EMERGENCY REPORT

The Federal Reserve raised interest rates at 2 PM today, 12 to 0. First increase since July 2023. Prime rate moves to 7.00% tomorrow.

EMERGENCY REPORT

The Fed raised rates today. Here is what waiting costs you.

Published Wednesday, September 16, 2026, 7 PM ET. Every number below links to the Federal Reserve, the Treasury, the SBA's own regulations, or a top-tier wire service. Nothing is a forecast unless it says so.

THE DECISION

A quarter point, unanimous, and the first rise in three years

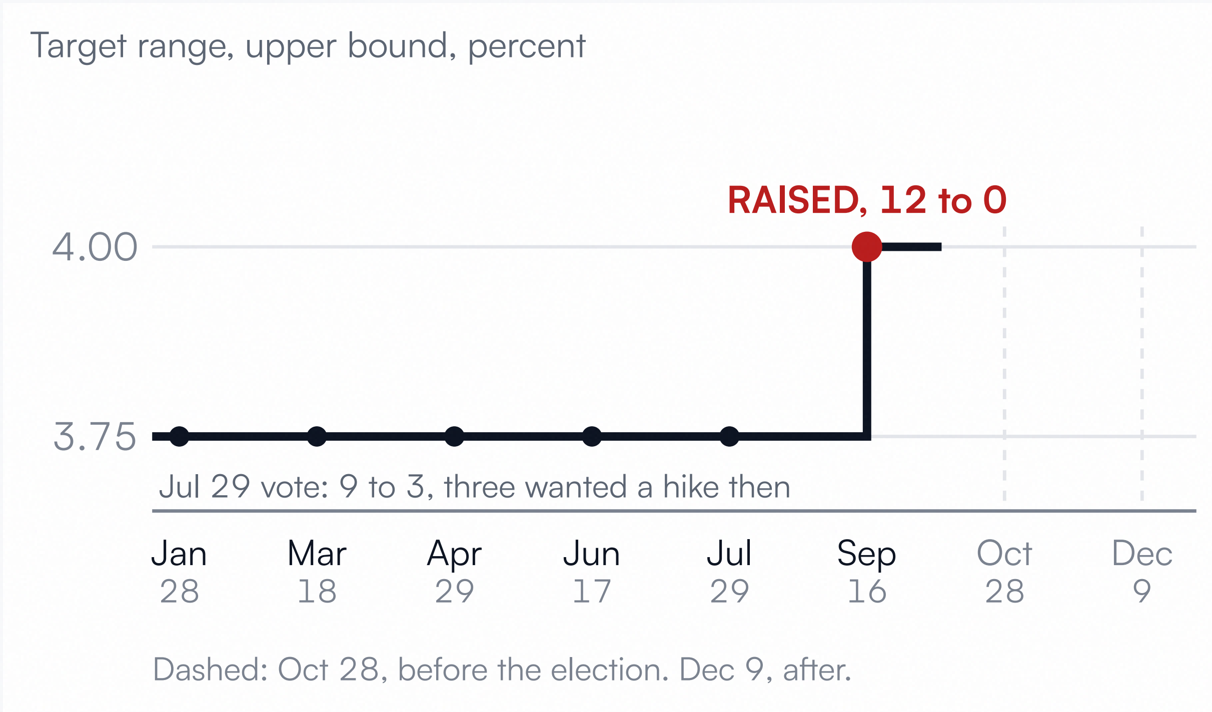
The Federal Open Market Committee raised the target range for the federal funds rate by one quarter of a percentage point, from 3.50% to 3.75% up to 3.75% to 4.00%. The statement's own words: "The Committee decided to raise the target range for the federal funds rate by 1/4 percentage point to 3-3/4 to 4 percent, in support of the Federal Reserve's dual mandate." [1]

The vote was 12 to 0. No dissents. [1]

It is the first increase since July 27, 2023. Every move between then and today was a cut or a hold. [2]

On inflation: "Inflation remains elevated. Today's policy action will support a timelier return to the Committee's 2 percent goal. The Committee will deliver price stability." [1]

The chair is Kevin Warsh, in office since May 22, 2026. Seven weeks ago, three Committee members had already dissented because they wanted this hike then. [3,4]



Source: Federal Reserve FOMC statements, January to September 2026 [1,3,5].

