LCAR
Closing Comments
THE NEWSLETTER OF THE LANCASTER COUNTY ASSOCIATION OF REALTORS® FEBRUARY 2017

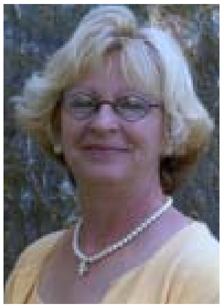
"There are fewer available homes during the winter months but also fewer buyers. With mortgage rates and prices expected to increase as the year goes on, the first few months of 2017 could be an opportune time to close on a home."

William Brown, NAR President

IN SIDE

2017 LCAR Banquet

***Richard Boas**, 2016 Realtor® of the Year*



***Nancy Sarley**, Distinguished Service Award Recipient*

***Spencer Speros**, 2016 C&I Member of the Year*

On February 2nd the Lancaster County Association of Realtors® celebrated its 82nd Annual Installation and Awards Banquet at the Lancaster Marriott at Penn Square and began its 100th year of service to the real estate industry. The 2017 LCAR Directors were installed by PAR President Kathy McQuiklin, and Jeff Peters was the Master of Ceremonies.

Richard Boas of Berkshire Hathaway HomeServices HomeSale Realty was honored as the Realtor® of the Year. He is a lifelong Lancaster County resident and began his real estate career in 1994 with Concept 100 Real Estate. He earned his Broker's License and the CRS and ABR designations. He is also a Graduate of the Realtors® Institute. At LCAR, Richard has served on various committees, including the Governemnt Affairs Committee and two years as chairman, the LCAR Board of Directors, LCAR Treasurer in 2016 and LCAR Secretary in 2017. He was also a PAR State Director.

Nancy Sarley of Berkshire Hathaway HomeServices HomeSale Realty received the Distinguished Service Award. Twenty-six years ago Nancy sold her retail business and began her real estate career. She has served on numerous committees at LCAR, the Board of Directors and the Long Range Planning Task Force. In 2008 she was honored as the Realtor® of the Year, and she was LCAR's 2014 President. She has also served on the Manheim Central School Board for four years and was President for three of the four years.

The C&I Council Member of the Year, Spencer Speros, is the Broker of Record for A' La Carte Real Estate Services plus a few other companies in Lancaster; and he has been in the real estate business since 1983. He is a graduate of Elizbethtown College with a B.S. in Business Administration. Prior to real estate, Spencer and his family owned Jim's Cafe, now called Stubby's. This year Spencer will be serving on the C&I Council Board of Directors and the C&I Research Task Force.

Winners of this year's fantastic door prizes were as follows: 48 inch TV, Dawn Brill-Coooper; iPad, Doug Foltz; Kindle Paperwhite, Marlene Leighty; $100 gifts—Marsha Denlinger, Doug Kline, Angie Melendez and Karol Symanowicz; $100 restaurant gift certificates—Ken Carper, Sr., Quentin Miller, Justin Oberholtzer, April Senseney, Ryan Shank and Kathryn Wenger.

Closing Comments

Published monthly by the

Lancaster County Association of Realtors®
1930 Harrington Drive, Lancaster, PA 17601
(717) 569-4625 Fax: (717) 569-5994

NEWS & NOTES

Michael Mastros Scholarship

First quarter scholarship applications will be accepted through March 31st. An application can be found online at www.LCARonline.com. Realtor® members of LCAR who have held uninterrupted membership for at least 12 consecutive months are eligible to apply. The scholarship covers tuition and text costs, not to exceed $350, for any professional designation course offered by LCAR.

Realtor® Benefits Program

FCA US LLC is the official automobile manufacturer of NAR, offering an exclusive savings opportunity on purchases and leases of select Chrysler, Dodge, Jeep or Ram models, and the Fiat 500L. Realtors® and family members get a $500 cash allowance toward their purchase or lease of select new models, plus up to eight oil/lube/filter changes. See NAR's website for more details.

