

Business

In financially rough times

That old land contract is a good bet

market place

MICHIGAN SENATORS

Donald Reigle, D-Flint, and Carl Levin, D-Detroit, have called for the creation of a coalition of labor, industry and service groups connected with the housing industry to work on legislative solutions to the housing crisis. Otto Bingesser, president of the Builders Association of Southeastern Michigan, and Robert Lowes, secretary-treasurer of the Carpenters District Council, said Levin might convene a summit meeting to discuss what can be done to stimulate housing and help potential home buyers within the next two weeks in Washington, D.C. Reigle and Levin said a coalition is the only way to reach the attention of President Carter. This action follows a series of meetings representatives of labor and industry had with Michigan's congressional delegation last week.

THE DETROIT chapter

of Women in Communications Inc. is planning a Directory of Professional Freelancers servicing the metropolitan Detroit area. WICI will publish more than 2,000 copies of the directory this summer. It will be distributed to local businesses, professional communicators' organizations and others needing freelance services. April 30 is the deadline for listings by freelancers with proven, professional backgrounds. Fees are \$25 for the first listing, \$15 for the second and \$10 for each additional listing. Call WICI at 962-7225 for more details. WICI is an organization of more than 350 professional women engaged in media related fields.

PROSPECTIVE buyers

wanting to purchase their first home should continue to examine the advantages of such an investment despite record high mortgage interest rates, advises the Western Wayne Oakland County Board of Realtors. "It's true that an increasing number of homes are out of the current market by rising loan costs," said WWOBCB President John Halser. "But a large number also are being needlessly frightened off by extreme tales of high prices, difficulty in qualifying for loans, huge monthly payments and the unavailability of financing money. If they are thinking about a 20 percent down loan on an \$80,000 home, naturally payments might be out of reach whatever the interest rates. But the average sales price in our 1,700-square-mile territory remains around \$57,000, making the median about \$50,000. That means that half the buyers are finding homes below that price."

STANFORD Stoddard,

president of Michigan National Corp., will address the Planning Executive Institute's Detroit Chapter Wednesday at 6 p.m. at the Dearborn Inn. April 9 is also annual career day of the Detroit chapter. Students will spend the day with an institute member and then attend the dinner meeting. For more details, call D. Michael Brady at 525-1400.

A BLOOMFIELD Hills

couple is leading a campaign against foreign car sales. Mary Lein Lieberman is spearheading "Real Americans Buy American Cars." Neither she nor her husband have any connection with the automotive industry, "but I just felt I had to do something to save jobs," said Mrs. Lieberman. To get the word out, she is selling red, white and blue bumper stickers and buttons featuring the RABC slogan. T-shirts are planned when funds permit. RABC is no-profit. "A lot of people buy foreign cars because they consider it prestigious. Why not make patriotism prestigious?" she said. RABC's address is Box 191, Bloomfield Hills 48313.

AS THE 1980 annual

meeting season approaches for U.S. corporations, stockholders can prepare for the gathering with the help of a booklet, "Questions at Stockholder Meetings - 1980," produced by Deloitte Haskins & Sells. The 38-page booklet contains questions grouped under three general headings: economic and political environment, corporate accountability, and financial accounting and reporting. There are sections on banks, bank holding companies and public utilities. Copies of the booklet may be obtained from the Detroit office of Deloitte Haskins & Sells in Suite 3100, 100 Renaissance Center, Detroit 48243.

Land contracts, once the ne'er do wells of home financing, have achieved a new popularity as a method of circumventing the prevailing 17 per cent interest rate on new home mortgages, according to Oakland County realtors and financial advisors.

Once looked upon as a last resort in financing a home because it was more expensive than a bank loan, land contracts with an 11 per cent interest rate are coming into favor.

Along with land contracts, mortgage assumptions at lower interest rates are advertised by realtors with the aplomb and enthusiasm once reserved for extra large family rooms and two car garages.

