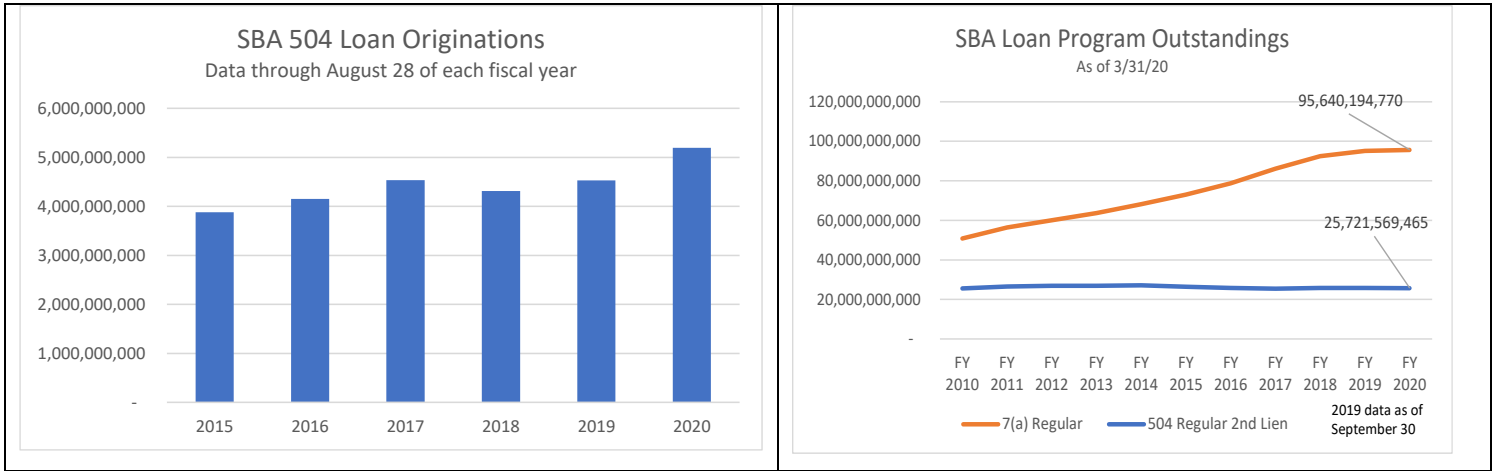
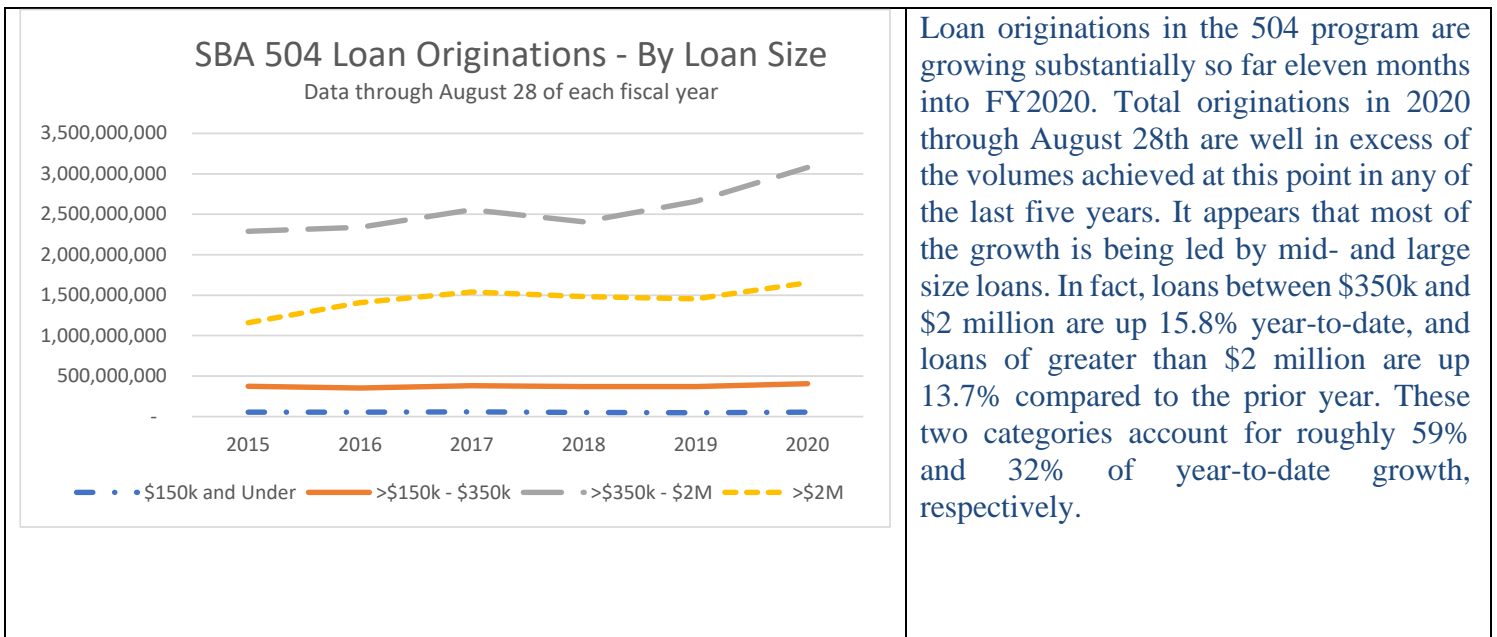