SOURCES: [1,2,3,4,5]

THE MECHANICS

Prime goes to 7.00% on September 17. Bank debt follows it, month by month

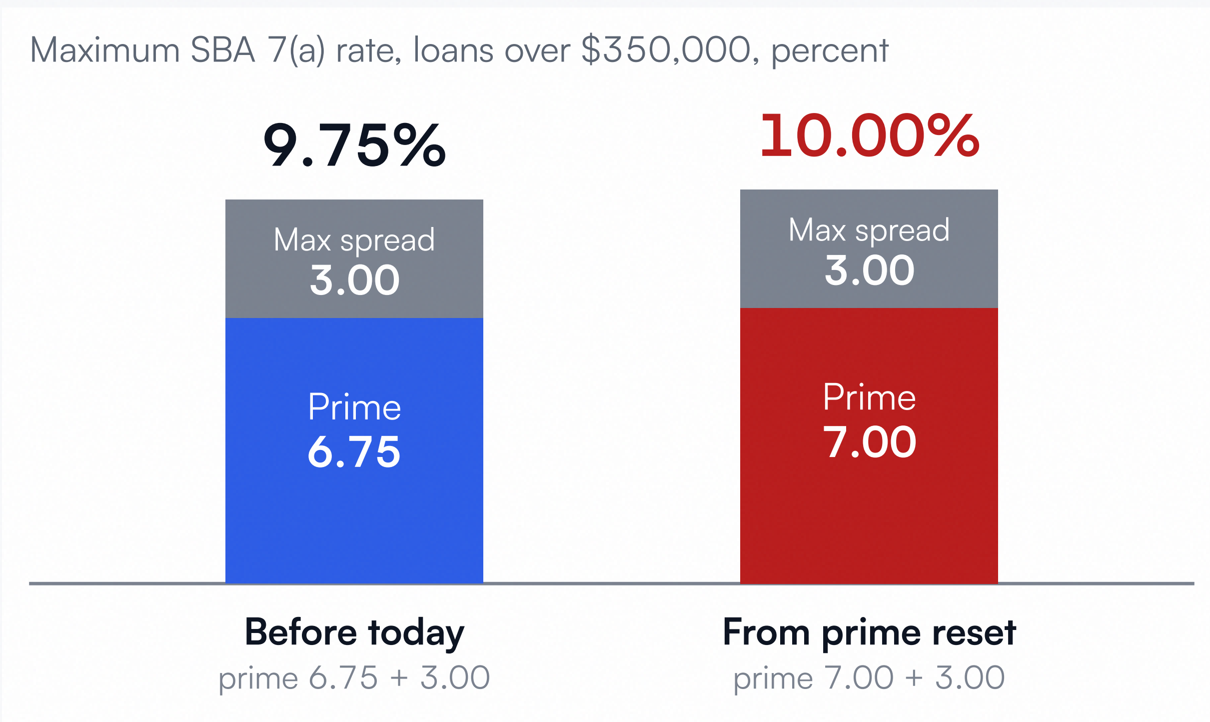
Prime was 6.75% every day this month. Banks have announced 7.00% effective Thursday, September 17, 2026, in their own newsrooms. [6,7]

An SBA 7(a) loan over $350,000 may carry at most three percentage points over the base rate. 13 CFR 120.214(d): "For all 7(a) loans of more than $350,000, the maximum interest rate shall not exceed three (3.0) percentage points over the base rate." At 7.00% prime, that ceiling is 10.00%. [8]

The rate moves with prime, one for one, for the life of the loan. 13 CFR 120.214(b): "The amount of fluctuation shall be equal to the movement in the base rate." And it can move every month. 120.214(a): "changes may occur no more often than monthly." [8]

The base rate for SBA pricing is prime "in effect on the first business day of the month" (120.214(c)), so on the regulation's own terms the 7.00% prime enters SBA loan pricing at the October 1 reset. [8]

Plain English: if you close a variable-rate acquisition loan, today's rise is not a one-time hit. It follows you, and so does the next one.



