

News You Can Use

Business Insights Brought to You
By Team Clermont

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Serving Florida & Wisconsin · FL: 941.201.5847 · WI: 920.347.1245

USDA Guarantee Fee Increase

USDA Rural Housing announced today the new upfront guarantee fee and annual fee structure that will be effective for Single Family Housing Guaranteed Loan Program (SFHGLP) loans in fiscal year (FY) 2016. FY 2016 began **October 1, 2015** and the new upfront guarantee fee will change from 2 percent of the loan amount to 2.75 percent of the loan amount. The annual fee (monthly PMI) of .50% will remain unchanged. The upfront guarantee fee is a one-time fee that is charged by all government mortgage programs (USDA, FHA, VA) and commonly rolled into the borrowers total loan amount.

Example:

Current guarantee fee on a \$150,000 loan = \$3,000.00. Total adjusted loan amount with guarantee fee = **\$153,000**

New guarantee fee on a \$150,000 loan starting 10/1/2015 = \$4,125.00. Total adjusted loan amount with new guarantee fee = **\$154,125**

Increase of **\$1,125** in this example.

Guaranteed loans obligated on October 1, 2015, through September 30, 2016 will be subject to the following fee schedule:

Purchase and USDA Refinance Transactions:

Upfront guarantee fee: 2.75 percent

Annual fee: 0.50 percent

A loan is obligated when USDA has approved a complete loan application package and issued Form RD 3555-18 "Conditional Commitment for Single Family Housing Loan Guarantee" to the USDA approved lender. Loan guarantee requests submitted by the lender to USDA prior to September 30, 2015, in which a Conditional Commitment has not been issued before close of business that day, will be subject to the new 2.75% FY 2016 fee structure. Lenders/Borrowers will want to insure their loan package has been submitted to USDA a few weeks before the deadline to stay at the 2% fee structure.

Please note this does apply to all USDA Purchase and USDA Refinance transactions.

USDA is still Florida's only 100% home loan and a great choice for first time buyers. If you have questions, please contact us.

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Please note: home buyers that have questions regarding an existing USDA loan already in process with another lender/bank will need to speak to them directly for status and timelines.

LIFESTYLE

10 Important Things to Simplify Your Life

Simplicity brings balance, freedom, and joy. When we begin to live simply and experience these benefits, we begin to ask the next question, "Where else in my life can I remove distraction and simply focus on the essential?" Based on our personal journey, our conversations, and our observations, here is a list of the 10 most important things to simplify in your life today to begin living a more balanced, joyful lifestyle:

1. Your Possessions – Too many material possessions complicate our lives to a greater degree than we ever give them credit. They drain our bank account, our energy, and our attention. They keep us from the ones we love and from living a life based on our values. If you will invest the time to remove nonessential possessions from your life, you will never regret it. For more inspiration, consider Simplify: 7 Guiding Principles to Help Anyone Declutter Their Home and Life.

2. Your Time Commitments – Most of us have filled our days full from beginning to end with time commitments: work, home, kid's activities, community events, religious endeavors, hobbies... the list goes on. When possible, release yourself from the time commitments that are not in line with your greatest values.

3. Your Negative Thoughts – Most negative emotions are completely useless. Resentment, bitterness, hate, and jealousy have never improved the quality of life for a single human being. Take responsibility for your mind. Forgive past hurts and replace negative thoughts with positive ones.

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Consider Personal Goodwill In Valuing Your Company

What is goodwill? Well, according to Merriam-Webster Dictionary, it's "a kind, helpful, or friendly feeling or attitude."

But apply that definition to your business and there's a dollar value attached. A recent article in the Economist notes: "Goodwill is an intangible asset that represents the extra value ascribed to a company by virtue of its brand and reputation."

When one firm buys another, the target's goodwill – essentially the premium paid over its book value – is added to the combined entity's balance-sheet."

Goodwill, in this case, may include the company's brand recognition factor, reputation, and relationships with customers and suppliers. But one factor that isn't always

mentioned is the company's corporate culture.

Arguably, an inclusive culture with an owner who delegates important areas of the business and provides opportunities for employee input would have more "personal" goodwill, whereas a company with a hands-on leader not given to delegating responsibilities would have less.

In terms of the Merriam-Webster dictionary definition, the first company would reflect a "friendly feeling or attitude." The second company would not.

A corporate suitor seeking to purchase one of these two companies may want to look to their cultures: it would have more difficulty taking on a company dominated by one individual than one in which management responsibilities are shared.

The second company would have more intrinsic value to this suitor – a type of "personal" goodwill that is ingrained in the culture and would last, even under new ownership – providing, of course, the new owner also believes in "personal" goodwill.