In a business climate which one financial adviser labeled as "not normal," home buyers and sellers are investigating different methods of financing to keep homes marketable.

Before buyers begin to investigate ways in which they can purchase a new home, many consider such factors as the state of the economy, gas prices and the condition of foreign affairs, said Al Van Acker of Thompson-Brown

'Putting a large down payment on a house is like putting money in an ice box.'

— Financial advisor Joseph Niporski

Really. "All of these things are preying on people's minds," he said.

"THERE'S MORE doom and gloom in the newspapers making people think they should be doing something else," he said.

But when persons do decide to buy a home, more and more are turning to land contracts over a bank loan, he added.

And the attraction of such a deal is evident to buyers as well as sellers. Homeowners who want to sell their homes faster are considering land contracts. If they don't need to receive money in a lump sum, they are considering the possibility of a steady income from their old home via land contracts, Van Acker said.

Young buyers are becoming more

aware of the arrangement.

Land contracts don't require the buyers to hand over as much money initially as other forms of financing.

But they also allow the owner to move toward repurchasing the home if payments are missed, warned Joseph Niporski, a financial advisor who teaches money management courses in Farmington public schools' adult education courses.

Owners need wait only 90 days before moving to repurchase a home for non-payment as opposed to about 18 months when the house is mortgaged.

BUT THE METHOD OFFERS some flexibility to buyers wrestling with inflation, Niporski believes.

"Putting a large down payment on a house is like putting money in an ice box," he said.

Instead, he advises buyers to try to obtain the lowest interest rate they can. If they go with a land contract, they should negotiate the possibility of refinancing the home in three or four years with the hope that interest rates on mortgages will decline.

If the interest rates remain steady, the intervening years can be used to develop capital by investment. This should give buyers more money to use when they do refinance, he said.

But land contracts aren't for everyone, Van Acker advises.

Older persons who may need the money for living expenses shouldn't freeze their income with a long-term payment plan.

Persons should avoid getting into a situation where they must contend with an equity loan, a land contract and a mortgage on their first home which has yet to be sold.

That situation is becoming more common as homes stay on the market longer, Van Acker said.

"It's a buyer's market."

"THE SELLER'S market has just

left us. The competition is heavy now. There are fewer sales and fewer listings," he said.

"We're taking a different approach than a year ago," said Marty Brown of Cranbrook Realty.

Last year, when house trading was on the rise, realtors told clients to make up their minds because the house could be sold to someone else the next day, according to Brown.

Today, buyers can take their time. "We find it more comfortable to sell that way," said Brown. "It's very unpleasant to do business the other way."

The owner of two homes may be more willing to compromise on a price, Niporski said. That makes for a situation advantageous to the buyer.

When the median housing price in Oakland County is estimated at between \$55,000 and \$65,000, buyers do look for a mortgage to assume.

But simple assumptions aren't allowed by all savings and loans associations, Van Acker said.

He believes those who frown on the transaction will end up losing business and upsetting brokers

'We must revitalize industry'

Editor's note: John W. Fisher is chairman of the National Association of Manufacturers.

Most people don't really believe in magic, though they find it alluring. The theater, the stage, the lights, the magician and even the patter add to the pleasure of the event.

In retrospect, the American economy during the past 20-30 years has been like magic. Our abundant natural resources were combined with new technological wonders.

Economies of scale meant that larger factories produced more goods more cheaply. Americans reached for the moon — and walked on it.

In fact, the American economy created for her citizens the highest living standard in the history of the world. As the economic "pie" has grown, we have been able to undertake great social changes to increase participation by people who formerly had no chance. Such things as educational opportunities and upward mobility have expanded horizons for millions.

In 1980, however, we are facing a quite different world, one in which we are forced to wonder if the magician's hat, which produced so many rays of light in the '50s and '60s, is not empty.

