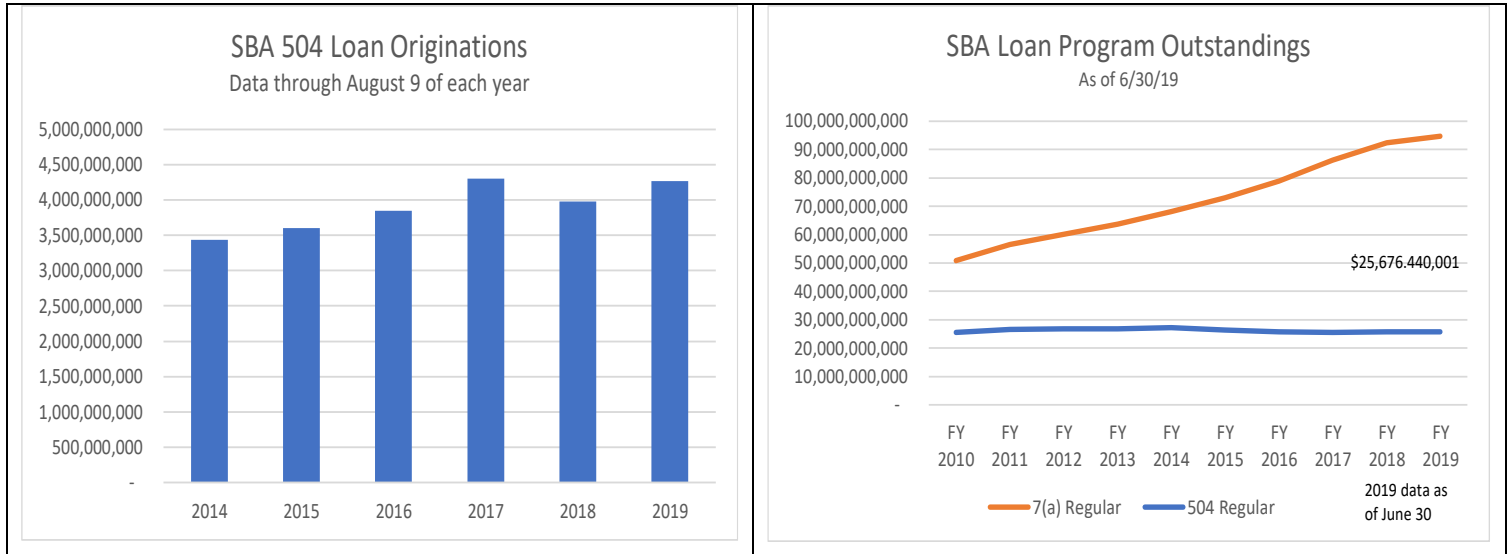
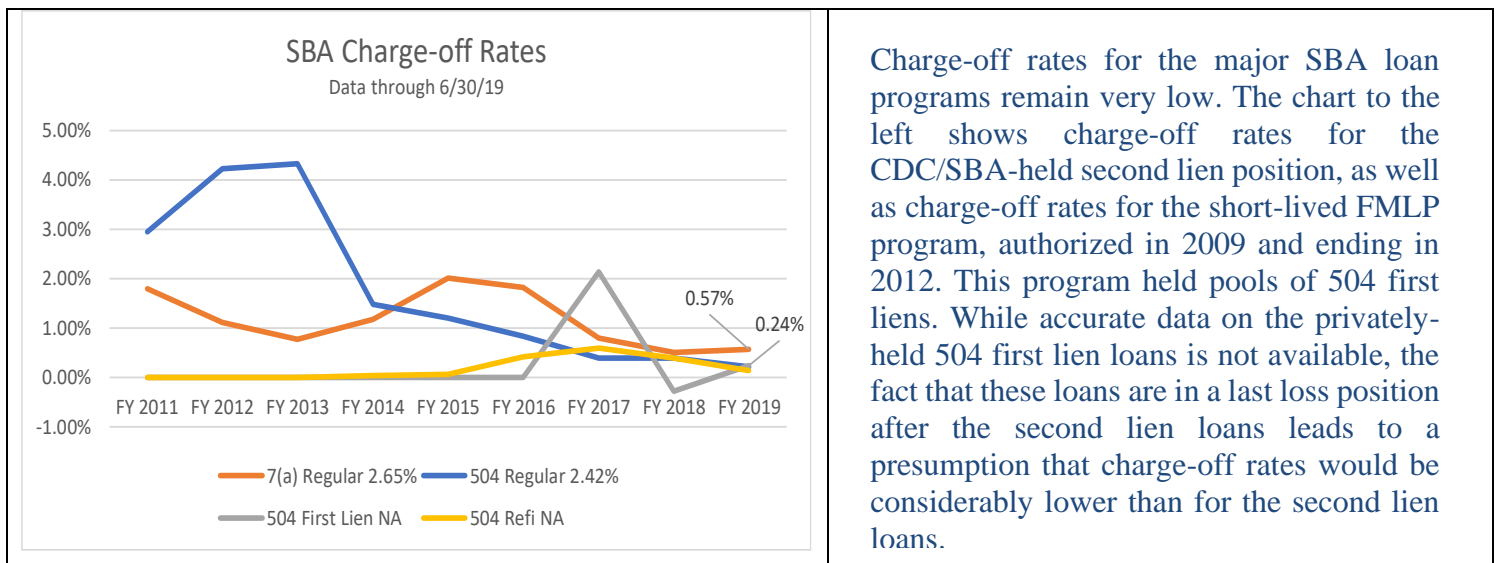


