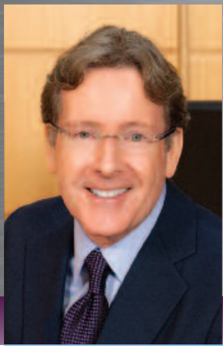


A Message from
Lawrence F. Flick, IV
Chairman and Chief Executive Officer
Berkshire Hathaway HomeServices
Fox & Roach, REALTORS®
and The Trident Group

The Chairman's Report 2015

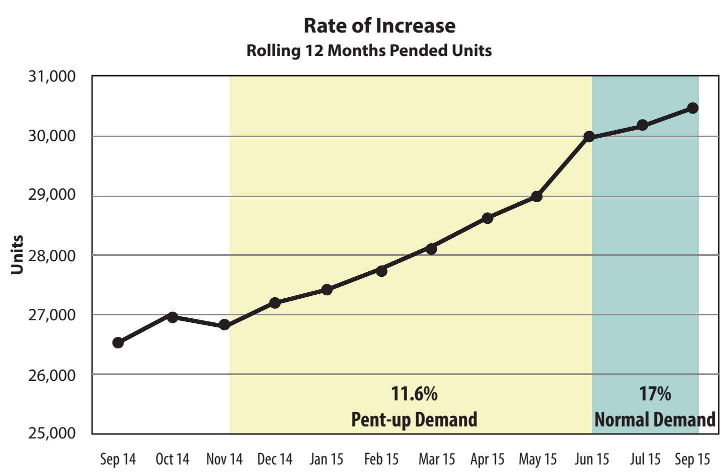
FALL 2015

Moving Ahead With This Sustainable Recovery

We are into the fourth quarter of 2015 and this much about the year is clear: it has been a great real estate market to date, as many buyers who were waiting for the right time to make a move took action. The number of houses sold in our area is much greater than this time last year. With housing prices stable, and mortgage interest rates at historic lows, this favorable market will likely continue. For buyers, and for sellers who are "buying up" with their next home purchase, it is a good time to move ahead with this sustainable recovery!

Consumer confidence is rising, as is job growth. With an unemployment rate hovering just above 5%, we are very close to what economists call "full employment." And what has been the missing link in our economic upswing — wage growth — has at last begun to show improvement.

An abundance of international news — oil prices, a strong dollar, and concerns about Asia — has resulted in a significant financial market downturn. It's logical to ask what effect this has on the real estate market in our area. I believe this will be a slight headwind, not a significant one. We may attribute a modest decrease in the rate of growth of home sales in the second half of this year to pent-up demand being satisfied. Even so, sales units continue to rise at a steady pace.



Owning a home in our marketplace has proven to be a great long-term investment.

It does appear that this financial market uncertainty may be affecting the high-end market, which is taking longer to recover. But there is a silver lining: this has caused the Federal Reserve to remain cautious about raising interest rates. So don't let the headlines hold you back. Owning a home in our marketplace has proven to be a great long-term investment.

There is one drawback to our current buyer-friendly market: a lack of inventory of houses for sale. The number of homes available for sale has decreased 28% in the past two years. This limitation means that buyers should move quickly when they find a home that they like and that is priced right. We are seeing that properties correctly priced and in excellent condition often receive multiple offers.

The lack of inventory presents a terrific opportunity for consumers who wish to sell their home and either "move up" or downsize, based on their life circumstances. Inventory is needed to meet demand, and a buyer is very likely waiting for a home like *yours* to become listed on the market! However, keep in mind that today's buyers are very careful about value. They won't purchase properties that are priced too high, and they expect them to be in move-in condition.

Most economists agree that this recovery is sustainable and will go on. But, we know that the Fed will raise interest rates in the not-too-distant future. Every increase in mortgage interest rates translates into buyers paying more for what they can get today. And, as the economy continues to grow, home prices will also begin to increase. This change may happen slowly, but it won't take long for those who delayed to look back and realize they missed the best opportunity.

If you want to buy a new home, isn't it time to move ahead? Contact your BHHS Fox & Roach sales associate and Trident mortgage consultant today!

Lawrence F. Flick, IV
Chairman and Chief Executive Officer
Berkshire Hathaway HomeServices
Fox & Roach, REALTORS® and The Trident Group

New Consumer Protection Rules Affect Home Buyers and Sellers

A decade after what can arguably be hailed as the peak of the Philadelphia region's residential real estate boom, the Consumer Financial Protection Bureau (CFPB) has implemented new regulations to help consumers better understand the initial and ongoing costs of financing a home. This is a result of the Great Recession and the Dodd-Frank Wall Street Reform and Consumer Protection Act. The CFPB was created to help consumers better understand the mortgage process and safeguard against predatory lending.

