

White Rose Newsletter

News to Help You Build Your Business

April, 2014

Can't Get It Right? Let Go



The story is told of a Zen monk who was asked to dedicate a temple by writing the words "The First Principle" using his best calligraphy for display above the main door.

The monk sat at his table and carefully made the symbols on a sheet of paper. But a Zen master looked at it and said, "That's no good. Can you try again?" The monk performed his calligraphic art a second time with the master standing over him. Once he'd finished, the master again said, "No, that's still not good enough. Do it again."

The monk worked all afternoon and into the night, with the demanding master rejecting one attempt after another. He was close to exhaustion when the master finally stepped away to attend to other duties.

Relieved for a time from the pressure of observation, the monk sighed and mindlessly sketched the symbols again, without paying attention to the finer points of his art. The master returned a few minutes later, looked at the paper, and smiled. "That's perfect."



Paradoxically, I've found that sometimes letting go is the only way to get what I've been seeking.

White Rose Settlement Services, Inc. has an Amazing New Product for Your Buyers and Borrowers

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Don't miss our Lunch and Learn on Tuesday, April 15, 2014 from Noon-1:30 at the Out Door Country Club to find out the latest technology White Rose is using for your clients. We have been beta testing the new "Passports" and the clients love it. You will too!

Of course, there will be Industry updates too.

Feel free to bring a friend or associate from your office with you!

The Upside of Interest Rate Increases By Douglas Smith

Most analysts agree mortgage interest rates are likely to creep up slowly over the next year, and close out 2014 somewhere in the 5% to 5.5% range. While the threat of higher interest rates strikes fear in many mortgage lenders, there are unseen rewards to rising rates, such as:

1. A stronger economy. Rising interest rates are often the tell-tale sign of an improving economy. Not only is your personal portfolio now worth more (stocks, investments, retirement savings, etc.) but your business should be picking up.

A healthier economy with stronger consumer confidence and lower unemployment means more people are entering the market to make major purchases, like buying a home. The forecast for this year is over five million home sales and more than one million new housing starts, up a total of more than 250,000 units from 2013. Regardless of rising rates, more people are now buying and building homes, and that's good for all of us.

2. Product diversity. During the last three years of heavy refinance activity and record low rates, most people chose the benefits and safety of a 15-year or 30-year fixed-rate mortgage. As we migrate to a predominately purchase-loan market, the ability to promote new and different loan products (10/1 adjustable-rate mortgages, portfolio loans, construction financing) will create new opportunities for originators who have a good product line and understand how to position it.

Always fine time for the things that make you happy in life - Anonymous

This shift to purchase loans will provide you with a chance to distinguish yourself and your company from the "plain vanilla" banks, lenders and credit unions in your area that offer a limited product line and separate you from the majority of mortgage originators who only know and sell simple fixed-rate loans.

3. More shoppers. In a refinance market where rates are abnormally low, people don't shop as much. They know that by refinancing their mortgage into a 3% loan they're already saving a bunch, and spending time and energy searching for a lower eighth in rate isn't that big of a deal.

In a rising rate purchase mortgage loan origination market, the game changes and people become more price-sensitive. Moving forward, those buying or building a home will spend more time shopping around to see if they can score a lower rate.

At first, more borrowers shopping for the best rate may seem like a big negative, and it can be if those shoppers are people you have already pre-qualified, pre-approved or already have in process. But what about all those borrowers who have been pre-qualified by



your competition and are now out shopping? What about those buyers whose real estate agent recommended another lender yet are still searching to find a better deal?

Hey, they might find you! If you are an originator who is well-positioned in your local community through ongoing advertising, marketing and networking activities, you'll catch some calls from these shoppers. And if you have attractive rates, good product options to offer and great phone skills, you'll have a chance to steal away that business.

4. Less competition. We've already seen thousands (and I mean thousands) of loan originators exit the industry in the last six months.

When business is booming and the loans are falling in your lap, this looks like a pretty good gig. But when the gravy train slows down, the refinances fade and the business shifts back to a proactive "sales" job, those originators who are more order-takers than salespeople typically decide to opt out for a different career that requires lower risk and less effort.

Let's be real: Who can't sell money at 3%? Rising rates will continue to reduce the number of lenders in your local market month by month, thus opening doors to abandoned Realtor relationships and yielding more potential prospects and buyer opportunities for you.

