

MORE THAN MONEY



SID MITRA, PH.D.

Demystifying simple interest calculations

The various methods used to calculate interest are basically variations of the simple-interest calculation method.

The basic concept underlying simple interest is that interest is paid only on the original amount borrowed for the length of time the borrower has use of the credit.

The amount borrowed is referred to as the principal.

In the simple-interest calculation, interest is computed only on that portion of the original principal still owed.

Suppose \$1,000 is borrowed at 5 percent and repaid in one payment at the end of one year. Using the simple interest calculation, the interest amount would be 5 percent of \$1,000 for one year, or \$50, since the borrower had use of \$1,000 for the entire year.

When more than one payment is made on a simple-interest loan, the method of computing interest is referred to as interest on the declining balance.

Since the borrower only pays interest on that amount of original principal that has not yet been repaid, interest paid will be smaller the more frequent the payments.

At the same time, of course, the amount of credit the borrower has at his disposal is also smaller. This is an important point to remember, and it is demonstrated in the accompanying table.

Using simple interest on the declining balance to compute interest charges, a loan repaid in two payments — one at the end of the first half-year and another at the end of the second half-year would accumulate total interest charges of \$37.50.

The first payment would be \$500 plus \$25 (5 percent of \$1,000 for one-half year), or \$525; the second payment would be \$500 plus \$12.50 (5 percent of \$500 for one-half year), or \$512.50, or \$1,037.50 for the whole year. Interest equals the difference between the amount repaid and the amount borrowed, or \$37.50.

If four quarterly payments of \$250 plus interest were made, the interest amount would be \$31.25; if 12 monthly payments of \$83.33 plus interest were made, the interest amount would be about \$27.

When the method of interest on the declining balance is applied, if this loan is to be repaid in two payments, payments of \$512.50 would be made at the end of the first half-year and at the end of the second half-year.

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Sid Mitra, Ph.D., CFP, is professor emeritus at finance at Oakland University, and the owner of Mitra, Fleming & Associates, a Rochester Hills financial consulting firm. Professor Jerald Grossman of OU critically reviewed this column. You can e-mail questions or comments to Sid Mitra at smitra@oakline.com or smitra@oumif.com.

Dunes tries new way to market land

BY RABE PERT TEMPLETON
SPECIAL WRITER

If you can't bring the buyer to the mountain then bring the mountain to the buyer.

Well, that's not the exact phrasing of the old cliché, but it's an approach that a new business in Birmingham has decided to use, not to sell mountains, but to market vacation or second homes in northern Michigan.

Last few weeks the developers of Forest Dunes Golf & Country Club have opened a 2,000-square-foot marketing office at 189 Merrill in Birmingham.

They are anxious to show off scale models and video clips of their latest project which is a private golf course community in Crawford County, a rural area just 20 miles south of Grayling.

Forest Dunes is a 1,300-acre property that includes more than 100 acres of lakes and will one day boast 1,000 homesites. The community is nestled between the Huron National Forest and a Michigan forest area.

"We are 10 miles to the northeast of Higgins Lake and east of I-75 by about eight miles," Tom Barrett, a partner in the development said.

Barrett, of Rochester Hills, and Jerry Peterson and Payne Palmer, of Birmingham are partners in the project. Their new marketing office has a 5x9 contour design of their development complete with 250 miniature trees.

"When people walk in we want to grab them with the idea that this is very upscale and designed for our buyers in Oakland County," Barrett said.

Utilizing a similar approach to a marketing plan Palmer used as a partner in an Arizona project, Barrett said showing off the development, albeit using scale models and video tape, is much more convenient for the clients.

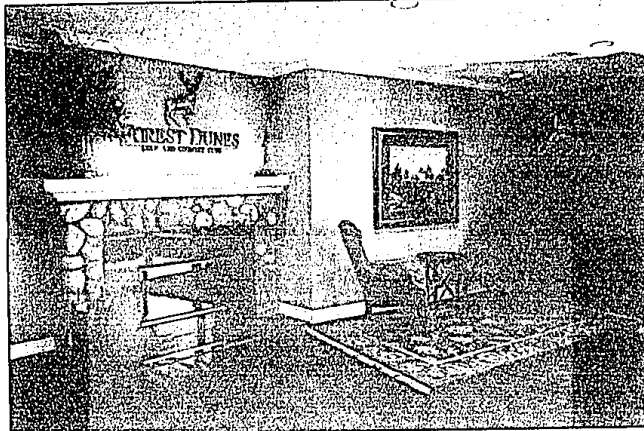
"Getting a busy executive to take two and a half hours out of his day to drive up and look at the site and then drive two and a half hours back isn't realistic," Barrett said. "We decided to bring the development to the clients this time."

