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

VISIT MY WEB SITE – www.prc-pa.net

- FOR MORE NEWS YOU CAN USE -

Under “Market Outlook”

- Fannie Mae’s Home Purchase Sentiment Index (2/16)
- 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 (2/16)

Under “Helpful Links”

- Township re-sale code requirements & tax info
- 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



Consumer-Oriented Information & Advice to Save Time and Money

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From My Home To Yours

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Lic. by PA Real Estate Commission

Lic. #RB065819 & #RS290124

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HAPPY SPRING!

I hope this newsletter finds you healthy, happy, successful, and prospering!

I've been bogged down with a stubbornly-resistant cold for the past few weeks. I'm really looking forward to getting well, for the weather to warm, and for my early Spring blooms to bedazzle! I love the freshness of the air in the Spring!

I hope you can share my gardens with me during my party and participate in my celebration. I've resolved some details which I wanted to share as soon as possible so that we all can plan for it.

25th Anniversary/Open House Party

- Date: Sunday May 1st, 1-7pm
- Location: 401 Darlington Drive
West Chester, PA 19382
- RSVP required, by April 15th

Come whenever is most convenient and stay as long as you like. I'll have plenty of food of various types and plenty of beverages.

I have another reason to celebrate as well. After 11 years of real estate sales and owning PRC, I have successfully completed ALL of the requirements and have been granted permission from the PA Real Estate Commission to sit for the PA Broker's Examination. I understand it is a difficult test and I'll be studying. If I pass, then I'll become the "Broker/Owner" of PRC!

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 nor obligation. Take Care and Enjoy the Spring! *Thank You & Best Regards, Laurence*

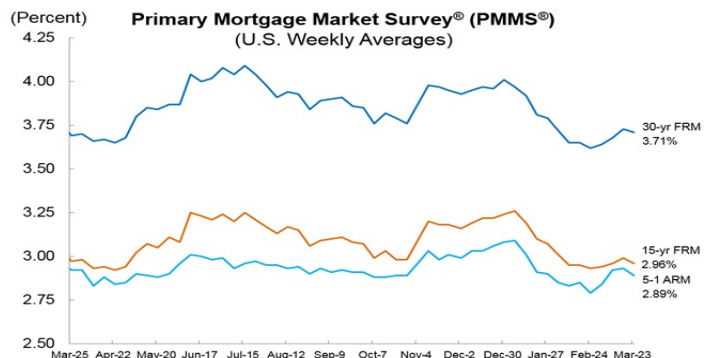
MORTGAGE RATE UPDATE

Early-on during your mortgage transaction, you posed a question to me something like this: "Do you think I should lock the rate now or wait?"

I then rambled on about the factors which influence U.S. mortgage rates, focusing on the latest economic indicators which were released. If it appeared that our economy was improving (unemployment down, wages up, inflation increasing), then this was a signal that interest rates would or should increase. Thus, my response was to suggest locking the quoted interest rate right away.

Well, that tried and true logic has been thrown out the door lately. Why? Foreign factors. Yes, it's truly a global economy. Almost every "mature" major national economy either has 0 or negative interest rates and/or is embarking on a monetary stimulus program. Almost every "emerging" major national economy is embroiled in recession and/or corruption scandals. What's a poor sovereign fund money manager or major pension fund manager to do, seeking a safe, positive rate of return? Many of them buy U.S. bonds.

It's a issue of supply & demand, not domestic economic performance. There's only so much supply of our debt (e.g. 10-year bonds, etc.), yet there's a huge, growing demand for our debt. The result: lower yields, thus lower mortgage rates.



PA REALTORS® ADAPT TO TRID

In my last Newsletter, I wrote an article about new lending laws which went into effect October 3, 2015. These laws, collectively, are known as TRID – the TILA-RESPA Integrated Disclosures.

Standard PA real estate contracts, forms, and disclosures have been modified to reflect the laws and help facilitate transactions. Here are some of the highlights:

Language has been added to point out to Buyers that, when they shop and order title insurance (the shopping point has been emphasized), they have an option to select “owner’s coverage,” besides the required “lender’s coverage.” Depending upon the difference between the loan amount and the sales price, the cost for this optional coverage will be minimal, yet potentially very important.

You may recall performing a “pre-settlement” walk-through of the property immediately prior to attending settlement. Now, there will be 2 – one about 10 days prior to “consummation” (new term for settlement) and the other immediately prior as before. Why? The lender must issue the “Closing Disclosure,” (CD - the new “HUD-1, Settlement Sheet”) to Buyers 3 business days prior to consummation. In order for that to happen, ALL lender conditions must be resolved 7-10 days beforehand. Thus, any additional Seller credits, say, due to surprises during the walk-through, must be resolved and approved by the lender prior to the issuance of the CD.