5. More fun. Let's face it: Did you get into this business to sit at a desk, stare into a computer screen and push paper? For the last few years during the low interest rate refi blitz, that's what many originators have been doing with most of their time.

The real "fun" in this business comes from meeting people, forming new alliances with great real estate agents, networking among your peers and business partners, contributing to the growth of your local economy, and above all helping people realize the American dream of owning a home of their own.

One top producer I recently talked with closed \$34 million last year, most of it in Home Affordable Refinance Program loans. "I made a lot of money last year. But loans took too long to close, people weren't very appreciative of what I did for them and it was very, very stressful," he told me.

"Now that we're back in a purchase market and it's all about helping home buyers, I'm ready to start having fun again."

April Quiz Question

Q: Who was the Benedictine monk who invented champagne?

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

March Quiz Question:

Q: How far do most continents move each year?

A: About 0.6 inches or 1 - 2 centimeters or per year.
North America is about 60 feet or 18 meters from where it was in our grandparents' youth.

Congratulations to Pat Joseph,
York Traditions Bank



Rather than lament the impending rise of interest rates, look at the opportunities this movement will create. In every market there are hidden advantages. Capitalize on the upsides this change affords you, and let it play in your favor.



Three Keys To Career Success

Before launching a career, remember these three foundations for achieving a satisfying long-term career:

- **Identify your strengths.** You can waste a lot of time pursuing goals that don't allow you to do what you're best at. That doesn't mean you shouldn't stretch learn fresh skills so you can find new opportunities, but you'll do best by putting your natural talents to work instead of ignoring or fighting them.
- **Be realistic.** Take a hard look at what you want to achieve, break it down into individual steps, and re-evaluate if you're willing and able to follow through until the very end. If not, don't be afraid to adjust your goals.
- **Sharpen your social skills.** Few people work in total isolation from the rest of humanity. Learn to speak with confidence, show genuine interest in other people, ask good questions, and persuade people without alienating them.

Generational Differences Drive Housing Preferences? Daily Real Estate News

Younger home buyers tend to view their home as a strong investment, more so than older buyers who tend to view their homes as a match to their lifestyle, according to the 2014 NAR Home Buyer and Seller Generational Trends study, based on a survey of more than 8,700 responses from buyers and sellers. The survey provided an in-depth look at the generational differences of recent home buyers and sellers.

The largest group of recent buyers is millennials, those under the age of 34, who comprised 31 percent of recent home purchases, according to the NAR survey. Generation X buyers, born between 1965 and 1979, accounted for 30 percent of recent purchases, and younger boomers, born between 1955 and 1964, accounted for 16 percent.

“Given that millennials are the largest generation in history after the baby boomers, it means there is a potential for strong underlying demand,” says Lawrence Yun, NAR’s chief economist. “Moreover, their aspiration and the long-term investment aspect to owning a home remain solid among young people. However, the challenges of tight credit, limited inventory, eroding affordability, and high debt loads have limited the capacity of young people to own.”

The median age of millennial home buyers is 29 and the median income is \$73,600, according to the NAR study. They typically purchased an 1,800-square-foot home



costing about \$180,000. In comparison, gen X buyers' median age is 40 and median income is \$98,200, and they tend to purchase a 2,130-square-foot home costing \$250,000. Among some of the study's other findings:

- 87 percent of buyers age 33 and younger consider their home purchase a good financial investment compared to 74 percent of buyers 68 and older.
- Millennials were more likely to buy in an urban or central city area than older boomers.
- Younger buyers tended to place higher importance on commuting costs than older generations. Older generations tended to place more emphasis on energy efficiency, landscaping, and community features.
- Millennials plan to stay in the home for 10 years while the baby boom generation plan to stay for 20 years.
- Younger buyers tend to move to larger, higher-priced homes, but “there is a clear trend of downsizing to smaller homes among both younger and older baby boomers and the Silent Generation (those born between 1925 and 1945),” according to the study.

Effective Writing Is Lean

Good writing commands attention and keeps readers engaged. What’s the key? Think “Less is more.” You’ve got to carve away the superfluous to get to the essentials, whether you’re telling a story or explaining a sales contest. Here are some pointers to keep your writing tight:

- Define your mission. What’s the purpose of your letter/memo/email/report? What are you trying to accomplish with your writing? If you have the end in mind, start there. Write the ending first, and then go back to the beginning and middle.
- Don’t be afraid to write several drafts. Then pare each subsequent draft by cutting unnecessary details, overly flowery descriptions, and empty phrases that don’t add anything to the content or that repeat something said elsewhere. Be ruthless.
- Tweak sentences. Consider each sentence individually. Look for redundancies, unnecessary details, and jargon. Can you eliminate words or substitute one word for three?
- Put it aside for a while, and then read it again. Can anything else be eliminated? Words? Sentences? Whole paragraphs? Does it convey the right tone?



