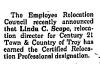
### ,,,,,,,,,BUSINESS LEADERS

Donald P. Hagel of Bloom-field Hills has been appointed to the position of director, business and market develop-ment for ITT Automotive Aft-ermarket. In his new position, Hagel will be responsible for developing longterm market-ing strategies for the division.



Alan Rado has joined D'Arcy Maslus Benton & Bowles/Bloomfield Hills ad-vertising agency as a senior art director. Rado was previously senior art director at BBDO/ Detroit.





# a boost to business

■ Livonia-based Onset BIDCO is taking chances and winning on young small- and mediumsized business, and otherwise providing a boost to the state's economic picture.

BY DOUG FUNKE

Onset BIDCO, the second Business and Industrial Development Corp. to jump into the investment arena in Michigan back in 1989, has become the first to pay a dividend to inves-tors.

the first to pay a dividend to investors.

Onset, headquartered in Livenia, recently paid primary stockholders/owners Chrysler, the state of Michigan Pension Fund, Michigan Strategie Fund and Masec Ocro. Pension Fund 12.5 cents per shore.

The payout was some \$160,000.

But perhaps more important for Onset and the small and medium-sized companies it may one day nurture with loans is that a couple hundred thousand dollars were retained for future investments.

ture with noans is that a couple nundred thousand dollars were retained for future investments.

That's good news for growing companies like:

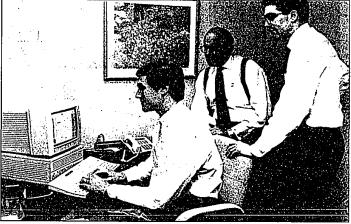
# Advance Material Process Corp. in Wayne, which provides a technical processing service for increasing the strength of metal components. Onset loaned \$1 million.

# Intelligent Controls in Novi, which provides specialized engineering and management services and a proprietory line of test and control products primarily for the auto industry. Onset loaned \$50,000.

# Telesource in Pontiac, which remanufactures, repairs and sells telecommunications equipment. Onset loaned \$750,000.

No burns, yet

The state legislature established the BIDCO concept essentially to



The team: The Onset BIDCO team, from left, vice president Hugo Braun, president Walter J. Aspatore and vice president Scott A. Eisenberg.

give the Michigan Strategic Fund outlets to invest in businesses, Elev-en BIDCOs currently exist. "We're really a bybrid between a traditional bank loan and an equity investor," soid Hugo Brun, a vice president and investment officer at Onset.

president and investment officer at Onset.
"We're coming in after a bank is al-ready involved," soid Scott A. Eisen-berg, also a vice president, invest-ment officer and Bloomfield Town-

ship resident. "The bank has lent as much as it can based on collateral and the company still needs money."
Onset's four major investors put up \$10 million to launch the venture in 1988. Since then, Onset has made 20 loans from \$250,000 to just over \$1 million to 17 companies.

The firm hasn't been burned yet, said Walter J. Aspatore, Onset president and a Bloomfield Hills resident.
"Typically in any portfolio, you're

going to have a bell-shaped curve," he said. "You have two or three stars, the majority making payments and one or two at the other end struggle a little bit.

"We're a lender," Aspatore said. "We will typically get a current interest rate on the loan (about 10 percent now) and we structure a success fee on the back end with warrants or roy-

See BIDCO, PREVIOUS PAGE

## Homeowners, buyers, builders laud new property tax cut plan

sumers."
Like his banking counterparts,
Holtzman was reluctant to
predict exactly how things will
shake cut until the Legislature
determines, what if any, taxes will
replace the local school property

By Doug Funke Staff Writer

By Doug Funke
Staff Wartza.

The fallout from state legislation eliminating local property taxes for school operations beginning with the 1994-95 academic year will touch almost every homeowner, renter and prospective buyer in one way or another.

The exact form depends on what, if any, taxes are canced to replace the local school property measure. But for now, some outcomes are fairly clear.

Homeowners who escrow their property taxes will have smaller monthly mortgage payments.

But what of the escrow accounts, themselves?

Standard Federal Bank, head-quartered in Troy and the largest mortgage lender in the state, currently has some 135,000 residential mortgage in Michigan. About 76 percent escrow taxes. Some surplus escrow belances could be refunded.