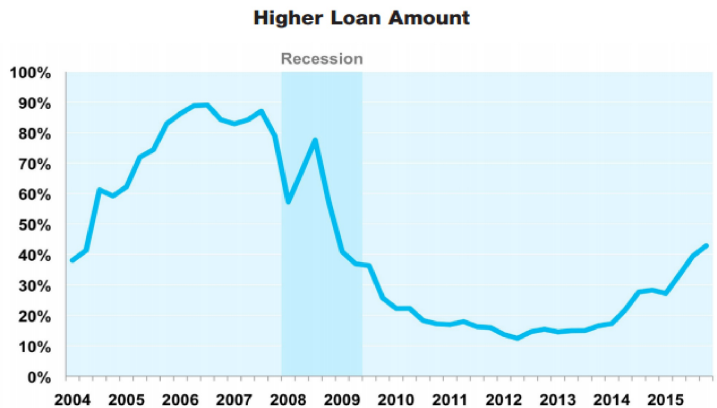
The Buyer has become the focal point of information. Before, Buyer’s agents directly received important information relating to the transaction from the lender and/or title insurance company. Agents were able to directly interface to enact corrections. Now, the lender is responsible to create and communicate the “Loan Estimate”(LE - the new “Good Faith Estimate”) and CD to the Buyer, and only to the Buyer. Thus, language has been inserted to require the Buyer to provide these disclosures to their real estate agent upon receipt.

Think these changes aren’t having an impact? According to a survey of 2,600 real estate agents in December, 2015, nearly 1/3rd of closings were delayed. Ouch!

It’s more important than ever to facilitate close communication between your real estate agent and loan originator. How helpful would it be if they were the same person?! :))

CASH-OUT REFINANCING AT 7-YEAR HIGH

According to Freddie Mac, newly originated refinance mortgages where the new loan amount exceeded the old loan by at least 5% increased to a 43% share of all refinancing in the 4th quarter, 2015, the highest level in 7 years.



Source: Freddie Mac fourth quarter Refinance Report. “Higher Loan Amount” refers to loan amounts that were at least 5 percent greater than the amortized unpaid principal balance (UPB) of the original loan

Mortgage rates had a bearing on this statistic, but mainly, the increase was related to home appreciation. There was negative appreciation for 19 consecutive quarters between 2009 and 2014. The most recent 5 quarters saw positive appreciation with the 4th quarter, 2015 seeing a whopping 7% appreciation increase.

PENNSYLVANIA - A GREAT PLACE TO LIVE -

Did you know that Pennsylvania has the 6th largest state gross domestic product (GDP)? I didn’t. This is thanks to PA hosting 18 of the Fortune 500 companies, as well as natural resource industries. Our unemployment rate (4.8%) is below the national average and our standardized math & reading test results are better than the national average.

According to a recent study by U.S. News, Harrisburg was ranked as the 25th best place to live in the whole country, thanks to an “exceedingly affordable” housing market, along with a cost of living that’s significantly below the national average. The unemployment rate is very low at 3.5% and the crime rate is lower than most similarly-sized cities.



DON'T FORGET THE TAX MAN

Ever think about earning some extra money by renting out your property? Many people are, with the popularity and explosion of short-term rental services like Airbnb, HomeAway, and VRBO making the process a whole heck of a lot easier.

The PA Dep't of Revenue & local municipalities have taken notice and they want their share. Reminder letters have just been issued to rental property owners throughout the state.

Generally speaking (please consult your attorney and/or tax advisor), short-term rentals are subject to both the county and state hotel occupancy taxes. Full compliance will require registration at both the state and local levels.



Registration with the with PA Dep't of Revenue involves filing [Form PA-100](#) ("Sales, Use and Hotel Occupancy Tax License"). Questions should be directed to the Dep't of Revenue at (717)787-1064.

After completing the form and registering with the Dep't, you will obtain a license and account number. These numbers will be necessary to register with [e-Tides](#) (an online system used to file hotel occupancy tax returns and remit the 6% tax).

For more information, consult the PA Dep't of Revenue's resource about [Sales, Use, and Hotel Occupancy Taxes](#).

For registration at the local level contact the county treasurer.

Bear in mind, this tax is typically intended to be passed along to the consumer/short-term renter – just as you see the hotel tax itemized on your hotel bill.

