

# White Rose Newsletter

News to Help You Build Your Business

August/September, 2015

## Waiting Makes The Pain Last Longer

Farmer Joe had a wide rock buried in the middle of one of his fields. He tried to plow and plant around it, but over the years it broke more than a few of his plows and cultivators. He thought he would have to live with the inconvenience since the rock was so big.



But one day after breaking yet another plow, Joe decided to do something about the rock, no matter how much work it took. He brought a sledgehammer and a big crowbar out into the field, ready for hours of backbreaking toil.



But when he slipped the crowbar under the rock, it came up from the ground with hardly any effort. The rock was only a few inches thick, and Joe only needed a few minutes with his sledgehammer to break it up. As he went for his tractor to cart the pieces away, Joe smiled to think of how much trouble he would have spared himself if he'd just taken action sooner.

*The moral of this story is obvious: Take care of challenges as soon as you can; they're often not as big as you think.*

## White Rose joins Open Door Partners

White Rose Settlement Services is proud to announce that we are the first Title Agency in the York area to join Meet Me Here First / Open Door Partners.

Real estate agents are often asked to show a property to an unknown person. If their office isn't nearby, many will skip the safety of the office visit and just run out to show the home. Through this program, we're allowing agents to use our office, during our regular office hours, to meet new clients and verify their ID instead of at a vacant home.

Open Door offices welcome real estate agents from any company to meet new clients in their reception area for a safety check-in. The thought of being observed in a public professional environment, and being required to show ID, will deter the vast majority of criminals who would seek to harm agents at a remote location.

For more information and to find other companies offering their space to you, please visit their website at <http://www.meetmeherefirst.com/>

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# TRID Ready? 5 Things to do now

Due to an “administrative error,” the Consumer Financial Protection Bureau proposed delaying the implementation of the TILA-RESPA Integrated Disclosures (TRID) rule until Oct. 3. While this gives the industry two additional months, it’s important for companies to remain focused on getting prepared.

During the sixth and final TRID Forum hosted in June by ALTA and the MBA, speakers offered advice to help attendees prepare so they can comply with the massive 1,888-page regulation. Below is a synopsis of the Top 5 implementation tips for settlement agents, Realtors and lenders as they prepare for the Oct. effective date.

## Settlement Agent Perspective

Steve Gottheim, legislative and regulatory counsel for ALTA



1. **Check title fees:** TRID requires the inaccurate disclosure of title insurance premiums in 43 states. Because of this faulty part of the rule, the title industry must resolve how to disclose premiums accurately to consumers without confusing them. The industry will need to figure out how to explain this issue to consumers in a manner that does not cause them to distrust the transaction. ALTA has created model Settlement Statements to help settlement agents show accurate costs that the seller and homebuyer will be responsible for in a transaction, including the cost of title insurance. Second, title providers will need to determine what information lenders will want to produce accurate Loan Estimates and Closing Disclosures. If a lender is obtaining information for the Loan Estimate from a historical database of closed transactions, this could lead them to incorrectly disclose the title fees on the Loan Estimate and create a tolerance problem later on the Closing Disclosure.
2. **Be aware of the process change:** Today, production and delivery of the HUD-1 is the settlement agent’s responsibility. This basically requires one established process to complete the document for all transactions. Lenders, however, are responsible for the Closing Disclosure. Settlement agents will have to use different processes in deals with different lenders, making it more difficult to train staff and complicated to build efficiency into the process.
3. **Address the shopping list:** One of the goals of TRID is to promote consumer shopping. However, many of the requirements, such as tolerances and the shopping-list concept, may create hindrances to shopping or require settlement agents to market themselves differently. After 2010, many agents wanted to be on the lender’s shopping list because it was crucial to getting business, but, under TRID, it may be advantageous to be off the list.
4. **Set the right expectations:** There are a number of common real estate practices that will be more difficult or even impossible to do after Oct. 3. It’s important to set the right expectations with customers, real estate agents and lenders to help them understand things like critical dates per the sale agreement, the amount of time it takes to make changes to the deal and when changes may cause delays to closing either because of the three-day rule or process requirements.