Realtor® Designations

For information on the NAR designations and certifications from Accredited Buyer Rpresentative to Transitional Referral Certification, go to www.realtor.org.

Past Newsletters

If you are looking for a past issue or article from *Closing Comments*, go to the LCAR website—www.LCARonline.com. Go to the members only section, log on, go to the communications tab / monthly documents. You can search by a specific month's issue or by a keyword from the title of an article. You can also search back-issues of *House Calls*.

Help Clients Keep Rising Rates in Perspective

Since the presidential election, mortgage rates have risen, increasing the borrowing costs of would-be home buyers. The rates are rising on the expectations of greater business activity and a stronger economy. But the good economic prospects may come at a price to home buyers.

Nevertheless, make sure your clients keep perspective. In the 1970s the average 30-year fixed-rate mortgage was 8.9 percent; in the 1980s, it was 12.7 percent; in the 1990s, it was 8.1 percent. The first decade in 2000s, rates averaged 6.3 percent. Suddenly, that 4.2 percent rate may not look so bad in a historical context, eh?

"Nonetheless, many consumers with a short-term memory, especially among the young, have often witnessed sub-four percent rates and the latest rising rates feel financially discomforting and discouraging." notes Lawrence Yun, NAR chief economist.

Yun and other economists aren't predicting any such rate jumps like those of the past. Yun predicts mortgage rates to average 4.5 to 4.8 percent by the end of the year, and 5.5 percent by the end of 2018.

"As long as the rate rises are gradual such that salaries have time to rise more strongly to mitigate some of the sting of higher mortgage payments, consumers should view these as still historically attractive mortgage rates."

Source: "Stressed Over Higher Interest Rates?", *Forbes.com* (01/01/2017)

Millennial Buyers: We'll Compromise

Millennial first-time homeowners are showing more willingness than previous generations to complete do-it-yourself projects around the house or wait until they can afford to make the improvements they desire according to a new *Better Homes & Gardens* survey. Fifty percent of those surveyed say that at move-in, their current home's conditions require some degree of repair or remodeling.

They're showing some compromise in their first home. Only 50 percent of first-time millennial homeowners say they are willing to spend top dollar to get exactly the features and quality they want in a home. They are focused on building equity, not debt; and they do not want to over-stretch themselves. Source: "Millennials Patient", *RIS Media* (01/11/2017)

Summary of January 11th Meeting

Michael Ball, Institutional Client Advisor with PNC, presented a review of the Association's Investment Portfolio as of year-end 2016.

The Association's *Conflict of Interest Policy* was distributed for review and signature by the Directors.

Upon motion by Mike Julian, second by Lynn Zimmerman, the minutes of the December 14, 2016 Directors' Meeting were approved.

The Education Task Force report was presented by Sharon Kress who indicated that offices which have not completed their "in-house" training will be sent a reminder of the June 30, 2017 deadline. Individuals who have not completed training at LCAR will also receive communication regarding the deadline. Sharon also reported that a company's request for individual exemptions resulted in the Task Force's decision not to grant such exemptions during this cycle.

The Task Force discussed the composition of the group, and all of the current members agreed to serve for the second cycle. It was requested that President-Elect Doug Foltz appoint additional members to two-year terms beginning in 2018.

Upon completion of this training cycle, the group intends to communicate with Brokers/Managers regarding their impressions of the program, "what worked"/"what didn't" and to solicit recommendations for the 2017-2019 cycle. The Task Force is considering utilizing the *Agreement of Sale* and its most common *Addendums* or the Real Estate Commission's *Rules and Regulations* as the basis for the next program.

Staff updated the Directors on Bright MLS, indicating that Jeff Peters has been selected by the Operations Committee to serve as LCAR's representative for a three-year term. Bright MLS met yesterday, and Jeff will have a report for the next Directors' Meeting.

