News from your Settlement Consultant for Life

White Rose Newsletter

News to Help You Build Your Business March, 2015

Where There's A Will, There's A Way

An old man lived alone in a village. He wanted to prepare his potato garden, but it was hard work. His only son, who would have helped him, was in prison. The old man wrote a letter to his son and mentioned his situation:

Dear Son,

I am feeling pretty bad because it looks like I won't be able to plant my potato garden this year. I hate to miss doing the garden, because your mother always loved planting time. I'm just getting too old to be digging up a garden plot. If you were here, all my troubles would be over. I know you would dig the plot for me, if you weren't in prison.

Love, Dad

Shortly, the old man received a telegram back from his son: *"For Heaven's sake, Dad, don't dig up the garden! That's where I buried the GUNS!"*

At 6:00 the next morning, a dozen agents and local police officers showed up and dug up the entire garden without finding any guns. Confused, the old man wrote another note to his son telling him what happened, and asked him what to do next. His son's reply was: "Go ahead and plant your potatoes, Dad. It's the best I could do for you from here."

No matter what your circumstances in the world, if you have the will to help somone, you can find a way.

INSIDE THIS ISSUE

Fannie Mae: Homebuyers, mortgage lenders getting excited about 2015 prospects

By Brena Swanson

A new boost in consumer optimism is spilling over into housing, as more people believe now is a good time to buy a home.

Fannie Mae's January 2015 National Housing Survey reported that the share of respondents who said their household income is significantly higher than it was 12 months ago grew 4 percentage points to 29%, and the share expecting their personal financial situation to improve over the net year increased to 48%, both all-time survey highs.

As a result, the share of people who said now is a good time to buy a home increased 3 percentage points to 67% after dropping in December.

Meanwhile, the share of people saying they would buy rather than rent if they were to move ticked up 5 percentage points to 66%, marking the first increase since September 2014.

“Consumers are as positive about their personal finances at the start of 2015 as they have been since we launched the National Housing Survey in 2010, and this optimism seems to be spilling over into housing market attitudes,” said Doug Duncan, senior vice president and chief economist at Fannie Mae.

“Consumers are more optimistic about the environment both for buying and for selling a home today, and the share who plan to own on their next move has jumped back up, reversing a three-month trend toward renting,” said Duncan.

Plus, the positive attitude about the housing market even spans to Lenders. According to Fannie Mae’s recent Lender Sentiment Survey, lenders think the market is not only doing well, but should see drastic growth as we enter into the spring home-buying season. Approximately 88% of lenders surveyed are looking to grow their mortgage origination business.

“In 2013, it was all about volume, and mortgages beefed up a lot through servicing and refinancing. In 2014, it was about purchases and which lenders would be in this long term. A lot of people did pretty well despite the doom and gloom going into 2014,” said Mat Ishbia, president and CEO at United Wholesale Mortgage.

“Now in 2015, the deck has cleared, and people have started to focus on how to grow their business. We expect this year to be our best year in terms of overall business and are really bullish on the market this year,” Ishbia continued.

Other survey highlights include:

- The average 12-month home price change expectation rose to 2.5%.
- The share of respondents who say home prices will go up in the next 12 months rose to 49%.
- The share who say home prices will go down remained constant at 8%.
- The share of respondents who say mortgage rates will go up in the next 12 months decreased by 3 percentage points to 45%.
- Those who say it is a good time to buy a house increased to 67%. Those who say it is a good time to sell increased to 44 percent—tying an all-time survey high.
- The average 12-month rental price change expectation decreased to 3.6%.
- The percentage of respondents who expect home rental prices to go up in the next 12 months fell slightly to 52%.

- The share of respondents who think it would be easy to get a home mortgage today fell to 50%, while the share saying it would be difficult to get a mortgage rose 3 percentage points to 47%.

- The share who say they would buy if they were going to move rose to 66%, while the share who would rent decreased 5 percentage points to 29%.

"Overall, these are good signs to start off 2015 and are consistent with our expectation that strengthening employment and economic activity will boost the speed of the housing recovery," Fannie Mae said.

March Quiz Question

Q: Which word in the dictionary is always incorrect?