What You Need to Know About Condo Financing

Condos can be tricky to finance, but it's a treat working with your experienced condo lending crew of Team Clermont!

Condos will fall into one of these underwriting categories: Full Review or Streamline Review depending on the particulars of the project.

Whether the property is a Full or Streamline Review along with the location of the property will make a difference in the maximum loan to value allowed.

Here's what we need to determine the eligibility:

1. The contact information for Property Management Company/Condo or Homeowner's Association
2. If you are aware of any fee charged by the association to complete the PUD/Condo questionnaire form we will require, please let us

know so we can disclose to the borrower early.

3. We will request a copy of the budget to review the cash reserves the association has built into their budget. A healthy reserve of 10% of the annual budget is what we are looking for in order to be able to provide maximum financing.

4. If you have the associations insurance company information, please let us know so we can ensure adequate insurance for the project, as well as the employee dishonesty insurance

5. If being purchased as investment, the number of current rental units in the project must be less than 50%

6. We do not have a concern of the rental saturation as long as being purchased for primary or secondary residence.

Worth Reading

Is the Future of Work Really the "Jobbatical"?

Jessica Leigh Hester | *The Atlantic CityLab*

Jobbatical is an employment site that connects workers in need of a change of scene with employers in faraway places who are looking to fill short-term jobs. Given the recent boom in freelance workers, it's really not much of a stretch from home office to beach office. You just have to lose the obsession with work and enjoy your jobcation.

More: <http://tinyurl.com/Jobcation>

Why Robots Will Always Need Us

Nicholas Carr | *The New York Times*

It seems obvious that the best way to get rid of human error is to get rid of humans. But while computers are great at following instructions, they're terrible at improvisation. Plus, computers break down, get bugs, get hacked ... More automation is not always better. We should view computers as our partners – with complementary skills – not as our replacements.

More: <http://tinyurl.com/Robotic-partners>

5 Creative Ways to Fund Your Small Business

Elaine Pofeldt | *Time Inc.*

As many entrepreneurs discover, raising money to fund a small business isn't for the faint of heart. Fortunately, there are options, including private placements with handpicked investors, loans from local community banks, online financing sites, investment pools such as hedge funds and endowment funds, and third-party loan guarantees. Pofeldt discusses the pros and cons of each.

More: <http://tinyurl.com/Finding-the-bucks>

How to Find Overlooked Niches and Win Big

If you want to be different from your competition, you need to do something different – something that will set you apart. Doctors and attorneys specialize; why shouldn't you?

There are many ways to carve out a niche: You can specialize in certain types of transactions, in neighborhoods, and in target groups.

You also can form a team where each member brings special qualifications such as an engineering background, experience as a contractor, or staging expertise. What an opportunity to offer a grocery list of services to clients!

Some specialties, like foreclosures and short sales, may require certification. But there are many opportunities to specialize that may not need extra credentials. Below are some ideas that you can research and start implementing immediately.

Expired Listings

For whatever reason, homes on the expired listings report didn't sell. Find out why. Was the property priced too high? Did the previous agent fail to properly market or stage it? Does it need help with curb appeal? Chances are the homeowners still want to sell and are waiting for you to tell them how.

These homeowners are unquestionably demoralized – something in the process didn't work. Introduce yourself to these sellers, and let them know you can offer



solutions they or their former agent may not have considered.

You may find the minimal investment in time and money required to approach these eager sellers is more than worth it.

First-Time and Returning Buyers

Many real estate agents would like to target first-time home buyers, but how many are actually focusing their efforts on this group? And while some first-timers may be looking at lower-priced options, many others are in a position to purchase higher-end properties; some newly minted college grads have good jobs, not to mention access to a good

down payment from the “bank of mom and dad.”

As well, previous homeowners who are coming off the waiting period after a foreclosure or other financial challenge may be looking again. Anyone who hasn't owned a home in three years meets the criteria of a “first-time buyer” and is entitled to the same benefits.

For-Sale-By-Owner Sellers

Converting them may not be easy, but this niche may work for you, providing you realize it's a long-term prospect.

It may take time for sellers to come to the realization that they haven't the experience or expertise to sell their home on their own and need help. Or they may be so anxious to sell after a long time on the market that they finally decide it's worth paying a commission.

There's only one way to find out why their home didn't sell. Contact them. Send a postcard, or even stop by as long they've taken down the For Sale sign.

Provide them with something of value, such as your newsletter containing interesting and useful content, and show your familiarity with their neighborhood.

With niche marketing, you distinguish yourself from your competition plus you develop special expertise and new contacts. It's a win-win.

