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**THANKING YOU FOR YOUR SUPPORT
& TRUST FOR 29 YEARS !**





Professional Realty News



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18th edition - Winter, 2020

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HAPPY NEW YEAR! & HAPPY NEW DECADE!

I hope this newsletter finds you healthy, happy, and successful and enjoying this relaxing, serene, and relatively mild winter.

My family and I are all generally healthy and we celebrated my parent's big 60th wedding anniversary this past year. I did unfortunately contract Lyme disease in May - nasty business! Fortunately I discovered it early-on and immediately sought treatment (strong antibiotic). Nonetheless, I was laid low for 3-4 weeks (tired, lethargic, difficulty concentrating, etc.). Given how much I work I perform around my property and how many deer browse on by regularly, it's amazing that I never contracted it before.

In my Summer, 2019 Newsletter I previously referenced my mini-vacation to visit my parents in gorgeous & warm Bonita Springs, FL in February and another mini-vacation to San Francisco & Sacramento, CA in July.

Additionally, I always enjoy the annual Kennett House & Garden Tour and Longwood Garden's International Organ competition, both in June. I also learned how to play "Pickle Ball" this year - fun game for "ol' guys" in lieu of a more fatiguing tennis game.

Re PMC & PRC: 2019 was a good year, especially on the mortgage side, as refinance interest piqued as rates declined. My 100% referral rate and 100% mortgage approval rate continued - now 29 years!

As always, 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.

And as always, feel free to call me with any questions - there is never a charge nor obligation.

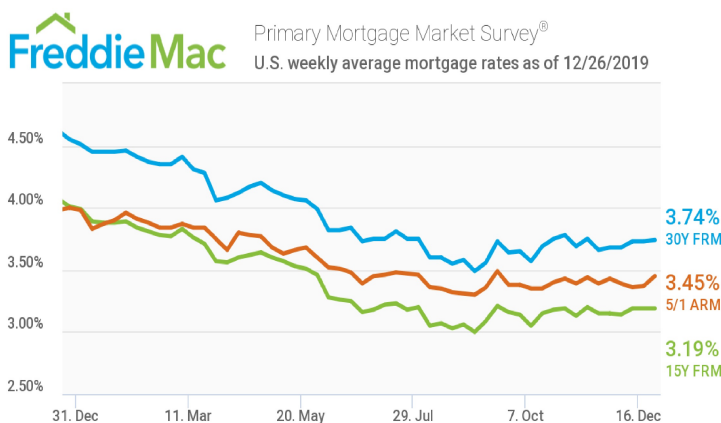
Take Care and Enjoy the rest of the Winter!

Happy New Year! Happy New Decade!

Thank You & Best Regards, Laurence

2019 MORTGAGE RATE RECAP

2019 was strange in that rates did the opposite of what everyone was predicting this time last year. Rates slowly declined from the start until September 5th when we hit the low point. Rates popped a bit immediately and we've been hovering in a tight range since mid-September (see chart).



Per Freddie Mac's Primary Mortgage Market Survey (U.S. weekly averages), we started 2019 at 4.51% (30-yr fixd) and 3.99% (15-yr fixd). The low point was 3.49% and 3.00% - basically a 1% reduction.

Why was everyone so wrong? How could rates go lower when the stock market soared in 2019? It is puzzling: typically bond yields, thus mortgage rates, go up when the stock market does well.

For one, the Federal Reserve did an about face, beginning in January and lowered their benchmark rate by 0.25%, three times throughout the year. A previous "hawkish" stance in the Fall, 2018 turned extremely "dovish" with positioning and signaling. Besides the rate cuts, the Fed curtailed its previous policy of "Quantitative Tightening" (withdrawing owed money in the system) and reverted to "Quantitative Easing" (purchasing more government debt, thus injecting funds into the monetary system).