Through August 9, 2019, SBA 504 loan originations are up 7.2% compared to the same period in the prior year, reaching \$4.26 billion year-to-date in 2019 versus \$3.98 billion during the same period in 2018. This reflects a substantial acceleration in originations over the past month, as originations were up just 5.4% year-to-date a month ago. Despite this growth, the unpaid principal balance of outstanding 504 loans stood at \$25.68 billion as of June 30, 2019, down 0.6% compared to the \$25.83 billion figure at year-end 2018. In contrast, SBA 7(a) loan originations are down 8.5% year-to-date to \$19.51 billion and the unpaid principal balance of 7(a) loans is \$94.60 billion at June 30, 2019, up 2.4% compared to year-end 2018.



While 7(a) loans continue to grow at solid pace (7.2% in 2018), 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 for 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 – Reconceiving the Community Reinvestment Act, Karen Jacobs, Economy Matters, Federal Reserve Bank of Atlanta

August 1, 2019 – An unfavorable Community Reinvestment Act (CRA) rating from the Federal Reserve Bank of Atlanta led to improved operations at BBVA (formerly BBVA Compass Bank).

<https://www.frbatlanta.org/economy-matters/banking-and-finance/2019/08/01/reconceiving-the-community-reinvestment-act>

Top SBA 504 Lenders

	2018	2019 March YTD
CDCs	CDC Small Business Finance Corporation	CDC Small Business Finance Corporation
2nd Liens	Mortgage Capital Development Corporation Empire State Certified Development Corporation Florida First Capital Finance Corporation, Inc. Florida Business Development Corporation Mountain West Small Business Finance Business Finance Capital California Statewide Certified Development Corporation Small Business Growth Corporation	Mortgage Capital Development Corporation Florida First Capital Finance Corporation, Inc. Empire State Certified Development Corporation Florida Business Development Corporation Business Finance Capital California Statewide Certified Development Corporation Small Business Growth Corporation Mountain West Small Business Finance
Banks	JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	JPMORGAN CHASE BANK, NATIONAL ASSOCIATION
1st liens	WELLS FARGO BANK, NATIONAL ASSOCIATION BANK OF THE WEST ZIONS BANK, A DIVISION OF BANK OF AMERICA, NATIONAL ASSOCIATION ONEWEST BANK, A DIVISION OF CITY NATIONAL BANK TD BANK, NATIONAL ASSOCIATION POPPY BANK FIRST BANK FINANCIAL CENTRE	WELLS FARGO BANK, NATIONAL ASSOCIATION BANK OF THE WEST ZIONS BANK, A DIVISION OF ONEWEST BANK, A DIVISION OF CITY NATIONAL BANK TD BANK, NATIONAL ASSOCIATION BANK OF AMERICA, NATIONAL ASSOCIATION CALPRIVATE BANK POPPY BANK

Top States for SBA 504 Loan Approvals

	2018		2019 March YTD
CA	\$1,210,462,000	CA	\$546,626,000
FL	364,443,000	FL	199,028,000
TX	261,656,000	TX	103,767,000
NY	200,095,000	IL	93,280,000
IL	199,955,000	MN	87,651,000
UT	179,644,000	UT	81,352,000
MA	174,681,000	NY	79,201,000
MN	166,200,000	MA	77,746,000
CO	152,154,000	WI	67,750,000
GA	130,920,000	CO	65,633,000

