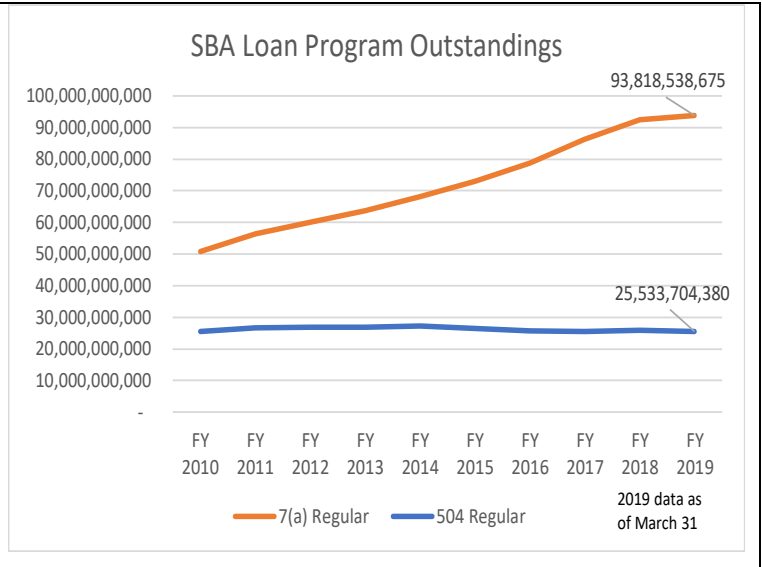
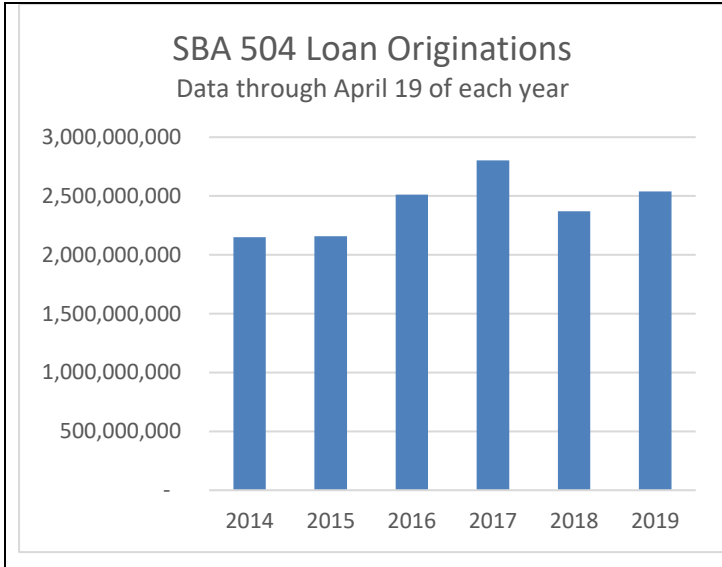
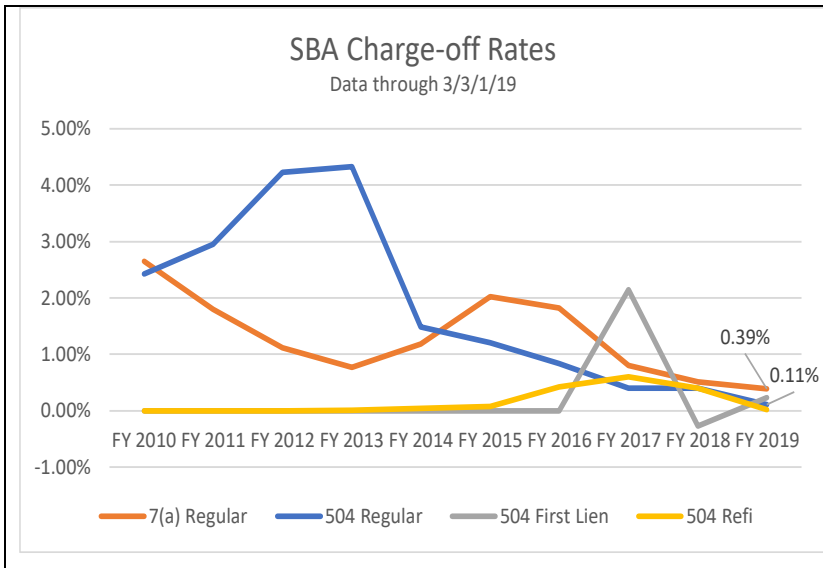


Through June 28, 2019, SBA 504 loan originations are up 5.4% compared to the same period in the prior year, reaching \$3.59 billion year-to-date in 2019 versus \$3.40 billion during the same period in 2018. Despite this growth, the unpaid principal balance of outstanding 504 loans stood at \$25.53 billion as of March 31, 2019, down 1.2% 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 \$17.05 billion and the unpaid principal balance of 7(a) loans is \$93.82 billion at March 31, 2019, up 1.5% 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 below 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 below 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 – OCC Official: Expect CRA Reform Proposal by End of Summer, Compliance Newsbytes

June 12, 2019 – The federal banking agencies expect to issue a notice of proposed rulemaking to revise their Community Reinvestment Act regulations by the end of summer, Senior Deputy Comptroller of the Currency for Bank Supervision Policy Grovetta Gardineer said today at the American Bankers Association’s Regulatory Compliance Conference.