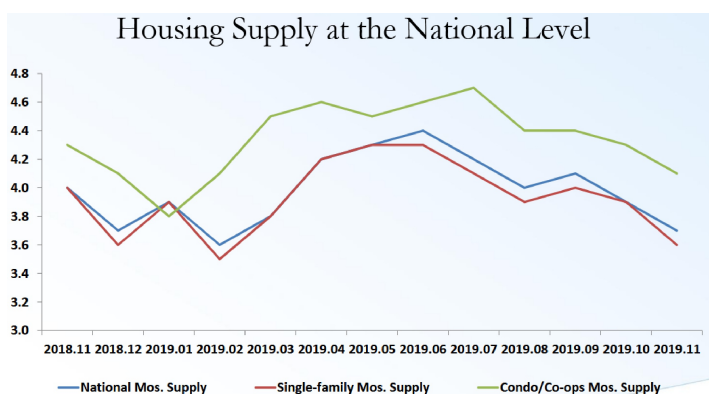
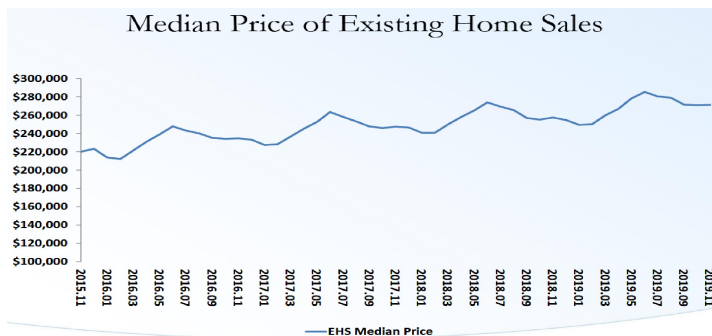
2019 HOUSING MARKET REVIEW

And once again, it was a “Seller’s Market.” Sale prices continued higher in a tight inventory environment, despite most predictions to the contrary last year.

Declining mortgage rates throughout the year was a large contributor, besides a better than expected economic backdrop (rising employment, rising personal incomes, increased savings, high consumer confidence, rising stock market gains, etc.).

Supply & demand issues also fueled the result. Less supply – homeowners staying in property longer and homebuilders building less affordable housing. More demand – the largest generation, the Millennials, are now, finally, becoming homeowners (*see p.4*).

Nationally (November, year-over-year, according to the Nat’l Assoc. of Realtors®, “NAR”), existing home sales increased 2.7%, while the median sales price increased 5.4% to \$271.3k (93 straight months of year-over-year gains), and unsold inventory levels decreased from a 3.9 month supply to 3.7 (a 6-mo. supply is considered balanced).

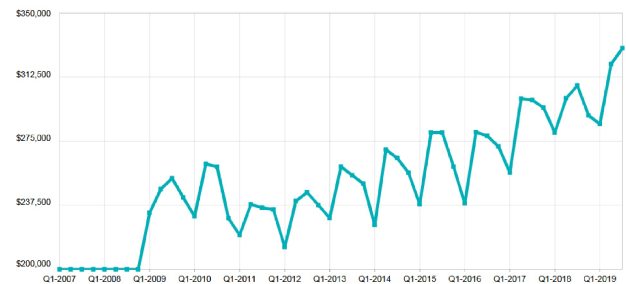


2019 Predictions: There will be continued tight inventory, with home prices continuing to increase albeit at a slower rate, and sales volume diminishing as mortgage rates mildly increase. Since the housing market isn’t immune to national and global economic and geo-political forces, watch for the unpredictable.

To illustrate the trends more locally, here are 2019 versus 2018 3rd Quarter residential totals, according to our local Multiple Listing Service:

Chester County: Settled units decreased 4.2% to 2,570; the median sales price increased 7.1% to \$329,300. *Local example, zip code 19073 (Willistown Twp. area): Settled units decreased by 89.6%; the median sales price decreased by 16.0% to \$376,000.*

Historical Median Sales Price for Chester County, PA



Bucks County: Settled units increased 1.9% to 2,968; the median sales price increased 3.8% to \$301,100. *Local example, zip code 18966 (Northampton Twp. area): Settled units increased 11.9% to 172; the median sales price increased by 4.9% to \$319,998.*

Delaware County: Settled units decreased 4.2% to 2,333; the median sales price increased 17.1% to \$205,000. *Local example, zip code 19061 (Bethel & Concord Twp. areas): Settled units decreased 33.6% to 89; the median sales price increased by 6.5% to \$179,000.*

Montgomery County: Settled units increased 1.8% to 4,014; the median sales price increased 3.0% to \$277,000. *Local example, zip code 19446 (Lansdale area): Settled units decreased 3.3% to 262; the median sales price decreased by 1.4% to \$286,000.*

Lancaster County: Settled units increased 5.2% to 1,972; the median sales price increased 6.4% to \$215,000. *Local example, zip code 17527 (Salisbury Twp. area): Settled units had 0 change at 10; the median sales price increased by 21.5% to \$293,950.*

Philadelphia County: Settled units increased 2.0% to 9,455; the median sales price increased 2.6% to \$133,400. *Local example, zip code 19128 (Roxborough area): Settled units had 0 change at 314; the median sales price increased by 2.3% to \$225,000.*

UPDATED PA “DO NOT CALL” LAW

Beginning December, 2019, there went into effect significant changes to Pennsylvania’s Tele-marketer Registration Act, i.e. the “Do Not Call Law.”