IN 1980, we face foreign policy challenges abroad, with third world countries and superpowers alike, testing the will and resolve of what they perceive to be an American paper tiger. This "testing the water" stems, in part, from economic weakness at home.

Seven years after the 1973 oil embargo, America still does not have a sensible, coherent national energy policy. Instead, politicians and bureaucrats sniff political winds for signs of the public will, following what it is their job to lead.

Given the intensity of America's energy appetite, Americans are entitled, at a minimum, to detailed energy options from those who claim leadership roles. Instead, we have a policy of no-policy, a magician's distracting patter instead of a pathway to the future.

In 1969, the government will spend an increasing amount of America's gross national product. The national debt is up to \$339 billion, which means that each man, woman and child in the country owes about \$4,000. Since the government has first call on money, if Uncle Sam spends it, we can't.

Some of the consequences are obvious — inflation, reduced purchasing power, fewer dollars in consumers' pockets.

trends

This column offers business leaders an opportunity to express views and concerns on the business environment. Persons wishing to submit an article for consideration should contact Ron Garbinski at the Observer & Eccentric by calling 644-1100.

SOME of the consequences are not so obvious.

The magic in the American economy relies on having capital available to modernize plants and factories, to develop new products and services, to do research for the future, and to provide jobs and wages which allow the great majority of Americans to be productive citizens.

I recognize that the "revitalization of American industry" is not one of the topics that most people consider near and dear to their hearts. When I am at home with my family, I don't think about it much, either.

But this country is getting to the point where all concerned Americans have to pay some attention to the way in which money is used and misused by government, and whether or not it is available in sufficient amounts to allow

business and industry to put the rabbit back into America's economic hat.

For the availability of investment money is to business and industry what water is to a desert garden. Without it, nothing grows.

To revitalize American industry, we are talking about a lot of money, the billions of dollars it takes to equip American factories with modern and environmentally sound production lines. Revitalizing American industry will take years, perhaps the entire decade of the '80s. But we can get started with some good legislation now.

For example, the Capital Cost Recovery Act, which changes the way in which business and industry recover investments, would have significant impact on the American economy.

THIS BILL WOULD allow business

business people

JAMES H. WINEMAN of West Bloomfield was elected chairman of Automobile Club of Michigan. He succeeds Birmingham resident **RICHARD C. VAN DUSEN**. Other promotions within the company include: Birmingham resident **RICHARD R. DANN**, re-elected president and chief executive officer; **GEORGE E. GULLEN JR.** of Rochester, vice-chairman; and **ROBERT A. ALKEMA** of West Bloomfield re-elected treasurer.

PAUL T. BROSNAHAN was appointed general manager of Ford Motor Company's steel division. Brosnahan, formerly general operations manager of the company's casting division, is a Birmingham resident.

KEITH HARRINGTON of Troy joined the staff of E.F. Hutton & Co.

Detroit Express, Michigan Soccer, LTD., appointed **ART CLARKSON** managing director. Clarkson had been the general manager of the Memphis Chicks baseball club for the Montreal Expos during the 1978-79 season. He has been named Southern League Executive-of-the-Year.

CLARKSON **KUHL** **LAURENCE G. KUHL** of Birmingham was appointed assistant vice president, commercial loans for Detroit Bank & Trust. Kuhl joined the bank in 1974 as a credit analyst and became an assistant cashier in 1977.

General Technology Inc. appointed **LAWRENCE BECERRA**, of Birmingham executive vice president. Becerra will conduct the administration of the company and manage international development activities.

A.H. (LON) KELLY JR., manager of the General Motors proving grounds, was reappointed chairman of the General Motors World public affairs committee.

PATRICK J. RYAN, superintendent of production and material control at the General Motors Fisher Body Plant assembly plant, was named director of purchasing at the division's general office in Warren.

Farmington Hills resident WILLIAM R. CLOGG was appointed center manager of the Twelve Oaks Mall in Novi. Most recently, Clogg served as manager of the company's regional retail development in Grand Rapids.