Despite the sharp reduction in economic activity caused by the COVID-19 pandemic and the distractions caused by the PPP and EIDL programs, SBA 504 loan activity has remained strong. Through August 28, 2020, SBA 504 loan originations were up 14.7% compared to the prior year, reaching \$5.20 billion year-to-date in FY2020 versus \$4.53 billion during the same period in FY2019. Through July 31, 2020, SBA 504 loan originations were up 15.0% compared to the prior year. The unpaid principal balance of outstanding 504 loans stood at \$25.72 billion as of March 31, 2020, down 0.2% compared to the \$25.83 billion figure at year-end FY2019. SBA 7(a) loan originations are down 11.0% through August 28, 2020 compared to the same period in 2019 and the unpaid principal balance of 7(a) loans is \$95.64 billion at March 31, 2020, up 0.6% compared to year-end FY2019.



While 7(a) loan outstandings were still growing at solid pace through the end of FY2019 (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 published 504 loan figures in 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. If the first lien loan and borrower investment were included, the 504 loan totals would be closer to 7(a) loan totals.



Loan originations in the 504 program are growing substantially so far eleven months into FY2020. Total originations in 2020 through August 28th are well in excess of the volumes achieved at this point in any of the last five years. It appears that most of the growth is being led by mid- and large size loans. In fact, loans between \$350k and \$2 million are up 15.8% year-to-date, and loans of greater than \$2 million are up 13.7% compared to the prior year. These two categories account for roughly 59% and 32% of year-to-date growth, respectively.

News Blurb of the Month — SBA Announces New Reduced 504 Loan Debenture Rates, Charles Abell, U.S. Small Business Administration

August 13, 2020 – The [U.S. Small Business Administration](https://www.sba.gov) announced the updated interest rates for the 504 Loan Program offered by Certified Development Companies (CDC). Small businesses can now apply for the lowest interest rates since July 2018 as the program is now allowing 20 and 25-year interest rates at 2.214% and 2.269%, respectively.

<https://www.sba.gov/article/2020/aug/13/sba-announces-new-reduced-504-loan-debenture-rates>