You, as a residential customer, and now you, as a business customer, can now register your phone number(s) on the Pennsylvania “Do Not Call” list via Phone: (888)777-3406 or

Website: [PA Attorney General - Do Not Call Registry](#)

Besides businesses being afforded the same protections as residential customers, once registered, the block is now permanent (previously 5 years), until the owner of the phone number either removes it or the phone number is not longer valid for the subscriber.

Also, robo-callers must now provide an “opt-out” option and tele-marketers are not permitted to call on legal holidays.

This is all good news! If you want to learn more or wish to verify your phone number(s) are noted as registered on the state and federal lists, reference the PA Attorney General’s [website](#) and the Federal Trade Commission’s [website](#).



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MISC. HEADLINES – MORE GOOD NEWS

- According to CoreLogic’s 2019_{Q3} Home Equity Report, the average homeowner gained \$5,300 in equity (y-o-y). For PA homeowners, it’s \$7,000! And now only 3.7% of all mortgaged properties are “under-water,” vs. 25% at the height of the Great Recession.
- Mortgage delinquencies hit a 25-year low to 3.97% of all loans outstanding in 2019_{Q3}, according to the Mortgage Banker’s Association’s National Delinquency Survey.
- According to the Federal Reserve Bank of NY, the average annual salary for a full-time worker reached an all-time high of \$69,181 in November, 2019, a 3.4% increase from a year earlier.
- Average credit scores surged to 8-year highs hitting 682 according to Experian, 2 points higher than the previous year. For women, the average was 686, for men 682, for the Millennials, 647, and for the Baby Boomers 710.

THINKING ABOUT SELLING THIS YEAR? - CHEAP & EASY DIY PROJECTS-

Want the most bang for the buck? Enhance your property’s curb appeal with these tips, all under \$100.

- Paint front door
- Add new cheerful doormat
- Add front door wreath (seasonal)
- Install new door knob & add unique knocker
- Install new house numbers
- Upgrade mailbox
- Replace and/or add exterior lighting
- Wash house & windows – make it shine!
- Plant a decorative tree
- Add potted plants to front & back porches
- Install flower boxes along porch railings and/or under windows



OUTDOOR LIVING SPACES

A 2010 Harvard Medical study found that spending time outdoors raises vitamin D, makes people more active and increases happiness and concentration levels.

Thus, it came as no surprise that according to a recent Porch.com survey, a large backyard was desired by nearly 70% of homebuyers. The next desirable outdoor feature was a back deck or outdoor entertaining space at about 50%.

Of those who desired a large backyard, nearly 75% indicated they wouldn’t sacrifice this feature in their home search process.

Also, according to the survey, baby boomers spend the most time outside (1.5 hrs/day), followed by Gen X (1.3), then Millennials (1.2).



SPEAKING OF MILLENNIALS

They are the new dominant “generation” in real estate now. Previously, it was the baby boomer generation which garnered the most research and press. But now, given the size, age, and pent up demand of this demographic, Millennials are in the spotlight.

33% of all homebuyers were first-time homebuyers (*see 2019 survey results on p. 5*). The median age is 33 – that puts us squarely in the middle of the loosely defined “Millennials.”

If they don’t buy, then that Seller typically can’t buy, and so on & so on. The domino effect hinges upon the first domino -- thus another reason for the real estate industry’s interest in this demographic group.

According to a recent study released by ApartmentList, in 1970, 78% of 26-year olds were living with a spouse, 10% were living with parents. In 2018, only 24% were living with a spouse while 30% were living with their parents. Here’s a few other differences between the 2 years:

- 0% living with their partners unhitched to 17%
- 5% residing with roommate to 17%
- 4% living alone to 10%

Some trends have been further exasperated since the Great Recession. Comparing young adults from 25-34, between 2007 to 2018,

- 46% more likely living with their parents
- 32% more likely living with an unmarried partner
- 19% more likely living with a roommate
- 19% less likely living with a spouse
- 20% less likely living with a child

These stats reveal household formation delay, marriage rate decline, and birth rate decline. Why?