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: *If you were running a race and you passed the person in 2nd place, what place would you be in now?*

A: *2nd place.*

Congratulations to Cindy Mann – Coldwell Banker Select Professionals

4 Ways To Avoid Answering A Question

Whether at work, at a networking event, in an interview, or at a party, there are times when you either don't know an answer or don't want to answer a question. Here are four approaches to not answering:

- **"That's a good question."** This is a time-honored dodge. By making this statement, then saying something like, "It reminds me of..." you can deftly shift away from the question.
- **Tell the truth.** Try saying, "I don't know," or "I'm not sure how to answer that," or even, "I'd prefer not to answer." Then right away ask a question of your own.
- **Ask for more details about the question.** "Could you tell me more about what you have in mind?" Or "Could you explain what you mean?" This places the questioner in the position of providing additional detail, which may help you answer the question.
- **Answer the question with a question.** Similar to asking for more details, but in this case, you can ask any question...even one that's unrelated to their question to you.

1 in 3 FHA borrowers would benefit from refinancing By Trey Garrison

- That's the conclusion of a study conducted by the Housing Finance Policy Center at the Urban Institute.
- The Center's Laurie Goodman, Karan Kaul and Jun Zhu took a closer look at the impact of the premium cut on FHA refinance volumes and have concluded that roughly 2.4 million current FHA borrowers could benefit from refinancing.

- They started with 6.6 million existing FHA loans and excluded the following three categories of loans:

- 1.1 million loans originated prior to June 2009: Borrowers with FHA mortgages that were originated prior to June 1, 2009 are eligible for FHA's Streamlined Refinance program. This program allows grandfathering of the pre-June 2009 annual MIP of 0.55%, and also reduces the upfront MIP to just 0.01% for these borrowers. Because these rates are significantly lower than FHA's current premiums, pre-June 2009 FHA borrowers are essentially unaffected by the latest premium cut and are therefore excluded from our analysis.

- 0.8 million delinquent and modified loans: We also excluded 0.5 million borrowers who we estimated to be delinquent, and an additional 0.3 million with modified mortgages.

- 0.3 million loans with a term of 15 years of less: FHA's latest premium cut does not apply to mortgages with a term of 15 years or less. These mortgages are also excluded from our analysis.

- After excluding pre-June 2009 originated, delinquent, modified and mortgages with a maximum term of 15 years, (total 2.2 million), they estimated that roughly 4.4 million FHA borrowers could be candidates for refinancing.

> *Before you are a leader, success is all about growing yourself. When you become a leader, success is all about growing others. ~ Jack Welch*

- In general, they found, borrowers stand to save money by refinancing if the new mortgage rate and the new FHA premiums, combined, result in a 0.75% reduction or more in annual mortgage costs.

- "We used this as the base for our final estimate, assuming that the majority of borrowers would adopt this threshold," they write. "Some borrowers are more conservative, of course, and might wait until their annual mortgage cost savings hits 1% to refinance, resulting in less refinance activity. Other borrowers are aggressive and might jump in when they stand to gain only 0.5%, which would result in more refinance activity. We've estimated these higher and lower triggers as well to give a clearer sense of the full range of potential refinance activity.

- "Under our 0.75% threshold which we expect the majority of borrowers to adhere to, we estimate that roughly 2.4 million FHA borrowers could lower their mortgage payments even after accounting for refinancing costs. This represents over a third of the 6.6 million FHA borrowers," they write.

- Using a more conservative threshold of 1%, roughly 1.7 million borrowers could save money by refinancing. At the more aggressive 0.5% threshold, their estimate rises to over 3 million.

- "Our estimates are also based on the current FHA mortgage rate. A continued decline in rates could make refinancing appealing to a greater number of borrowers and would raise our estimates, whereas an increase in rates would lower them," they write. "Other unknowns such as borrowers' expectations of future mortgage rates can also affect refinance activity. If a large number of borrowers decide to wait in anticipation of even lower rates in the future, that would further reduce refinance volumes. Given what we know today, however, one in three FHA borrowers could certainly lower their monthly payments by refinancing."

