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**THANKING YOU FOR YOUR
SUPPORT & TRUST FOR 25 YEARS !**



Professional Realty News



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From My Home To Yours

Real Estate: (610)436-5397

Website: www.prc-pa.net

Lic. by PA Real Estate Commission

Lic. #RB065819 & #RS290124

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Mortgage: (610)436-0689

Website: www.pmc-pa.com

Lic. by PA Dep't of Banking

NMLS ID#111211 & #135687

HAPPY NEW YEAR!

Can you believe this weather? Global warming or good luck, I'll take it! The less I need to shovel snow, be confined by ice, or use gas/oil, the better. Also, this nice warm weather is permitting me to get a head start on spring garden clean-up. I'll take it!

I hope this newsletter finds you healthy, happy, successful, and prospering! I hope 2015 was a good year for you! 2015 was a great year for me – both professionally and personally.

Personally, I was able to squeeze in some small trips around the area and catch up with friends, spend more time with family, make progress with home improvements and my expanding gardens/stone walls, and expand my education about real estate and mortgages.

Professionally, it was a great year as well! Can you believe that I completed my 25th year, being self-employed? I've had my trials and tribulations, for sure along the way; I've had very low lows and I've had very high highs. But, thanks to you, my core client base, among others, my belief and dedication to "real service, not lip service," has been successfully realized. I'll be celebrating this bench mark and hosting a thank-you party/open house for you later in the year – more on this on page 4.

The barrage of mortgage regulation and law changes continued in 2015 – more and more brokers have exited the business in frustration. And frustrating it's been! I describe the latest lending law, "TRID," in an article on page 5.

I'm encouraged for 2016 and I hope that if you were satisfied with my service and price, you will present me with the best compliment I could receive: a referral to assist a friend, co-worker, or family member.

Feel free to call me with any questions; there is never a charge/obligation.

Take Care and Enjoy the Spring!

Thank You & Best Regards, Laurence

MORTGAGE RATES

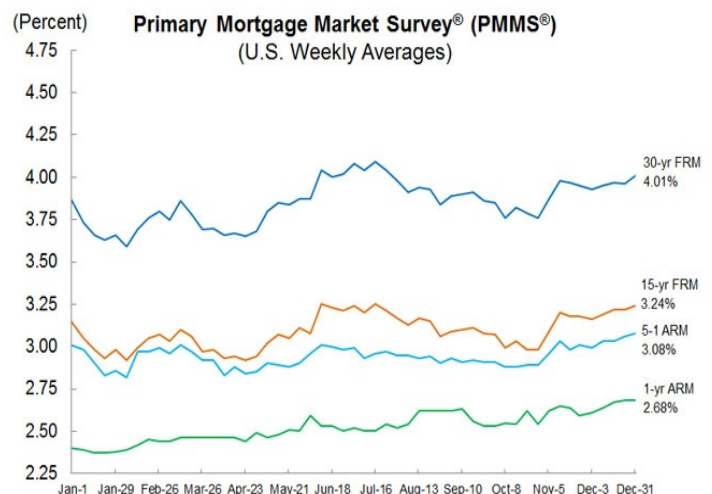
- "How do I fare?" -

If you are a customer who closed in 2015, I usually hear something like, "Did I make the right decision locking in the rate when I did?" If you are a customer who closed beforehand, I usually hear something like, "Did I refi at the right time; did rates go lower?"

Please note the chart below – you'll see that rates were unusually stable throughout the year. {fyi on Freddie Mac's data – the rates noted are associated with an average cost of around 0.6 points – most of you either paid 0 points or received a credit of points with the rate you obtained – hence proof of my statement, "better service, lower cost."}

The Federal Reserve just increased rates for the 1st-time in 9 years and the expectation is that they will continue to do so as the housing industry and general economy normalizes from the "Great Recession."

The tax deductible interest rate you possess will thus become more & more desirable as rates increase. Which leads me to a question I often hear from clients, "Should I bother to prepay my mortgage?" See page 4 to consider your options.



Source: Freddie Mac

As of Dec 31, 2015

CREDIT REPORT INFO UPDATE

Topic #1: “Trended Credit Data” – You’ll be reading and hearing this term more frequently beginning in mid-2016 as FannieMae will be requiring lenders to order and analyze this new feature provided by the Equifax and TransUnion credit bureaus.

Lenders will now have access to the monthly payment amounts that a consumer has made on revolving credit debts over a 2-year period.

