News from your Settlement Consultant for Life

White Rose Newsletter

News to Help You Build Your Business May, 2014

Don't Change Your Nature

A very old man used to meditate early every morning under a large tree on the bank of the Ganges River in India. One morning he saw a scorpion flailing helplessly in the strong current of the river, tangled in a complex network of tree roots.

The old man immediately reached out to rescue the drowning scorpion. The panicked animal tried to sting him, but the man persisted. For several long minutes his hand darted back and forth, evading the scorpion's deadly stinger as he tried to rescue it.

A passerby saw the struggle and called out. "Hey, old man, what's wrong with you? You're going to get yourself killed. Just let it go."

The man sat back and looked calmly into the stranger's eyes. "Friend," he said. "It is the nature of the scorpion to sting. It is my nature to save the helpless. I do not expect him to change his nature to suit me, nor will I change my nature to suit him."

It is a confident person who stays true to their own nature when being pressured to change.

Join White Rose and Reverse Mortgage Funding for a Reverse Mortgage Seminar this Tuesday, May 13 from Noon-12:30 at the RAYAC Offices. RSVP to Martha Torres, 717.846.8882

HUD Eases Reverse Mortgage Terms—But Only for New Loans

By Brad Finkelstein

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The Department of Housing and Urban Development has eased the terms of reverse mortgages for borrowers' surviving spouses who are not named in the loan documents—but only for new loans.

Beginning with loans originated on Aug. 4, a non-borrowing spouse will no longer automatically be required to pay back a government-insured reverse mortgage when the person listed on the loan dies or leaves the property. The new policy, disclosed in an April 25 Federal Housing Administration letter to lenders, will not help non-borrowing spouses who are already facing foreclosure and have been fighting HUD in court to keep their homes.

At a court hearing two weeks ago in Washington, HUD agreed to suspend foreclosures for 60 days while it developed this policy letter. But at the same hearing, the agency seemed unable to address the issue of non-borrowing spouses currently in this situation. The policy letter says the agency's hands are tied. "Because FHA's traditional interpretation is embedded in existing, legally binding contracts, FHA has no authority to alter it with respect to existing loans," the mortgagee letter states. Under current rules, a Home Equity Conversion Mortgage becomes due when the borrowing spouse dies or otherwise has to permanently vacate the home or if tax and insurance payments are not made.

After the policy change, a non-borrowing spouse, specifically named in the HECM documents and continuing to occupy the home as the principal residence, will not be required to repay the loan right away as long as he or she continues to meet certain criteria. These include maintaining the property as the primary residence and paying taxes and insurance on the property. If the non-borrowing spouse fails to meet the criteria, the loan becomes due. The servicer is not required to notify HUD that it now must be paid off.

The letter also makes it clear that the non-borrowing spouse is not entitled to receive any further reverse mortgage payments, unless some funds were set aside specifically for property repairs. Interest will continue to accrue on the money already paid to the borrower. If the borrower marries after the loan closes or divorces his or her spouse after the loan closes, the non-borrowing spouse is not entitled to the deferment established by the policy.

FHA is using its authority under the Reverse Mortgage Stabilization Act of 2013 to make this change. However, it still plans to go through the normal rulemaking process and it will seek comments on this mortgagee letter.

Know What's Considered Non-public Personal Information

The Federal Trade Commission defines NPI as:

- any information an individual gives you to get a financial product or service (for example, name, address, income, Social Security number, or other information on an application);
- any information you get about an individual from a transaction involving your financial product(s) or service(s) (for example, the fact that an individual is your consumer or customer, account numbers, payment history, loan or deposit balances, and credit or debit card purchases); or
- any information you get about an individual in connection with providing a financial product or service (for example, information from court records or from a consumer report)."

Examples of NPI include bank, loan payoff and credit card statements; insurance, retirement and tax information; Social Security numbers and dates of birth; and real estate/title related items, commission amounts and loan fees.

NPI does not include information that you have a reasonable basis to believe is lawfully made "publicly available." In other words, information is not NPI when you have taken steps to determine:

- that the information is generally made lawfully available to the public
- that the individual can direct that it not be made public and has not done so

Preparing for the Spring Buying Season

By Douglas Smith

A mortgage originator said to me the other day "I can't wait until things pick back up again." I responded "You are exactly right!" The last great refi boom faded into history over six months ago. A new year began more than three months ago. Still, it's incredible to see how many loan originators and mortgage lenders out there are still "waiting" for something to happen. How much longer can they wait?

April marks the start of the spring home buying season. Of the projected 5.1 million homes that are expected to sell this year, in most markets the majority of those sales will happen during the next 12 to 15 weeks. As house hunters come out from winter hibernation to start looking at homes again and the economy continues its upward climb, we could be in for the best spring buying season we've had in years. If you are a sales manager, is your team ready? If you are an originator, are you ready?