The *Quarterly Forum* report was presented by Lynn Zimmerman indicating there were approximately 75 members and guests present for the Annual Volunteer Luncheon. He noted that election of the 2017 Officers and Directors was held with the following individuals elected for their appropriate positions: President-Elect, Doug Foltz; Secretary, Richard Boas; Treasurer, Ferne Silberman; and Directors Greg Bardell, Brian Davison, Sue Gunselman and Melinda Zimmerman. In addition, Jennifer King will serve as President and Lynn Zimmerman as Immediate Past-President; and the following Directors will continue to serve their elected terms: Brandon Clark, Mary Clinton, Mike Julian, Sharon Kress, Chad Thompson and Cal Yoder. In addition, Lynn presented the 2016 Elaine Vehovic Volunteer of the Year Award to Gretchen Karr; and Jennifer King presented Lynn with a token of the Association's appreciation for his service as 2016 President.

Richard Boas presented the Community Partnerships Committee report and invited the Directors to tour the TLC facility with Committee members on February 1st.

The Directors reviewed membership statistics; and staff presented the new member applications, indicating they have all been completed in full with each individual applying for an appropriate classification of membership. Upon motion by Doug Foltz, second by Mary Clinton, the Directors approved the new members.

The Association's Treasurer's Report, as well as the MLS and Real Estate School Reports, were reviewed and upon motion by Lynn Zimmerman, second by Mary Clinton, were accepted.

Staff reviewed information regarding Act 133 as it affects municipal code revisions, NAR's Issues Brief relating to tax reform for 2017, sales statistics through December and information regarding Supra's ActiveKEY updates.

Upon motion by Sharon Kress, second by Cal Yoder, the Directors approved the *Arrangement Letter* with Reinsel Kuntz Lesher for review of the Association's financial operations.

The Directors accepted the resignation of Sue Gunselman as a Director, and Jennifer King requested that the 2016 Nominations Committee meet and develop a list of recommendations for the February Directors' Meeting.

There being no further business, the meeting was adjourned.

NOTE: These minutes have not yet been approved by the LCAR Directors; corrections will follow, if necessary.

Celebrating 1917 100 2017 Years

Lancaster County Association of Realtors®

YOU & YOUR
BUSINESS

Meet LCAR's 2017 President—*Jennifer King*

Jennifer King of ReMax of Reading is a second generation Realtor® whose father is LCAR Past President Paul Wenger. She graduated from Lancaster Mennonite High School and subsequently worked as a corporate franchise trainer for Auntie Anne's prior to entering real estate.

Through the years, she has earned the following designations: Accredited Buyer Representative, Accredited Staging Professional, Certified Distressed Property Expert, Certified Investor Agent Specialist and Graduate Realtors' Institute. Additionally, she holds her Associate Broker's license; and she is a member of the ReMax Hall of Fame. She has also earned the ReMax Lifetime Achievement award, as well as the Chairman's Club award.

Jennifer is married to Wayne, who is also her sales partner. They reside in the Conestoga Valley School District and are the parents of four children—John Paul (19), Wayne (18), Madeleine (14) and Justus (11). Their oldest son attends Lycoming College, and their other three children attend Conestoga Valley High School, CTC and Fritz Elementary School.

The King family attends LCBC's Ephrata campus. In her free time, Jennifer enjoys relaxing with her family, spending time at their vacation home in Lewes, DE and traveling.

The following is a transcript of Jennifer's speech at the Annual Banquet on February 2nd when she was installed as LCAR's 2017 President.

On behalf of LCAR and the Board of Directors, I would like to welcome you to LCAR's 100th anniversary celebration. There's never been a more exciting time to be in the industry! This is a significant milestone!

In the 17 years that I have been in the business, we've certainly seen tremendous growth as an industry—and many, many changes! In the coming year, certainly one of the most exciting changes in our local marketplace will be the introduction of "Bright" MLS. This initiative is well under way, and is going to bring a new cohesiveness to our industry, both in and around Lancaster County. The benefit of added exposure for your sellers' properties, as well as buyer clients' ability to see homes in all areas of interest, is a benefit that cannot be denied. We have all experienced times when our clients have been looking for properties, but because the listing member was not part of our current MLS, the property of interest did not appear to be available even though it was currently listed in a neighboring MLS system. I am personally very excited for the increased efficiency that brokerages and agents will experience by having only one system to maintain for listings, searches, etc.