Did the consumer make minimum required payments or did the consumer pay the balance in full each month? The answer will be configured into the scoring model and analyzed manually by the mortgage underwriter. The thought is that consumers who don’t have a large amount of available credit, but pay off their balances every month will benefit. TransUnion’s research predicts that consumers defined as being in the “Super Prime Risk Tier” (extremely high credit scores, getting access to the best interest rates) will increase from 12% of the population to 21%.

Topic #2: Non-Traditional Credit History –

Currently there are only a few restricted loan programs which permit lenders to manually evaluate loans which contain no or minuscule credit histories. For most mortgage loan applications, if there is a lack of quantity of credit items and/or not a long enough credit history for a credit score to be able to be formulated, the application is denied.

FannieMae will be expanding its automated underwriting platform in mid-2016 to enable lenders to utilize non-traditional credit histories for all loans.

Human-being underwriters will be allowed to consider rent payment, cell phone, cable TV, and utility payment histories, among others, in a subjective yet pre-determined way in order to make a credit decision.

Topic #3: Order & Review your free credit report -

Sorry for beating the drum each Newsletter, but if you didn’t order your free credit report in 2015, please do so. You’ll want to follow the instructions at the site, created in response to a federal law, and order your credit information from ALL 3 credit bureaus. Once you receive it, you’ll want to carefully review the information for errors. If there are errors, you’ll follow the instructions to complete and submit the enclosed dispute form.

www.anualcreditreport.com

NATIONAL ASSOCIATION OF REALTORS® 2015 HOME BUYERS & SELLERS PROFILE

Characteristics of Home Buyers

- 32% were first-time buyers (50% in ‘10, 38% in ‘13)
- 87% purchased with a real estate agent, 8% from a builder, 5% directly from owner
- \$86,100 - median household income of all buyers

Characteristics of Homes Purchased

- 1,900 sq. ft median size, 1991 year built median age
- 16% new construction (28% in 2003), 84% re-sale
- 83% purchased a detached single family home
- \$220,000 median sales price (\$210k in 2013)
- 14% senior-related housing

The Home Search Process

- 42% the first step in the home shopping process was to look online for properties {Laurence - 100% should be contacting a mortgage Broker to get pre-qualified as the 1st-step.}
- 59% of recent buyers were very satisfied with their home buying process {Laurence - with the PMC/PRC combo option, 100% were very satisfied.}
- 10 weeks and viewed a median of 10 homes (12 weeks from 2009 - 2013)
- 41% of buyers used an agent that was referred by a friend, co-worker, neighbor, or relative {Laurence - what a shame, this should be 100%.}

Financing the Home Purchase

- 86% used financing
- 6% median down payment for 1st-time buyers
- 14% median down payment for repeat buyers

Characteristics of Home Sellers

- Typical seller lived in home 9 years (6 yrs in 2007), was 54 years old with a median household income of \$104,100
- 89% were assisted by a real estate agent
- Sold homes were on the market for a median of 4 weeks and sold for a median of 98% of final (not initial) listing price
- 37% of sellers offered incentives to attract buyers
- 61% were satisfied with the selling process {Laurence - does that mean 39% were unsatisfied?}

For more summary or full report statistics, see

<http://www.prc-pa.net/links.php>

DOES IT BEHOOVE ME TO PAY OFF MY MORTGAGE EARLY?

Money, there's the cost of it and the benefit of it; obviously, you want to benefit from it.

Cost: Itemize your credit debts – interest rate cost, balance, and payment. Prioritize from highest cost to lowest cost – there's your pecking order. Concentrate on prepaying what you can on the highest, get that to 0, then move down your list.

{You might want to not close a revolving credit account – it might have negative credit scoring implications and thus I suggest you call me before closing an account.}

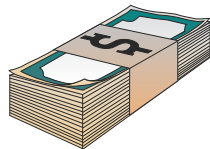
Benefit: Itemize your non-retirement assets – rate of return and balance. Prioritize from the lowest return to the highest – there's your pecking order for use to reduce credit debt ... ASSUMING THE RETURN IS LOWER THAN THE COST YOU ARE PAYING.

{Cautionary Note: You should have liquid funds for emergency purposes. Please consult your financial advisor for guidance. The figure I've frequently seen is about 6 months of living expenses. So, the liquid assets I'm referencing for potential credit debt reduction/elimination is for assets ABOVE the deemed emergency money.}

Summary: If you've zeroed, and are maintaining a zero balance on all of your higher cost debt, and the only other debt you have is your mortgage, then, and only then, should you even entertain the question of prepaying your mortgage.

