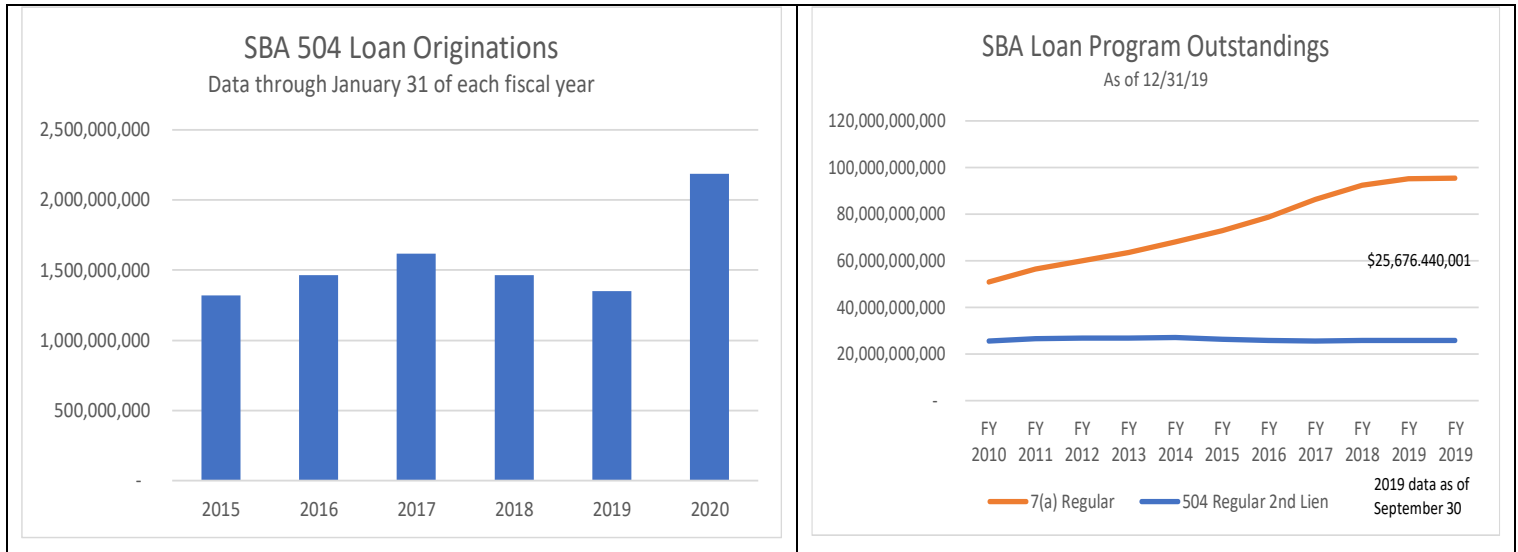
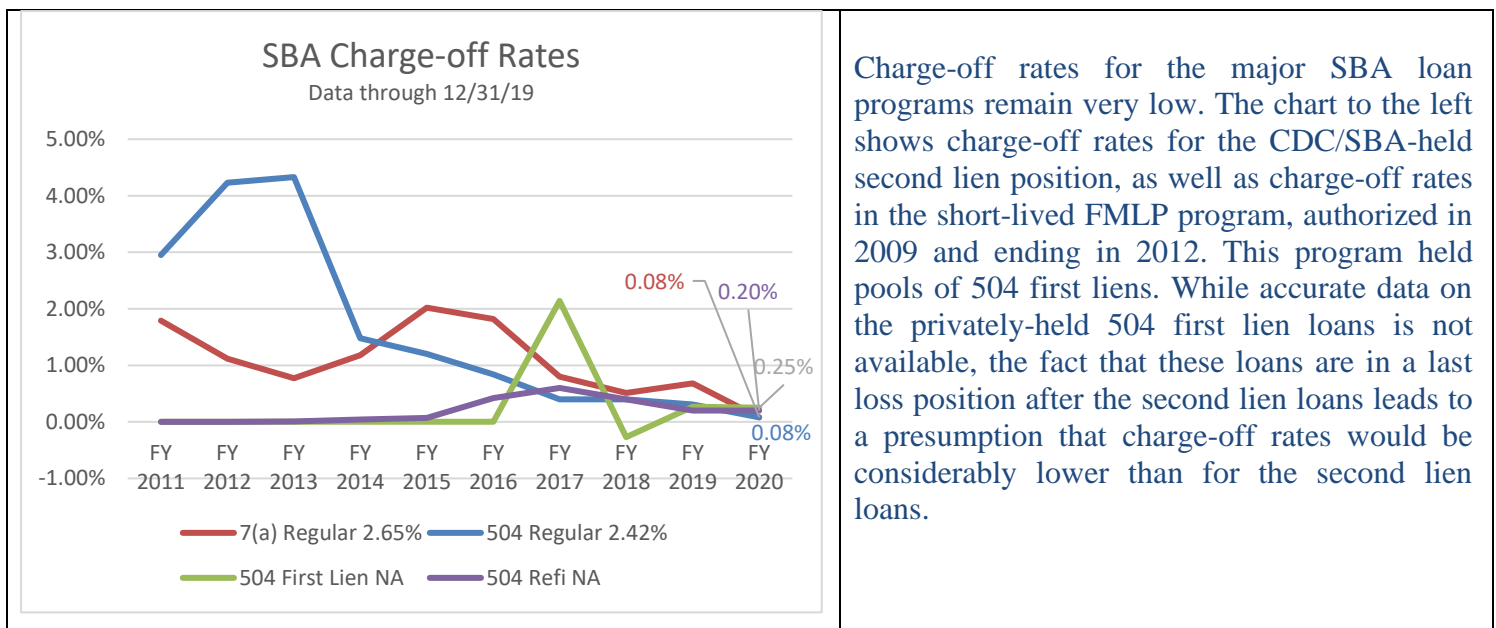