LEON COHAN was appointed by the State Board of Ethics. Cohan, senior vice president and general counsel of the Detroit Edison Co., is former deputy attorney general for Michigan. A Bloomfield Hills resident, he is chairman of the board of the Michigan Cancer Foundation.

HERLEN HOPKINS was appointed vice president of The MCS Group, of Barkley & Evergreen Inc. in Southfield.

JACK LUDWIG, associated with the real estate profession in the Birmingham-Bloomfield area, is vice president and manager of the residential sales for the Fred Pierce Inc.

MILTON F. COULSON JR., assumed the title of vice chairman and retains his duties as general manager at the Bloomfield Hills office of D'Arcy-MacManus & Mathis. **THEODORE T. TEEGARDEN** was promoted from senior vice president to executive vice president. Both are Birmingham residents.

The Troy-based company of E.F. Hutton & Company Inc. announced that **THOMAS H. GUNN** has joined the staff as an account executive.

RONALD E. PARKINSON was selected vice president of marketing for Tibbals Flooring Co.

PARKINSON **ABRAHAM** **West Bloomfield resident GARY J. ABRAHAM** was promoted to associate dean for fiscal affairs at Detroit College of Law (DCL). Abraham joined the staff of DCL in 1971.

R. ROBERT LOVE of West Bloomfield was appointed chief engineer-emissions and fuel economy certification for Chrysler Corp. Love has served as assistant chief engineer, in chassis laboratories, performance, and then in vehicle development.

Rochester resident DONALD GRAVES, senior vice president of Roes Roy Inc. advertising agency, resigned. Graves joined the Detroit-based office in 1970 with responsibilities including business development and general management.

WILLIAM H. McLENNEN of Birmingham was named regional sales manager for Metropolitan Life Insurance Co. He joined the company as an agent in the New Jersey district in 1952.

GERALD L. MAAS and **RICHARD L. RITCHIE** have been named assistant vice president and officer-in-charge of the metro north regional banking center, Bloomfield Hills. **DAVID KLEIN** of Southfield, assistant vice president in its regional banking division, and **D. ANTHONY DREW BATEMAN** of Birmingham, loan officer, also of its regional banking division.

ALEXANDER C. ROBINSON JR. of Birmingham was appointed assistant vice president for the National Bank of Detroit U.S. Corporate Group. Other promotions within the company include **FLOYD R. GRIFFITH**, vice president and officer-in-charge of the metro north regional banking center, Bloomfield Hills; **DAVID KLEIN** of Southfield, assistant vice president in its regional banking division; and **D. ANTHONY DREW BATEMAN** of Birmingham, loan officer, also of its regional banking division.

RICHARD S. TRACY was appointed director of industrial engineering for American Motors Corp. in Southfield. Tracy joined American Motors in 1972 as manager of methods and systems in production planning. He was named manager of scheduling and analysis in 1974.

WILLIAM A. OSWALD of Bloomfield Hills was elected a senior vice president of Kenyon & Eckhardt Advertising Inc. Other promotions for the company include **JOHN MILEY** of Farmington Hills, senior account supervisor; **WILLIAM R. (BOB) WILLIAMS** of Southfield; and **DAVID F. HUBBARD** of Troy as account supervisors.

GAIL DETTLINGER was appointed merchandise manager of Butterick Patterns. She is a resident of Birmingham.

ROBERT L. FOSTER was elected regional sales manager for the Detroit Tap & Tool Co. Foster most recently headed his own sales representative organization, Foster Associates, in Warren. He is a resident of Troy.

FOSTER **BURR** **Chrysler Corp.** appointed **GERALD S. BURR** controller of the stamping and assembly division. Burr joined the company in 1949 and has since held controller positions at the Hamtramck Assembly Plant, the Newark, Del., assembly plant, and the McGraw Glass Plant. He resides in Rochester.