Barrett, Palmer and Peterson have worked together since 1982, mostly involved in promotion, marketing and the planning of golf course communities and championship golf courses.

The partners take part in all aspects of their developments including searching for locations, assessing the property, acquiring the site and working through all the development phases.

They also arrange financing for building and assemble a team to design the facility and operate it once it opens, Barrett said.

The Forest Dunes project began just two years ago and has proved to be the fastest development the partners have worked on to date. There were no unusual snags in the property purchase details such as wetland issues that can often derail a



Forest Dunes: Though the actual product is more than a two-hour drive away, that hasn't stopped the developers of Forest Dunes from opening shop in downtown Birmingham to sell homes in the gated community north of Higgins Lake.

development for years, Barrett said.

"Our plan here is that this be first and foremost a second home community where people from the metro-Detroit area can retreat north without driving for hours," Barrett said. "But it could also be a retirement home because we do plan to have the club house facility open year round."

Forest Dunes has a long list of amenities for its home owners including plans for two golf courses — one is nearly completed and the other will open in the year 2000.

Community residents will also have access to a full spa, a tennis and swimming club, softball fields and beaches, plus bike and walking trails. During the winter there will be additional activities such as cross country skiing and skating on the lakes.

"We plan to have a general store and a clinic and even a full-time activities director," Barrett said. "This will be a gated community with 24 hour security guards and high tech security devices on all the homes."

"And this is different than a lot of projects in

northern Michigan because this is going to be a private community, there will not be daily fees for golf," Barrett added.

Construction on the first golf course is nearly completed. Crews are irrigating the front nine holes of the course and fine tuning similar things along the back nine. They will seed the area and plan to welcome golfers to the tees by early next July.

In addition, all of the main roads inside Forest Dunes have been cut in. The project will be done in four separate phases and phase one is under way right now, Barrett said.

Phase One will include lake lots spread over 28 acres. The detached home sites will range in size from 1,650-square-feet to 2,200-square-feet and each will be constructed on about a third of an acre.

Forest Dunes has created a partnership with metro-Detroit based Builders, Tri-Mount, to construct the homes for Phase One using three different designs. The cost for these homes will range

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Baan Automotive joins forces with OU lab

Baan Automotive, a business unit of Baan Company N.V., announced its participation in an innovative corporate-university partnership

Wednesday to study the impact of new technology on manufacturing supply chains and educate the next generation of manufacturing engineers and executives.

Working with Oakland University's Product Development and Manufacturing Center and other major corporate partners, including the Chrysler Corporation, TRW Inc., Meritor Automotive, Inc., and

Deloitte & Touche, Baan Company will provide its state-of-the-art enterprise applications software to manage a simulated assembly-line and manufacturing operation at the Center on Oakland University's Rochester campus.

Dr. Patrick Dessert, director of the Oakland University Product Development and Manufacturing Center said Baan Company's participation adds an important element to the success of the program. "Our goal is to be a catalyst for the next generation of the automotive industry and

to help chart the industry's course for the future. Baan Company's participation with us is meaningful because it will give our researchers and students hands-on contact with the most sophisticated manufacturing software on the market today."

According to Jeff Gross, director of marketing for Baan Automotive, the new relationship with the Product Development and Manufacturing Center will also provide important benefits for Baan Company's busi-

Please see BAAN, B6

North Oakland Medical negotiating affiliation

North Oakland Medical Centers signed a letter of agreement last week to launch a process that is expected to result in its affiliation with Finlaywood McLaren Health Care Corporation, one of Michigan's largest healthcare delivery systems.

Chief executives of both organizations announced the signing in a joint news conference Thursday in Pontiac. Affiliation talks are expected to be completed within 180 days.

"A successful affiliation with McLaren would mean we will have greater resources to secure our position

as the leading provider of healthcare services to residents of Pontiac and the surrounding communities that we have served for nearly 90 years," said NOMC President and CEO Robert Davis.