7 Job Survival Skills

1. You can't avoid office politics. It doesn't matter if you are a janitor or a CEO of your own business; there are always office politics. Either land on the winning side, or try to minimize your role in the games.
2. You'll never have a job which you "can't quit." If you are being mistreated, exploited or under-appreciated, you can leave. But first, read the next point.
3. Always be looking for other job possibilities. Why wait until you need a new job, before looking for one?
4. You learn by listening, not talking. Instead of leaping to let your boss and co-workers know how much you know, ask them about their ideas before sharing yours. If you can implement their ideas, you'll get farther ahead than by arguing for your perspective.
5. You will never get ahead by gossiping or putting other workers down. You will get ahead by building people up and being supportive. Supportive doesn't mean submissive.
6. It's difficult to call in sick. But if you are genuinely sick, do call. Keep it short. "Boss, I'm sorry, but I'm too sick to come into work. I'll either see you tomorrow or will call again."
7. You will always end up working with someone you don't like. It may be your boss or a co-worker. If you like your job and want to keep it, read about how to communicate with difficult people. If it's not resolvable, there's always number two above.

You can't depend on your eyes when your imagination is out of focus. ~ Mark Twain

Call From the I.R.S.? Hang Up. It's a Fraud. By ANN CARRNS

A spate of fraudulent state income tax returns filed using TurboTax's online software has unnerved consumers this filing season. But con artists also continue to use more traditional means to try to separate taxpayers from their money, like harassing them on the telephone.

The Internal Revenue Service has posted repeated warnings about tax phone frauds, in which criminals call consumers pretending to be agents from the I.R.S. The impostors claim the taxpayer owes back taxes, then threaten arrest or legal action,

unless the individual makes a payment quickly. Sometimes victims are urged to wire money, but more commonly they are directed to obtain a prepaid money card at a retailer and provide the number to the caller.

The Federal Trade Commission, which investigates consumer fraud, says complaints about I.R.S. impostor fraud have spiked over the last year.

“The callers are aggressive, they are relentless and they are ruthless,” said J. Russell George, Treasury inspector general for tax administration, in a statement. His office, which oversees the I.R.S., said it had received reports of about 290,000 calls since October 2013, and nearly 3,000 victims had been cheated out of more than $14 million.

Garrett Gregory, a former senior lawyer with the I.R.S. who now has a tax practice in Dallas, said the calls were pervasive and that his office heard once or twice a week from clients who were concerned about getting such calls. Most people know to “laugh and hang up,” he said, but the calls still can be unnerving. His own father received such a call a month ago, he said.

The crooks aren’t particularly discriminating in their choice of targets: The Connecticut state tax commissioner received a call this month, according to a report in The Hartford Courant. And a lawyer for the Federal Trade Commission wrote this month on the agency’s blog that she had received such a call on her home answering machine. “Hello, we have been trying to reach you,” the message said. “This call is officially a final notice from the I.R.S., Internal Revenue Service. The reason of this call is to inform you that I.R.S. is filing a lawsuit against you.”

The callers strive to appear authentic; they may use robocalling technology that shows “I.R.S.” on your caller identification screen. They may know part or all of your Social Security number and they may provide a fake I.R.S. “badge” number. In some cases, follow-up calls may come, supposedly from local police or prosecutors.

But the telephone call itself, experts say, is the first tipoff that the call is bogus. The I.R.S. does not initiate contact through phone or email, but rather sends written correspondence through the United States mail. “The I.R.S. does not call people,” Mr. Gregory said.

Here are some questions about tax fraud schemes:

■ *What should I do if a caller says they are with the I.R.S?*

Don’t provide any personal information and don’t engage with the caller (other than, perhaps, to ask their name, the F.T.C. advises, so you can include it in a complaint). Then, hang up. You can report the incident to the Treasury inspector general for tax administration by filling out an online form.

When you file the complaint, you will be asked to choose a five-digit PIN. If you are contacted about the incident, you should ask for the PIN, so you can be sure you are speaking to a legitimate agent.

You can also file a complaint with the F.T.C. [on its website](#).

■ *What should I do if I get an email that indicates it is from the I.R.S.?*

The agency says it generally does not initiate contact with taxpayers by email, so such messages are most likely “phishing” attempts to try to obtain sensitive information, like user names and passwords. (This month, for instance, the agency warned of “bogus” emails asking tax professionals to update information like their electronic filing identification numbers.) Don’t respond to such email or click on any attachments, the agency advises. Rather, forward it to phishing@irs.gov, then delete it.

