

White Rose Newsletter

News to Help You Build Your Business

April/May, 2015



Beauty Is In The Eye Of The Beholder



In mythology, there is a story about Narcissus, a young man who knelt every day beside a lake to peer at his reflection in the water and contemplate his own beauty. The story goes that he was so fascinated by his face that one morning while gazing at himself, he fell into the lake and drowned. At the spot where he fell, a flower grew, which people called the Narcissus (commonly called a Daffodil).

When Narcissus died, it is said that the goddesses of the forest appeared and saw that the lake had transformed from fresh water into a lake of salty tears.

"Why do you weep?" the goddesses asked the lake. "I weep for Narcissus," the lake replied.

"Ah, it is no surprise that you weep for Narcissus," they said. "We often pursued him in the forest to enjoy his splendor, but you alone could contemplate his beauty close at hand."

"But...was Narcissus beautiful?" the lake asked. Surprised, the goddesses said, "Who better than you to know that? After all, it was by your banks that he knelt each day to contemplate himself!" The lake was silent for some time. Finally, it said:

"I weep for Narcissus, but I never noticed that Narcissus was beautiful. I weep because, each time he knelt beside my banks, I could see my own beauty reflected in the depth of his eyes."

Moral: *Much of what we see in others is but a reflection of ourselves.*

Shonna Cardello Receives American Land Title Association Designation

White Rose Settlement Services, Inc. President, Shonna Cardello, has received the American Land Title Association's National 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. Ms. Cardello joins only 46 other Title Professionals in the country to have earned this designation.

Cardello is a founding partner of White Rose Settlement Services, which opened



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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. I am honored to be amongst an exclusive group of my peers who have earned the NTP designation. I believe the designation shows my dedication and love for the real estate industry."

Requirements for Delivery of the Closing Disclosure

As you are aware, the implementation is fast approaching for the new regulations. August 1, 2014 is THE day! For loans that require a Loan Estimate, which include most closed-end mortgage loans secured by real property, and that proceed to closing, creditors must provide a new Closing Disclosure reflecting the actual terms of the transaction.

The creditor is required to provide the consumer Closing Disclosure at least three business days before consummation. The CFPB says that "business day" for purposes of the Closing Disclosure is the rescission-based business day definition, and means all calendar days except Sundays and legal public holidays.

- What's a business day?
- What's consummation?
- Chart for calculating three-day rule

According to the CFPB, creditors may estimate fees using the best information reasonably available when the actual cost is not available at the time the Closing Disclosure must be delivered.

"However, creditors must act in good faith and use due diligence in obtaining the information," the CFPB states in its examination procedure manual. "The creditor normally may rely on the representations of other parties in obtaining the information, including, for example, the settlement agent."

A corrected Closing Disclosure containing the actual terms of the transaction must be provided at or before consummation. If the creditor provides a corrected disclosure, it must provide the consumer with an additional three-business-day waiting period prior to consummation if:

- the annual percentage rate changes 1/8 of a percent
- the loan product changes
- a prepayment penalty is added to the transaction

The creditor is responsible for ensuring that the Closing Disclosure meets the content, delivery and timing requirements. If the Closing Disclosure is provided in person, it is



considered received by the consumer on the day it is provided. If it is mailed or delivered electronically, the consumer is considered to have received the Closing Disclosure three business days after it is delivered or placed in the mail.

If the creditor mails the disclosure six business days prior to consummation, it can assume that it was received three business days after sending, and therefore three business days prior to consummation, according to the CFPB. Creditors may contract with settlement agents to provide the Closing Disclosure to consumers, provided the settlement agent complies with all relevant requirements.

The rule does not indicate that any specific proof is needed to show the Closing Disclosure was placed in the mail. Similar to contract law, if the sender places the Closing Disclosure in the mail, has it addressed to the consumer properly and has proper postage, it is assumed to be received by the consumer three business days later. The sender could always mail the Closing Disclosure certified or require a signature upon receipt if they wanted to have proof it was delivered properly, but that is not required by the rule. This highlights the importance of having documented policies and procedures. Title production systems should be able to create records of when the Closing Disclosure was generated. Having policies showing when a company places documents in the mail can go a long way to showing a strong pattern of compliance. Also, some postal services allow customers to generate postage (instead of stamps) and create a log of each envelope that is post marked.

Creditors and settlement agents also may agree to divide responsibility with regard to completing the Closing Disclosure, with the settlement agent assuming responsibility to complete some or all the Closing Disclosure. In these situations, the creditor must maintain communication with the settlement agent to ensure that the Closing Disclosure and its delivery satisfy regulatory requirements, The creditor is legally responsible for any errors or defects.