Top SBA 504 Lenders				
	FY2019		FY2020 June YTD	
CDCs	Florida First Capital Finance Corporation, Inc.		Florida First Capital Finance Corporation, Inc.	
2nd Liens	CDC Small Business Finance Corporation		CDC Small Business Finance Corporation	
	Empire State Certified Development Corporation		Empire State Certified Development Corporation	
	Business Finance Capital		Business Finance Capital	
	Mortgage Capital Development Corporation		Mortgage Capital Development Corporation	
	Florida Business Development Corporation		Florida Business Development Corporation	
	WBD, Inc.		WBD, Inc.	
	California Statewide Certified Development Corporation		California Statewide Certified Development Corporation	
	Mountain West Small Business Finance		Mountain West Small Business Finance	
	Trenton Business Assistance Corporation		Trenton Business Assistance 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		ONEWEST BANK, A DIVISION OF	
	BANK OF THE WEST		BANK OF THE WEST	
	BANK OF AMERICA, NATIONAL ASSOCIATION		BANK OF AMERICA, NATIONAL ASSOCIATION	
	ONEWEST BANK, A DIVISION OF		TD BANK, NATIONAL ASSOCIATION	
	CITY NATIONAL BANK		CITY NATIONAL BANK	
	TD BANK, NATIONAL ASSOCIATION		ZIONS BANK, A DIVISION OF	
	POPPY BANK		KEYBANK NATIONAL ASSOCIATION	
	REGIONS BANK		TRUIST BANK D/B/A BRANCH BANKING & TRUST CO	
Top States for SBA 504 Loan Approvals				
	FY2019		FY2020 June YTD	
CA	1,211,052,000	CA	933,332,000	
FL	414,740,000	FL	403,554,000	
TX	257,756,000	TX	261,249,000	
IL	208,606,000	IL	156,795,000	
MN	192,633,000	WI	155,150,000	
UT	182,638,000	NY	149,827,000	
NY	160,555,000	UT	140,063,000	
MA	157,867,000	NJ	131,116,000	
GA	150,925,000	MA	116,824,000	
WA	147,367,000	WA	114,040,000	
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)	0.10%	0.09%	0.01%	0.13%	2.04%	0.96%
3m US T-Bill (BEY)	0.12%	0.11%	0.01%	0.17%	1.95%	1.04%
6m US T-Bill (BEY)	0.12%	0.13%	-0.01%	0.19%	1.89%	1.14%
1y US T-Bill	0.15%	0.13%	0.02%	0.18%	1.81%	1.22%
2y US T-Note	0.14%	0.14%	0.00%	0.17%	1.67%	1.27%
3y US T-Note	0.17%	0.15%	0.02%	0.22%	1.61%	1.39%
5y US T-Note	0.26%	0.24%	0.02%	0.33%	1.58%	1.64%
10y US T-Note	0.68%	0.59%	0.09%	0.75%	1.72%	2.06%
20y US T-Bond	1.22%	1.04%	0.18%	1.31%	2.00%	2.41%
30y US T-Bond	1.43%	1.25%	0.18%	1.53%	2.19%	2.67%
Federal Funds	0.09%	0.10%	-0.01%	0.07%	2.13%	1.16%
Fed Discount Rate	0.25%	0.25%	0.00%	0.25%	2.75%	1.75%
Prime Rate	3.25%	3.25%	0.00%	3.25%	5.25%	4.25%
TED Spread	0.13%	0.15%	-0.01%	0.15%	0.18%	0.27%
Swap Rates						
2 Year LIBOR Swap	0.25%	0.23%	0.02%	0.28%	1.85%	1.55%
5 Year LIBOR Swap	0.36%	0.31%	0.05%	0.44%	1.49%	1.79%
10 Year LIBOR Swap	0.73%	0.60%	0.13%	0.68%	1.58%	2.09%
SBA 504 2nd Lien Loan Rates						
10 Yr	2.27%	2.39%	-0.12%	2.64%	3.55%	4.02%
20 Yr	2.36%	2.21%	0.15%	2.52%	3.36%	4.18%
25 Yr	2.41%	2.27%	0.14%	2.60%	3.46%	
Depository Rates						
1 Mon. CD - Non Jumbo	0.05%	0.05%	0.00%	0.06%	0.12%	0.06%
3 Mon. CD - Non Jumbo	0.08%	0.09%	-0.01%	0.10%	0.20%	0.10%
6 Mon. CD - Non Jumbo	0.13%	0.14%	-0.01%	0.17%	0.38%	0.16%
1 Yr CD - Non Jumbo	0.19%	0.21%	-0.02%	0.25%	0.54%	0.27%
2 Yr CD - Non Jumbo	0.25%	0.28%	-0.03%	0.34%	0.71%	0.41%
3 Yr CD - Non Jumbo	0.30%	0.34%	-0.04%	0.39%	0.83%	0.54%
1 Mon. CD - Jumbo	0.06%	0.06%	0.00%	0.07%	0.15%	0.07%
3 Mon. CD - Jumbo	0.09%	0.10%	-0.01%	0.11%	0.24%	0.11%
6 Mon. CD - Jumbo	0.14%	0.15%	-0.01%	0.18%	0.43%	0.17%
1 Yr CD - Jumbo	0.21%	0.23%	-0.02%	0.27%	0.61%	0.29%
2 Yr CD - Jumbo	0.26%	0.30%	-0.04%	0.35%	0.76%	0.45%
3 Yr CD - Jumbo	0.31%	0.35%	-0.04%	0.41%	0.88%	0.57%
Savings	0.05%	0.06%	-0.01%	0.06%	0.09%	0.06%
Checking	0.04%	0.04%	0.00%	0.04%	0.06%	0.04%
Money Market - Non Jumbo	0.08%	0.08%	0.00%	0.09%	0.19%	0.09%
Money Market - Jumbo	0.14%	0.15%	-0.01%	0.16%	0.30%	0.14%
Regulatory & Interbank Rates						
Secured Overnight Financing Rate (SOFR)	0.09%	0.09%	0.00%	0.08%	2.12%	
FHLB Fixed Advances (30 day, < \$15m)	0.39%	0.37%	0.02%	0.47%	2.24%	1.32%

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