

# Happy New Year

## Rates Stay below 5.00%

### January 2018 Newsletter

SBA 504 20-year rates 4.75%, fixed.

SBA 504 25-year rate 4.87%, fixed.

SBA 504 20-year REFi rate 4.78%, fixed.

SBA 504 10-year rates 4.647%, fixed.

City Revolving Loan fund rate 7.75%, fixed.

#### **January rates dip.**

Rate information: Surprisingly our January rates decreased by 12 basis points. We should still expect the Fed to raise rates over the next year due to inflation related to the expected increase in material costs because of the reconstruction due to the hurricanes and fires. Tariffs will also contribute to higher inflation into 2019, and there is pressure from the Labor Market for higher wages. Expect prime to reach 6.00% by the end of 2019. Also, expect the Feds to put pressure on credit administration to tighten up on credit in 2019; SBA 504 loan are a good alternative to get deal to the finish line.

Bank of the Sierra is off to a great start with us, with five approvals. Pacific Premier Bank on the Central Coast had their first approval with us. We have several applications in process with other banks, so we expect more competition for Bank of the Sierra in the near future. Thank you to all our participating banks for your referrals.

Locally, 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. Additionally, 504 Loan can be used for up to **85% for special use properties**, such as cold storage facilities and surgery centers.

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