In transactions involving a seller, the settlement agent is required to provide the seller with the Closing Disclosure reflecting the actual terms of the seller's transaction no later than the day of consummation.

Multiple consumers

In transactions that are not rescindable, the Closing Disclosure may be provided to any consumer with primary liability on the obligation. In rescindable transactions, the creditor must provide the Closing Disclosure separately and meet the timing requirements for each consumer who has the right to rescind under TILA.

The consumer may waive the three-day period if there is a bona fide personal financial emergency. Bona-fide personal financial emergencies are extremely rare. Determining

April/May Quiz Question

Q: *The Canary Islands were named after which animals?*

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: *Which word in the dictionary is always incorrect?*

A: *Incorrect.*

Congratulations to Tina Trettel, Freedmont Mortgage



whether one exists is fact intensive. The only example provided by the Bureau is the imminent sale of the consumers home through foreclosure where the proceeds of the new mortgage can save the home from foreclosure.

A Simple Way to Be More Highly Effective

Most of us recognize that to change, we must take action of some kind. We can't just "wish" for things to be different. We must exercise to improve our health. We must send résumés to change jobs. We must seek advice about children who are getting out of hand. But not everyone takes action in the same way. More highly effective people tend to take action sooner, proactively.

Less effective people often wait for a compelling event to force them into action. For instance, instead of looking for another job, they wait until they're fired, then start looking. Instead of losing weight, they wait until the doctor tells them they have diabetes, then eat better. Only when the situation becomes critical do they decide it's time to act.

If we want to have better control in our lives, we must act voluntarily before we're compelled to act involuntarily. Look around your life. Are there small (or even large) challenges that you are ignoring? Consider a broken brake light on your car. By taking the annoying, but proactive step of using your lunch period to get it fixed now, you'll save yourself much more time and headache than if you wait until you're ticketed or cause an accident.

Living an effective life is often a matter of choosing to act as soon as we notice a need. What would happen if we acted immediately on the small things as quickly as possible? Why not try it and find out? Let me know how it goes.

"They tried to bury us but didn't know we were seeds" - Unknown

Freddie Mac: 2015 best year for home sales in 8 years By Brena Swanson

The majority of homes sold in 2015 will be sold between now and June as the housing markets begins the start of the spring home-buying season. According to Freddie Mac's March 2015 Economic & Housing Market Outlook, 40% of all home sales for the year will happen over the next four months.

"This month kicks off the spring home-buying season. These next few months will essentially tell us whether or not 2015 will be a good or bad year for housing markets," said Len Kiefer, deputy chief economist with Freddie Mac. "Overall, we're feeling good about housing and we expect this year to be the best year for home sales and new home construction since 2007 when we saw total home sales about 5.8 million for the year," said Kiefer.



Here are the reasons Freddie Mac is optimistic:

High affordability - About 80 percent of metro markets in the U.S. are affordable, based on data through the 4th quarter of 2014 on the three primary drivers of affordability: house prices, interest rates and income.

Improving labor markets -Over the twelve months ending in February 2015 the U.S. economy added nearly 3.3 million jobs, the fastest pace since 2000. And with labor markets tightening we might be starting to see wages and incomes rise. One key demographic segment—millennials aged 25 to 34—have started to see their job prospects improve recently.

Rising rents - Many current residents are debating if the benefits to moving are finally strong enough to purchase a home. And looking at recent study findings, many feel that it could make financial sense to buy today.

Expanded Credit Availability - Freddie said it believes there will be financing available to capture the people exiting the rental market. Broader access to credit will be driven by a confluence of factors, not just the new Freddie Mac Home Possible Advantage initiative

Wake Up Refreshed

Most of us have experienced bouts of insomnia that make it difficult to get up in the morning. But for some people, waking up is a continuous problem. Here are a few suggestions for improving your energy in the morning:

- ❖ Shut off all electronics at least one hour before bed. Studies have shown that electronics keep the mind active longer than other forms of mental stimulation.
- ❖ Do a sleep hygiene assessment on your home. Do you have blackout drapes? Are all LED and other small lights turned off or covered? Do you have a source of white noise, like a fan? Is your pillow and bedding comfortable? Do you need a new mattress?
- ❖ Keep the room cooler than you normally like when you're awake.
- ❖ Exercise vigorously during the day, but not within two hours of bedtime. Also take a walk after dinner to help with digestion, which can also keep you somewhat awake.
- ❖ Don't load up on carbohydrates at or after dinner. Digesting carbohydrates tends to spike the energy in your body.
- ❖ Sit up and read a book in bed until you start to feel sleepy. Don't push past the sleepiness. Instead, put the book down and turn off the light.