"The business comes to those who go after it," is a solid axiom for success. If you are ready to go after the business that's out there right now, here are five things you can do:

1. Get more voice time and face time with your agents. Emails are nice and it's important to stay in touch with your Realtor business partners, but sometimes you need to stop typing and start talking. Pick up the phone (or better yet your car keys) and make real contact with your agents. Call them on Monday mornings to see if they met any buyers over the weekend who you can pre-qualify. Stop by their open house for 10 minutes on a Sunday to say hello. Set up coffee meetings and lunches. Swing by their offices on Friday afternoons to remind them you are available by phone over the weekend. Agents love when lenders go out of their way to pay attention to them and they often show their affection with their referrals.

2. Get involved in big local events. During the spring and early summer your local community calendar is packed with opportunities to put yourself in front of hundreds of potential customers. Become a vendor, rent a table or booth and get out there and talk with people who might be in the market to buy a home. You'll made lots of new contacts, sharpen your customer

May Quiz Question

Q: Are humans precocial or altricial?

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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April Quiz Question:

Q: *Who was the Benedictine monk who invented champagne?*

A: *Dom Perignon.*

Congratulations to Tammy Zambito, Freedmont Mortgage conversation skills, land some prospects, and best of all write new loans that might otherwise have gone to someone else!

3. Send an "opportunity letter" to your database. Do you have a database of friends, family, past borrowers and personal contacts? Good for you. Now is the time to exploit that database to its full potential. Craft a short letter letting folks know that 1) the spring home buying season is upon us; 2) mortgage interest rates are still wonderfully low; 3) there are plenty of affordably-priced homes still on the market; 4) you have a great variety of home financing options to choose from; and 5) you are ready to help! Send the letter out now and then again (same letter) in 30 days. You will get calls, and the bigger your mailing list, the more calls you will get.

4. Market to residents of apartment complexes. More than half the mortgage loans made today are to first-time buyers. You can purchase a list of names and addresses of renters in your area (from a leads list service) and send out targeted letters or you can opt to place colorful flyers on apartment door handles. Let renters know about the low rates and great buying opportunities that still exist and offer free home financing advice and complimentary pre-qualification consultation by phone. Look at it this way: If 5.1 million people are buying a home this year and over half are first-timers, it equates to around 250,000 mortgages made to first-time buyers each month. Don't you want some of that action?

Laughter is timeless, imagination has no age and dreams are forever – Walt Disney

5. Start asking for more referrals. Many loan originators are shy about asking people for the thing they need most, referrals. In your daily contacts (coffee shop, grocery store, drycleaner, hair salon, etc.) open your mouth, take out a business card and make a simple request like: "Please take my card. We're in the busy home buying season now and I want to help as many people here in town finance their home purchase as I can. If anyone you know mentions to you they are looking to buy a home soon, give them my card and let me see if I can save them a bunch of money!" Yes, it may feel a bit awkward to do so, but if a loan is worth $700, $1,000, even $3,000 or more to you, isn't it worth getting over a little shyness to make that much money?

Contrary to popular belief, a rising tide does not raise all boats. Those lenders and loan originators who are proactively pursuing the business opportunities out there will land the lion's share of the loans during the next few months, and the rest will be left with the leftovers. Capitalize on this year's spring and summer home buying season, make lots of loans, and try to help as many people as you can–including yourself!

Eating Smart

Want to get smarter? Watch what you eat. No guarantees, but try some of these mental boosters:

- Walnuts. A Spanish study found that people who eat a small handful of walnuts each day saw their memory improve by 19 percent.

- Coffee. It helps you wake up, and a British study suggests that just 20-30 milligrams of caffeine (less than one cup) can enhance mental agility.
- Spinach. The magnesium in Popeye's favorite food may not make you instantly stronger, but it can increase the blood flow to your brain.
- Mussels. Mussels provide high levels of vitamin B12, which can help insulate your brain cells as you age.
- Asparagus. Eating your vegetables is good for you. Asparagus is packed with folate, which can decrease the risk of depression.

Fannie: More Americans Say Buy, Sell Now Daily Real Estate News

Americans' optimism about the housing market has grown as the spring selling season gets underway, with 42 percent saying now is a good time to sell a home, according to Fannie Mae's April 2014 National Housing Survey. Meanwhile, 69 percent of Americans say now is a good time to buy a home.

Also, fewer Americans report being concerned about losing their job, which may urge more potential home buyers off the fence, Fannie Mae's survey notes. However, 39 percent of respondents say their household expenses are significantly higher than they were 12 months ago.