As a result, the CFBP initiated "Know Before You Owe," integrating the initial Truth in Lending document and the final TIL and HUD-1 closing document. These new Loan Estimate and Closing Disclosure documents make mortgage disclosures less complicated. Both the Loan Estimate and Closing Disclosure are designed to look alike, making loan terms easier to understand and allowing borrowers to spot potential errors or changes before they are ready to close.

This is good news for home buyers, but there is a potential catch. The CFPB has designated that a home buyer must receive their completed Closing Disclosure three days prior to settlement so they have adequate time to fully understand all costs associated with their mortgage. Once delivered to the buyer, if the lender changes the APR (annual percentage rate) more than 1/8 of a percent, the buyer changes their loan product, or the lender adds a prepayment penalty, the three-day time period must be reset. Even if the buyer is willing, neither three-day period can be waived.

While consumers will benefit from this extra protection, there may be times when an imposed delay of a closing will affect the buyer. Many home buyers coordinate their settlement date with the move-out date of their present residence. Their furniture is in a moving van and they are expecting to move into the new house the same day. As a result, these buyers will incur significant additional expense and inconvenience. A delayed closing can also cause buyers to be in default of their contract, lose their down payment and possibly the house itself.

The threat of a three-day delay also affects home sellers, especially when they expect to use the proceeds of their present home to purchase another. Sellers often schedule "back to back" settlements, so they are able to move out of one house on the same day they move into another. A delay in closing on a property can produce a chain reaction that affects multiple transactions.

There are some things that buyers can do to prevent a delay in closing. Each must choose their Realtor, lender and title company carefully, making certain that everyone involved in the transaction can adhere to these new requirements, work as a team, and communicate early and often. This is one more reason to trust our company of families: BHHS Fox & Roach, Realtors, Trident Mortgage Company and Trident Land Transfer Company. We are a proven team that gets results. Buyers should be in touch with Trident Mortgage while they look for a house, so they can move forward as soon as an agreement of sale is signed. Closings should be scheduled with Trident Land Transfer to allow adequate time for the lender to provide the Closing Disclosure to the buyer, and buyers should lock in their mortgage rate earlier in the process. Since the lender now must submit the Closing Disclosure to the buyer, the final walk-through of the house should be completed with sufficient time for adjustment, if needed.

Will these new consumer protections prevent a repeat of the housing frenzy of ten years ago? Only time will tell. But the new disclosures add transparency and an element of fairness to what, for most consumers, is the biggest financial transaction of their lives. Eventually the new closing processes required by the CFPB will become routine. But those expecting to buy or sell a house in the near future should understand these new rules and make sure they are working with real estate, mortgage and title company professionals who are prepared for these changes, and can effectively navigate to a smooth and on-time settlement. BHHS Fox & Roach, Realtors, Trident Mortgage and Trident Land Transfer have spent the last year preparing for these changes. They've done such a good job that they've been recognized nationally. I have every confidence that our team will conduct a flawless settlement!

AN INDEPENDENT VIEW

Joel L. Naroff, Ph.D. is the President and founder of Naroff Economic Advisors. He is a consultant to Berkshire Hathaway HomeServices Fox & Roach, REALTORS® and The Trident Group. A nationally recognized economic forecasting expert, Joel was awarded the Lawrence Klein Award for Blue Chip forecasting excellence and was the Bloomberg Business News top economic forecaster in 2008. In 2007, he received the National Association of Business Economists Outlook Award and was named the top economic forecaster by MSNBC in 2006.

Understanding the condition of the national economy these days can be trying. Robust spring activity, coupled with solid increases in employment and a decline in the unemployment rate early in the summer seemed to signal the end of the era of modest growth. Indeed, the rising income, created by more people working and better wage gains, led to a surge in household spending.

But just when we thought we were over the hump, job gains softened and wage increases slowed. The labor market is still tight — the unemployment rate nearing full employment — but the rate of improvement is moderating.

Is the softer job growth a cause for concern? Not necessarily. The need for workers has not diminished, as witnessed by the large numbers of unfilled positions. Actually, the major problem is finding qualified workers. The limited supply of candidates, not a slowing economy, is likely the reason hiring has moderated.

The Fed members want to start moving rates back up to normal levels and they will likely begin doing so in the next few months — but not until they are certain the softening job growth is not a sign of emerging weakness. Once the process begins, the Fed has made it clear it will raise rates cautiously.

Even when rates start increasing, the housing market should improve. While higher rates may price some out of the market, it will also shorten the search process, increasing offers. And since rates will rise only if the economy is solid, improving consumer confidence should also foster greater sales.

The outlook for the next six months is for further improvement in the economy, including accelerating wage growth. That should lead to rising home sales and prices, even if interest rates rise.