

HAPPY NEW YEAR!!!

January 2018 Newsletter

SBA 504 20-year rates 4.64%, fixed.

SBA 504 20-year REFi rate 4.69% fixed.

SBA 504 10-year rates 4.64%, fixed.

City Revolving Loan fund rate 6.75, fixed.

Rates Increase this month.

Rate information: 20-year rates Dropped 1 basis points. The 20-year fixed rate is now 4.50%. The 10-year rate remained at 4.38%. SBA 504 rates have been below 5.0% for 39 months in a row, that's over 3 years. Overall rates were stable this year; fluctuating between 4.50 and 4.69 percent, this was a little surprising considering we had such dramatic change in the White House. Additionally, Fed Chair Janet Yellen indicated all year that we should expect to see rates rise. In 2018 we should expect rates to increase modestly due to inflation related to the expected increase material costs because of the reconstruction due to Hurricanes and Fires and the expected cost of labor increasing with California's higher minimum wage in 2018, as well as labor unions asking for more raises.

We remain at 3 SBA approvals for the year. Citizen's Business Bank, Premier Valley Bank and Central Valley Community Bank each have one approval. Thank you to all our participating banks for your referrals.

New information the 504 Program may be adding a 25-year debenture: The regs for the 25-year debenture should be published by December 29, 2017 and the program should be implemented and accepting applications by March 30, 2018. This would give us 10-year, 20-year and 25 year debenture terms. We do not know yet if there will a different rate charged for the 25-year term. More details to follow later this year.

Real estate inventories continue to be very low in all areas for commercial properties, especially for owner-users. Smaller functional properties are very scarce. 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