RESPA Violations Could Land You in Prison By [Caldwell and Kearns](#)

The Real Estate Settlement Procedures Act (RESPA) dictates that disclosure forms must clearly itemize all of the charges that a buyer and that a seller must pay at settlement. If the settlement statement does not accurately reflect all of the charges attributable to each party, we have a RESPA violation.



One of the RESPA requirements is for a closing agent to use a single integrated disclosure form that satisfies the disclosure requirements under both RESPA and the Truth In Lending Act. In today's settlements, these disclosures are provided through the TIL disclosure and the HUD-1 Settlement Statement.

When we talk about RESPA violations, most people immediately think of the anti-kickback provisions and the prohibitions against paying referral fees. It is also a RESPA violation to falsify the information on the settlement sheet. What are [some of the consequences](#) that attorneys, title agents and real estate agents can face for participating in real estate transactions where the settlement sheet does not accurately reflect what charges have been paid and by whom?

Two Pennsylvania mortgage brokers were recently convicted of mortgage fraud for their part in a scheme in which they promised financially distressed homeowners they would find an investor to help them save their home. They and other co-conspirators falsified settlement statements and other loan documents in order to hide the nature of the scheme until after the loan was funded. One broker was sentenced to five years in prison ordered to forfeit \$400,000, fined \$12,500, and pay a special assessment of \$1,000. The other broker is awaiting sentencing.

We are what we repeatedly do. Excellence, therefore, is not an act but a habit. ~ Aristotle

A mortgage broker from Missouri was recently indicted in an alleged mortgage fraud scheme that included falsifying HUD-1 to conceal the fact that proceeds from the sale of the property were diverted back to the buyer, and used these funds to finance the borrower's down payment for the same transaction. He faces 32 years in prison and up to a \$1 million fine.

A New Jersey branch of Wells Fargo Home Mortgage saw one of its mortgage brokers plead guilty to conspiring with nine others to submit mortgage loans to his employer for unqualified straw purchasers based in part upon false information contained in HUD-1 statements. He faces up to 30 years in prison and up to a \$1 million fine.

In Connecticut, a mortgage broker faces up to 30 years in prison for his role in a mortgage fraud scheme in which he provided false information to mortgage lenders, including verifications of income, verifications of down payments, and false HUD-1 forms.

These are extreme situations with serious consequences. Before you minimize the value that these cases might offer you, think for a moment how many times YOU have signed a settlement sheet because your seller (for example) could not or did not want to come to settlement. Have you ever signed a HUD-1 that did not include some payment, credit, or compensation that was done "off the sheet?" Every time you did that, you violated RESPA.

The authorities are aggressively prosecuting RESPA violations, and those who continue to disregard the obligations of RESPA could face serious fines, loss of their license to practice their profession, and even prison time. Before you decide to take action, please consult with an attorney who understands what RESPA permits and what it prohibits.



Mr. Woodburn is an attorney with Caldwell & Kearns and serves as associate counsel to PAR. Mr. Swartz is also an attorney with Caldwell & Kearns. A substantial portion of their practices is dedicated to providing advice and counsel to real estate licensees and representing and defending real estate salespersons and brokers in civil lawsuits and licensing claims across the Commonwealth. They routinely counsel employers on employee relations issues as two of the voices of the PAR Legal Hotline. They may be reached at www.cklegal.net.

There's A Phobia For Everything

Many people have phobias. Some of the more common types are arachnophobia (fear of spiders), acrophobia (fear of heights), ophidiophobia (fear of snakes), and agoraphobia (fear of open spaces or of being in crowded, public places). But many people suffer from what may seem to others like bizarre phobias, including:

- Agyrophobia (fear of crossing the street)
- Pediophobia (fear of dolls) and related Automatonophobia (fear of a ventriloquist's dummy)
- Coulrophobia (fear of clowns)
- Scoleciphobia (fear of worms)
- Hippopotomonstrosesquippedaliophobia (ironically, fear of long words)

And there are many more. In fact, the website phobialist.com lists hundreds of phobias, some so obscure that one wonders if they exist only in imagination. But of course they do.



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