We have seen continued recovery and growth in the current market locally in 2016; and while we are still experiencing a shortage of listing inventory, LCAR's projection for 2017 is for continued growth and stability.

I began my career in real estate when I was a mother of a three-year old and a one-year old. I worked part-time, administratively, for my father, Paul Wenger, for several years. In 2005, with four children, I began working independently in sales with ReMax Associates of Lancaster, and began the formation of our team shortly thereafter. I am so blessed today to work daily alongside my best friend and life partner, Wayne; my father, Paul Wenger; and teammates Paul Mazzagatti, Jeff Dieffenbach and Wanita Shorts. Our children have gained understanding of the victories and challenges that come with working in this industry and its cyclical nature. A real estate career at any stage of life certainly presents its own set of benefits . . . and challenges. My faith in God and all He is to and through us, as well as the support of my spouse and family, are certainly my greatest assets. Additionally, the team members, their spouses and our brokerage leadership—specifically Jack Fry, Jim and Andrea Williams and Joe Petersen—account for our growth and continue to help us grow and learn through all the twists

(continues on page 5)

YOU & YOUR BUSINESS

Meet Jennifer King *(continued frompage 4)*

and turns we face in our careers.

By volunteering at LCAR over the last few years, I have gained an in-depth understanding of, and appreciation for, what happens "behind the scenes". The caliber of industry professionals among us in Lancaster is outstanding. If you've ever asked "what does LCAR do for me?", I highly recommend that you consider volunteering in some capacity. From government affairs to newsletter committee, raising funds for Transitional Living Center which directly impacts families in our local community, to the task forces, our Association has an absolute impact locally, and you can be proud to be affiliated with this group!

I am also proud to be part of an Association whose members work so diligently and cohesively through the myriad of issues which often arise during sales transactions.

In closing, I would like to wish each of you a phenomenal year, both in real estate and personally! I suggest that we each take time to start and end each day with an attitude of gratitude. Count each day a gift, count your clients and peers a blessing and hold your loved ones in highest regard. In an industry where life balance is often difficult, persevere . . . hold tightly to those that are nearest and dearest to you. Let's make this 100th year a year of celebration, stronger family and peer relationships and positive business and industry relations!

Celebrating 1917 100 Years 2017

Lancaster County Association of Realtors®

Thought of the Day

"For me, any kind of thing that has stood for 100 years tells me the health of that thing."

~ Anurag Kashyap

Best of the Hotline

by James L. Goldsmith, Esq.

Caldwell & Kearns, P.C.

Facts . . . Broker A received a letter from a "cooperating" salesperson stating that no one from Broker A's office could show her listing. This letter was not signed by Broker B, the cooperating agent's broker.

As it turns out, there is a history between the non-cooperating agent and Broker A. The agent was formerly affiliated with Broker A, and apparently their relationship ended badly. The agent still has a great deal of animus toward her former broker and therefore wants no one from her former Broker A's office to step inside her listed property. More importantly, she wants no one from Broker A's office to earn a commission by selling the current listing.

Q: Is the agent justified in refusing to cooperate with her former broker and his office?

A: Not in this case. A real estate brokerage is required by the *Code of Ethics* to cooperate with other brokers. This duty to cooperate is subordinate to a seller's demand that her broker not cooperate with certain buyers, agents, or brokers.

In this particular example, however, the cooperating agent is refusing to cooperate out of the animus she holds toward her former broker rather than her seller's demand not to cooperate. Her refusal to cooperate, therefore, would seem to be a violation of the *Code of Ethics*. I should note that we are reluctant to say what does and does not constitute a breach of the *Code of Ethics* as only a three-member hearing panel who heard the case is authorized to make that determination.