One reason appears that Millennials have fewer homeownership aspirations. According to a recent report by ApartmentList in Philadelphia, 12.3% of Millennial renters plan on always renting. Of those that want to become homeowners but are still renting, 70% haven’t purchased because they cannot afford a home yet. Of those who plan to always rent, 70% said so because they can’t afford to buy.

Why? Same reasons as I’ve outlined previously: not enough savings, too high credit debt, and/or impaired credit.

How to solve the problem? It means that this generation should be counseled more, they should get a thorough personal and professional mortgage prequalification (not a simple smart phone app., sorry), early-on, to confirm if their answers to these affordability surveys are correct.

Even if so, the prequalification process gives them a clearer path forward (what needs to be improved) to achieve their ends. If not, they’ll know they qualify now and what it takes to get them to the sales price range they desire for their wants & needs. {From my experience, I think most of those responses regarding affordability are incorrect due to ignorance (they indeed can qualify for a mortgage now, but they think they can’t).}



MORTGAGE PROCESS UPDATE

Mortgage lending standards continued to creep tougher at the margins. Post Great Recession lending guidelines and standards eased. But since 2018, I’ve noticed that they’ve tightened – part of the normal ebb & flow of lending standards.

Conforming loan limits increased to \$510,400, a 5.4% increase versus the 2019 limit. Thus, more buyers will be able to secure better rates & terms in 2020 versus a “Jumbo” loan (amount over that limit).

There will be a new mortgage application form, slated for use beginning 11/1/2020. I’ve reviewed the new form and all I can say is, “Wow!” If you were dismayed at the complexity of the 4-page, legal-sized application before, wait until you see this new 8-page, letter-sized questionnaire! Oh, and by the way, that’s 8-pages per borrower. So, if there are 2 borrowers, that’s a change from 4-pages to 16-pages.

HomeReady income limits decreased to \$70,080 for most of our local geographic areas. The reduction represents a change from 100% AMI (area median income) to 80%. Nonetheless, this is a great program for most 1st-time home-buyers and those who have not owned in the past 3 years, and the fee for the mandatory education (\$75) has been now waived.

Appraisal Exemption Expansion: In the first-time in 25 years, federal regulators increased the property value limit from \$250,000 to \$400,000 for certain properties and for certain buyers that might qualify for an appraisal exemption.

NATIONAL ASSOCIATION OF REALTORS® 2019 HOME BUYERS & SELLERS PROFILE

Characteristics of Home Buyers

- 33% were first-time buyers (50% in '10, 34% in '17)
- 89% purchased with a real estate agent, 5% directly from a builder, and 6% directly from an owner
- \$93,200 – median household income of all buyers
- 20% were veterans, 3% active-duty service members,
- 91% heterosexual, 3% gay or lesbian, 1% bisexual, and 5% not preferring to answer
- 61% married, 17% single women, 9% single men, and 9% unmarried couples

Characteristics of Homes Purchased

- 1,850 square feet, built in 1990, had 3-bedrooms and 2 baths (“typical home”)
- 13% new construction (28% in 2003)
- 83% purchased a detached single family home
- 15 miles – median distance between residences

The Home Search Process

- 44% – first step was looking online at properties
- 87% – real estate agents viewed as very useful information source
- 10 weeks searched and viewed a median of 9 homes (12 weeks and 12 homes in 2009 through 2013)
- 37% – NOT very satisfied with their recent home buying process {Stunning to me!}

Financing the Home Purchase

- 86% used financing
- 6% median down payment for 1st-time buyers
- 16% median down payment for repeat buyers
- Source of down payment: 58% savings, 39% proceeds from sale of previous residence
- Of those Buyers who responded that saving for a down payment was difficult, 51% said the cause was due to student loans and 55% cited credit cards

Characteristics of Home Sellers

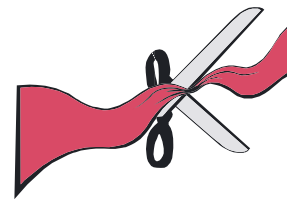
- Typical seller lived in home 10 years (6 yrs in 2007)
- 89% were assisted by a real estate agent
- Typical seller was 57 years old with a median income of \$102,900
- \$60,000 was the median amount cited re difference in amount purchased property versus sold
- 34% - NOT very satisfied with their recent selling process. {Stunning to me not lower.}

REVISIONS TO PA SALES CONTRACT RE SMART HOME TECHNOLOGY

Effective for 2020, the standard PA Association of Realtors® Agreement of Sale for residential properties has been updated to reflect the sign of the times.