SBA 504 loan origination growth accelerated into the fourth month of the 2020 fiscal year. Through January 31, 2020, SBA 504 loan originations were up 62.0% compared to the prior year, reaching \$2.18 billion year-to-date in FY2020 versus \$1.35 billion during the same period in FY2019. The unpaid principal balance of outstanding 504 loans stood at \$25.83 billion as of December 31, 2019, up 0.2% compared to the \$25.77 billion figure at year-end FY2019. In contrast, SBA 7(a) loan originations are down 4.0% year-to-date (through January 31) to \$7.03 billion and the unpaid principal balance of 7(a) loans is \$95.37 billion at December 31, 2019, up 3.0% compared to year-end FY2019.



While 7(a) loan outstandings continue to grow at solid pace (2.9% in FY2019 and 7.2% in FY2018), 504 loans have remained in a fairly tight range between \$25 billion and \$27 billion over the last nine years. Of course, the chart above includes only the CDC/SBA second lien portion of a 504 loan package, which typically amounts to roughly 40% of the financing. The first lien loan, usually supplied by a bank or other private sector lender, typically provides another 50% of the project funding.



Charge-off rates for the major SBA loan programs remain very low. The chart to the left shows charge-off rates for the CDC/SBA-held second lien position, as well as charge-off rates in the short-lived FMLP program, authorized in 2009 and ending in 2012. This program held pools of 504 first liens. While accurate data on the privately-held 504 first lien loans is not available, the fact that these loans are in a last loss position after the second lien loans leads to a presumption that charge-off rates would be considerably lower than for the second lien loans.

News Blurb of the Week – Will softer Community Reinvestment Act regulations harm communities of color? Oscar Perry Abello, City & State New York.

January 28, 2020 – New York City members of Congress are protesting, upstate cities and rural areas could also be affected.

<https://www.cityandstateny.com/articles/policy/policy/will-softer-community-reinvestment-act-regulations-harm-communities-color>

Top SBA 504 Lenders				
	FY2019		FY2020 December YTD	
CDCs	Mortgage Capital Development Corporation		Florida First Capital Finance Corporation, Inc.	
2nd Liens	CDC Small Business Finance Corporation		Empire State Certified Development Corporation	
	Florida First Capital Finance Corporation, Inc.		CDC Small Business Finance Corporation	
	Empire State Certified Development Corporation		Florida Business Development Corporation	
	Business Finance Capital		Mortgage Capital Development Corporation	
	Florida Business Development Corporation		Business Finance Capital	
	California Statewide Certified Development Corporation		WBD, Inc.	
	Mountain West Small Business Finance		Mountain West Small Business Finance	
	WBD, Inc.		Trenton Business Assistance Corporation	
	Small Business Growth Corporation		Capital Certified Development Corporation	
Banks	JPMORGAN CHASE BANK, NATIONAL ASSOCIATION		JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	
1st Liens	WELLS FARGO BANK, NATIONAL ASSOCIATION		WELLS FARGO BANK, NATIONAL ASSOCIATION	
	ZIONS BANK, A DIVISION OF		TD BANK, NATIONAL ASSOCIATION	
	BANK OF THE WEST		BANK OF AMERICA, NATIONAL ASSOCIATION	
	BANK OF AMERICA, NATIONAL ASSOCIATION		ZIONS BANK, A DIVISION OF	
	ONEWEST BANK, A DIVISION OF		ONEWEST BANK, A DIVISION OF	
	CITY NATIONAL BANK		CITY NATIONAL BANK	
	TD BANK, NATIONAL ASSOCIATION		POPPY BANK	
	POPPY BANK		KEYBANK NATIONAL ASSOCIATION	
	REGIONS BANK		BANK OF THE WEST	
Top States for SBA 504 Loan Approvals				
	FY2019		FY2020 December YTD	
CA	1,208,085,000	CA	354,154,000	
FL	412,339,000	FL	159,845,000	
TX	256,522,000	TX	129,209,000	
IL	207,550,000	NJ	78,152,000	
MN	190,950,000	NY	63,900,000	
UT	183,172,000	IL	61,089,000	
NY	160,502,000	UT	56,423,000	
MA	157,783,000	WI	50,637,000	
GA	150,372,000	MA	50,226,000	
WA	147,113,000	GA	45,176,000	
Source: SBA				

