



SID MITTRA, Ph.D.

Mortgages can have financial benefits for some

The best thing you can do is to have your home free and clear. Right? The answer is a qualified maybe.

Today I would like to take exception to the way in which some advisors handle two important issues, both related to home mortgage.

Mortgage pre-payment

The following excerpt is from an article that articulates the advice frequently given by advisors to cut mortgage costs (for obvious reasons the source and names have been withheld):

Most people shop around for the best mortgage interest rate before they buy a house. Many consumers refinance their interest rates a few years later to get a better rate. But it's easy to cut your interest expense in another way. Just prepay the mortgage.

Let's assume that you have a 30-year, \$100,000 mortgage; the interest rate is 10 percent. If you make one extra monthly mortgage payment per year, you could pay off that mortgage in roughly 18 years. How much would that save you in interest? A whopping \$100,000. That same mortgage, paid off over the full 30 years, would cost you about \$215,000 in interest.

What's more, if funds are tight one year, you don't have to make the extra payment. Pay whatever extra you can, whenever you can. Even adding an extra \$50 or \$100 to each mortgage payment will lower your overall interest costs. Just tell the lender you want the extra payment applied to the loan principal. And make sure that your mortgage doesn't carry any prepayment penalties.

For the past three years, Joan, 54, has added an extra \$100 to each mortgage payment. At this rate, she hopes to pay off her 30-year mortgage on her townhouse in 22 years. "I'll be in my 70s by then," she says. "At that age, who needs a monthly mortgage payment?"

I strongly believe that this advice is appropriate only when either of the two following conditions is present.

Your psychological make-up is such that you can't sleep at night until the mortgage has been paid off. If "owning a home free and clear" is critical to your mental peace, then by all means pay off the mortgage as soon as possible. In this case, the economics of the issue do not matter at all.

You can't even earn a rate of return on your investments that exceed the mortgage interest rate. In this case it makes sense to prepay the mortgage. For instance, if your mortgage rate is 8 percent and you are unable to earn more than 8 percent on your investment, then you may be better off paying off your mortgage. In effect, you are "earning" 8 percent on the funds you are sending to the lender.

If neither of these two conditions is present, and time is on your side, then I strongly urge you to wisely invest the money you might otherwise spend on prepayments and earn a higher return. Remember: In the long run (1928-96) the stock market has returned over 10 percent per year; since the 1980s the return has been around 15 percent. Of course, these averages conceal the short-term dips and valleys, but if time is on your side and you can stay the course, you are likely to be handsomely rewarded for your patience. Your investments will probably earn more than you would have saved by prepaying your mortgage.

Mortgage insurance

The following is an excerpt from a letter I recently received from a leading insurance company:

Assume you are dead and can no longer protect your family. You love your wife and two children dearly. That's why it breaks your heart to see that, because of their inability to make mortgage payments,

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This column highlights promotions, transfers, hirings and other key personnel moves within the Oakland County business community. Send a brief biographical summary—including the towns of residence and employment and a photo, if desired, to: Business Milestones, Eccentric News-papers, 805 E. Maple, Birmingham, MI 48009. Our fax number is (810) 644-1314.



Bruce Balmas of Clarkson joined West Bloomfield-based P & N Mortgage Corp. as president and chief operating officer. Balmas will oversee operations at the corporation's four office locations.



Gary Burkart of Bloomfield Hills was promoted to national advertising manager and media production supervisor to assistant vice president national advertising manager at Flagstar Bank in Bloomfield Hills. Burkart will supervise all marketing, advertising and public relations activities.

Deena Centofanti joined the Southfield-based WJBK FOX 2 news team as co-anchor with Alan Lee, Monday through Friday, on FOX 2 Eyewitness Morning. FOX 2 is owned and operated by FOX Television Stations, Inc., a subsidiary of New York-based News Corp., Ltd.



Robert Elliott of Wolverine Lake, who spearheaded Little Caesars Enterprises' marketing initiatives, joined the Detroit office of Bozell Worldwide as head of the agency's multi-products and new business groups. As director of client services and creative, Elliott is responsible for all marketing aspects for many of the agency's clients and for overseeing new business development. Chris Elliott of Royal Oak (no relation), a former Little Caesars marketing executive, was named senior

partner, creative director at Bozell. In an unusual structure for an advertising agency, both Elliotts have been reunited and offered dual responsibilities for the account management and creative sides of the business, providing an overall strategic marketing directory for many of Bozell's current and future clients.

Diane Hand of Ortonville joined Southfield-based MARS Advertising as an account coordinator in the UCI division. Jason Hughes of Redford rejoined the firm as a print buyer. Hughes is responsible for print production, specifically pre-press and packaging services.

Timothy Hargreaves of Farmington Hills was named design engineer at Auburn Hills-based Intra Hollandia, Inc. Hargreaves is responsible

for the CATIA design for current and future eurocor programs, organization and development of feasibility studies; development of layouts and assembly drawings; transfer and translation of data with customers and suppliers; and communication with customers and suppliers on engineering issues.

Detroit-based Little Caesars Enterprises, Inc. promoted four directors in its marketing department. They are: Ann Heldt of Livonia, director of marketing services; Carla Leo of Pleasant Ridge, director of promotions; Lori Monacelli of Pleasant Ridge, director of

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Local woman working mom of the year



Jane Schindewolf - Working Mother of the Year



A Beverly Hills wonder woman has been named the Working Mother of the Year.

BY MARGARET O'BRIEN
BUSINESS EDITOR

It's a wonder that Jane Schindewolf, the 1997 Working Mother of the Year, had time to fly to New York to accept her award.

