



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

DATE: February 15, 2005
TO: Michigan Economic Growth Authority
FROM: James Donaldson, Vice President Michigan Business Development
SUBJECT: Briefing Memo - Quicken Loans, Inc. Standard Credit, Look-Back Credit

COMPANY NAME AND ADDRESS:

Quicken Loans, Inc.
20555 Victor Parkway
Livonia, Michigan 48152

HISTORY OF COMPANY:

Quicken Loans, Inc. originally Rock Financial Corporation was founded in 1985 by Daniel Gilbert. In 1999, Intuit purchased Rock Financial and the company was renamed Quicken Loans. In June 2002, the company was repurchased back from Intuit. Today, Quicken Loans is a leading provider of direct-to-consumer home loans, offering mortgages in all 50 states. The company has been awarded two previous MEGAs, one in December of 2000 for the Livonia headquarters and one in May of 2004 for Troy. The company currently has 1,874 employees in Michigan.

PROJECT DESCRIPTION:

Quicken Loans is growing and the company needs to increase the size of its web-based sales force in an effort to focus on growth in market share. This expansion would allow Quicken to continue to pioneer technological advances in mortgage lending services: The company would lease 36,000 square feet of office space in Livonia to accommodate the growth. The project would lead to the creation of 200 jobs in the first year of the project and a total of 500 jobs over two years. The new positions would be an average weekly wage of \$892. We are recommending a look-back credit because the company recruiters are seeking a specific type of employee, and when they identify an appropriate applicant, they need to offer them a position quickly in order to meet their growth needs.

The project would require an investment of \$11.0 million, including \$5.2 million for capitalized lease costs and \$5.8 million for new computer hardware, servers and office furniture.


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BENEFIT TO STATE:

According to the economic analysis done by the University of Michigan, we estimate that this facility will create a total of 1,555 jobs in the state by the year 2010. We also estimate that the project would create total state government revenues through the year 2010, net of MEGA cost and adjusted for inflation, of \$74.9 million (2005 dollars) due to the location of this facility.

BUT FOR:

Quicken Loans performed a comprehensive analysis of potential sites evaluated on the availability of qualified personnel, cost-effectiveness of the overall business environment, response to marketplace demands, taxing structure and incentives. The focus on locations was narrowed to Livonia and multiple sites in Nevada. The company found that sites in Nevada offered significant tax savings compared to Michigan. Estimates comparing the taxing structure of Michigan and Nevada showed Michigan at a major disadvantage to Nevada, costing the company an estimated \$12 million over five years. In addition, there is a wage differential between Livonia and Nevada of at least 5 percent, potentially increasing company costs further for a location in Livonia.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Livonia approved the waiver of \$200,000 of parking costs for a City owned parking lot that Quicken utilizes for worker parking. The waiver was approved on February 9, 2005.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a six-year employment tax credit of 100 percent for the initial five years and 50 percent for the sixth year, for up to 500 net new employees.