What is the rate of return on your money versus the tax equivalent cost of your mortgage? {Consult your tax advisor for guidance, but conservatively figure 0.5% less than your actual mortgage interest rate.} As interest rates rise, and theoretically the rate of return on your assets rise, the answer will be increasingly "No," do not prepay your mortgage.

You'll have to calculate this yourself, but as always, feel free to bounce the numbers off of me if you would like my input.



INTERESTING PA FACTOID #1

- 160,950 home sales in 2015, up 11.4% vs. 2014
- Median sales price up 1.5% to \$170,000 vs. 2014



**CELEBRATING 25 YEARS
OF CLIENT SATISFACTION**



**Independent Mortgage Broker
for 25 Years!**

THANK YOU! THANK YOU! THANK YOU!

You know that I've thanked you personally, directly, and via my newsletter repeatedly for your repeat business with me and ALL of your referrals, but I want to express my appreciation once again and invite everyone who is receiving this newsletter to an Open House celebration party I'll be hosting.

Please mark this on your calendars: May 8th, 1-7pm. Weather permitting, I'll host this at the communal lake where I live and throughout my gardens and home/office. I'll be communicating further in a Spring newsletter and in direct emails to confirm the details.

I hope you can come, to see the lovely gardens I've created that you've heard too much about, to be fested, and to see you again! It will be a great fiesta and I look forward to reuniting and hearing your updates.



HIGHLIGHTS FROM 2015 REMODELING COST vs. VALUE SURVEY

"Mid-Range" project type in the Philadelphia region:

- 1) Entry Door Replacement (fiberglass) - 107.7%
- 2) Entry Door Replacement (steel) - 89.4%
- 3) Deck Addition (wood) - 78.3%
- 4) Stone Veneer Accent - 71.6%
- 5) Attic Bedroom Remodel - 69.6%
- 6) Window Replacement (vinyl) - 67.9%
- 7) Kitchen Remodel (minor) - 67.4%
- 8) Kitchen Remodel (major) - 66.7%
- 9) Garage Door Replacement - 65.8%
- 10) Siding Replacement - 62.7%

{If you're interested in these home improvement projects, feel free to call me for a service provider recommendation – no affiliations.}

To see the whole survey – <http://www.prc-pa.net/links.php>

**“TRID:” TRUTH-IN-LENDING –
RESPA – INTEGRATED -- DISCLOSURE**

**★★ WELCOME TO THE NEW WORLD
OF LENDING & DISCLOSURES ★★**

In response to the Dodd-Frank law that was enacted in the wake of the financial/housing melt-down in 2008, the newly created Consumer Financial Protection Bureau has been slowly but surely enacting regulations governing all aspects of mortgage lending.

Many of you have been impacted, as regulation has increased and underwriting standards have tightened. The sheer volume of forms has increased as well as the intense scrutiny of your credit, income, employment, collateral, and financial behavior.

As if it couldn't get any better (he said sarcastically), we now have “TRID,” effective 10/3/2015.

That familiar “Good Faith Estimate” (GFE) that has been around since the 1970's – gone!

That familiar “HUD-1, Settlement Sheet” at closing that has been around since the 1970's – gone!

Instead of the GFE, there is the new “Loan Estimate.” This document must be presented to Loan Applicants within 3 days of making an application (providing 6 tidbits of information to a lender). Upon receipt, you, the consumer, will then have to express your “Intent To Proceed” with the loan application. Once all of this is received, along with ALL of the documentation the lender initially requires, then, and only then, will your application be officially received by the lender.

This, and other issues will result in a LONGER processing time for mortgage applications. In the old days, you might think a real estate purchase transaction could take 30-45 days minimum – now think 45-60 days with everything working smoothly.

Instead of the “HUD-1, Settlement Sheet,” there is the “Closing Disclosure.” This document **MUST** be received by borrowers at least 3 business days prior to closing. The lender is now responsible for preparing and communicating this document to the borrowers, not the title insurance agent as it was previously. Settlement will be delayed if this 3-day period waiting period is not adhered to and/or there are certain errors with the document.

Long story short – applicants need greater service from mortgage originators to guide/time the process.