Regarding smart home technology, the changes note the broader use of debatably “fixtures” (whether hard-wired or wireless) which might refer to cameras, audio-functions, doorbells, door locks, security systems, and other systems. Will these “fixtures” be included with the purchase price or be considered “personality” which might cost extra and be additionally negotiated? How will the codes and explanation of function be conveyed to the Buyers? How will the Sellers delete their data and access?

Speaking about in-home video & audio surveillance, warnings are now highlighted to Sellers about their possible use during Buyer showings. Can the Seller record confidential conversations taking place within their home between potential Buyers and their Agents? Can the Buyer video the Seller’s home when there might be confidential and personal information lying about?



PA GETS GOOD NATIONAL PRESS - BEST PLACES TO RETIRE-

According to a recent article from U.S. News & World Report, Pennsylvania had 6 cities out of a list of 50 nationally ranked as “Best Places To Retire.”

- | | |
|---------------------|-------------------|
| – #3, Lancaster * | – #18, Pittsburgh |
| – #23, Allentown | – #25, Harrisburg |
| – #27, Philadelphia | – #38, Reading |

The criteria used by the study was based upon the happiness of the local residents, housing affordability, tax rates, and health care quality.

* Lancaster was cited as the 4th happiest city in the country by a recent survey from Senior Living, referencing median incomes and life expectancy above the national averages, and rent to income ratio, unemployment rate, commute time, crime rate, and suicide rate well below the national averages.

CREDIT CORNER

-Your Rights under the Fair Credit Reporting Act-

The Federal Fair Credit Reporting Act (FCRA) promotes the accuracy, fairness, and privacy of information in the files of consumer reporting agencies (CRAs). There are many types of CRAs, including credit bureaus and specialty agencies (such as agencies that sell information about check writing histories, medical records, and rental history records).

- **Right to know what is in your file:** You may request and obtain all the information about you in the files of a CRA (your “file disclosure”). You are entitled to a free file disclosure:

- once per every 12 months by following the steps noted in the following, specific website (choose the option to obtain from all 3 bureaus at once);

www.annualcreditreport.com

- due to a person who has taken adverse action against you because of information in your credit report;

- if you are the victim of identity theft and place a fraud alert in your file;

- if your file contains inaccurate information as a result of fraud;

- if you are on public assistance;

- if you are unemployed but expect to apply for employment within 60 days.



- **Right for file access to be limited:** A CRA may provide information about you only to people with a valid need – usually to consider an application with a creditor, insurer, employer, landlord, or other business. The FCRA specifies those with a valid need for access.

- **Right to be told if your credit file information has been used to deny you:** Anyone who uses a credit report or another type of consumer report to deny your application for credit, insurance, or employment, or to take another adverse action against you, must tell you and provide the source of the information, i.e. CRA’s name, address, and phone number.

- **Right to dispute incomplete or inaccurate information:** If you identify information in your file that is incomplete or inaccurate and report it to a CRA, the agency must investigate unless your dispute is frivolous.

- **Right to have information corrected or deleted:** CRAs must correct or delete inaccurate, incomplete, or unverifiable information within 30 days once notified and substantiated.

To learn about additional rights and more about the dispute procedure, note the following resource: www.consumerfinance.gov/learnmore.

RENTAL ROUND-UP

According to a recent survey by Zillow, rents increased 2.9% in 2019 above 2018 and 46% since 2009. The median rent is currently \$1,600/mo.

According to a recent survey by porch.com, 88% of landlords felt the renting experience stressful.

What are the biggest problems with tenants? 49% of landlords reported a tenant broke a lease, 45% had to evict a tenant, and 41% reported a tenant just suddenly stopped paying their rent. Overall, rent checks were late 25% of the time.