However, William R. Yaw Jr., marketing director for Standard Federal, provided a more likely scenario.

Tax bills for the upcoming 1993-94 school year, as in years past, will be received and paid by most financial institutions of their mortgages this summer and in December.

their mortgages this summer and in December. Next year, at escrow analysis time, monthly mortgage payments will be adjusted downward to reflect elimination of the school tax for succeeding years. The would be no large surplus flat that time because the money will have been paid out for taxes.

#### Minimal refunds

"My gut reaction is there will not be a need for massive re-funds, "Yaw said.
"We're batting a lot of things around," said Albert King, mana-ger of mortgage operations for First Federal of Michigan. "There's so many variables in-volved, it's premature to say how we're going to do this."

At least two things are appar-ent.

ent.

If the Legislature doesn't implement a state property tax to fund school operations, monthly mortgage payments eventuelly will decrease for homeowners who pay their taxes through escrow accounts.

The other relates to banking

"I think what will end up happening is competitive forces will create more value for renters. Real estate

taxes going down will give renters much more choices. When things are competi-tive, it's always better for consumers.

Jonathon Holtzman Village Park Apartments

### Wait and see

operations.

"You're going to see a reduction in interest income," said Ellen Batkle, manager of investor relations for First Federal of Michigan. "It can be replaced or lost, You can build it into the cost of mortgage servicing or you decrease you profit."

\*\*MLandlords and tenants both should benefit with the property tax cut, said Jonathan Holtzmen, co-chairman of a Farmington Hills company that owns 10,000 village Green and Village Park opartment units.

"The highest operating expense for an apartment community is real estate taxes," he said.

Property taxes here range from \$300 to \$1,200 per unit annually, Holtzman said. Elimination of the school portion, about 65 percent of the total bill, will especially help landlords in high-tax communities.

"What you're going to end up with is consistency, I think that good for everybody," he said.

"It's reasonable that tenants would expect to share in the financial good fortune of their landlords, Holtzman conceded.

"I think what will end up happening is competitive forces will create more value for renters," he said. "Real estate taxes going down will give renters much more cohoices. When things are competitive, it's always better for consumers."

Like his banking counterparts, Holtzman was reductant to Wait and see

"The whole program hasn't been articulated yet," he said.
"They may come back and put on some business tax that will offset that."

Houses become more affordable for first-time buyers and move-purchasers can acquire more house for the dollar. As a general rule, housing costs including principal, interest, tax-se and insurance shouldn't exceed 28 percent of gross monthly income, lenders say. Many people think payment when they shop.

By eliminatine local school

come, lenders say. Many people.

By eliminating local school property taxes, the buyer of an \$50,000 house in the Birmingham School District could afford another \$30 monthly in interest and principal, in the Livonia School District \$130 and in the Trey School District \$3115.

The advantage compounds with lower interest rates.

"It will make first-time buyers qualify for a larger mortgage, which means you can get into a bigger home," said Edward J. LeVeir, regional director for the Re/Max reality firm. "And it also free up money for additional purchases, appliances and other things for the house."

Mary M. Arlinghaus, president of the Birmingham-Bloomfield Board of Realtors area a short-term benefit. Longer-term benefits will depend on what happens to the quality of local schools. "In some cases where taxes are Sec TAX, PREVIOUS PAGE

See TAX, PREVIOUS PAGE



With interest rates hitting a 30-year low, there's no better time to refinance your home than right now. At First Security Savings Bank, we'll show you how refinancing can lower your monthly payments, reduce the life of your mortgage, consolidate your debts or provide you cash back.

	1 YEAR	5 YEAR	7 YEAR	10 YEAR	15 YEAR	30 YEAR
RATE %	3½%	5½%	6%	6%%	6%%	7%_
A.P.R. %	6¼%	6%%	6%%	7%%	7½%	7%%
	- 17					

If your mortgage interest rate is above 8%, call now! 1-800-72FIRST

Typical example: 30 year fixed rate loan based on \$50,000 mortgage with 20% down and 360 monthly payments of \$332. The quoted A.P.R. Includes IV, origination fee and 2 discount points. The 5 and 7 year programs are bulloon mortgages capitaled with a 30 year amortization. Maximum mortgage amount \$200,150. Rates and points subject to change at any time. "A.R.M. (one year adjustable rate mortgage) rate may increase after consummation.





Fast In Service