Are there reasons why a seller is justified in refusing to allow his real estate broker to cooperate with another brokerage? Yes, though there are not many examples that immediately come to mind. I do recall a circumstance where a seller was familiar with a salesperson who lived next door. Without going into details, the seller had a sensible reason why that particular salesperson should not be permitted to enter the property for showing or selling. In this particular case, the listing broker, by letter, informed the broker of the to-be-excluded salesperson that the salesperson was not welcome to enter the property, the salesperson could not be part of any transaction for the sale of the property and that no cooperating compensation was offered to the excluded salesperson. This clearly was the seller's wish and therefore justified.

YOU & YOUR

BUSINESS

The Best Kept Secret, Part II

by Sue Gunselman

Due to the wealth of information available about the complex 203(k) loans, the following is a continuation from the January 2017 article.

Q: What kind of repairs/improvements will this program cover?
A: Roofs, gutters, downspouts, HVAC systems, plumbing and electrical, flooring, minor remodeling (no structural repairs), painting, weatherization (windows and doors), insulation, all appliances (including washer/dryer), accessibility improvements for disabilities, lead based paint hazards, decks, patios, porches, basement finishing and remodeling (no structural repairs), basement water proofing, exterior wall systems, septic systems and wells. *It should be noted that structural repairs are ok with a Standard 203(k) loan. A streamline 203(k) does not allow for structural repairs or changes (i.e. knocking out a load bearing wall).*

Q: What doesn't it cover?
A: New construction, repair of structural damage, landscaping or site amenity improvements, repairs requiring more than six months' work schedule, rehabilitation activities that require more than two payments per specialized contractor, swimming pools, hot tubs, saunas, tennis courts, gazebos, BBQ pits, improvements that are not a permanent part of the real property and major rehab or remodeling (i.e. relocating a load bearing wall, etc.). *Again, the streamline does not allow for a structural repair, but the standard does.*

Q: Who picks the contractor and must they be approved?
A: The customer selects the contractor with the lender approval, or the buyer can select from a list of approved contractors the lender can provide. The criteria for approval are simple—beyond licensing and insurance, the contractor would need to fill out an application and provide references. No credit or background checks are required. *These are a particular lenders' criteria; each has their own.*

Q: If the buyer is a contractor, can they do the work themselves?
A: They can, but there are some caveats. The buyer cannot be paid for the labor; so if the estimate is for $20,000 and is split between $12,000 for labor and $8,000 for materials, only the buyer/contractor can be paid $8,000. The additional $12,000 is still included in the loan, however, and is then applied as a principal reduction once work is complete. Why is the money still included in the financing package? Because in the event that the buyer/contractor is unable to finish the work, another contractor can be brought in to finish the job at similar pricing. It is really not a benefit to the buyer to serve as their own contractor.

Q: Once the contractor gets the estimates, what happens next?
A: You now have the estimates and learned what the upgrades/repairs will cost. Example: a house was found at $100,000 and the estimates came in at approximately $20,000. The offer to the seller will be for $100,000 (the "as-is" price); the additional money for repairs/remodel will come from the lender and will not be included in the offer to the seller. The house will be purchased "as is", and the repairs will be done after settlement.

Q: When is the appraisal ordered? Will there be an extra cost?
A: Once the inspection has been completed and all the estimates are in showing the breakdown of the costs of work to be completed, the lender will order the appraisal. The appraiser will give an "as is" value, as well as an "after-improved" value. There is no extra cost for this appraisal. *Appraisal prices can vary on these. Some appraisers do charge more for renovation appraisals.*

Q: How does the loan amount work then?
A: Once the appraisal is complete (as is and after renovation value), the loan numbers are finalized. Example: sale price of $100,000; total estimates $30,000; plus a contingency reserve (10-20%) will be added on to cover any unforeseen extra expenses, in this case 10% ($3,000); total project cost of $133,000. The "after improved" value/appraisal must be $133,000 in order for all repairs to be made. Note: buyer must be approved for the total project cost or after-improved value/appraisal.

Q: How long until closing after the estimates and offer is placed?
A: Typical timing, 45-60 days, as long as all estimates are placed in a timely manner.

