

# White Rose Newsletter

News to Help You Build Your Business

March 2014

## A Wise Motto

A queen called her advisors together and asked them to come up with a motto for the nation that would help her people in times of distress.

“It must be short enough to be engraved on a ring. It must be as useful in prosperity as in adversity. It must be wise and true and endlessly enduring, words by which men and women could be guided all their lives.”

The motto they chose: “This, too, shall pass.”



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

Don't miss our Lunch and Learn on Tuesday, April 8, 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! Feel free to bring a friend or associate from your office with you!

## Mortgage Group Calls for Reducing FHA Annual Premiums By Brian Collins

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A trade group representing small and mid-sized community-based mortgage lenders is urging the Obama administration to reduce the 1.35% annual premium on Federal Housing Administration-insured mortgage purchase loans. The high annual premium “directly affects debt-to-income ratios making loans and home purchases less affordable,” according to the Community Home Lenders Association.

The Federal Housing Administration has increased the annual premium over several years to cover loan losses and to recapitalize the FHA mortgage insurance fund. However, the annual premium is now the highest in FHA's history and FHA is estimated to net a \$14 billion profit in fiscal year 2014, which ends Sept. 30.

"We think it is time to ease up on the heavy annual premiums that are becoming a drag on home purchase affordability," said Scott Olson, the trade group's executive director.

In December, FHA endorsed 73,200 single-family loans, 67% of which were mortgage purchase loans. The Community Home Lenders Association said it is not proposing to reduce premiums on FHA-backed refinancings.

The trade group suggested reducing the 1.35% annual premium to 0.7% or 0.5% for borrowers that complete pre-purchase homeownership counseling. To recoup some of the reduced premium income, it also suggests hiking the current 1.75% upfront premium to 3%.

"This [upfront premium] increase would likely recoup around 40% of the loss of the annual reduction, thus cushioning the financial impact" the group says in a letter to the White House Office of Management and Budget.

The high annual premiums have been manageable thanks to low mortgage rates. As rates move higher, the lenders group's members are concerned it will make it tougher for homebuyers to qualify for a FHA loan and become a drag on the housing recovery. Overall, the trade group is proposing a shift in FHA revenue from the annual premium to the upfront premium.

Relying too heavily on the upfront premium can reduce FHA receipts by pricing "borrowers out of the home purchase market," according to the Feb. 18 letter to OMB.

*There's a difference between interest and commitment. When you are interested in doing something, you do it only when it's convenient. When you're committed to something, you accept no excuses – only results. – Ken Blanchard*

The group also warns that it may be a short-sighted policy that will encourage FHA borrowers to refinance after four or five years. "Excessive annual premiums can also lead to borrowers refinancing out to other loan sources as the loan matures—precisely at the point in time when FHA loans are safest—thus depriving FHA of revenue when the loan is paid off."

## ***Shonna S. Cardello receives Associate Land Title Professional Designation***

White Rose Settlement Services, Inc. President, Shonna S. Cardello has received the Pennsylvania Land Title Association's Associate Land Title Professional Designation. The program honors those title professionals who have the required experience, education and professional participation to be considered by their peers as among the most distinguished title professionals in Pennsylvania.



Cardello is a founding partner of White Rose Settlement Services, which opened in July of 1996. She's has been in the title industry since 1992 and is a graduate of Hagerstown Business College with an Associates of Arts degree in Paralegal Studies.

"The only constant in the land title industry is change," says Cardello. "I feel education is the backbone of our industry and I am proud to have earned my ALTP designation. I believe the designation shows my dedication and love for the real estate industry."

Shonna is one of 79 total individuals who have been honored with the Pennsylvania Land Title Association's Associate Land Title Professional Designation.

## Prevent Lap Top Death

Heat is the "cause of death" for most laptops. The heat not only causes all components to expand and contract a little (as you turn it on and off), but will also reach dangerously high levels and make your laptop crash or shut down if the fan(s) and the heatsink(s) are clogged with dust.

All computers work a little bit like vacuum cleaners – sucking air from one side and blowing it out from the other.