Ceiling per 13 CFR 120.214(d); prime per bank announcements effective September 17, 2026 [6,7,8].

SOURCES: [6,7,8]

THE PROJECTIONS

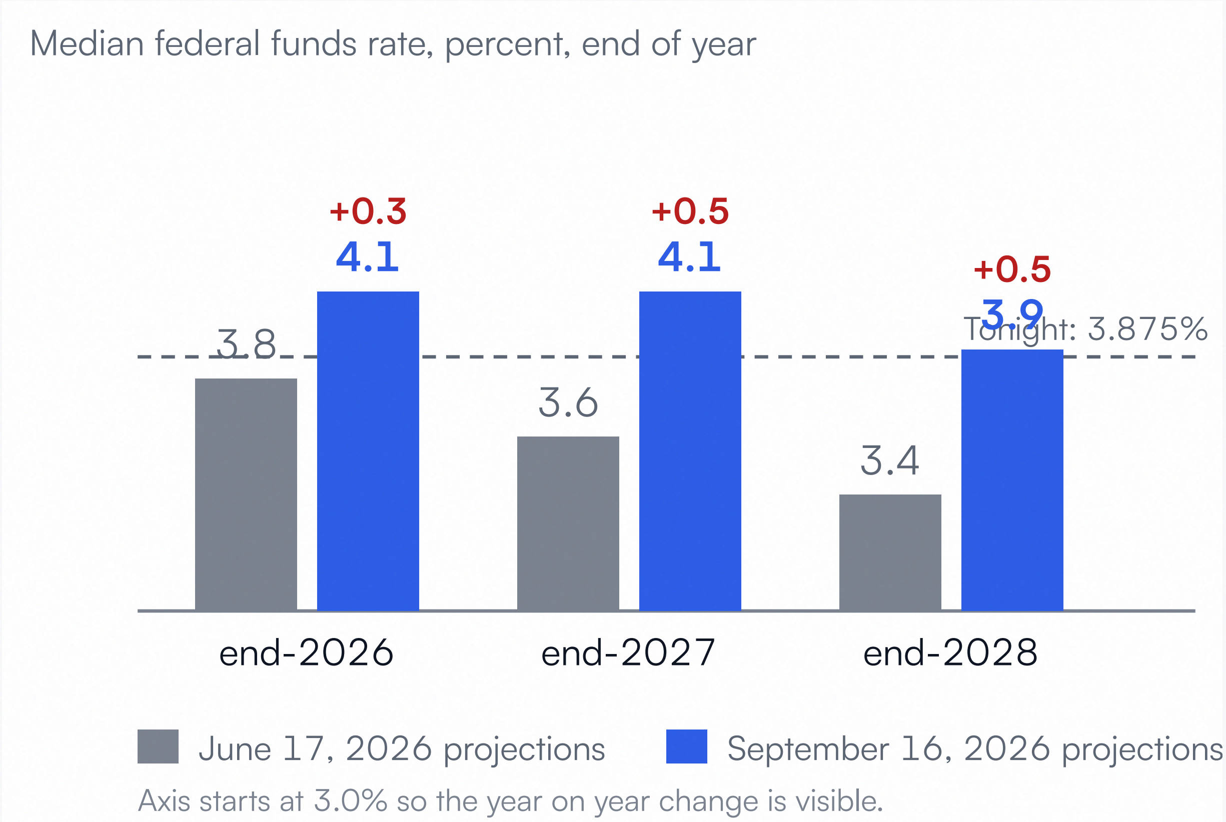
The Committee's median says one more increase this year and no cuts next year

Alongside the decision the Fed published its participants' projections. The median federal funds rate is 4.1% at the end of 2026, 4.1% at the end of 2027, 3.9% in 2028. In June the same medians were 3.8%, 3.6% and 3.4%. Every year moved up. [9]