"Our April survey results suggest that consumer confidence is moving in a positive direction," says Doug Duncan, senior vice president and chief economist at Fannie Mae. "Consumer attitudes about the current home-selling environment have improved and now are at the most favorable level we've seen in the survey's four-year history. Consistent with Friday's upbeat jobs report, concern about job loss among employed consumers also has hit a record survey low. These results are in line with our expectations for increased housing activity and gradual strengthening of the housing market going into the spring and summer selling season."

Fifty percent of survey respondents say they believe home prices will go up in the next 12 months, with expectations averaging 2.9 percent. The share of Americans who expect home prices will fall was at 5 percent, an all-time survey low.

Listen Between The Lines

A young man who was constantly quarreling with his wife sought advice from a trusted uncle. His uncle advised him, "You have to learn to listen to her."

The man went home and did his best. A month later he returned and told his uncle, "It's no better, and I've been listening to every word she says."

The uncle smiled. "Now go back and listen to every word she isn't saying."

Pending Sales of Existing Homes Rise Most Since May 2011

By Bloomberg News

Contracts to purchase previously owned homes climbed in March by the most in almost three years, showing residential real estate was starting to stabilize entering the spring selling season.

The pending home sales index rose 3.4%, the most since May 2011 and the first gain in nine months, after a 0.5% drop in February that was smaller than initially reported, the National Association of Realtors said today in Washington. The median projection in a Bloomberg survey of economists called for a 1% increase. The gauge is 7.4% below a year earlier. Housing demand has weakened since the middle of last year as rising prices and borrowing costs put ownership out of reach for some prospective buyers. An improving employment outlook and easier access to credit would help entice more house hunters to sign purchase contracts.

"The housing market is on track to recover much like the broad-based recovery we've seen in the rest of the economic data," Gennadiy Goldberg, a strategist with TD Securities USA LLC in New York, said before the report. "Some of it is based on improving fundamentals," such as job and income growth, he said. "Consumers do have more money to spend and they'll probably spend it on housing."

A mother is a person who, seeing there are only four pieces of pie for five people, promptly announces she never did care for pie. ~Unknown

Estimates in the Bloomberg survey of 35 economists ranged from a 2% decline to a 7% increase after a previously reported 0.8% drop in February. Purchase contracts fell from the year prior after a 10 percent decrease in the 12 months that ended in February on an unadjusted basis. Existing-home sales are projected to total just over 4.9 million this year, less than the 5.1 million in 2013, the trade group said. The pending sales index was 97.4. A reading of 100 is equal to the average level of contract activity in 2001, according to the Realtors group.

Three of four regions showed an increase from February, with contract signings up 5.7% in the West, 5.6% in the South and 1.4% in the Northeast. Pending sales dropped 0.8% in the Midwest. Economists watch the pending sales report for clues to existing-home sales, which are tabulated when a contract closes a month or two after being signed. "After a dismal winter, more buyers got an opportunity to look at homes last month and are beginning to make contract offers," NAR chief economist Lawrence Yun said in a statement. "Sales activity is expected to steadily pick up as more inventory reaches the market, and from ongoing job creation."

Sales of existing homes fell in March for a third consecutive month, dropping 0.2% to a 4.59 million annual rate, the lowest level since July 2012, the Realtors association said last week. Purchases were down 8.5% compared with the same month last year. New-home sales also retreated as buyers balked at record prices. Sales dropped 14.5% to a 384,000 annualized pace, the slowest in eight months, the Commerce Department reported last week. The median price of a new house climbed 12.6% from a year earlier to a record $290,000.

Mortgage rates have risen along with prices, reducing affordability. The average rate for a 30-year, fixed mortgage was 4.33% in the week ended April 24, compared with 3.4% a year earlier, according to Freddie Mac. Mortgage rates remain historically low, however. Since 1971, they've averaged 8.5%, peaking at 18.6% in 1981. Harsh winter weather at the beginning of the year further slowed housing as snow and frigid temperatures stalled construction and kept some buyers indoors. A pickup in housing demand may prove difficult as first-time buyers struggle to obtain credit and builders design new homes for a higher-end market.

Diminished sales haven't made houses any cheaper. Builders including PulteGroup Inc. and D.R. Horton Inc. are raising prices and fewer are targeting first-time buyers. At M/I Homes Inc., a Columbus, Ohio-based single-family homebuilder, the average price of properties under contract rose to $326,000 this year from $290,000 a year ago, Chief Executive Officer Bob Schottenstein said. "While we continue to believe that housing is in the early stages of a multiyear recovery, the spring selling season has gotten off to a slower-than-expected start," Schottenstein said on an April 24 earnings call. "We continue to believe that we're in the early stages of a housing recovery that will last a number of years," he said. "We're optimistic not just about our business, but we're optimistic about macro housing conditions."

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