



BE THE INSPIRATION

2018-2019

UPCOMING PROGRAMS

Nov 29th
Surprise

Dec 6th
NO NOON MEETING
Holiday Party @ Haggard Party
Barn 6:30p – till

Dec 13th
TBD



NOVEMBER BIRTHDAYS

| | |
|-----------------|--------|
| Jaye, Olin | Nov 05 |
| Jackson, Martin | Nov 12 |
| Dreger, Tamara | Nov 28 |
| Shamshiri, Ross | Nov 28 |



FALL Weekly

Volume 262, Issue 327, November 29th, 2018

The Plano Rotary Club
www.PlanoRotary.com

Please Buy a House

MIKE BOOHER, the Prodigal Photographer, has returned...just in time for the Prodigal Editor to leave! **Sainted Editor** will be off on a junket to inspect the **Christmas Markets of Europe** starting December 12th. He and his spouse will return in time for our meeting of January 17th. So they've already posted their Holiday Cards. (If you'd like a copy of their whiz-bang Holiday Letter, send Chris your email at DrCAParr@AOL.com)

Carrolyn the Petite recommended our attention at 12:15, calling upon **Blair Ritchey** for the Invocation and **Gary Garza** for the Pledge. **Janelle** (Twyfords-Silvis...I love that name) and **Rick** were credited with Greeting. Since **SERGEANT NANCY** was living it up at *Leadership Plano*, **Roy Reeves** undertook her tasks.

While there were ZERO Visiting Rotarians, we did have two guests. **Sara Akers** introduced a Rotarian once-removed (her Dad was a Rotarian), **Leigh Hardison**. And **Randy Langford** (Life Care Ex. Dir.) fed his wife, **Holly**.



His search for a **3 Minutes of Fame** victim settled upon **Cathy Fang**. She's been a Rotarian for 5 years and is unsure why she joined (ran for office?) but has never regretted having done so. Her university-level work was done at *Taiwan College* where she majored in Economics (the dismal science). Her first car was a *Chevette*. And she came to the U.S. in 1977, which "let's you know my age!" Favorite band: none. Favorite movie? "Nahh!" (Well, she's got the vernacular down.) She's currently a CPA (who

doesn't advertise on our back page! C'mon, Cathy, you'd be the only one.). When asked about the weirdest thing that's happened in her job, she apparently thinks weirdness comes with the job. For example, people who ask her to do their taxes call her 48 hours after submission complaining that the IRS hasn't acknowledged receipt! If she had a TARDIS, she would go back to WWII; **Olin Jaye** suggested she need only chat up **Johnny Lewis**. Something we don't know about her is that she "is my father's favorite child" (all hyperbole aside). And she is his favorite because she was the only one in the family that liked his cooking.



She denied all tattoos.

Johnny came in for more maligning with his 31 years of Rotary Service recognition. Someone suggested he'd joined while still in elementary school (studying a McGuffey reader). But **Larry Flannery** had him beat with 35 years! Instead of Johnny's chaste hug certain not to enrage **Sharon**, Larry went full bore, but will none of us tell **Karen**? Larry's excuse? "After 35 years, you learn."



When she'd recovered, **Carrolyn** mentioned the duo of sympathy cards making the rounds of our tables for our signatures. One is to **Larry Bisno**, whose Mom has recently passed away. The other is to **Howard Matson**, struggling with an infection in hospital.

Carrolyn also stumped for our **Angel Tree** project, noting donation and volunteer opportunities on a circulating sign-up sheet.



John Caldwell seconded the motion with as additional donation opportunity: we are to bring canned goods to the **Holiday Party at Rutledge's Party Barn** on Dec. 6th (instead of our usual meeting on that date). Since 25% of PISD students attend Title I schools (and are entitled to free or discounted lunches), we should bring edibles in addition to the usual coats. But, he emphasized, they should be canned goods. He held a can of beans aloft; "Beans, yes." He held a bottle of beer aloft; "Beer, no." Then he insisted we confirm his identification by call and response.



