

# MAY RATES A MIXED BAG...

## May 2018 Newsletter

SBA 504 20-year rates 5.214%, fixed.

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

SBA 504 20-year REFi rate 5.264% fixed.

SBA 504 10-year rates 5.279%, fixed.

City Revolving Loan fund rate 7.00, fixed.

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

Rate information: All rates increased this month are up this month. 5.00% appears to be the new normal. The 20-year fixed rate is now 5.214%; the Refinance rate is 5.2614 and the 10-year rate jumped to 5.279%. We had a good run of 44 months in a row below 5.00%. Overall rates are still affordable. In 2018 we should expect rates to increase due to inflation related to the expected increase 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.

We currently have 12 loan approvals. Bank of the Sierra has taken over the lead with 3 approvals, followed by 3 banks with 2 approvals each, Central Valley Community Bank, California Bank & Trust 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 regs still have been published for the New 25-year debenture, and the implementation has taken place. The first 25-year debenture sales will occur in June. 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***