News from your Settlement Consultant for Life

White Rose Newsletter

News to Help You Build Your Business July, 2014

Living With Faults

When I was a kid, my Mom liked to make breakfast food for dinner every now and then. I remember one night in particular when she had made breakfast after a long, hard day at work. On that evening so long ago, my Mom placed a plate of eggs, sausage and extremely burned biscuits in front of my dad. I remember waiting to see if anyone noticed! All my dad did was reach for his biscuit, smile at my Mom and ask me how my day was at school. I don't remember what I told him that night, but I do remember watching him smear butter and jelly on that ugly burned biscuit. He ate every bite of that thing...never made a face nor uttered a word about it!

When I got up from the table that evening, I remember hearing my Mom apologize to my dad for burning the biscuits. And I'll never forget what he said, "Honey, I love burned biscuits every now and then."

Later that night, I went to kiss Daddy good night and I asked him if he really liked his biscuits burned. He wrapped me in his arms and said, "Your Mom put in a hard day at work today and she's real tired. And besides--a little burned biscuit never hurt anyone!"

As I've grown older, I've thought about how life is full of imperfect things and imperfect people.

I'm not the best at hardly anything, and I forget birthdays and anniversaries just like everyone else. But what I've learned over the years is that learning to accept each other's faults and choosing to celebrate each other's differences is one of the most important keys to creating a healthy, growing, and lasting relationship.

~ From www.truthbook.com

Inside This Issue

Study Quantifies Credit Score Boost from Rent Payment Reporting

By Amilida Dymi

A new analysis by Trans Union gauges just how much the reporting of on-time rental payments can improve consumers' credit scores, especially for those with blemished credit. Roughly eight in 10 consumers with blemished credit, or 79.1% of those with Vantage Scores below 641 on a scale of 501 to 990, saw an increase in their score one month after rental payment reporting was added, according to the study. Nearly 41% of these socalled subprime consumers saw their Vantage Score increase by 10 points or more.

The finding matters since subprime consumers may not be as risky as they appear to be strictly from a traditional credit scoring perspective, says Tim Martin, executive vice president of the data management company.

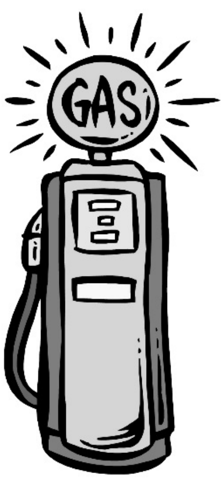
Changing demographics are another reason. Following the Great Recession, homeownership rates have declined to 20-year lows as many consumers choose to rent, Martin says. By the end of 2013 the total number of American renter households increased to 40 million, up nearly 5 million since 2007. But despite the existence of millions of more renters, their rental payment histories are not provided to credit bureaus, he says.

Trans Union's research found that, on average, those who became first-time home buyers in early 2012 experienced a 5.2% increase in their credit score in 2013 after rental payment history was part of the score, while the average renter's credit score declined 0.4% over the same period.

Renters overall also benefit from their rental history: 66.7%, or nearly seven in 10 renters included in the study saw an improvement or no change in their credit score after the first month of reporting; nearly 19% of these renters saw a 10-point increase to their score.

Trans Union plans to encourage property managers to voluntarily report to it rental payment amounts, timeliness and outstanding balance on a monthly basis through its Resident Credit platform. The newly-expanded service is free of charge.

Another goal is to share the information with other national credit reporting companies and eventually turn its efforts into an industry-wide initiative, Martin says.



Driving Gas Savings

Like death and taxes, rising gas prices are unavoidable, especially in the summer. Here are some tips for saving money at the gas pump:

- Drive more slowly on the open road. The most fuel-efficient speed may be the point at which your car shifts to high gear, somewhere around 50mph/80kph. Going faster in high gear will further reduce efficiency.

- Avoid drag. Get rid of roof racks. Avoid carrying equipment outside of the car on long trips. If buying a new car, consider the sleeker models rather than boxy models. Drag can reduce gas mileage significantly.

- Avoid slow and go driving, where you race up to a stop or behind another car, brake, then accelerate again.
- Don't be idle. Letting your car run when you're not going anywhere wastes fuel—you can burn through one-eighth of a gallon idling your motor for 10 minutes. Turn off your engine if you expect to be stationary for more than 30 seconds.
- Stay in tune. Change air filters, motor oil, and spark plugs, regularly.
- Inflate tires correctly. Check your tire pressure often when the air temperature fluctuates. Hot air will have higher pressure, and cool air will have lower pressure. If you make radical adjustments based on air temperature, be sure to recheck the pressure again frequently.
- Fill up on gas often whenever you see a low-priced gas station rather than waiting until you're down to your last drops and can't look for the best price.