(continues on page 7)

The Best Kept Secret *(continued from page 6)*

Q: What happens at settlement with the repair monies?
A: At closing the seller will receive their net/funds for the "as is" price and the rehabilitation funds are placed in an escrow account for the buyer and contractor.

Q: When does construction begin and disbursements made?
A: There will be one inspection and two checks—one up front check within two to four weeks from closing; and the second and final check after the work and inspections have been completed. Permits must be applied for and work must start within 30 days of closing. Any extra funds remaining after all repairs are completed will be applied to the principal balance of the buyer's loan.

Q: Who monitors this whole process and guides the buyer, contractor and funding after settlement?
A: On a standard 203(k) program, the consultant acts as the overseer, handling the draw inspections and checking for quality and completeness. Funds are not released to the contractor until the consultant inspects and the borrower gives the OK to release the money. On a streamline 203(k), the appraiser serves as the inspector and determines the release of the final draw when work is completed.

Q: How can agents overcome the "myths" about the program?
A: With regard to the perception that they are difficult to do, remember it is just an FHA loan with four touchpoints to hit—application, estimates, appraisal ordered and appraisal received. The loan can steer off track if step two is delayed, but everyone will be informed and aware of this, knowing what is being dealt with. The program itself does have some subtleties for the loan officer who is not familiar with dealing with the program. Selecting a lender who has the experience and knowledge is important, and choosing a lender with a good track record of closing loans as such is key to a successful transaction. Remember, while this is indeed a government loan, there is no interaction with HUD or the like for contractor approvals or anything like that. Every lender approves contractors to their own specific criteria.

Q: Advice to agents?
A: Don't fear it, and don't refuse to show your clients "fixer uppers" because of negative past experience. Understand how it works and what it can do for your clients. Spend less time showing homes to that difficult-to-please client or finding a home at a certain price point.

In conclusion, take advantage of using this program. It's best to work with a lender who has experience with them. The FHA 203(k) loan offers everything you could want for that home needing a little TLC to a complete renovation. Whether buying a home in dire need of rehabilitation, or just modernizing before you move in, this program could be the solution to your financing issues!

New Members

Designated Affiliate

Katherine Linnell .... Langan Engineering & Environmental Services
Gary Patton .... 360 Tour Designs of Lancaster

Designated Realtor®*

David Mersky .... Commerce Realty Services, Ltd.

Realtors®*

Ashlea Barry .... Younger Realty Group
Andrew Bartlett .... ReMax Patriots
Kristina Beers .... Infinity Real Estate
Kal Kelley .... SlateHouse Group Property Management
Misty Kempton .... Kingsway Realty
Kristin Kreisher .... John Smith Real Estate Group
Patricia Luna-Heisse .... Hostetter Realty
John Marley .... Keller Williams Elite
Alexander Martin .... Kingsway Realty
Colin McEvory .... Coldwell Banker Residential Brokerage
Wendy Miller .... William Penn Real Estate Assoc.
Dominique Traina .... Lusk & Associates Sotheby's International
Zachary Walker .... Younger Realty Group
Casey Wells .... Town & Country Realty

** Approved, pending completion of New Member Orientation*

Members on the Move

David Boisvert .... Howard Hanna Real Estate Services
Pamela Dull .... Berkshire Hathaway HomeServices
Herb Fisher .... Cavalry Realty, LLC
Jeremy Ganse .... ReMax SmartHub Realty
Mitch Gready .... ReMax SmartHub Realty
LuAnn Harris .... Keller Williams Elite
Becky Nguyen .... Berkshire Hathaway HomeServices
Scott Rohades .... Cavalry Realty, LLC
Daniel Stoltzfus .... Keller Williams Elite

Membership Statistics (as of 1/31/2017)

Real Estate Firms 154
Real Estate Branches 15
Affiliate Firms 94
Realtors® 1,094
Designated Realtors® 146
Pending/Tentative 64
Salespeople 13
Affiliates 138