



## USDA Product Updates

### Upfront and Monthly/Annual Fees Decreased Effective October 1, 2016

USDA has announced a reduction in both the upfront guarantee fee and monthly/annual fee for fiscal year 2017, effective with Conditional Commitments issued on or after October 1, 2016 through September 30, 2017. Effective at the start of the fiscal year of 2017 (October 1, 2016) program fees for USDA Rural Development’s guaranteed home loan program will be significantly reduced. The upfront guarantee fee will decrease from 2.75% to 1.00% of the loan amount. The annual fee will change from 0.50% to 0.35% of the average scheduled unpaid principal balance for the life of the loan.

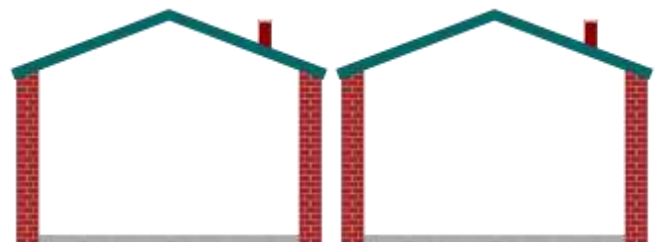
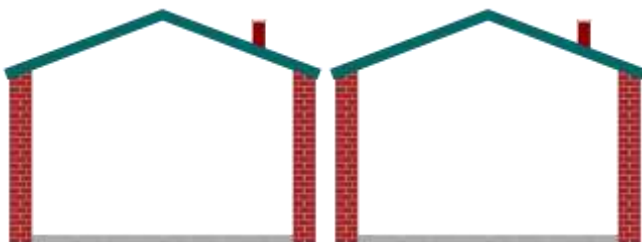
| Conditional Commitment Issued              | Transaction            | Upfront Guarantee Fee | Annual Fee |
|--|------------------------|-----------------------|------------|
| October 1, 2015 through September 30, 2016 | Purchase and Refinance | 2.75%                 | .50%       |
| October 1, 2016 through September 30, 2017 |                        | 1.00%                 | .35%       |

**\$300K purchase price at 3.25% under old structure:**

- \$308,250 loan amount
- P&I payment = \$1,341.52
- MI payment = \$127.27
- 4.039% APR

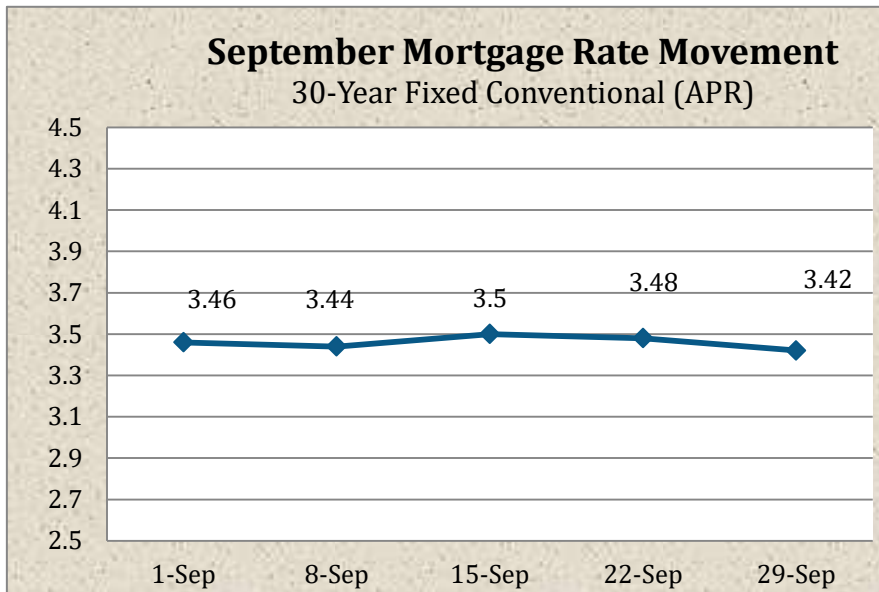
**\$300K purchase price at 3.25% under new structure:**

- \$303,000 loan amount
- P&I payment = \$1,318.68
- MI payment = \$87.57
- 3.737% APR



## Mortgage Rates

Mortgage rates in the month of September varied by only 8 basis points ranging from 3.50% ARR, for the 30-year fixed conventional loan, down to 3.42%, which also happens to be the ten week low. This is just one point above the four year low of 3.41% set back in the month of July of this year. It is 11 points below the record low of 3.31%. For the week of September 29<sup>th</sup>, the week with the lowest APR of the month, rates were 43 points below what they were a year ago. Though the course of the economy is uncertain consumers continue to remain positive as the September consumer confidence index is up 3 percent to a new cycle high of 104.1.

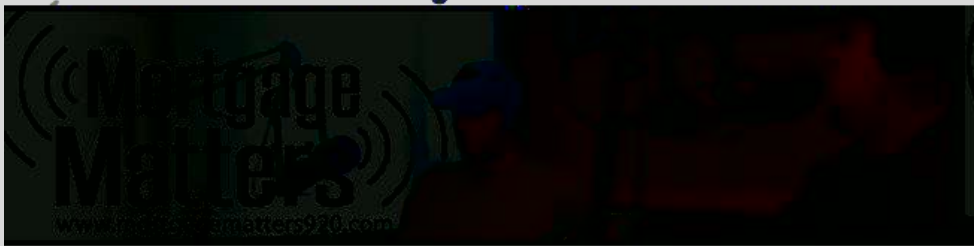


## News Briefs

### GDP

An upgrade for nonresidential fixed investment helped to give a boost to the second revision of the second quarter GDP which, though still modes, now stands at an annualized rate of plus 1.4 percent for a three tenths gain from the original first revision. Nonresidential investment is now revised into the plus column, up a quarterly 1.0 percent from a decline of 0.9 percent in the prior report. Residential investment once strong in prior quarters is unchanged at minus 7.7 percent in the quarter for a minus 3 tenth contribution. Consumer spending was very strong in the quarter, at a 4.3 percent annualized rate and contributing 2.9 percentage points to the GDP. This strength is reflected in final sales which are revised 2 tenths higher to 2.6 percent well up from 1.2 percent in the prior two quarters. Exports are revised 6 tenths higher up 1.8 percent as net exports added 2 tenths to the quarter's GDP. The GDP price index is unchanged at 2.3 percent. The early outlook for third quarter GDP is roughly in the 2 ½ to 3 percent range.

## Central Coast Lending & KVEC 920 AM Presents:



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805.543.LOAN

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CA BRE #01839608 NMLS#328358 CA DBO #6054783

Atascadero  
5955 East Mall

Morro Bay  
601 Morro Bay Blvd.

San Luis Obispo  
1319 Marsh Street

Paso Robles  
513 13<sup>th</sup> Street

