

RATES MOVE UP AGAIN...

February 2018 Newsletter

SBA 504 20-year rates 4.94%, fixed.

SBA 504 20-year REFi rate 4.99% fixed.

SBA 504 10-year rates 4.64%, fixed.

City Revolving Loan fund rate 6.75, fixed.

Rates Jump up this month.

Rate information: 20-year rates increased 30 basis points. The 20-year fixed rate is now 4.94%. The 10-year rate remained at 4.64%. SBA 504 rates have been below 5.0% for 43 months in a row. This is the first-time rates have been above 4.70% in over 3 years. Overall rates are still affordable. 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. Additionally, the expected cost of labor increasing with California's higher minimum wage and the increase in the unemployment tax and labor unions asking for more raises will add to inflation.

We had 3 SBA approvals last month. Last year's top lender Bank of the Sierra had their first approval of the year; as did California Bank & Trust, Chase Bank and Premier Valley Bank. We currently have 6 banks with one approval each. Thank you to all our participating banks for your referrals.

New information the 504 Program may be adding a 25-year debenture: The regs still have not been published for the New 25-year debenture, they are expected out anytime. We are still expecting implementation by the end of this quarter and applications being accepted by the end of this spring. This will 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