After today the midpoint of the range is 3.875%. A 4.1% median for December is one more quarter point. A 4.1% median for December 2027 means the median participant sees no cut at all next year. [9]

Two meetings remain in 2026: October 27 to 28 and December 8 to 9. Only October falls before the election. [5]

The Fed's own note on these figures: they are "projections of participants' individual assessments of appropriate monetary policy," not "forecasts of the likeliest outcomes for the federal funds rate." That is the Committee describing its own intentions, and it is the most reliable guide there is. It is not a promise. [9]



Source: Federal Reserve, Summary of Economic Projections, June 17 and September 16, 2026 [9, 10].

SOURCES: [5, 9, 10]

THE POLITICS, SOURCED

Two hopes buyers are holding, and what the record says about each

Hope one: "Rates come down before an election."

We checked the Federal Reserve's own record of every rate change against every midterm election since 2002. In seven midterm cycles the Fed has never once cut its target rate before the vote: 0 of 7. Twice it eased within a day of a midterm, in November 2002 and November 2010, and both times it was the day after. [2, 11]

Across all fourteen election years since 2000 the Fed was raising into six of them, holding in five, and cutting in three. Two of the three cuts were emergencies: the 2008 crisis and the March 2020 shutdown. Only 2024 fits the belief, and it is probably where the belief comes from. [2]

The published research points the same way. The one clearly documented case of a president bending the Fed before an election is Nixon and Arthur Burns in 1972, and the result was 9.6% inflation in 1973 and 11.8% in 1974. [12] Modern work finds political pressure on the Fed raises prices rather than lowering rates. [13]

> Computed, not cited: the 0 of 7 count is computed from the Fed's rate-change table, not lifted from a published study. The table is linked so you can count it yourself. [2]

Every midterm since 2002, what the Fed did into the vote

2002	HELD	held, cut the day after
2006	HIKING	4 hikes
2010	HELD	held, QE2 the day after
2014	HELD	held
2018	HIKING	3 hikes
2022	HIKING	6 hikes, last one six days before
2026	HIKING	1 hike, seven weeks before

Cuts before a midterm vote: 0 of 7

Red: raising into the vote. Grey: holding.

Computed from the Federal Reserve's open market operations record [2, 11].

Hope two: "The White House will force rates down."

It has been tried, in the open, and it failed. In August 2025 the President moved to remove Governor Lisa Cook, the first attempt to fire a Fed governor in the institution's 111-year history. On June 29, 2026 the Supreme Court denied the government's application, 5 to 4, Chief Justice Roberts writing that accepting the government's position "would in effect transform the Federal Reserve's for-cause protection into at-will employment." Governor Cook is still on the Board and still voting. [14,15]

The one seat that did change hands went the other way. Stephen Miran, the President's own appointee, had dissented three meetings in a row in favour of cutting rates. He resigned in May 2026 to clear a seat for Kevin Warsh. [16,17]

Warsh is the President's choice for chair. Today he chaired and voted for the increase. The President posted afterward: "LOWER THE INTEREST RATES FOR THE UNITED STATES OF AMERICA, AND FAST!" and said rates "should be 1% or less." The Associated Press noted he "didn't comment on the Fed's action." His chief economic adviser said he "will defend the independence of Kevin Warsh above all." [18,19,20]

Plain English: the political route to cheaper money has been tested at the Supreme Court and at the Fed's own table this year. Both doors are shut. Whoever wins in November inherits the same Committee and the same projections.

AUG 2025

President moves to remove Gov. Cook

↓

JUN 29, 2026

Supreme Court denies it, 5 to 4.
Cook still votes.

↓

SEP 16, 2026

The chair he appointed raises rates, 12 to 0

The appointee who wanted cuts (Miran) resigned May 2026 to make room for Warsh.

Sources: Supreme Court, Trump v. Cook; Federal Reserve press releases and FOMC statements; AP, NBC, Bloomberg, September 16, 2026 [14,15,16,17,18,19,20].

