

June Rates Stable

June 2018 Newsletter

SBA 504 20-year rates 5.314%, fixed.

SBA 504 25-year rate: To be determined in June.

SBA 504 20-year REFi rate 5.364% fixed.

SBA 504 10-year rates 5.279%, fixed.

City Revolving Loan fund rate 7.25, fixed.

20-Year Rates still above 5.00%

Rate information: All rates increased a little bit this month. 5.00% rates is the new normal. The 20-year fixed rate is now 5.314%; the Refinance rate is 5.364 and the 10-year rate remained to 5.279%. Overall rates are still affordable. We should expect the Fed to raise rates again this summer due to inflation related to the expected increase in material costs because of the reconstruction due to Hurricanes and Fires. Additionally, the President's new tariffs will likely contribute to higher inflation in 2018. And there is pressure from the Labor Market for higher wages.

We currently have 16 loan approvals. Bank of the Sierra and Chase Bank are in the lead with 3 approvals, followed by 4 banks with 2 approvals each, Central Valley Community Bank, California Bank & Trust, Fresno First Bank and Fresno First Bank. Thank you to all our participating banks for your referrals.

New information the 504 Program may be adding a 25-year debenture: The first 25-year debenture sales will occur in July. Loan docs for the July sale are already in review. 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