About Us

Bluestone Capital Partners LLC is an SEC-registered investment adviser that provides investment management services to the Bluestone Community Development Fund (BLUCX) and is responsible for the management of the Fund’s portfolio of investments.

Full Yields & Rates Table

Asset Yields	Current	1-month ago	1 month change	3-months ago	1-year ago	3-years ago
1m US T-Bill (BEY)	1.58%	1.52%	0.06%	1.56%	2.43%	0.51%
3m US T-Bill (BEY)	1.58%	1.54%	0.04%	1.55%	2.43%	0.55%
6m US T-Bill (BEY)	1.58%	1.55%	0.03%	1.58%	2.49%	0.64%
1y US T-Bill	1.45%	1.53%	-0.08%	1.58%	2.54%	0.81%
2y US T-Note	1.37%	1.56%	-0.19%	1.68%	2.45%	1.20%
3y US T-Note	1.36%	1.59%	-0.23%	1.70%	2.43%	1.47%
5y US T-Note	1.38%	1.63%	-0.25%	1.74%	2.44%	1.89%
10y US T-Note	1.56%	1.83%	-0.27%	1.94%	2.63%	2.41%
20y US T-Bond	1.87%	2.14%	-0.27%	2.27%	2.82%	2.75%
30y US T-Bond	2.03%	2.28%	-0.25%	2.43%	2.97%	3.01%
Federal Funds	1.57%	1.54%	0.03%	1.53%	2.40%	0.66%
Prime Rate	4.75%	4.75%	0.00%	4.75%	5.50%	3.75%
Swap Rates						
2 Year LIBOR Swap	1.43%	1.63%	-0.20%	1.71%	2.61%	1.48%
5 Year LIBOR Swap	1.39%	1.63%	-0.24%	1.71%	2.53%	1.95%
10 Year LIBOR Swap	1.51%	1.77%	-0.26%	1.84%	2.66%	2.32%
SBA 504 2nd Lien Loan Rates						
10 Yr	3.79%	3.79%	0.00%	3.85%	4.65%	4.45%
20 Yr	3.39%	3.64%	-0.25%	3.68%	4.64%	4.40%
25 Yr	3.46%	3.71%	-0.25%	3.74%	4.77%	
Depository Rates						
1 Mon. CD - Non Jumbo	0.10%	0.10%	0.00%	0.11%	0.12%	0.06%
3 Mon. CD - Non Jumbo	0.19%	0.19%	0.00%	0.20%	0.21%	0.09%
6 Mon. CD - Non Jumbo	0.33%	0.34%	-0.01%	0.34%	0.38%	0.13%
1 Yr CD - Non Jumbo	0.48%	0.48%	0.00%	0.50%	0.64%	0.23%
2 Yr CD - Non Jumbo	0.62%	0.63%	-0.01%	0.65%	0.84%	0.37%
3 Yr CD - Non Jumbo	0.74%	0.75%	-0.01%	0.77%	0.98%	0.50%
1 Mon. CD - Jumbo	0.12%	0.13%	-0.01%	0.13%	0.14%	0.07%
3 Mon. CD - Jumbo	0.22%	0.22%	0.00%	0.23%	0.23%	0.10%
6 Mon. CD - Jumbo	0.37%	0.39%	-0.02%	0.40%	0.42%	0.15%
1 Yr CD - Jumbo	0.53%	0.54%	-0.01%	0.56%	0.71%	0.25%
2 Yr CD - Jumbo	0.67%	0.68%	-0.01%	0.70%	0.92%	0.40%
3 Yr CD - Jumbo	0.79%	0.80%	-0.01%	0.82%	1.06%	0.54%
Savings	0.09%	0.09%	0.00%	0.09%	0.09%	0.06%
Checking	0.06%	0.05%	0.01%	0.05%	0.06%	0.04%
Money Market - Non Jumbo	0.16%	0.15%	0.01%	0.15%	0.17%	0.08%
Money Market - Jumbo	0.28%	0.24%	0.04%	0.26%	0.27%	0.11%
Regulatory & Interbank Rates						
Secured Overnight Financing Rate (SOFR)	1.58%	1.55%	0.03%	1.56%	2.38%	
FHLB Fixed Advances (30 day, < \$15m)	1.82%	1.78%	0.04%	1.77%	2.61%	0.84%

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