Philip A. Invernizzi, president and CEO of MHCC, commented: "North Oakland Medical Centers, the first hospital established in Oakland County, has an admirable tradition of service to this community."

By affiliating with McLaren, it would become an integral part of one of Michigan's largest healthcare systems.

NOMC is a multi-division urban healthcare system. Its principal facility is a 368-bed teaching hospital in Pontiac.

It also provides care in 21 Oakland County satellite locations. NOMC has 1,450 employees system-wide and a medical staff of 650 physicians with practices in 54 primary and specialty care areas.

With the addition of NOMC, McLaren Health Care Corporation would employ approximately 11,000

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Troy woman among top 10 business owners

Mary E. Kline-Custer, President and Managing Partner of Gordon and Company, P.C., in Troy, was recently named one of the Top 10 Women Business Owners of 1998.

She received the Women Business Owners of Distinction Award which was presented by the National Association of Women Business Owners, Greater Detroit Chapter.

Recipients were chosen based on a number of criteria. These women had to have both an ownership and an active involvement in their companies, support other women in business, and demonstrate their outstanding abilities in two or four areas: community service; revenue/business growth, innovation; and public advocacy.

Kline-Custer, CPA, CFP, M.S.T., is one of a few females in the country to lead a mid-sized CPA firm. She sits on the Executive Board of Directors for the Michigan Association of Certified Public Accountants which is politically active, and is involved in many of women's organizations.

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 residency and a photograph — to: Business Milestones, Observer & Eccentric Newspapers, 805 E. Maple, Birmingham, MI 48009. Our fax number is (248) 644-1314.

Noelle Ajluni has been named sales director at Workplace Integrators in Bingham Farms. She will be responsible for maintaining and cultivating customer relationships. She will also manage 16 sales people and assume responsibility for major accounts.

Frank Borovsky of Birmingham has been named chairman of the new midwest affiliate and a also a member of the national

board of directors of the American Heart Association. He will lead a volunteer board of medical professionals, civic leaders and business leaders in an effort to fight cardiovascular disease mortality rates.

Robert Carroll of Rochester has been appointed vice president of marketing for the Michelin automotive industry division based in Troy. The division focuses exclusively on selling automobile manufacturers.

Deanna Cavanaugh has been named vice president of operations and research at Bride Communications, based in Birmingham. She will assist in researching and preparing several of the company's publications, including the third edition of the book "Healthy Teens."

Frederick Champagnella II of Farmington Hills has been

appointed to manager of human resources at Detroit Edison. He will be responsible for implementing a class action settlement agreement.

Brian Connolly of Farmington Hills, was named chairman of the Michigan Health & Hospital Association Corporate Board for the 1998-99 program year. He is the president and CEO of Providence Hospital in Southfield.

Jennifer Crawford of Birmingham has joined Dykema Gossett, PLLC as an associate in the taxation and estates practice group. She will focus her practice on estate planning, probate and trust administration and related matters.

Peter Daniels of Bloomfield Hills has been named director of customer operations for the Great Lakes area at Nextel Communications in Southfield. He will be responsible for managing order fulfillment including placement, programming and shipping for the area.

Raymond Deming has been appointed general manager of operations at CRT Medical Systems in Farmington Hills. He will oversee all departments.

Mike Dietz of Birmingham has been named vice president of



Dietz

Albert Festa of Bloomfield Hills has been appointed to serve on the National Lodge Activities/State Association Committee of the B.P.O. Elks of the U.S.A. He has been active in the Clawson-Troy Elks Lodge 2169 for many years.

Rebecca Fischer has been promoted to administrative manager at CRT Medical Systems in Farmington Hills. She is the manager of 90 computer consultants across the country.

Thomas Johnson, executive vice president of credit and policy at Comerica Bank, has been elected to the Troy-based Walsh College board of trustees.

Louis Lessem of Beverly Hills has been named vice president and general counsel for Wayne State University. She has served as interim vice president and general counsel since November. He joined the university as assistant general counsel in 1988.

C. Thomas Ludden of Birmingham has joined the law firm of Lipson, Neilson, Jacobs & Cole in Troy. He specializes in civil, commercial and environmental litigation.

Mary McAtamney has been named director of learning and

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