SOURCES: [2,11,12,13,14,15,16,17,18,19,20]

THE ARITHMETIC

Same business, same seller, same price. Only the rate moves.

Take a $2.4 million acquisition, the kind we structure every month, and this is an illustration, not a client file. The SBA minimum equity injection is 10%, so you borrow $2,160,000 over ten years at prime plus 2.75%. [8,21]

At yesterday's prime of 6.75% the rate is 9.50% and the payment is about $27,950 a month. At tomorrow's prime of 7.00% it is 9.75% and $28,246, which is $296 more every month and $35,580 more over the ten years. One more rise, which is what the Fed's median projects, takes it to 10.00% and roughly $28,545 a month. Two more takes it to $28,844 and $107,346 over the term.

Nothing about the business changed. The seller did not raise the price. The trucks, the technicians, the customer list are identical. The only thing that moved was the day you closed.

> The three-rise case is a scenario, not a forecast.

$2,160,000 over ten years. Bar length is the extra paid over the full term compared with 9.50%. The monthly payment is printed on every row.

9.50% prime 6.75	$27,950 a month	no extra, this was yesterday
9.75% prime 7.00	$28,246 a month	+$35,580 over ten years
10.00% prime 7.25	$28,545 a month	+$71,362 over ten years
10.25% prime 7.50	$28,844 a month	+$107,346 over ten years
10.50% prime 7.75	$29,146 a month	+$143,530 over ten years

Illustrative $2.4M acquisition, 10% equity injection per SBA SOP 50 10 8, prime plus 2.75%, ten-year amortization. Arithmetic shown; not a client file [8, 21].

SOURCES: [8, 21]

A CLIENT FILE

A Texas HVAC acquisition that locked its rate in June

In June 2026 a Raises.com client, Masterbuilt Ventures Holdings, closed the acquisition of Ryan's AC & Heating in Navasota, Texas. The senior debt was $3,400,000 from U.S. Strategic Capital Advisors at 16.00% fixed, interest only through June 1, 2027, maturing June 29, 2030. The seller took $1,660,000 in a convertible note at 2.75% per year, non-compounding, five-year term with a three-year payment standby. The buyer's own cash at close was under $20,000. [22, 23]

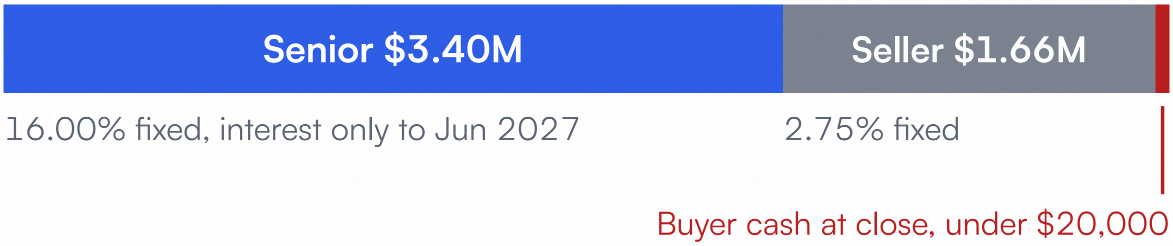
Both instruments are fixed. Today's rise does not touch either payment. That is the point of closing before it.

Had the same senior facility been priced one quarter point higher at closing, the interest-only payment would be $708 a month more and $34,000 more over the 48 months to maturity. One full point higher: $2,833 a month and $136,000.

The exposure that remains is the maturity in June 2030, when the balance refinances at whatever the market is then. The refinancing request already went to market in August. [22]

> Loan terms from the client's refinancing request and the published case study; purchase price and structure per the case study. Cody Sechelski and Masterbuilt Ventures Holdings have published this transaction.

Capital stack at close, June 2026



What a higher senior rate at close would have cost

RATE AT CLOSE	MONTHLY	EXTRA OVER 48 MO
16.00%	$45,333	the rate at close
16.25%	$46,042	+$34,000
16.50%	$46,750	+$68,000
17.00%	$48,167	+$136,000

Interest only, so the monthly payment is principal x rate / 12.