5. **Data accuracy is paramount:** TRID makes two critical changes. First, it requires new timing for the Closing Disclosure. Second, it requires a higher level of accuracy of transactional details early in the process. Successful settlement agents will figure out how to ensure that lenders don't have to think twice about data they possess about the agent. Settlement agents should think through how to provide lenders an easy way to validate their fee and rate data and instill confidence that lenders can trust that they are dealing with the correct company. ALTA's Universal ID, a universal identification number for settlement agents that simplifies and streamlines the search for agent qualifications and best practice certification for and across different participants in the loan closing lifecycle, will become a useful industry utility.

### Lender Perspective

Joshua Weinberg, senior vice president of compliance for First Choice Loan Services Inc.



1. **Be ready:** Prudent lenders have been preparing for these changes for over a year and working closely with business partners to ensure things go smoothly. That includes building back-up plans, adding resources and training. Even though there's been a delay in the effective date of the rule, it's a mistake to slow down efforts to implement. The extra time is needed to test systems and procedures, and to ensure all the kinks are smoothed out.
2. **Use compliance as a competitive advantage:** The technology and tools available can help reduce the impact of many of the most challenging obstacles of complying with the rule.
3. **Leverage secure technology:** Electronic disclosures and e-signatures can shorten the loan process by almost two workweeks compared to using U.S. mail.
4. **Master the 3-day waiting period:** The timely Closing Disclosure levels the playing field among all lenders. Those with well thought through procedures have an advantage.
5. **Communicate about decisions regarding who will issue and manage the Closing Disclosure:** Put processes in place to ensure accuracy and allow you to remain as nimble as possible to accommodate changes quickly.

### Realtor Perspective

Ken Trepeta, director of real estate services for the National Association of Realtors



1. **Add 15 days to your transaction time:** If you could normally close in 30 days, adjust the purchase contract to 45 days. TRID does not sufficiently address the "unexpected." The stranger the deal, the more potential for issues, so give it more time.



2. **Manage Closing Disclosure timing:** Borrowers must receive the Closing Disclosure (CD) at least 3 days before closing and sellers no later than day of consummation. NAR helped win limited circumstances that trigger waiting periods after a revised CD is issued. The big impact is that lenders will review, approve, and issue every change, because they are fully liable for everything on the CD, so last minute changes could be problematic. As soon as a change is known, it must be communicated to the lender.
3. **Track progress studiously:** Realtors, loan originators and everyone with direct consumer contact must stay on top of their transactions and customers. Closing documents need to be ready well in advance of the closing date. Loans closing on the 30th of the month should be prepared to close by the 23rd. Buyers shouldn't expect to make changes, and sellers shouldn't do anything that could cause a change at the closing table.
4. **Embrace the deadline:** TRID is effective for applications received on or after Oct. 3, 2015. While the CFPB pushed back implementation by two months, everyone should still be making efforts to ensure they're prepared for October 3.
5. **Focus on three things between now and Oct. 3:** (1) maintain regular contact with your business partners (lenders, title providers, vendors, etc.); (2) avoid last-minute changes on your end; and (3) help your business partners avoid last-minute changes on their end.

## August/September Quiz Question

*Q: Where did Canada get its name?*

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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## June/July Quiz Question:

*Q: What does LCD stand for when referring to electronic screens?*

*A: Liquid Crystal Display*

Congratulations to Elle Hale,  
Berkshire Hathaway  
HomeServices in Hanover

## Say Yes To Saying No

Do you say yes to requests that commit you to things you don't really have time for or that make you feel stressed? There are many reasons that people say yes, when they really want to say no:

- Some people have a great sense of duty and obligation. They feel like they have to say yes to almost anything they are asked to do.
- Some people just want everyone to like them, and they're afraid if they say no they might cause the person making the request to reject them.
- Some people are afraid they'll miss out on a big opportunity if they say no to something.
- Some people feel flattered when they are asked to do something extra.
- Some people hate confrontation so much that they will do almost anything to avoid it, including saying yes even when they want to say no.