Carolyn admitted to being worried when he brought a beer to the lectern. (She should instead be worried that many members got the ID wrong!) We are to bring the beans (without spilling) to our November 29th meeting.

She was set to call upon Olin Jaye to introduce the speakers when he reminded her to mention the Board Meeting following lunch. With that done, Olin ascended.

Scott Drescher is a former *Plano Rotary* member. (He vaguely recalls this, asking "What Rotary met at a hotel on Central?") He is currently Vice President of Business Development at *Highlands Residential Mortgage*. He has just passed 28 years of experience as a loan officer, 15 years as an Adjunct Professor of Real Estate Finance, and he was the 2013 President of the Dallas Mortgage Bankers Association. He has a Bachelor's degree from *Johns Hopkins University* and a Masters degree from the *University of Texas at Dallas*.

His business partner, **Sam Brock**, is a Senior Loan Officer at *Highlands*. Sam has over 10 years' experience in mortgage banking and has a Bachelor's degree from *OSU*. So he means it literally when he says, "Go, Cowboys!" They will be educating us on "*The Fed and Mortgage Financing—what you need to know about financing a house in 2019.*"

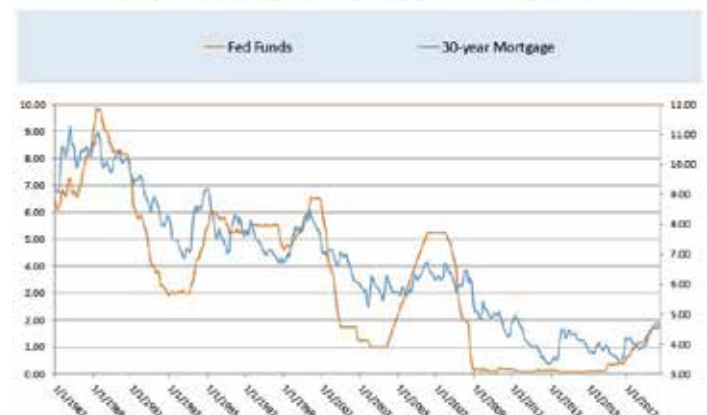
scott@drescherteam.com & sam@drescherteam.com

Olin mentioned that the A/V was working today when it didn't last week, and with that, he left. Scott eschewed the flakey microphone and thanked Olin for the introduction, commenting, "He really did walk out on us!"

There are many misconceptions about the relationship between the Fed and home financing. They are currently raising interest rates (which were previously near negative)

but those hikes are "*not locked to home financing interest rates.*" They often "*track*" but without "*correlation.*" (A statistician would say "*without high correlation.*") Besides, the Fed's purpose is not tied to home financing but to the larger picture of encouraging or discouraging economic growth. The latter means slowing an overheated economy (in danger of a burst bubble or worse: runaway inflation).

Disconnect Between Fed Funds Rates and Mortgage Rates



Courtesy of Scott Drescher and Sam Brock. All rights reserved. Not to be used without permission.

The Fed Funds rate is back to the 2% it was "*in 2007*" (rather 2008 from the chart). Of more interest (as it were) is the "*Home Price Appreciation Index*" established by *Texas A&M*. That is a proprietary chart, unavailable to *Sainted Editor* but for a thoughtful snap by Mike Booher.



It shows that from 2005-12, the index for the Dallas-Plano-Irving service area is flat. So the depression of 2008 had little influence on our area except to stall home appreciation. However, since 2012, home prices have climbed at an even steeper rate than before 2005. This growth is "*unsustainable in the long run.*" Home "*affordability is affected by home prices and interest rates,*" so when both are on the rise, they "*give a double whammy.*"

Scott then tagged Sam to speak of the impact of student loan debt on home loans. They too are uncorrelated. Students graduated in 2017 had an average loan debt of ~\$40K which triggers \$200 monthly repayments of "*less*"

than car payments,” so has (not none but) little impact on home buying. Granted there’s “a lot more [student] debt than 30-40 years ago,” but “unless its private school debt” (~\$200K), it will have little influence upon first-time home purchases.