July Quiz Question

Q: What is a flink?

Everyone who texts, emails or calls in the correct answer to Paul by the last day of this month will be entered into a drawing for a $50 gift certificate to the restaurant of your choice. 717.269.4957 or Paul@wrsettlements.com

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June Quiz Question:

Q: *I am not alive, but I grow. I don't have lungs, but I need air. I don't have a mouth, but water kills me. What am I?*

A: *Fire.*

Congratulations to Nathan Krotzer, Re/Max Patriots

U.S. Mortgage Rates Decline as Housing Market Rebounds By Prashant Gopal

U.S. mortgage rates fell for a second week, lowering borrowing costs as the housing recovery gets a second wind. The average rate for a 30-year fixed mortgage was 4.14 percent this week, down from 4.17 percent, Freddie Mac said in a statement today. The average 15-year rate declined to 3.22 percent from 3.3 percent, according to the McLean, Virginia-based mortgage-finance company.

The housing market, hurt by unusually harsh winter weather in much of the country, is now gaining strength as **employment** and **consumer confidence** improves. New-home sales jumped 18.6 percent in May from the previous month to a six-year high, the Commerce Department said this week. Existing-home **sales** rose 4.9 percent, the biggest increase since August 2011, according to the National Association of Realtors.

"There's a ton of interested buyers," Paul Anastos, president of Mortgage Master Inc., a Walpole, Massachusetts-based lender, said in a telephone interview yesterday. "Interest rates are still near historic lows so the buying power of the consumer is strong."

Mortgage rates are below where they were one year ago, when they started to spike after the Federal Reserve signaled it may start winding down its unprecedented stimulus plan. The average rate for a 30-year loan this week last year was 4.46 percent, according to Freddie Mac.

When The Ants Go Marching In…

Most of us don't want to share a home with ants, but we don't want to douse the place with insecticide to keep them out, either. Here are a few natural treatments to keep ants at bay:

Cinnamon. Place a few cinnamon sticks where you spot ants crawling into your house. The odor will send ants away. (Garlic cloves work, too.)
Vinegar. Spray some apple or white vinegar on areas where ants have set up shop.
Black pepper. Sprinkle a little pepper when you see ants. Watch where they run to, and treat that area as well to prevent them from returning.
Mint. The scent of mint can disrupt ants' sense of smell. Plant mint outside, especially near doors and windows, and place a few mint leaves in and around your windows.

Numbers game: TILA-RESPA timeline

When it comes to the timing around the Loan Estimate form, there are three time windows you need to remember:

<u>3 Days</u>

A common theme with the TILA-RESPA Integrated Disclosure rule is the number three. In the Loan Estimate's case, the three-day window states that "the creditor is responsible for ensuring that it delivers or places in the mail the Loan Estimate form no later than the third business day after receiving the consumer's application."

<u>7 Days</u>

The second magic number is seven. The ruling states that "the creditor is required to deliver or place in the mail the Loan Estimate no later than seven business days before consummation of the transaction." During this seven-day window, the loan cannot close, so the closing date must be set for after this timeframe. As with the three-day window, the seven-day countdown begins "when the creditor delivers the Loan Estimate or places it in the mail, not when the consumer receives or is considered to have received the Loan Estimate."

<u>10 Days</u>

The third time frame to remember is 10 days. After the creditor issues a Loan Estimate to the borrower, they are making an official commitment to the numbers provided for 10 business days. This commitment is meant to give the borrower ample time to analyze their estimate and potentially shop around for a better estimate from another creditor.

Take a look at the illustration included here with today's post, and ask this question — can I meet the potential demands of this timeline with my current process and tools?

These time windows of course have variations and exceptions to the rule, but for most all closings, these will become the standard. As the industry improves its processes to accommodate for these changes, the demand for more efficient ways of communicating between the creditor and borrower will increase. In order to meet these time windows and ensure creditors are not the ones delaying scheduled closing dates, improvements to their daily operations will be essential.

Courage doesn't always roar. Sometimes it's the quiet voice at the end of the day saying "I will try again tomorrow" - Anonymous

Money Mistakes To Avoid

Unless you're incredibly rich, you probably worry about money. That's natural, but you'll feel better about your financial situation if you avoid these basic money mistakes:

- **Not tracking your spending.** Pay attention to where your money goes. Your credit card statement will help you do this, but don't forget all the incidentals you pay cash for. With this data, you'll find it easier to stick to your budget.
- **Not setting up a budget (and sticking to it).** This advice may seem elementary, but many smart people don't take it seriously. Determine how much money you realistically need to pay bills and buy supplies for a week or month, and don't exceed it.
- **No emergency fund.** Set aside some money for emergencies, and don't touch it for any other reason. Ten or 20 dollars a month can add up, especially if it's drawing interest in an account.
- **Not shopping around.** Take the time to look for the best prices, and avoid buying on impulse. Stock up on essentials on sale, and always look for opportunities to negotiate a better deal.
- **Borrowing too much money.** Don't put more on your credit card than you can pay off at the end of the month. Resist the urge to buy more house than you can afford, and don't be seduced by reward programs that entice you to buy extravagances in order to get bonus points.
- **Not watching your credit rating.** You should be aware of your overall credit score to avoid problems when you really need to borrow money. Make sure all the information is correct, and watch out for signs that your identity has been lifted by con artists.