When you do need to say no, here are a few tips that might help:



- Always be polite, but firm. Don't over explain about your situation because the person making the request might then try to convince you to say yes.
- Say no as soon as possible to avoid dragging the situation out.
- Always know your priorities. If something doesn't fit in with your beliefs or needs, don't do it. Say no.

## Using Technology to Expedite the Homebuying and Refinance Process *By Tarek Sharif*

In early Anglo-Norman law, the securing of property for a loan meant that the creditor held the property until the loan was repaid. The loan was called a mort gaige, from the Law French meaning dead pledge. In essence, the fruit of the land was dead to the borrower, since any money or product of the land was kept by the creditor.

By the mid 1400s, that definition had evolved to look similar to the mortgage as we know it. English lawyers used the term to refer to a loan (pledge) where the property and all the benefits of the land remain in the debtor's possession until the loan is repaid, with predetermined conditions that are agreed upon at settlement. The "death" part of the phrase "*mort gaige*" referred to the loss of the property should the borrower fail to repay the loan.

Today, a mortgage does not necessarily indicate a death pledge, but it has become an important part of buying or refinancing a home. The Dodd-Frank Act, signed into law in July 2010, created the Consumer Financial Protection Bureau (CFPB). The CFPB was established with the intent of consolidating the consumer financial protection functions that were previously spread out over different federal agencies. One of the CFPB's goals is to elucidate and simplify the purchasing process for homebuyers. One way the bureau looks to do this is by combining the documents required by the Truth in Lending Act and Real Estate Settlement Procedures Act.

The new regulations that helped create the integrated disclosures—which are called the Loan Estimate and Closing Disclosure—are based upon the CFPB's idea of "Know Before You Owe." The ability for a consumer to understand clearly the breakdown of costs allows them to do a better job price shopping for the best loan. By minimizing the risk of "hidden costs" and making the customer more perceptive price-wise, it falls onto the real estate agent, loan officer and settlement agent to gear their marketing approach toward education and a simpler way to explain complex transaction. Price transparency creates more competition among settlement agents to keep costs down, which is needed to preserve lender relationships and attract new ones.



While larger agents may have the processes and systems in place to keep costs down and margins consistent, the small to midsize agents will find themselves competing on a larger playing field, where they must work harder than ever to maintain their

client base while the larger agents can more easily cut prices and manage a small loss for a larger gain down the road.

In addition to increased price competition, ALTA's Best Practices are becoming the benchmark by which lenders will measure the ability of the settlement agent to maintain their business. As lenders focus more on compliance and begin to create and deliver their own Closing Disclosures, it becomes more important than ever for agents to adjust their processes and procedures to maintain systems that are compliant with the new regulation and offers the lender the peace of mind that their business is in good hands. The first companies to do this will be the ones that dominate the market for years to come.

Fortunately, technology provides many of the tools that can level the disparity between small and large agents. The new laws create a new home purchasing environment, one where lenders, agents and real estate agents compete on price, speed, compliance and quality. In most cases, either your underwriter or your settlement software provider can help in many of these areas. In other situations, there are third-party software providers that can help you build a strong web presence, along with delivering email encryption and document security that are in compliance with the new laws.

Using technology within your business generally falls into two main areas: customer interface and back-office technology.

Customer interface is the technology you use to present your business to the world. In addition to your website, this can include automated email marketing campaigns, podcasting or other electronic informational materials.