■ *What if I think I may actually owe taxes?*

If you are concerned, you should contact the I.R.S. directly at 800-829-1040.

Variance, the New Tolerance on Integrated Mortgage Disclosures

Similar to existing law, the CFPB’s final rule for integrated mortgage disclosures restricts the circumstances in which consumers can be required to pay more for settlement services than the amount stated on the Loan Estimate. The CFPB has moved away from the term “tolerance” and now uses “variance.” According to Ruth Dillingham of First American Title Insurance Co. and a member of ALTA’s RESPA Task Force, the CFPB essentially has turned the Loan Estimate into an “exact loan estimate because it has expanded the category in which fees can’t change. Unless an exception applies, charges for the following services cannot increase:

- the creditor’s or mortgage broker’s charges for its own services
- charges for services provided by an affiliate of the creditor or mortgage broker
- charges for services for which the creditor or mortgage broker does not permit the consumer to shop
- charges for other services can increase, but generally not by more than 10 percent, unless an exception applies

For example, the exceptions include situations when:

- the consumer asks for a change
- the consumer chooses a service provider that was not identified by the creditor
- information provided at application was inaccurate or becomes inaccurate
- the Loan Estimate expires

“I’m concerned about this because we’ve taken services recommended by the lender that were in the 10 percent bucket that now are in the zero-variation bucket,” said Phil Schulman, partner of the law firm K&L Gates. “Now, the lender is responsible for the title charge that is provided to them. If the estimate for title insurance that is provided to the lender is off, the lender will need to provide a refund and they probably won't keep you on its preferred vendor list."

What About Title Insurance?

According to the CFPB, owner's title insurance that is not required by the creditor is not subject to the 10 percent variance. The CFPB said it is aware that the preamble to the final rule contains potentially conflicting language, but advises that the final rule text is what should be followed.

The 10 percent variance category includes recording fees and charges paid to unaffiliated third-party service providers when the consumer is permitted to shop for a settlement service provider, but chooses a provider from the creditor's written list of providers (§ 1026.19(e)(3)(ii)).

Owner's title insurance is not a charge that is assigned to a particular variance category. Therefore, the applicable variance category depends on other factors, including whether the creditor requires the insurance and, if so, whether the consumer may shop for the provider of the insurance.

To the extent owner's title insurance is not required by the creditor and is disclosed as an optional service, under the rule the insurance is not subject to any percentage variation limitation, even if paid to an affiliate of the creditor.

List of Providers

In the final regulations, the CFPB maintained the GFE concept of a written list of settlement service providers. If a consumer is permitted to shop for settlement services, the lender must provide a settlement service provider list on a separate sheet of paper, which contains at least one provider for each applicable settlement service. The list also should indicate each provider's contact information and a statement notifying the consumer that he or she may choose a different provider. The bureau specifically acknowledges that the listed providers may be a lender's affiliates, but any providers included on the list must be able to provide services where the consumer or the property is located.

Why Do Couples Start To Look Alike?

You may be familiar with the saying, "opposites attract." But in reality, what the heart wants is not an opposite, but someone who is similar. That similarity increases the longer two people stay together.

University of Michigan psychologist Robert Zajonc conducted an experiment to test this phenomenon. He analyzed photographs of couples taken when they were newlyweds and photographs of the same couples taken 25 years later.

The results showed that the couples had grown to look more like each other over time. And the happier that the couple said they were, the more likely they were to have increased in their physical similarity.

Windows That Generate Solar Power

It seems sort of obvious, when you think about it: Why don't windows double as solar panels? A company is working on it. Pythagoras Solar has developed a window laced with solar cells capable of shielding offices from the sun’s glare, reducing air conditioning costs while generating power for office buildings.

The company won a $100,000 award from the GE Ecomagination Challenge, and some of the panels are already being used in the Willis Tower (formerly known as the Sears Tower) in Chicago. Pythagoras CEO Gonen Fink says the panels could save enough money to pay for themselves in three to five years.

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