Commercial's Big Comeback by Ryan Smith

"Is the commercial lending industry due for a comeback?" That's the question MPA asked back in August, and today the answer seems to be a resounding yes. The Mortgage Bankers Association is projecting a record year for commercial and multifamily originations, with volume growing to $300 billion – a 7% spike from 2013 numbers – and hitting $333 billion by 2016. The MBA projects that outstanding commercial and multifamily mortgage debt will hit nearly $2.6 trillion by the end of the year and approach $2.7 trillion by the end of 2016.

And last year wasn't bad, either. Commercial and multifamily originations were up by about 15% in 2013, with fourth-quarter commercial originations hitting their highest volume since 2007. And the stage is already set for good things in 2014, according to Jamie Woodwell, MBA's vice president for commercial real estate research.

"This year will once again see fewer loans coming up against their maturities," Woodwell wrote in an MBA report. "But with still low interest rates, improving property fundamentals, a rebound in property prices, and higher loan maturity volumes on the horizon, we anticipate mortgage originations will continue to increase in 2014."

"We have been doing a lot more commercial transactions – apartment building loans, second-position loans for seasoned investors who are looking to take advantage of other opportunities and have a strong or low rate on the first (loan)," says Pouyan Broukhim, owner of PB Financial Group in Los Angeles. "They don't want to refinance or touch that first-position loan but they're looking for second-position loans to take advantage of other opportunities that are available to them. They're using private financing to do those types of transactions because conventional and traditional second-position lines of credit aren't available. So we're providing second transactions – some on a short-term and some on a long-term basis – to give the investors the capital they need to grow their portfolios."

A lot of the recent growth in the commercial sector is being driven by multifamily originations, which spiked 44% between the third and fourth quarters of 2013. That's due mostly to the rising price of single-family housing moving more people to rent, according to Broukhim.

"You have people that can't afford primary residences because the market is much hotter," he says. "The residential owner-occupied market is very strong right now. So you're getting a lot of rental demand. It's a safe play for conservative investors. And there's actually a lot of financing available for residential income-producing properties throughout strong metropolitan areas."

Rising property values and incomes helped boost the performance of commercial and multifamily mortgages last year. Delinquency rates have returned to the lower end of the historical range, according to data gathered by the MBA. All that makes the commercial market more and more attractive to lenders, Broukhim says.

"On commercial income-producing properties, we're comforted that the income produced by the properties covers the mortgage and expenses that are incurred on a property and gives us leverage," he says. "We're not the type of lender who's looking to foreclose on borrowers or take over properties, so it brings the risk level lower for us. We don't have to consider taking over a property when it's producing income."

Even properties that need a lot of rehab can be attractive prospects, Broukhim adds. "On properties that are being purchased at discounted prices, like vacant properties, we see that investors are getting into deals at rock-bottom prices and spending money – making those properties into profitable, cash-flowing opportunities in six to 12 months," he says. "We provide a lot of bridge financing and short-term loans for investors who are looking to capitalize on non-income-producing properties. They're going in and doing improvements, and after the property becomes conventionally financeable, they usually take us out of that loan in anywhere from six months to 36 months. So we provide a lot of capital for investors who are looking to close quickly close on vacant commercial properties."

This is an especially good time for commercial investors, Broukhim says, precisely because the market is still in a recovery phase. "There are a lot of discounted prices, commercial properties that are available for sophisticated investors. If the investor is sophisticated enough that they know they can turn around and find a tenant for the property there's a lot of low-risk, high-reward available," he says. "Now, they have to understand the cost of financing, but as long as they can factor that in there, they're making a good deal. They're buying at the right price point to make the transaction make sense for long-term purposes."

You're In Good Company

How wonderful it is that nobody need wait a single moment before starting to improve the world – Anne Frank

You may know how and why the company you work for was founded, but do you know where the word "company" comes from? According to Charles Earl Funk's book *Thereby Hangs a Tale* (HarperCollins), the word comes from a combination of the Latin word *con*, meaning "together," and *panis*, which means bread. Thus, "company" originally described a group of people who shared their bread with each other. Think of that the next time you're eating lunch with your co-workers.