Home owners basking in <4% interest rates in an era of >5% interest are “rate-bound.” They can’t afford to move.

While homes are appreciating, the growth of their values is decelerating. That rate is currently 3.5%, but a few years ago it was 11% per annum.

Scott asked how many of us knew the “Rule of 72?” It is that a 7.2% interest rate compounds to double your money in 10 years whereas a 10% interest doubles in 7.2 years. Neat, no? (That’s better than the Rule of 80 that says 80% of men over 80 have prostate cancer.)

When home prices rise, it’s the first-time buyers “who struggle.” It’s exacerbated by the trend to build larger homes. There was a time when the average footprint of a home was 2,000 square feet. “Now much larger homes are being built.”

Sam tagged in asking, “What changed in home mortgages? Will 2018 be like 2008?” A lesson was learned in the depression of 2008, and HUD implemented changes “eliminating sub-prime mortgages” with “negative amortization” and “teaser rates.” Fannie Mae & Freddie Mac became “real conservative,” approving fewer loans. But the further we are from that collapse, the weaker our memories of the failure. Less restrictive lending is now the rule. (And since no one went to jail over predatory lending practices, the fear of angry, torch-bearing mobs is now laughable.)

Scott continued that the Fed strives for the “Goldilocks Rate” which sustains a normal ~2% rate of inflation. The problem is that the “Fed does not know what normal is!” We are expecting a 0.25% increase in December. Wall Street will react, but “it won’t be bad if it doesn’t slow the economy.” Markets decline if



Wall Street believes the economy is slowing; conversely, they rise if Wall Street believes the economy is heating up.

If we sustain 5.5% growth for a couple of quarters, we will be “overdue for correction,” we’ll see a recession by 2020-21, and the Fed will reduce the rate. It’s cyclic. And it’s generational. 40 years down the pike, Wall Street forgets any pain it suffers.

Olin Jaye asked how things have changed. Scott said that technology has changed them. We can now “work from any beach in the world” at any time, and “can” means “will.”

Joe Camarena asked how often the Feds reassess the economy. Scott told him that they meet every six weeks to look at “growth, stability, and employment.”

John Caldwell touted the movie, “The Big Short,” and Sam countered with an HBO video entitled “Too Big to Fail.”

Carrolyn the Petite offered them our miniscule flash drive then asked for any announcements. Janis Allman notified us of the death of two former Rotary members, Bill Roberts and Plano Mayor Art Strand.

Carrolyn then encouraged us to enjoy Thanksgiving rather than show up here next week. She said she’d be glued to football. Then she led us in the Four-Way Test and threw us out at 1:00.



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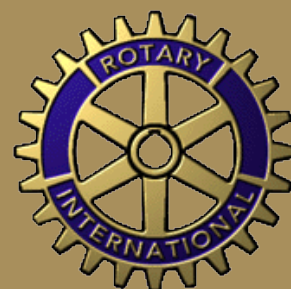
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Thank you Kenny Wilson

The Plano Rotary Club

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Guests & Visiting Rotarians

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Leigh Hardison

Holly Langford

Visiting Rotarian

None

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Sara Akers

Randy Langford

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The Plano Rotary Club is working with Samaritan Inn and Foster Friends this year with Santa & Mrs. Claus as a special treat. There will also be a school choir to perform. Donations can be given to Karen and Volunteers can call Camille Ussery at 469-964-6844 or email Camille.ussery@bthbank.com

Please add the following dates to your calendars!

Shopping

Friday, Dec 7th

7:30 am

Walmart Super Center
1700 Dallas Parkway
at Park Blvd

Wrapping Party

Thursday, Dec 13th

5:00 pm

BTH Bank Plano
1801 Preston Rd



Angel Tree Party

Saturday, Dec 15th

12:00 pm to 2:00

BTH Bank Plano
1801 Preston Rd