**THE 11 COMMANDMENTS OF
THE MORTGAGE APPLICATION PROCESS**

You've all heard my spiel before, but this item I came across recently sums up the advice I've communicated before, but in a funny way.

Keep in mind, my job as a mortgage originator is to get you to the closing table, meeting all contingencies on time, in the normal 30-60 day time frame.

Please pass this along to anyone you know who is thinking about purchasing, as this is good advice.

- 1) Thou shall not change jobs, become self-employed or quit your job.
- 2) Thou shall not buy a car, truck, refrigerator, or any other large purchase.
- 3) Thou shall not use charge cards excessively or let your accounts fall behind.
- 4) Thou shall not spend money you have set aside for closing.
- 5) Thou shall not change bank accounts or move money around between accounts.
- 6) Thou shall not stop making your mortgage payments while waiting for your refinance to go through.
- 7) Thou shall not make large deposits without checking with your loan originator.
- 8) Thou shall not let any other entity pull your credit until our loan closes.
- 9) Thou shall ensure that the application is completed fully, accurately, and honestly.
- 10) Thou shall promptly provide reams of validating paperwork when requested.
- 11) Thou shall shout my name and number from the rooftops once our loan closes.

Laurence's “street” knowledge: Underwriting standards became easier in 2015 and it appears more so in 2016. The risk-determination “pendulum” moved far too lenient from 2000-2008, then it swung too far restrictive 2008-2014. We're starting to swing back to a realistic, understandable position, though we're still not there yet.

INTERESTING PA FACTOID #2

The longest life expectancy in Pennsylvania is in State College at 80.4 years; the shortest is in Johnstown at 77.1 years. The national average is 78.5.

AND IT'S STILL GOOD TO BE A LANDLORD

Where do you put your non-retirement savings? – a savings account, a certificate of deposit (CD), a checking account, a brokerage account? If a brokerage account, i.e. investing in bonds and stocks, what has been your rate of return? If you're like me, you probably were flat or lost money in 2015.

Rental real estate has been good – see previous articles in my Newsletter the past 2 years* – and even better in 2015!

Demand: A recent study by Harvard University finds people who spend more than 30% of income (cost burdened) has risen to 21.3 million people. Of those, 26% spend more than 50% of their income on rent (severely cost burdened). They project that 13.1 million people will become severely cost burdened in the next 10 years.

37% of households rented in 2015, the highest level in 45 years!

Research about the “millennial” generation, the largest population generation ever, suggests a greater propensity to rent than own (social factors, greater student loan and debt in general, lack of savings, lower relative income vs. sales prices for 1st-time home buyer type properties, etc.).

According to REIS, a real estate research firm, rents surged 4.6% in 2015 and according to research from Axiometrics, Inc., it was 4.7%. This compares with a 2.3% increase in 2010, and a 4% increase in 2013 & 2014.

Supply: It's catching up, but it will be slow in my opinion. There is a new round of federal government money being channeled into creating more supply (recent tax incentives for builders among others).

Summary: Rent, from an investor's stand-point, should be viewed as gross income. Net income is the gross income less the expenses of the property, including the mortgage payment – a potential purchase would be based upon the assumption this net income would be positive. Assuming appreciation of the property, there is capital gain as well. Then, there are the tax benefits. This is a “triple,” as I call it. And, if you can even get a “double,” many investors think it is worthwhile.

I suggest you consider your options, but in the meantime ..., it's still good to be a landlord!

* Previous Newsletters are housed in my PMC and PRC websites, under the button labeled, “Newsletters.”

CREDIT REPORT INFO UPDATE

– PART 2 –

Thanks to an agreement between the NY Attorney General and the 3 major national credit reporting agencies (CRAs), there will be some positive, pro-consumer changes that you'll be hearing about in 2016 through 2018. These changes are in response to the most commonly expressed complaints from consumers about the credit reporting process including accuracy, the fairness and efficacy of complaint resolutions, and the harm done to credit histories due to medical debt.

Topic #4: Personnel & Resources – CRA's will be mandated to have trained employees to review all documentation submitted by a consumer relative to the “dispute process,” no automation.

Topic #5: Medical Debt – CRA's must institute a 180-day waiting period before medical debt is included in a credit report. Furthermore, medical debts ultimately paid by the insurance company will be removed from the report.