Senior loan terms per the borrower's August 2026 refinancing request, corroborated by two outside lenders; seller note per the published case study [22, 23]. Interest-only payment = principal x rate / 12.

SOURCES: [22, 23]

THE EVIDENCE

Prices held through eleven hikes. Volume and leverage are what moved.

Through the 2022 to 2023 cycle of eleven consecutive increases, the median small business sale price on BizBuySell stayed in a $349,000 to $350,000 band and the average cash flow multiple in a 2.6x to 2.7x band. Fiscal 2025: $350,000 and 2.61x. Q1 2026: $350,000 and 2.7x. Q2 2026: $349,250 and 2.7x. [24, 25, 26]

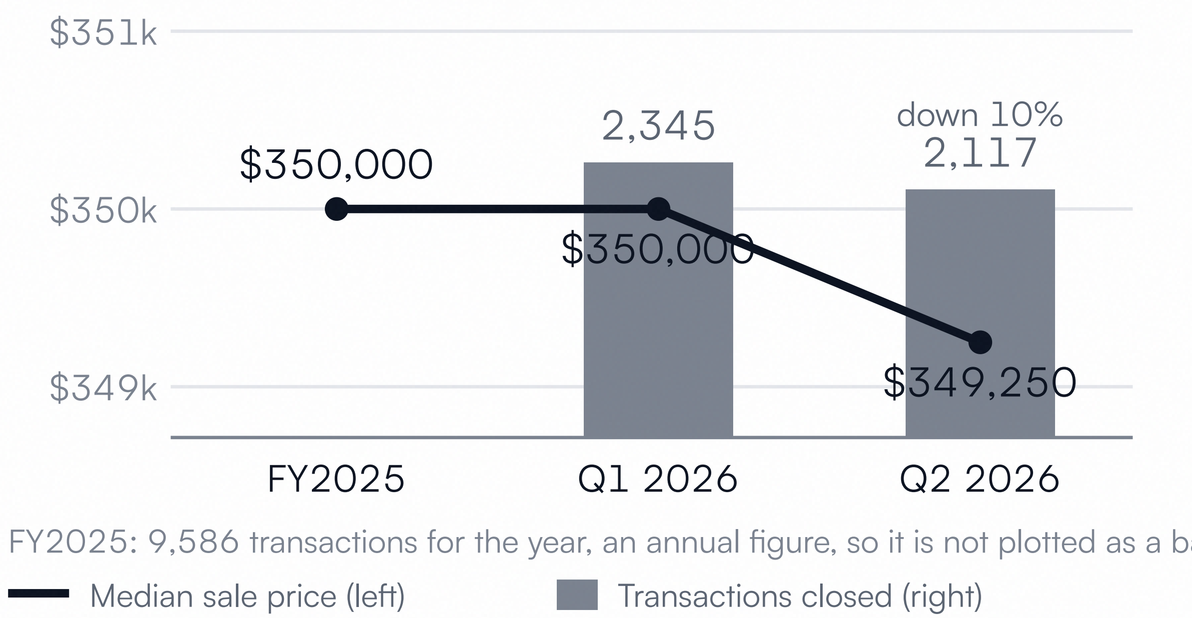
What did fall was volume. Q2 2026 closed 2,117 transactions, down 10% year over year and down 10% from the prior quarter. [26]

78% of buyers surveyed expect to use SBA financing. 90% expect seller financing to be part of the deal, and only 29% of owners plan to offer it; almost half say they will not. [26]

For commercial real estate the repricing already happened. The Fed's May 2026 Financial Stability Report: prices "showed further signs of stabilization, following significant declines between mid-2022 and early 2024," and cap rates have "recovered from historical lows reached in 2022." A buyer waiting for the 2022 discount is waiting for something already handed back. [27]

Plain English: higher rates did not hand small business buyers a discount. They handed them a thinner field, a bigger payment, and sellers who would not carry paper.