HELPFUL TIPS

- 1) Bacon: Running cold water before cooking will reduce shrinking by up to 50%. Cook @ 365°F for 10 minutes for maximum flavoring.
- 2) Repel spiders & mice: Around door & window frames, spritz a combination of peppermint leaves and water. They hate the peppermint oil.
- 3) Stuck zipper? Rub a graphite pencil on the spot to lubricate.
- 4) Have a tight kitchen and one of those fake drawers under the sink? Remove the drawer cover and install a paper towel holder.

MORTGAGE BROKERS VS. BANKERS - WHAT'S BEST FOR THE BORROWER? -

I'll preface my remarks by stating that I'm obviously biased towards the Broker option. That disclaimer being said ...,

1) Both the Broker and the mortgage banker "originator" are licensed, both with PA and the national regulators. {Interesting enough, employees of federal banks are not, thus not held to the same standards and regulations.}

2) Brokers support borrowers by leveraging relationships and securing the most favorable loan options available.

– Brokers do not work for the banks, nor mortgage bankers (one source). That's a very powerful statement in so many ways. Brokers are loyal to their borrower/customers. This distinction has many, many ramifications to the benefit of the customer. The Broker is your advocate, not the adversary.

3) Brokers streamline the loan shopping process by promptly lining up multiple options that borrowers would likely qualify for to allow borrowers to choose the best option.

{Here's the analogy I like to use: It's like going to a fast-food court, but having an expert who has already figured out the best deals, based upon what you want to order.}

4) Faster processing: While one would think that an extra layer of bureaucracy (me) slows matters, it's actually the opposite. The Broker gets loans closed faster because the correct information is getting to the correct decision makers the 1st or 2nd time around, not the 4th or 5th.

5) Better pricing: Many consumers believe that large retail lending institutions and banks offer the best mortgage deals. In fact, Brokers are not beholden to a retail bank's overhead costs and can often secure a lower interest rate through the same large lending institution's wholesale division.

{And even among Brokers, I like to think myself as having the lowest overhead possible. So, the "commission" I receive from my lender is lower than even other Brokers! For any of you who know me, you'll know I'm frugal, to your benefit.}

6) Superior service: Does a bank or mortgage banking employee go to your settlement? Are they available "after-hours?" Are they there to answer any questions you might pose, even if it's not within their limited jurisdiction? Are they your advocate?

SEPTIC SORROW THE STATE IS HERE TO HELP

Do you or someone you know have to deal with an on-site septic deficiency or are forced to connect to a public system? If so, you have an very large bill to pay. Help is here from Pennsylvania government.

The PA Infrastructure Investment Authority (PENNVEST) has teamed with the PA Housing Finance Agency (PHFA) and the PA Dep't of Environmental Protection (DEP) to offer assistance to eligible homeowners. As of January 1, 2016 the eligibility criteria has been expanded and the loan terms improved.

Eligibility

- No restrictions on household income.
- Borrowers will be underwritten to determine ability to repay the loan.
- Borrowers must be PA residents seeking to improve their primary residence which meets program requirements.
- Project Location: for on-lot septic repair, all areas of PA are eligible unless a public wastewater collection and treatment system is either in place or will be constructed in the next five years. For first-time sewer connections, any area of PA is eligible.
- Allowable Project Types: rehabilitation, improvements, repair, or replacements of an existing septic system or a first-time connection to a public sewer.
- Financeable Project Costs: system design charges, constructions fees and costs, inspection, and permit fees, connection fees (a.k.a “tap-in fees”), and most loan origination fees.

Loan Terms

- Interest rate 1.750%
- 20 year term maximum
- \$25,000 loan amount maximum
- The PENNVEST loan will be secured by a 1st or 2nd-lien mortgage on the borrower's home.
- Loan may be assumable.

How To Apply

- The only lender approved by PHFA (noted in their webstie) to provide this PENNVEST loan is

Liberty Mortgage Corp
3818 Liberty Street Erie, PA 16509
Phone: (814) 868-8564

LISTING YOUR HOUSE? THINK ABOUT SECURITY WHEN SELECTING A REALTOR®

In previous newsletters, I've conveyed warnings put forth from the Nat'l Assoc. of Realtors® (NAR), the PA Assoc. of Realtors® (PAR), and our local Board of Realtors® (Board) to Sellers about various theft schemes perpetrated by bogus prospective Buyers.

As a listing agent, I warn my clients about these various schemes, I suggest a plan of action to combat, and I review the precautions I employ to show their house. We coordinate an agreed upon plan.

For the Seller, they should not open the door to anyone without an appointment. Prospective Buyers should go through proper channels and identification. If the Buyer is working with a Buyer Agent, then the identification is made with the Agent; they are responsible for their Buyer's behavior in your house.