Your website should be the backbone of all your electronic sales, information and marketing messaging. There are many companies, some helmed by title industry veterans, that create and host websites tailored to settlement agents. A good website has some of these key elements:

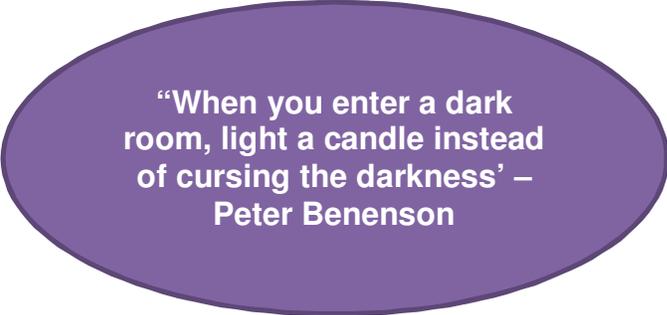
- **Tools:** A login page for existing customers that takes lenders and real estate agents to areas where they can use your online tools to submit orders, email or chat with your staff, create pricing quotes and be able to see closing documents on the fly.
- **Information:** Make sure the visitors to your site know what you can do and where you are. Make their price comparison easy by offering quick access to information on basic closing principles and the homebuyer process. The more you educate, the more you become an ongoing resource to whoever stops by.
- **Specialized information:** Your website will be as unique as the area you are in. Your company website can link to a more personalized real estate blog, where you can share current information with your site visitors and give your take on local real estate issues. Some companies have even created their own YouTube channels, in which they post videos and updates on current trends in real estate, new and updated laws and overall issues that can come up at closing.



Keep in mind that most web traffic does not necessarily constitute sales. However, as more and more millennials enter the housing market, the Internet is the first stop in their homebuying experience. Make sure you are presenting the right image for your company on your site and carefully maintain it. While you may not see leads at first, those website visitors can become customers when they finally decide to purchase a home.

Back-office technology refers to the technology you use behind the scenes to make your processes faster and more efficient. The best way to begin looking at your options is a full examination of your current processes and the gaps that lie therein.

Start with the customer experience and work backward. What is the ideal experience that you envision for your customers? Are you and your team currently living up to that standard? If not, what parts of your process need to be refined to craft the customer experience you want? You may be surprised at what you find.



“When you enter a dark room, light a candle instead of cursing the darkness’ – Peter Benenson

### **Can It Be Automated?**

What pieces of your process can be done somewhere else? Many large settlement companies centralize their operations in one office and use their other offices primarily for sales. The best starting point for figuring out what can be automated is to check with your underwriter and your current software provider. They may have programs and software available that

can streamline processes.

Your settlement processing software most likely has add-on features and integrations that can effectively automate your more mundane tasks, with the added benefit of tracking and minimizing user error. Your underwriter also may have many options to help you automate your policy production, as well as tools that help you remain compliant with the new legislation and any upcoming revisions and changes.

### **Can We Communicate Better?**

Internal communication is just as important as external communication. With regard to settlement production, there are companies that can securely ensure that all parties see the latest revisions of their relevant settlement documents through a secure website as opposed to emailing documents back and forth. Often, this functionality may be built right into your settlement software. The Closing Disclosure will require great collaboration between the lender and settlement agents. There will need to be a secure method to share data back and forth in order to meet timing requirements of the new regulations. Technology will help meet this need.

Employee-to-employee communication is also important. While the value of picking up the phone and calling a coworker in another office to get information cannot be



underestimated, using internal messaging software can sometimes be faster and more effective if you have a quick question and need a quick answer.

While the strongest point of any business should be the sales and marketing, operational inefficiencies can slowly eat away at your overall profitability. Using the tools at your disposal to cut waste and improve your processes can help your bottom line and allow you to better manage fluctuating volume.

From the 1400s to today, the lending of money in exchange for the securing of real property is deeply rooted in our collective history. The new regulations will ultimately benefit the consumer. In order for settlement agents to increase and maintain their business, they have to reinvent their entire business model, developing one with a more singular focus on the customer and grounded in strong technology and strong process.