Regarding repair issues, landlords reported, on average, being contacted 6 times a year with the most common topics being broken appliances (87%), broken windows (86%), and broken toilets (84%).

Despite these stresses, 80% of landlords reported that the income was worth it.

If you are already a landlord, I offer some great resources under the “Investor” button in my **PRC** website such as “Tips for a Prudent Rental Application,” the “2019 Real Estate Industry Report for Residential Property Managers,” among other resources regarding surveys and analysis.

If you are not currently a landlord, but interested in exploring the world of residential investment, feel free to call me for financial, mortgage, and real estate consultations about the topic. Many find it a safe, lucrative investment which provides a greater diversification of assets.





COST VS. VALUE SURVEYS



According to NAR's 2019 Remodeling Impact Report, here are the top 5 interior projects which yielded the highest return in terms of re-sale:

	Cost	Recouped
New Wood Flooring	\$4,700	106%

[16% of Realtors suggested project to Sellers before attempting to sell, 5% said project helped close the sale.]

Hardwood Flooring Refinish	\$2,600	100%
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[27% of Realtors suggested project to Sellers before attempting to sell, 5% said project helped close the sale.]

HVAC Replacement	\$8,200	85%
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[20% of Realtors suggested project to Sellers before attempting to sell, 7% said project helped close the sale.]

Insulation Upgrade	\$2,400	83%
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[4% of Realtors suggested project to Sellers before attempting to sell, 0% said project helped close the sale.]

Basement conversion to Living Area	\$46,900	64%
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[5% of Realtors suggested project to Sellers before attempting to sell, 2% said project helped close the sale.]



From the Remodeling 2019 Cost vs. Value Report, here are the top 5 exterior projects which provided the best bang for the buck for the Philadelphia Region:

	Cost	Recouped
Manufactured Stone Veneer:	\$ 9,432	109.8%
Garage Door Replacement:	\$ 3,754	82.5%
Deck Addition (wood):	\$14,853	72.8%
Window Replacement (vinyl):	\$18,085	69.6%
Siding Replacement:	\$19,013	69.5%

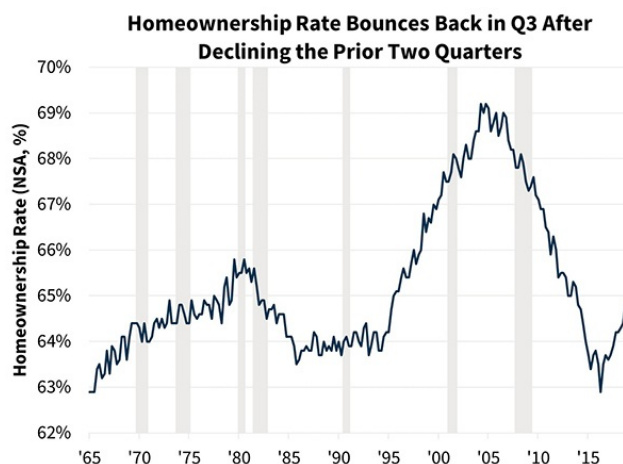
HISPANIC HOMEOWNERSHIP

The Millennials aren't the only demographic group garnering much research and press these days.

According to the Nat'l Assoc. Of Hispanic Real Estate Professionals, nationally, the homeownership rate increased to 47%* in 2018 (up 1% from the previous year and the highest rate of increase in 13 years). Hispanics make up over 18% of the general U.S. population and between 2008 and 2018, accounted for 17% of U.S. labor force growth and 40% of household formations.

In Pennsylvania, the hispanic homeownership rate is 41% and it's estimated they will represent 7% of the state population in the next 5 years.

* contrast that homeownership rate to the overall rate (see chart below – currently 64.6%).



VISIT MY IMPROVED WEB SITES - FOR MORE NEWS YOU CAN USE -

Under "[Market Outlook](#)" (all updated monthly)

- NAR's Realtor® Confidence Index
- NAR's Housing Affordability Index
- Fannie Mae's Home Purchase Sentiment Index
- Home Price Analysis for Philadelphia region
- MLS Market History

Under "[Helpful Links](#)"

- Township re-sale code requirements & tax info
- Public & Private school rankings & info
- 2019 Remodeling Impact Reports
- 2019 NAR® Profile of Home Buyers & Sellers
- Home, Radon, Wood Destroying Insects, Mold, and Stucco inspection information & resources