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)	2.05%	2.16%	-0.11%	2.41%	1.93%	0.27%
3m US T-Bill (BEY)	2.00%	2.14%	-0.14%	2.41%	2.06%	0.29%
6m US T-Bill (BEY)	1.96%	2.07%	-0.11%	2.42%	2.22%	0.43%
1y US T-Bill	1.86%	1.96%	-0.10%	2.32%	2.42%	0.56%
2y US T-Note	1.66%	1.84%	-0.18%	2.18%	2.61%	0.71%
3y US T-Note	1.60%	1.81%	-0.21%	2.15%	2.68%	0.82%
5y US T-Note	1.57%	1.86%	-0.29%	2.18%	2.75%	1.10%
10y US T-Note	1.68%	2.12%	-0.44%	2.40%	2.88%	1.51%
20y US T-Bond	1.94%	2.42%	-0.48%	2.65%	2.97%	1.85%
30y US T-Bond	2.15%	2.64%	-0.49%	2.83%	3.05%	2.23%
Federal Funds	2.10%	2.39%	-0.29%	2.38%	1.91%	0.40%
Prime Rate	5.25%	5.50%	-0.25%	5.50%	5.00%	3.50%
Swap Rates						
2 Year LIBOR Swap	1.57%	1.89%	-0.32%		2.80%	0.95%
5 Year LIBOR Swap	1.43%	1.87%	-0.44%		2.88%	1.13%
10 Year LIBOR Swap	1.54%	2.07%	-0.53%		2.93%	1.42%
SBA 504 2nd Lien Loan Rates						
10 Yr	3.92%	3.92%	0.00%	4.35%		
20 Yr	3.53%	3.91%	-0.38%	4.26%	5.29%	4.09%
25 Yr	3.63%	4.01%	-0.38%	4.39%	5.35%	
Depository Rates						
1 Mon. CD - Non Jumbo	0.12%	0.12%	0.00%	0.12%	0.10%	0.06%
3 Mon. CD - Non Jumbo	0.21%	0.22%	-0.01%	0.22%	0.16%	0.08%
6 Mon. CD - Non Jumbo	0.39%	0.41%	-0.02%	0.42%	0.25%	0.13%
1 Yr CD - Non Jumbo	0.56%	0.60%	-0.04%	0.67%	0.43%	0.21%
2 Yr CD - Non Jumbo	0.74%	0.79%	-0.05%	0.87%	0.62%	0.36%
3 Yr CD - Non Jumbo	0.86%	0.91%	-0.05%	1.00%	0.77%	0.48%
1 Mon. CD - Jumbo	0.15%	0.15%	0.00%	0.14%	0.11%	0.06%
3 Mon. CD - Jumbo	0.24%	0.25%	-0.01%	0.24%	0.18%	0.09%
6 Mon. CD - Jumbo	0.45%	0.46%	-0.01%	0.46%	0.28%	0.14%
1 Yr CD - Jumbo	0.63%	0.67%	-0.04%	0.73%	0.48%	0.23%
2 Yr CD - Jumbo	0.80%	0.85%	-0.05%	0.91%	0.68%	0.39%
3 Yr CD - Jumbo	0.91%	0.96%	-0.05%	1.04%	0.82%	0.52%
Savings	0.09%	0.10%	-0.01%	0.10%	0.08%	0.06%
Checking	0.06%	0.06%	0.00%	0.06%	0.05%	0.04%
Money Market - Non Jumbo	0.19%	0.18%	0.01%	0.19%	0.13%	0.08%
Money Market - Jumbo	0.30%	0.28%	0.02%	0.29%	0.21%	0.12%
Regulatory Rates						
Secured Overnight Financing Rate (SOFR)	2.16%	2.36%	-0.20%	2.38%	1.91%	
Broad General Collateral Rate (BGCR)	2.16%	2.34%	-0.18%	2.35%	1.89%	
Tri-Party General Collateral Rate (TGCR)	2.16%	2.34%	-0.18%	2.35%	1.89%	
FHLB Fixed Advances (30 day, < \$15m)	2.27%	2.40%	-0.13%	2.64%	2.17%	0.62%

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