## Four Elements Of Success

Success isn't easy. It takes focus, hard work and long-term effort, but you can get started by concentrating on these four elemental building blocks of success:

- **Have strong belief.** You can't just hope you'll achieve your goals. You have to be absolutely convinced that you're capable of success.
- **Be better than everyone else.** This requires total commitment. If you're not willing to do the work necessary to achieve greatness, you'll have to settle for second best. Be prepared to get up early, work late, listen to mentors and critics, and make hard choices.
- **Find the answers.** People will depend on you if you can give them answers no one else has. Become the expert in your field, whatever it is, and continue learning things every day.
- **Be Creative.** Think outside the box. If you see problems and solutions in unique ways, and you learn how to communicate your ideas effectively, you'll be a valued member of the team, and one who will be sure to rise quickly through the ranks.

*Whenever you are asked if you can do a job, tell 'em, "Certainly I can!"  
Then get busy and find out how to do it. ~Theodore Roosevelt*

## Consumer attitudes on housing signal healthier purchase market ahead

By Trey Garrison

Fannie Mae: Seller's market indicators point to growing inventory. Americans' outlook toward the current home selling market and the future of home rental prices may bode well for purchase activity this year, according to results from Fannie Mae's June 2015 National Housing Survey.



Amid continued strong job and income growth, consumers are looking more favorably on the current selling climate, perhaps portending an uptick in the existing home supply.

"Our June survey results show the positive impact on housing of job and income growth," said Doug Duncan, senior vice president and chief economist at Fannie Mae. "The expectation of higher rents is a natural outgrowth of increasing household formation by newly employed individuals putting upward pressure on rental rates. A complementary rise in the good time to sell measure suggests that limited inventory, which is putting upward pressure on house prices, gives an increasing advantage to sellers.

"Together, these results point to a healthier home purchase market, with more renters likely to find owning to be more cost-effective than renting and more sellers likely to put their homes on the market," Duncan said.

Among those surveyed, the share who believe now is a good time to sell a home reached a new survey high, increasing three percentage points to 52% and crossing the 50-percent threshold for the first time in the survey's history. At the same time, the share who said they expect home rental prices to go up in the next 12 months rose four percentage points to 59%, also an all-time survey high.

With an increase in housing supply from those ready to sell, combined with higher rental cost expectations, more potential homebuyers may be encouraged to leave the sidelines.

Here are some highlights:

- The average 12-month home price change expectation fell to 2.6%.
- The share of respondents who say home prices will go up in the next 12 months fell to 47%. The share who say home prices will go down rose to 7%.
- The share of respondents who say mortgage rates will go up in the next 12 months rose 3 percentage points to 50%.
- Those who say it is a good time to buy a house fell to 63% – tying a survey low – while those who say it is a good time to sell rose to 52% – a new survey high.
- The average 12-month rental price change expectation fell to 4.2%.
- The percentage of respondents who expect home rental prices to go up rose to 59% – a new survey high.
- Those who think it would be easy to get a home mortgage remained at 50%, while those who think it would be difficult remained at 46%.
- The share who say they would buy if they were going to move fell 2 percentage points to 64%, while the share who would rent increased to 30%.
- The share of respondents who say the economy is on the right track increased by 1 percentage point to 39%, while those who say the economy is on the wrong track fell by 1 percentage point to 51%.
- The percentage of respondents who expect their personal financial situation to get worse over the next 12 months fell back to 10% – tying a survey low.



- The share of respondents who say their household income is significantly higher than it was 12 months ago fell 1 percentage point to 27%.
- The percentage of respondents say their household expenses are significantly higher than they were 12 months ago remained at 31%.

## Kids Say The Darndest Things

These words of wisdom are said to have come from real kids who obviously have a lot more wisdom than one might expect:

- Never trust a dog to watch your food.
- When your dad is mad and asks you, "Do I look stupid?" don't answer him.
- Never tell your mom her diet's not working.
- Home is where the house is.
- If you want a kitten, start out by asking for a horse.
- When you get a bad grade in school, show it to your mom when she's on the phone.



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