Unfortunately they don't come with filter bags to catch all the dust and debris. After just a few months the fans and heatsinks are well coated with dust. If not cleaned, their effectiveness quickly drops and eventually goes down to zero when the heatsinks get fully clogged. Here are a few of the unintended consequences:

- An overheated processor slows down and operates less efficiently.
- The efficiency and output of electrical current through hot copper wires gets reduced.
- Increased heat causes increased chemical reaction in batteries that reduces the battery life and amount of time they stay charged. With prolonged exposure to high heat, the battery may even become unusable.

To clean your laptop regularly, get a can of compressed air and blow the dust off the fan and heatsink. This has to be done every couple of months. The compressed air is quite handy for the keyboard too, blowing away all the debris from between the keys.

However if the heatsink has already been clogged, this won't help. The compressed air will not be enough to unclog it. If you have never cleaned the heatsink and you had used your laptop for over a year, chances are that both the fan and the heatsink are clogged with dust and debris. The solution in this case is to remove the heatsink, clean it and install it back. This is best done in a laptop repair shop, as it takes quite a lot of experience and dexterity. One slip of the screwdriver may kill the laptop.



## March Quiz Question

**Q:** *How far do most continents move each year?*

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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## February Quiz Question:

**Q:** *I am the beginning of the end, and the end of time and space. I am essential to creation, and I surround every place. What am I?*

**A:** *The Letter 'E.'*

Congratulations to Marie Arcuri, Jack Gaughen Realtors, York

## Make Rainy Day Fund Top Priority

Experts advise people to set aside enough cash to cover three to six months of living expenses in case something bad happens. Here's how to get your "rainy-day fund" going:

- Save a little every week, even if up to your eyeballs in bills.
- Pay your rainy-day fund before paying into your retirement.
- Pay the minimums on your credit card for a few months and put the remainder into your fund until you've built it up.
- Go on a spending diet until your fund is built up.
- Sell things you don't need to bolster your fund.



## New Home Sales Surge in January After Two Lame Months

By Brian Collins

New home sales jumped 35% in January after declining over the two previous months, according to a Mortgage Bankers Association survey of mortgage companies owned by homebuilders.

Based on the survey results, the MBA estimates builders sold 38,000 new homes in January, up from 28,000 in December. This jump indicates strong pent-up demand for new homes and bodes well for the spring selling season that starts shortly after the Super Bowl in some parts of the country.

Pulte Group's top executive Richard Dugas recently told investors that homebuyer interest began to stir much earlier this winter than usual and he is optimistic about the spring selling season. "There was a noticeable shift in the market in December," which normally doesn't happen until late January, Dugas said. The Bloomfield Hills, Mich.-based homebuilder has a mortgage banking subsidiary.

MBA chief economist Mike Fratantoni noted the builder survey seems to conflict with existing home sales data, which have been weak lately.

"Our builder application survey estimate is consistent with reports of homebuilder sentiment that show strength in the market for new homes," Fratantoni said. "It is also worth noting that the significant January increase also followed a particularly slow pace in November and December."

On a seasonally adjusted annual rate, the MBA estimates sales of new single-family homes were running at a 543,000 pace in January, up from a 402,000 pace in December. The Census Bureau will issue its January new home sales report on Feb. 26.



## Senate Banking GSE Reform Bill Nears Completion By Victoria Finkle

Senate Banking Committee leaders are expected to soon unveil their highly anticipated bipartisan bill to overhaul the mortgage finance market as the window for moving legislation this year continues to narrow.

Chairman Tim Johnson, D-S.D., and Sen. Mike Crapo, R-Idaho, the panel's ranking member, are likely to release details of their bill within the next two weeks, according to several sources tracking the negotiations.

"Indications are that they are very close to sharing legislation with everyone, if not introducing it entirely," said James Ballentine, executive vice president of congressional relations and political affairs at the American Bankers Association. But it's clear the lawmakers are also running out of time to make significant legislative progress on their bill.