She is a marketing manager at DuPont Automotive in Troy. She and

her husband keep a home in Beverly Hills where they are raising two young children. She earned her MBA. She is an accomplished tri-athlete. And in her spare time she volunteers for Beaumont Hospital, the Troy Chamber of Commerce and her church.

Wow. That's tiring just to write. But Schindewolf, has made a career out of making time for what is important in her life.

"Working mothers should develop a support network to help them find creative solutions to challenges posed by balancing work and home life," Schinde-

wolf said adding that the most important person in her network is husband Eric, who nominated her for the award.

"Eric and I have found that this balance of our work and life requires each of us to understand what is important in the different roles we have as a parent, spouse, employee, volunteer, relative or friend. As Christian stewards, Eric and I work together to optimize our time, talents and treasures in these various roles," Schindewolf said.

"Having a supportive husband who

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Trailblazer Bankruptcy attorney clears a path for other women

BY BARR PERT TEMPLTON
SPECIAL WRITER

Barbara Rom had a feeling she might be overextending herself when she recently stopped shuffling legal papers long enough to field a phone call from her husband. After answering, she was sure of it.

"He actually called and asked me out on a date I couldn't believe it," laughed Rom. "He has to check with my secretary to see if I'm free in the evenings."

Looking at this longtime attorney's endless contribution one can't really blame her spouse for triple checking her calendar. Rom, who is a bankruptcy attorney and partner at Pepper, Hamilton & Scheetz, in downtown Detroit, recently wrapped up a four-year term as treasurer of the Michigan Democratic Party.

She also spent 1996 as president of the Detroit Bar Association (DBA) and marked her third year as a sponsor and co-founder of the Eleanor League. The group meets

bi-monthly to offer support and encouragement to female attorneys across the city.

"You really have a small amount of time to make a difference or accomplish anything," said Rom, of Farmington Hills.

As one of the first female bankruptcy attorneys in the country Rom has managed to blaze a confident trail while creating her own impressive share of "accomplishments."

Her client list over the past two decades has included everything from dairy farmers to top level executives. Locally, Pepper, Hamilton & Scheetz has handled litigation for Sanders, Highland Appliance, F&M and Laskey Furniture, to name just a few.

A change of plans

A graduate of Mumford High School, Rom and her husband of 26 years, Martin Rom, both attended the University of Michigan. She earned a bachelor's degree in education before unexpectedly turning her sights to U of M's law school.



Leading Farmington Hills attorney Barbara Rom has a long list of firsts in her career.

"I didn't plan on being an attorney I was going to get my teaching certificate as did most women in the 1960s," Rom said. "A friend of

mine was going to law school and I was envious of him. I had never heard of a woman going to law

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Watch for scams in credit repair offers

Everyday, companies appeal to consumers with poor credit histories. For a fee, they promise to clean up your credit report so you can get a car loan, a home mortgage, insurance, or even a job. The truth is, they can't deliver. So says the Federal Trade Commis-

sion. Carol Kurth, education coordinator for the Farmington Hills-based Credit Counseling Centers, Inc. (CCC), points out that Credit Services Organizations (CSOs), also called "credit repair companies," are businesses that offer to improve people's credit

or help people find credit. State laws, in most cases, require that legally these organizations must be licensed and must post the license where it can be seen.

After you pay such a company hundreds or thousands of dollars in up-front fees, these com-

panies do nothing to improve your credit report; many simply wash away your money. No one can legally remove accurate and timely negative information from a credit report.

There are state and federal laws as to what these

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Southeast Michigan purchasing managers report April growth

Members of the National Association of Purchasing Management-Metro Detroit, surveyed in April by Comerica Bank, reported a 0.4-point gain in overall business conditions for the local industrial economy.

Comerica's composite index of the local industrial economy, which is based on the survey, registered 56.9 in April, compared with a revised 56.5 in March. A year earlier, the index stood at 52.0.

"The economic uptick in April was

led by automotive sector production, new order activity and employment gains," reported David L. Littmann, senior economist with Comerica Bank. "Correspondingly, the non-auto sector decelerated in April but remains in an expansion mode. Price pressures have risen and likely pressure another small interest rate hike next month," Littmann noted.

Automotive hose, various metals, capital equipment and tooling were noted by survey respondents as items

in short supply for the month of April. Comerica's composite index is based on surveys of local purchasing managers belonging to the 500-member National Association of Purchasing Management-Metro Detroit. The index is weighted average measure of new orders and production, employment, inventories and the promptness of supplier deliveries.

The index ranges from 0 to 100. A composite index below 50 generally means conditions are deteriorating.

ODD JOBS

DIFFERENT WAYS TO MAKE A LIVING
Hot air balloon pilot makes each trip an adventure

BY BARR PERT TEMPLTON
SPECIAL WRITER

To be at the mercy of the wind floating threw the sky at a distance that allows you to pluck the leaves from the tops of trees. That's the serene trip Dennis Kollin likes to provide when customers climb aboard one of his hot air balloons for a ride.

Kollin, who has owned and operated Sky Adventures for 22 years, is busy gearing up to greet the ballooning season once again. Once April showers have passed, Sky Adventures, formerly located in Rochester but now in Oxford, will begin taking passengers up, up and away.

To date Kollin and his pilots have shared the thrill of ballooning with over 23,000 passengers during some 6,000 flights. The company boasts eight balloons, five pilots and several student pilots. They also have a dedicated ground crew who track the balloons flight via radio communication and arrive at the landing destination ready to pack up the hot air transportation.

Well established as a pilot and instructor in the unique profession of ballooning, Kollin is also sought out by other pilots across the country for his talented balloon repair skills. All enthusiasts and commercial operators have to meet annual inspection criteria to take flight.

Q. So how did you end up in the hot air balloon business?
A. "Many, many, years ago I saw a balloon flying and was fascinated that I followed it until it landed in a field. It took me another

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