What Fannie Mae's and Freddie Mac's Fee Changes Mean To You

By Joe Light

Late Friday, mortgage-finance companies Fannie Mae, Freddie Mac and their regulator, the Federal Housing Finance Agency, unveiled changes to the fees they charge to back mortgages and disclosed finalized capital requirements for private-mortgage insurers who want to do business with the companies.

Both announcements might seem obscure, but they directly affect mortgage costs for thousands of borrowers. Here's what you need to know.

What are the fees and why should I care?

Fannie and Freddie don't make mortgages, but they do buy them from lenders, put them into securities and guarantee to make investors whole if the mortgages default. That guarantee is in part what enables 30-year, fixed-rate mortgages to exist in the United States, while they're not available in many other parts of the world.

But to make that guarantee, Fannie and Freddie charge lenders fees, based in part on the perceived riskiness of the borrower. For Fannie and Freddie, the fees offset expected losses from some borrowers defaulting, pay for administrative expenses and provide income to Fannie and Freddie. They would also help Fannie and Freddie build a capital buffer in case a more serious economic event caused a wave of defaults, but an agreement with the government sends most of Fannie's and Freddie's profits to the U.S. Treasury right now.

To be successful, you have to have your heart in your business, and your business in your heart. ~ Thomas Watson, Sr.

Lenders pass the fees to borrowers in the form of higher mortgage rates. So when the fees go up or down, borrowers can expect rates also to change.

What did they change this time?

After more than a year of review, the FHFA basically decided to hold fees constant. Although some of the internal moving parts that make up the companies' fees changed, the fees' overall level was meant to stay steady.

There are some exceptions for certain kinds of borrowers. Fannie and Freddie by Sept. 1 will raise fees on certain kinds of loans, such as those for investment properties, mortgages with secondary financing (a.k.a. "piggyback loans") and cash-out refinances.

On the other hand, fees will go down slightly for some riskier borrowers who make smaller down payments or have lower credit scores.



The changes are so miniscule that you probably won't even notice. Typical borrowers won't see a break in their mortgage rates of more than 0.05 percentage point or a hike of more than 0.07 to 0.1 percentage point. That's less than rates move in a week.

So why are some people mad about this?

In taking a middle route, the FHFA has likely angered parties on each end of the political spectrum. Affordable housing advocates, and some in the real-estate industry, had wanted to see a bigger break, especially for borrowers with low down payments and low credit scores. The Federal Housing Administration—a separate agency that also backs loans to such borrowers—cut fees by half a percentage point earlier this year, creating hope among some that the FHFA might also make a big move.

On the conservative side, many will be disappointed that Fannie and Freddie aren't going to raise fees. Under former leadership, the FHFA had raised fees several times with the idea of enticing more private investors to expand into the mortgage market. Those efforts so far haven't worked.

What does private-mortgage insurance have to do with this?

On Friday, the FHFA also announced new capital requirements for private-mortgage insurers who want to do business with Fannie and Freddie.

Borrowers typically must buy private-mortgage insurance when they make a down payment of less than 20%. The PMI protects Fannie and Freddie from some losses if a borrower defaults.

During the financial crisis, losses from defaults proved to be more than some insurers could bear, throwing them into peril. The new, tougher capital standards are intended to ensure that doesn't happen again and reduce risk for Fannie and Freddie.

The FHFA thinks that even under the new standards, MI prices should stay about the same, but some insurers might charge more to meet the new requirements, which would mean higher costs for low-down-payment borrowers.

If mortgage insurers do decide to raise prices, "taken together, the moves that FHFA has announced on pricing and the MIs will have almost no effect on the total cost of credit for most consumers," writes James Parrott, a former Obama White House adviser and senior fellow at the Urban Institute.

Can Coffee Improve Your Health?

A daily cup of coffee can have benefits beyond helping people wake up in the morning. Tech Times lists these positive attributes of moderate caffeine consumption:



- **Exercise.** A study cited by the International Journal of Sport Nutrition and Exercise Metabolism found that people who drank a caffeinated beverage before exercise burned 15 percent more calories during their workouts than those who took a placebo.
- **Eyesight.** The *chlorogenic acid* in coffee contains a strong antioxidant that's been shown to prevent retinal degeneration in mice. Research suggests it might play a role in helping humans prevent deteriorating vision.
- **Diabetes.** A Harvard School of Public Health study found that people who drank an extra cup of coffee each day over four years decreased their risk of Type 2 diabetes by 11 percent.



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