Johnson and Crapo began serious work on the issue in the fall, when they began holding a series of hearings and meetings with industry stakeholders. Behind the scenes, activity has spiked during the past two months as committee staff have worked nights and weekends to draft text and reach a final deal.

"The clock is ticking and every day that goes by makes it all the more difficult," said Edward Mills, a policy analyst at FBR Capital Markets, adding that "end of March would be the latest" to release a bill for it to gain any traction. The stakes for the committee and the financial services industry are high. If the lawmakers fail to reach an agreement on a reform plan by spring, it's likely to put the issue on hold for at least a year and could set back efforts to overhaul Fannie Mae and Freddie Mac indefinitely.

Still, it appears for now that Johnson and Crapo are making progress. The two lawmakers issued a rare joint statement last week, reiterating that the issue remains the "top priority" for the committee.

"With the hearing and information-gathering stage behind us, our hard work continues as we dive deep into the drafting and negotiating phase of housing finance reform," Johnson and Crapo said, adding that they "recognize that we must build a broad bipartisan consensus for an agreement to have a chance at becoming law."

While it provided little in the way of detail on what to expect or when to expect it, observers said the tone of the statement bodes well for the ongoing efforts. "The fact that it was a joint statement is significant, and that they actually mentioned pen on paper is significant," said Brandon Barford, a partner at Beacon Policy Advisors.

But actual details of the bill have been closely guarded, which may speak to the trust cultivated between the two lawmakers and a genuine interest in producing legislation. "I believe that the negotiating process is being tightly controlled, and that



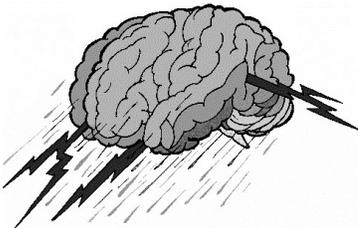
means folks are serious about getting something done," Barford added. "If you start seeing sections or whole titles floating around town, then someone is negotiating in bad faith."

Johnson and Crapo are expected to draw on a bipartisan framework to unwind Fannie Mae and Freddie Mac introduced by Sens. Bob Corker, R-Tenn., and Mark Warner, D-Va., last summer. That bill created an explicit backstop for the housing market, but required private lenders to hold a 10% loss position on any loans guaranteed by the government. "If we don't get something done this year," Donovan said during a Politico event on Wednesday, "we could end up in a place where reform is much harder to get to."

It's not what happens to you that matters. It's how you respond to what happens to you that makes a difference – Zig Ziglar

## How To Foster A Brainstorm

Brainstorming sessions are common when teams are looking for new ideas. And although they're frequently useful, they can also actually inhibit creative thought unless leaders and participants manage them carefully. Before you call that meeting, be ready to guard against these common brainstorming pitfalls:



- **Fear of criticism.** Even though brainstorming meetings aren't supposed to reject ideas no matter how far-fetched they are, participants may censor themselves, knowingly or unconsciously, for fear of embarrassment or criticism—especially if there's a boss in the room. Address this up front and encourage everyone to speak as freely as possible. Maybe keep managers out of the session, at least in the beginning, to promote a free flow of ideas.
- **Extroverts taking over.** People who are more assertive and talkative may dominate the session with their ideas, even if they don't mean to. Introverts may feel intimidated, or they may simply need more time to present their ideas. Make an effort to get everyone involved. Go around the room one by one, for example, instead of letting everyone shout out their thoughts wildly.
- **Distrust of novelty.** Despite our best efforts, our minds generally drift toward the tried and true. People may unintentionally shut down their imaginations in search of "practical" ideas, or ignore off-the-wall concepts because of the risk involved. Ask some questions that take the problem out of the realm of the concrete—what color would a solution look like, for example? Or, what kind of animal does this situation resemble?
- **Inadequate incubation.** Great ideas don't always arrive in an instant. Springing a problem on a team and expecting instant brilliance may lead to stale ideas in new packaging. Give people time to consider the issue: Tell them ahead of time



what you'll be discussing instead of making it a surprise, or hold a follow-up session to generate more ideas that people didn't think of the first time.



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