While most big name real estate firms delegate the showing appointments to 3rd-party firms, **PRC** does it the old fashioned way – all appointments come through me, the listing agent. I feel I am doing my job, completely. I keep a log journal of all the Buyer's Agent's contact information. I call my Sellers to confirm or not confirm the appointment. This way I have tight, instant control over who is in your house and when.

Also for the Seller: valuables, personal/confidential information, and prescription drugs should be locked, removed, or be well-hidden. Don't announce your departure from your property – the “for sale” sign states much to burglars already.

Lockboxes: The listing agent should employ the latest electronic technology of lockbox. The old manual lock with a manual code entry is dangerous. If Buyer Agent A is provided the code through legitimate identification and scheduling, and then tells Buyer Agent B the access code, then one might never know Buyer Agent B and his/her unknown Buyers were through your house.

PRC utilizes the local Board of Realtors® endorsed GE electronic lock box. I set-up the account so that Sellers are notified as soon as I am that the lock was accessed and when. This notification confirms the identity of the Buyer's Agent who must have an account to access.

Bottom-line: discuss security with your prospective listing agent and make sure you understand his/her obligations/commitments and yours.

MORE DATA . . . IT CONTINUES TO BE GOOD TO BE A LANDLORD

A recent report entitled, “Renting in America’s Largest Metropolitan Areas,” authored by The NYU Furman Center/Capital One National Affordable Rental Housing Landscape, analyzed data between 2006 and 2014.

The findings re-confirm my message in previous Newsletters, “It’s still good to be a landlord.” And the outlook is still favorable, albeit not as good as it’s been. Here are some highlights from the report.

The renter population grew, while rental properties did not. More renters struggled to find housing they were able to afford. Household size grew due to the lack of affordable single-person rentals.

There were almost 33 million more people renting in metro areas in this time-frame. Suburban renters accounted for almost 12 million of this number. The median gross rent increased, but median income did not correlate with the increase.

What does all this mean? It means that the law of supply & demand is hard at work. It means that rent increases, moving forward will likely moderate, but still increase. {Nationally the median rent increase was 4.74% (year-over year) in the 3rd-quarter of 2015.)



LANDLORDS -- HOW TO RAISE RENT

1) Determine the “fair market rent” and determine each year, as rents have increased broadly. You can consult me to provide comparable data (“comps”) to you – as always, no charge, no obligation. Rents tend to fit into a compact range, unlike a sales price. Obviously, you’ll want to make the increase fair, or maybe even higher than fair, based upon condition, upgrades, and paid amenities.

2) Ensure compliance with the law regarding rent increase limitations, especially if the property is located in a rent control area.

3) Determine why you’re raising the rent. Your tenant will want to know. Create a list of reasons, such as increased utility costs (if you’re paying), rising insurance costs, higher taxes, and the cost of

inflation. You can further legitimize your justification with reference to many statistics, such as the Bureau of Labor Statistics most recent release indicates the index for shelter increased by 3.2% in 2015.

4) Give extra notice. If you know you want to increase the rent, why not give your tenant extra notice (i.e. beyond the time specified in the lease)? It allows them more time to prepare for the increase and allows them a chance to shop around. If your increase is in line with market rates, they’ll see that there’s no better deal to be had. I suggest a 60-day notice.

5) Lease duration: You’ll want to obtain a minimum of a 1-year lease. This is important for your added comfort (vs. a month-to-month) and better for mortgage qualification if you wish to possibly purchase another investment property. If you’ve filed a Schedule E for the previous year reflecting the rental income/expenses, the lender will allow the rent to “offset” the payment assuming you have a minimum of a 1-year lease. Thus, you will have a much easier time qualifying for the next potential purchase.

6) Try to raise the rent every year. Even if the market only allows for a 1-2% increase, take it as it is a better choice than waiting years in between rent increases, then having to raise the rent substantially. This will help tenants to get used to rent going up, and you’ll find them less likely to complain over a \$20/mo. increase vs. a sudden \$200 pop.

7) Keep your tenants happy. If you have an excellent tenant who looks after the property and pays rent on time, you may want to cut them some slack as an incentive to stay. One way to do this is to show them what the rent increase was going to be, but with this number crossed out and with a smaller percentage written-in instead. Communication is key to keeping the air clear, so be in touch with your tenant and be willing to talk to them about the increase.

Another option would be to consider offering your tenants a compromise. Propose a rent increase, and be prepared to lower the percentage if they are willing to sign a longer lease.

While rent increases can be stressful, they don’t have to be. Ensuring that you raise the rent in line with market values and open, early communication of all upcoming changes with your tenants will go a long way toward making the process as simple and straightforward as it can be.

