

Request to Change Interest Rates

DATE: 4/06/2021

PURPOSE OF REQUEST:

In order to keep Deadwood Historic Preservation loan interest rates competitive with the current market rates, the Loan Committee is recommending a change in the HP Loan Interest rates as follows:

Change Commercial Loan interest rate from 4.50% to 4.00%

Change Residential Loan interest rate from 3.50% to 3.00%

This rate change only applies to interest bearing loans and does not apply to Grants, Forgivable Loans or non-interest-bearing loans.

Effective date of 4/15/2021 for all new loans and refinanced loans with closing dates on or after the 4/15/2021.

UNDERWRITERS REVIEW:

These changes would bring the Deadwood Historic Preservation loan interest rates closer to the current market rates without competing with the local banks. One thing to keep in mind is that DHP loans often allow greater Loan to Value ratios than conventional loans and also allow for subordinate lien positions resulting in a greater risk. Keeping the DHP loan rates at or just above market rates, is reasonable due to the higher risk.

UNDERWRITERS RECOMMENDATION:

I recommend the rate change for approval as it will keep the interest rates closer to market rates while still considering the higher risk.

This loan request was reviewed by Loan Committee: favorable comments were received.

Historic Preservation
Commission
ACTION

Approved
 Denied
 Continued

Date: ___/___/___

Signed: _____