LINKS YOU CAN USE NOW

This Month – Work/Life Balance

These days in particular, we need balance in our lives. Here are some ideas about how to achieve it:

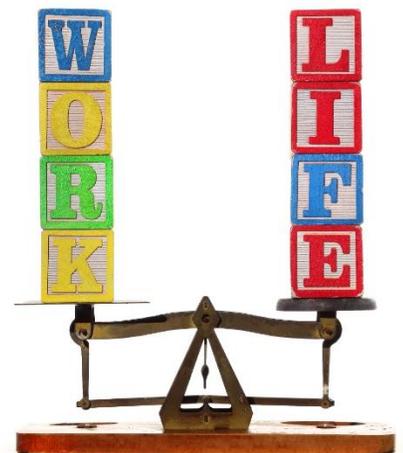
First, don't panic. According to this post, the happiest people are busy. But they don't feel rushed.

Try answering the author's “importance” question to hone your focus. **More at:**

<http://tinyurl.com/Sept-Link1>

One of the reasons we fail to achieve work/life balance is that we're not mindful of how much time goes into work. Whether it's late-night emails or early-morning research, try taking advantage of free “toggling” to keep track. **More at:** <https://www.toggl.com>

Like it or not, we're all “firefighters” in one way or another. Throughout the day, “urgent” issues distract us from working on long-term goals. Decide which category your issue falls into according to the Eisenhower Principle, then pick the strategy to deal with it. The result? More time to spend on the other parts of your life. **More at:** <http://tinyurl.com/Sept-Link2>



Simplify Your Life – Continued...



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4. Your Goals – Reduce the number of goals you are intentionally striving for in your life to one or two. By reducing the number of goals that you are striving to accomplish, you will improve your focus and your success rate. Make a list of the things that you want to accomplish in your life and choose the two most important. When you finish one, add another from your list.

5. Your Debt – If debt is holding you captive, reduce it. Start today. Do what you've got to do to get out from under its weight. Find the help that you need. Sacrifice luxury today to enjoy freedom tomorrow.

6. Your Words – Use fewer words. Keep your speech plain and honest. Mean what you say. Avoid gossip.

7. Your Artificial Ingredients – Avoid trans fats, refined grain (white bread), high-fructose corn syrup, and too much sodium. Minimizing these ingredients will improve your energy level in the short-term and your health in the long-term. Also, as much as possible, reduce your consumption of over-the-counter medicine – allow your body to heal itself naturally as opposed to building a dependency on substances.

8. Your Screen Time – Focusing your attention on television, movies, video games, and technology affects your life more than you think. Media rearranges your values. It begins to dominate your life. And it has a profound impact on your attitude and outlook. Unfortunately, when you live in that world on a consistent basis, you don't even notice how it is impacting you. The only way to fully appreciate its influence in your life is to turn them off.

9. Your Connections to the World – Relationships with others are good, but constant streams of distraction are bad. Learn when to power off the blackberry, log off Facebook, or not read a text. Focus on the important, not the urgent. A steady flow of distractions from other people may make us feel important, needed, or wanted, but feeling important and accomplishing importance are completely different things.

10. Your Multi-Tasking – Research indicates that multi-tasking increases stress and lowers productivity. While single-tasking is becoming a lost art, learn it. Handle one task at a time. Do it well. And when it is complete, move to the next.



TECHNOLOGY

Batteries – the Next Frontier for a Device-Focused Society

No matter what device you depend on – whether it's a flashlight, a smartphone, or a computer – it won't work without a battery. Yet the science behind batteries has been relatively underwhelming. Until now.

Battery technology enters the 21st century: Much of the key development work on batteries dates back to the 1800s. And since then the lowly battery has powered our society in a relatively low-key way. Now, however, the battery has been dragged into the 21st century by new technology. And investors such as billionaire Warren Buffett are betting its time has come.

As Michael J. De La Merced noted in the *New York Times*, “By essentially agreeing to swap his firm's holdings in P&G, worth about \$4.7 billion, in exchange for Duracell, Mr. Buffett will gain one of the best-known battery companies in the world.” And market share.

\$50 billion market: While many claim Buffett's purchase is a tax maneuver, others believe he sees big opportunities in today's \$50 billion global battery market. Batteries represent the new frontier. And Buffett is not alone in noticing.

Tesla, under CEO Elon Musk, recently launched the Powerwall home battery to revolutionize the way we use energy, envisioning a network of home batteries acting as power plants. The product, initially high-priced, will become more affordable and more desirable, Musk believes.

Developments: Meanwhile, ScienceDaily's Batteries News regularly highlights new developments in batteries, ranging from “squishies” made from wood pulp to an ultrafast aluminum battery. And Stanford University researchers have discovered that battery activity can help track a cell phone's location – without using the phone's GPS feature.