

# August Rates Remain Steady

## August 2018 Newsletter

SBA 504 20-year rates 5.294 %, fixed.

SBA 504 25-year rate: 5.346%, fixed.

SBA 504 20-year REFi rate 5.344%, fixed.

SBA 504 10-year rates 5.289%, fixed.

City Revolving Loan fund rate 7.50, fixed.

### **20-Year Rates still above 5.00%**

Rate information: Our August Rates remained steady this month. The 20-year fixed rate is now 5.294%; the Refinance rate is 5.344%; the new 25-year rate is 5.346 and the 10-year rate to 5.289%. Overall rates are still affordable and stable. We should expect the Fed to raise rates again this year due to inflation related to the expected increase in material costs because of the reconstruction due to Hurricanes and Fires. Additionally, the President's additional tariffs will likely contribute to higher inflation in 2018. And there is pressure from the Labor Market for higher wages.

We currently have 23 loan approvals. Central Valley Community Bank jumped into a tie with Bank of the Sierra with 4 approvals each. While BBVA Compass Bank moved up into a tie for second place with California Bank & Trust, and Chase Bank all with 3 approvals. All of these banks have loan in process with us; so it should remain a close race to the end of our fiscal year in September. Two banks have 2 approvals each Citizens Business Bank, and Fresno First Bank. Thank you to all our participating banks for your referrals.

***The 504 Loan Program Launches its First 25-Year Debenture Sale:*** The new 25-year debenture is off to a good start. This month at a rate of 5.346. The new rates for the 25-year are 5.2 basis points higher than the 20-year. Last month the difference was 6 basis points.

Locally new construction remains at a brisk pace. Real estate inventories continue to be very low in all areas for commercial properties, especially for owner-users. Smaller functional properties are very scarce and go quickly if priced right. The SBA 504 Real Estate Program continues to be a great way to finance the acquisition and/or construction commercial real estate for owner-users. 504 loans can be used to finance up to 90% of the cost of your real estate project.

***For additional information about our loan programs please contact Cal Cain at (559) 227-1158***