<https://bankingjournal.aba.com/2019/06/occ-official-expect-cra-reform-proposal-by-end-of-summer/>

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	Mortgage Capital Development Corporation
	Empire State Certified Development Corporation	Florida First Capital Finance Corporation, Inc.
	Florida First Capital Finance Corporation, Inc.	Empire State Certified Development Corporation
	Florida Business Development Corporation	Florida Business Development Corporation
	Mountain West Small Business Finance	Business Finance Capital
	Business Finance Capital	California Statewide Certified Development Corporation
	California Statewide Certified Development Corporation	Small Business Growth 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	WELLS FARGO BANK, NATIONAL ASSOCIATION
	BANK OF THE WEST	BANK OF THE WEST
	ZIONS BANK, A DIVISION OF	ZIONS BANK, A DIVISION OF
	BANK OF AMERICA, NATIONAL ASSOCIATION	ONEWEST BANK, A DIVISION OF
	ONEWEST BANK, A DIVISION OF	CITY NATIONAL BANK
	CITY NATIONAL BANK	TD BANK, NATIONAL ASSOCIATION
	TD BANK, NATIONAL ASSOCIATION	BANK OF AMERICA, NATIONAL ASSOCIATION
	POPPY BANK	CALPRIVATE BANK
	FIRST BANK FINANCIAL CENTRE	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)	2.18%	2.35%	-0.17%	2.44%	1.76%	0.25%
3m US T-Bill (BEY)	2.12%	2.37%	-0.25%	2.43%	1.93%	0.26%
6m US T-Bill (BEY)	2.09%	2.38%	-0.29%	2.44%	2.11%	0.35%
1y US T-Bill	1.92%	2.31%	-0.39%	2.40%	2.33%	0.45%
2y US T-Note	1.75%	2.12%	-0.37%	2.23%	2.52%	0.61%
3y US T-Note	1.71%	2.06%	-0.35%	2.18%	2.60%	0.71%
5y US T-Note	1.76%	2.06%	-0.30%	2.20%	2.73%	1.00%
10y US T-Note	2.00%	2.26%	-0.26%	2.39%	2.84%	1.46%
20y US T-Bond	2.31%	2.52%	-0.21%	2.62%	2.91%	1.83%
30y US T-Bond	2.52%	2.70%	-0.18%	2.81%	2.97%	2.27%
Federal Funds	2.35%	2.39%	-0.04%	2.40%	1.91%	0.40%
Prime Rate	5.50%	5.50%	0.00%	5.50%	5.00%	3.50%
Swap Rates						
2 Year LIBOR Swap	1.79%	1.88%	-0.09%		2.79%	0.74%
5 Year LIBOR Swap	1.72%	1.84%	-0.12%		2.88%	0.94%
10 Year LIBOR Swap	1.91%	2.03%	-0.12%		2.91%	1.29%
SBA 504 2nd Lien Loan Rates						
10 Yr	3.92%	4.35%	-0.43%			
20 Yr	3.91%	3.98%	-0.07%	4.36%	5.25%	4.08%
25 Yr	4.01%	4.09%	-0.08%	4.53%	5.32%	
Depository Rates						
1 Mon. CD - Non Jumbo	0.12%	0.12%	0.00%	0.12%	0.09%	0.06%
3 Mon. CD - Non Jumbo	0.21%	0.21%	0.00%	0.21%	0.14%	0.08%
6 Mon. CD - Non Jumbo	0.40%	0.41%	-0.01%	0.39%	0.23%	0.13%
1 Yr CD - Non Jumbo	0.64%	0.66%	-0.02%	0.66%	0.40%	0.21%
2 Yr CD - Non Jumbo	0.81%	0.84%	-0.03%	0.84%	0.58%	0.36%
3 Yr CD - Non Jumbo	0.94%	0.97%	-0.03%	0.98%	0.74%	0.49%
1 Mon. CD - Jumbo	0.15%	0.15%	0.00%	0.15%	0.10%	0.06%
3 Mon. CD - Jumbo	0.25%	0.25%	0.00%	0.25%	0.17%	0.09%
6 Mon. CD - Jumbo	0.45%	0.46%	-0.01%	0.44%	0.26%	0.14%
1 Yr CD - Jumbo	0.71%	0.73%	-0.02%	0.72%	0.44%	0.23%
2 Yr CD - Jumbo	0.86%	0.90%	-0.04%	0.90%	0.63%	0.38%
3 Yr CD - Jumbo	0.99%	1.02%	-0.03%	1.03%	0.78%	0.51%
Savings	0.10%	0.10%	0.00%	0.10%	0.07%	0.06%
Checking	0.06%	0.06%	0.00%	0.06%	0.05%	0.04%
Money Market - Non Jumbo	0.19%	0.19%	0.00%	0.18%	0.12%	0.08%
Money Market - Jumbo	0.29%	0.29%	0.00%	0.29%	0.19%	0.12%
Regulatory Rates						
Secured Overnight Financing Rate (SOFR)	2.42%	2.49%	-0.07%	2.65%	1.93%	
Broad General Collateral Rate (BGCR)	2.40%	2.48%	-0.08%	2.58%	1.90%	
Tri-Party General Collateral Rate (TGCR)	2.40%	2.48%	-0.08%	2.58%	1.90%	
FHLB Fixed Advances (30 day, < \$15m)	2.43%	2.57%	-0.14%	2.67%	2.10%	0.56%

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