Fed funds upper bound: 5.50% peak (Jul 2023) … 3.75% (Dec 2025) … 4.00% (today)



BizBuySell Insight Reports FY2025, Q1 and Q2 2026 [24, 25, 26]. Prices are medians; multiples are averages as BizBuySell publishes them.

SOURCES: [24, 25, 26, 27]

THE PLAYBOOK

Eight moves, in the order they save you money

01

Get a term sheet before October 1. The regulation sets SBA pricing off prime on the first business day of the month, so the 7.00% prime enters 7(a) pricing at the October 1 reset. A loan application dated before then fixes its maximum spread at that date. [8]

So you can price the loan off the prime that is on the books today, not the one that arrives at the reset.

02

Ask for fixed, or a ceiling. 120.214(b) lets a lender write a ceiling and a floor; a loan with no ceiling has no protection against the next rise. Ask in writing. [8]

So you can know your worst monthly payment in writing before the next meeting, not after it.

03

Shrink the bank piece. Every dollar the seller carries or rolls is a dollar not priced at prime plus 3. The closed deal above put $1.66 million in seller paper at 2.75%. [23]

So you can move part of the purchase price off the rate that just moved.

04

Underwrite at the Fed's map, not at today's rate. Run debt service coverage at prime plus 0.50 and again at plus 1.00, and walk if it fails at plus 1.00. The median projection is one more rise this year. [9]

So you can find the deal's breaking point yourself, before a lender or a payment finds it for you.

05

Assume no seller note unless it is in the LOI. Half of sellers say they will not carry. Get it in writing at the letter of intent, not at closing. [26]

So you can build the capital stack around what the seller has actually agreed to hold.

06

Have the package built before you need it. PPM, subscription agreement, operating agreement, the model a lender will underwrite, the data room. A buyer with a complete package closes inside a rate window; a buyer assembling one watches it close. Ade re-approached new capital in days after two investors pulled out mid-raise, because the package already existed. [28]

So you can close inside a rate window instead of assembling documents during one.

07

Price the refinance now, not in 2030. The Texas deal's exposure is its maturity. Know your exit rate assumption on day one. [22]

So you can carry the maturity in the model from the first day instead of meeting it cold.

08

Do not wait for November. No midterm in seven has delivered a cut before the vote, and the projections say the next move is up. [2,9]

So you can stop timing a cut the record does not show and price the deal in front of you.

THE COUNTERWEIGHTS

Three things a careful reader should weigh

> Forecasts have just been wrong in public. A Reuters poll of 93 economists ten days before the meeting had about 70% expecting no change through year-end. Today's move went against that consensus. The path is uncertain in both directions. [29]

> Recession odds are real but not high. The New York Fed's yield-curve model puts the chance of recession by August 2027 at 13.9%; the Philadelphia Fed's survey of forecasters puts the chance of a quarterly contraction near 20 to 22% by mid-2027. The yield curve is not inverted: the 10-year sits at 5.01%, 94 basis points above the 3-month bill. The Committee itself projects 2.3% growth this year and 2.4% next. [30, 31, 32, 9]

> Bank credit was not tightening before today. The Fed's July survey found standards for loans to small firms "basically unchanged," so the binding constraint right now is the price of money, not access to it. That can change after a hike, and the next survey lands in November. [33]

IF YOU ARE BUYING A BUSINESS OR REAL ESTATE

Structure the deal before the next quarter point, not after.

On a call we read your target against today's lender bars: what the stack has to look like, which part of the price the debt can carry, how much the seller needs to hold, and what it costs at plus 1.00%. Thirty minutes.

BOOK A CALL

DOWNLOAD THE PDF

Wednesday, September 23 at 12:00 PM ET we walk through the Texas deal's structure live, and you leave with the redacted underwriting package: https://raises.com/workshop

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Every figure, traced

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Figures as of Wednesday, September 16, 2026, 7 PM ET. The $2.4 million example is an illustration, not a client file. The Federal Reserve's projections are its participants' assessments of appropriate policy, not forecasts. Nothing here is investment, legal or tax advice. Raises.com builds capital structures and offering documents; it is not a lender.