check yor receive every month represents both interest and principal. That is, if just \$850 of the \$1,000 income you received represents interest, your nanual return is basic to a successful investment in a GNMA. The successful investment in a GNMA was the balance of 20 percent can understanding of the real current. Next week: Collateralized Mortsquare for a regular basis can spell interest on a regular basis can spell disaster for a retiree. However, it

datebook

BUSINESS WOMEN
 Thursday, April 28 — Detroit
Business Woman's Club meets in
Birmingham. Information: Carol
Ann Payne, 937-2200.

GRE PREPARATION
Saturdays, April 30 to May 28
Graduate Record Examination preparation workshops held 9 a.m. to 3 p.m. in Rochester. Pee: \$115. Information: 370-3120. Sponsor: Oakland University.

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| WHERE TO GROW MONEY Madday, May 2 — "Where Will your Money Grow the Pastest?" will be offered 7:30-930 p.m. in Birming ham. Fee 312. Information 44-582. Sponsor: The Community House.

| WHERE TO GROW MONEY Medicaday, May 4 — Marble in the Madday, May 2 — Where Will be offered 7:30-930 p.m. in Birming ham. Fee 312. Information 44-587. Sponsor: The Community House.

Mike Allingham, 645-6700. Sponsor: Vacation Properties Network Real Estate.

VACATION PROPERTY
 Thursday, May 5 — Free "Real Estate Opportunities in Charlevolx, Boyne City, Petoskey and Harbor Springs" seminan offered 7-9 pm. in Birmingham. Information: Mike Allingham, 645-6700, Sponsor, Vacation Properties Network Real Estate.

 TRAINING GROUP
 Thursday, May 5 — Technical THAINING GROUP
Thursday, May 5 — Technical
Training special interest group of
the American Society of Training
and Development meets in Southfield. Information: Jack Baum, 6424767.

 CPA CONFERENCE
Thursday, May 5 — Current Accounting Issues Conference all day in Bloomfield Hills. Fee: \$80. Information: \$85.0288 Search Michigane. tion: 855-2288. Sponsor: Michigan As-sociation of Certified Public Accoun-tants.

● DISABILITY & FINANCIAL PLANNING
Satorday, May 7 — A video dramatization of financial planning for an older family that must prepare for disability will be offered for financial planners 9 a.m. to 4 p.m. in Rochester, Fee: \$125. Information: 370-3120. Sponsor: Oakland University.

◆ LOTUS 1-2-3
Saturdays, May 7 to June 4 —
Lotus 1-2-3 offered 9 a.m. to 12:30
p.m. in Rochester. Fee: \$155. Information: 370-3120. Sponsor: Oakland
University division of continuing education.

6:30-9 p.m. in Detroit. Fee: \$25. Information: 862-8000 Ext. 230. Sponsors: Small Business Development Center, U.S. Small Business Administration.

PROFESSIONAL WOMEN
 Monday, May 9 --- Michigan Professional Women's Network meets in Southfield. Information: Diane Wilbur, 647-4480 before 5 p.m.

REAL ESTATE EXECS
 Tuesday, May 10 — National Association of Corporate Real Estate Executives meets in Rochester, Information: Rachel Long, 1-353-7370.

ucation.

◆ SMALL BUSINESS

MANAGEMENT

Monday, May 9 — "Dally Management of Small Business" offered freed 9 a.m. to noon in Detroit. Fee:

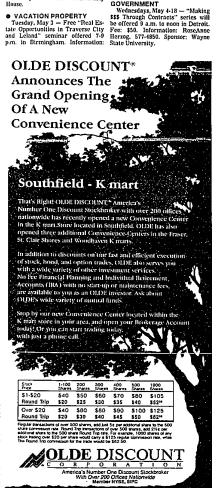
\$20. Information: RoseAnne Herzog, 577-4850. Sponsor: Wayne State University.

BUILDING OWNERS
 Thursday, May 12 — Building
Owners and Managers Association
meets in Southfield. Information:
Juki Lewis, 964-4000.

Jaki Lewis, 964-4000.

MANUFACTURING HELP
Thursday, May 12 — Help for
manufacturing business owners offered in small business eline 1-6
p.m. in Detroit. Fee: \$15. Registration deadline: May 4. Information.
Eric Fris, 647-5616. Sponsor: Michigan Technology Council.

INTERNAL AUDITING
Thursday-Friday, May 12-13. —
Certified Internal Auditor examination held in Rochester. Information.
370-3120. Sponsor: Oakland University.





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