

Fed Drops Rate!

January 30th, 2008

**Fed funds rate
down 0.50%!**

The Federal Reserve just announced a reduction in the Federal Funds Rate of one-half percent. This brings the total reduction in 2008 to 1.25%, a very dramatic intervention to help out the real estate markets.

What does this mean?

Development financing and lines of credit tied to Prime Rate will drop one-half percent. This will help developers with unsold inventory as they burn into their construction financing. Reduction in lines of credit will help business cash flow and improve the economy. LIBOR based construction loans and lines of credit have dropped about 1.5% in the past month, feeling the benefit of the Fed's actions too.

Permanent, fixed rate loans are approaching the lowest point in recent years. US Treasury rates have dropped well below 4%, so fixed rate loans for good borrowers are at or even below 6% - depending on the type of loan. Fixed rates will not be directly impacted by the Fed decision. If the stock market rallies because of this announcement, fixed rates may even increase slightly.

Owner/user financing is at the most favorable point in over 20 years. Rozelle Financial has consistently been placing loans at or below 6.0% for many of our clients.

Investment property financing can be found at similar rates for larger transactions (over \$2,000,000) and only slightly higher for smaller, local bank sized transactions.

We believe the active intervention of the Fed and today's low rates will stimulate commercial real estate sales and refinancing in the months ahead.

About Rozelle Financial

Owner User Financing:

- SBA 504 and 7a
- Conventional

Income Property Lending:

- Conduit, Life
Company, Bank and
Finance Company

"Simply the Best Loan Every Time"

Rozelle Financial is a commercial loan brokerage company located in Orange, California. Our twofold mission is to help our borrowers obtain the best possible loan and to make the process as simple as possible.

Rozelle Financial understands the dynamics of a commercial real estate transaction. As brokers, we provide borrowers with the very best loan alternatives to help them achieve their goals for their real estate investment. By educating our clients and managing the loan process, we ensure that there are no surprises.

We are proud to sponsor the Orange County / Inland Empire Chapter of SIOR (Society of Industrial and Office Realtors).