Housing Market Recovery Moving Forward, Except for This One Thing

By Jed Kolko

For the first time during the housing recovery, four out of five of Trulia's Housing Barometer measures are at least halfway back to normal. But young adults are still struggling to get jobs.

How We Track This Uneven Recovery

Since February 2012, Trulia's Housing Barometer has charted how quickly the housing market is moving back to "normal" based on multiple indicators. Because the recovery is uneven, with some housing activities improving faster than others, our Barometer highlights five measures:

1.Home-price levels relative to fundamentals (Trulia Bubble Watch)
2.Delinquency + foreclosure rate (Black Knight, formerly LPS)
3.Existing home sales, excluding distressed sales (National Association of Realtors, NAR)
4.New construction starts (Census)
5.The employment rate for 25-34 year-olds, a key age group for household formation and first-time homeownership (Bureau of Labor Statistics, BLS)

The first measure, home prices from our Bubble Watch, is a quarterly report. The other four measures are reported monthly; to reduce volatility, however, we use three-month moving averages for these measures. For each indicator, we compare the latest available data to (1) its worst reading for that indicator during the housing bust and (2) its pre-bubble "normal" level.

4 Out of 5 Measures Improve and Are At Least Halfway Home
All but one of the Housing Barometer's five indicators have improved since last quarter, and all five have improved or remained steady since last year. Prices and the delinquency + foreclosure rate made the biggest strides:

Housing Indicators: How Far Back to Normal?

	Now	Last Quarter	One Year Ago
Home price level	79%	68%	44%
Delinquency + foreclosure rate	74%	63%	53%
Existing home sales, excl. distressed	64%	61%	64%
New construction starts	50%	45%	41%
Employment rate, 25-34 year-olds	35%	39%	30%

For each indicator, we compare the latest available data to (1) its worst reading for that indicator during the housing bust and (2) its pre-bubble "normal" level.

•Home prices continue to climb, though at a slower rate. Trulia's Bubble Watch shows prices were 3% undervalued in 2014 Q2, compared with 15% at the worst of the housing bust; that means prices are nearly four-fifths (79%) of the way back to their "normal" level of being neither over- nor under-valued. Even better, as prices approach normal, price gains are slowing down and becoming more sustainable: for the first time in almost two years, no local market has had price gains of more than 20% year-over-year.

•The delinquency + foreclosure rate was 74% back to normal in May, up from 63% one quarter ago. While fewer foreclosures means fewer discounted homes for sale, delinquencies and foreclosures have caused great pain for millions of households and the financial system. For the foreclosure crisis, the light at the end of the tunnel is getting brighter.

•**Existing home sales** (excluding distressed) were 64% back to normal in May, up from 61% one quarter earlier. Distressed sales have plummeted as the foreclosure inventory has dried up. Non-distressed sales also stumbled from their peak last summer as higher home prices and mortgage rates reduced affordability, but in the past quarter non-distressed sales have resumed their climb.

•**New construction starts** are 50% back to normal, up from 45% one quarter ago and 41% one year ago. Multi-unit starts — mostly apartment buildings — are leading the recovery: in 2014 so far, multi-unit starts accounted for 35% of all new home starts, the highest annual level in 40 years. This apartment boom started last year, and last year's starts are now being completed, which is increasing the supply of apartments for rent.

•**Employment for young adults**, however, took a step back. May's three-month moving average shows that 75.6% of adults age 25-34 are employed, which is just 35% of the way back to normal. That's down from 39% one quarter ago, though still an improvement from one year ago. Because young adults need jobs in order to move out of their parents' homes, form their own households, and eventually become homeowners, the housing recovery depends on Millennials getting jobs.

What's Missing from the Housing Recovery

First-time homebuyers are still missing from the housing recovery, making up just 27% of existing-home buyers according to NAR's May report. That's down a bit both from last month and from last year.

How has the recovery gotten this far without first-time buyers? Investors and other bargain-hunters bought homes near the bottom of the market, in late 2011, which boosted sales and home prices. Now that prices are near long-term norms – just 3% undervalued – the bargain-hunting engine is sputtering. Repeat buyers, who are trading in one home for another, are taking more of the market.

Would-be first-time homebuyers are stuck: rising prices and mortgage rates have reduced affordability before young adults have been able to recover from the jobs recession. A full recovery that includes first-time homebuyers is still years away; many young adults still need to find jobs and keep them long enough to save for a down payment and qualify for a mortgage. Until that happens, the clearest signs of recovery will be apartment construction and renter household formation, not first-time home buying, as young adults move from their parents' homes into their own rental units.

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