Topic #6: Increased Visibility – While I've been preaching about your right to obtain a free annual credit report for years since the law was enacted, the CRA's have not promoted this ability and many people are not aware of this. Now, the CRA's must include a prominently-labeled hyperlink on their home pages:

www.AnnualCreditReport.com

Topic #7: Right to receive 2nd FREE credit report – If a dispute is submitted, a consumer will be allowed another report to confirm the accuracy of the correction

Topic #8: Furnisher Monitoring – The CRA's are required to create a National Credit Reporting Working Group, tasked with developing a set of best practices and policies to enhance the furnisher's data accuracy. “Furnisher,” in this context means the supplier of your data, i.e. the creditor. The creditor will be now be held to a greater accountability standard for the accuracy of their information and their responsiveness to disputes.

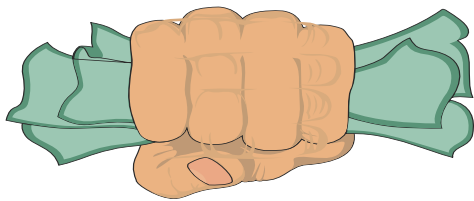
INTERESTING LOCAL FACTOID

Delaware County population density: 2,937/sq. mile
Chester County population density: 670/sq. mile

WINTER TIPS & TRICKS

We've escaped the snow and ice so far, but you know it's around the corner. Here are some maintenance and efficiency tips.

- 1) Turn off the water to the outside hoses and drain the line. Drain hoses and protect from elements.
- 2) Windows: Put up storm windows and lock windows. If still drafty, fill-in insulation gaps, and/or install some plastic wrap, and/or hang thermal curtains.
- 3) Put up storm doors and check for drafts around edges. If still drafty, fill-in insulation gaps.
- 4) Check around exterior wall electrical outlets. If drafty, fill-in insulation gaps.
- 5) Add insulation to any space between the baseboard and the floorboard.
- 6) Any suspected water leaks? Call a plumber and resolve.
- 7) Clean dryer vents and duct systems.
- 8) Test smoke detectors.
- 9) Ensure all flashlights are handy and function.
- 10) Stock up on extra water and canned goods.
- 11) Service your heating system and change the filters.
- 12) Get your snow removal equipment out and handy and load up on salt.
- 13) Make sure your gutters are clean and your down spouts function and drain correctly.
- 14) Keep lawn clear of leaves.
- 15) Install/use a programmable thermostat.
- 16) Ceiling Fans – reverse the direction.
- 17) Position furniture around heat sources.
- 18) Wear layered clothing.



INTERESTING PA FACTOID #3

According to Keystone Analytics® 3rd-Quarter, 2015 “Welcome Home” survey, more than 40% of PA home buyers over the age of 50 paid in cash for their home – surprised me!

NEW MLS SYSTEM & SERVICE

Our local real estate Multiple Listing System (MLS) is named Trend. It covers a good portion of Southeastern Pennsylvania, Southern New Jersey, and Delaware for listings and information to real estate agents who service these regions.

Trend is in the midst of rolling out a major overhaul of its website, resources, and options and every real estate sales office will be transitioned by the end of February. I attended a training session and my office will “move” to the new platform January 19th.

For those of you who have signed up with me to receive listings directly from the MLS, and for those of you in the future, this new MLS will be far superior to what you've previously encountered.

You now will be given access to a shared “portal,” whereby we can “share online office space,” and you will be given access to obtain and organize your favorite listings. It will promote collaboration and communication with me, directly from the portal, either via desktop or mobile device. You will have greater search parameter and mapping options.

I've seen it and it's incredible!

★ VISIT MY WEB SITE ★
- FOR MORE NEWS YOU CAN USE -

In my [PRC](http://www.prc-pa.net) website, www.prc-pa.net, you will find some very helpful and timely information.

Under “Market Outlook”

- Market Conditions, written by local real estate agents about their local markets in PA
- Home Price Analysis for Philadelphia region
- Real Estate Agent Survey for Philadelphia region
- Median Sales Price Statistics & Trends
- Local MLS 4th Qtr, 2015 “Economic & Market Watch Report” - data delineated by zip code
- Local MLS “Market Snapshot” report -- 12/2015

Under “Helpful Links”

- Township re-sale code requirements & tax info
- Community Reports (just type in zip code)
- Public & Private school rankings & info
- Home, well, termite, radon, and septic testing info
- 2015 Remodeling Cost vs. Benefit Report
- 2015 NAR® Profile of Home Buyers & Sellers

