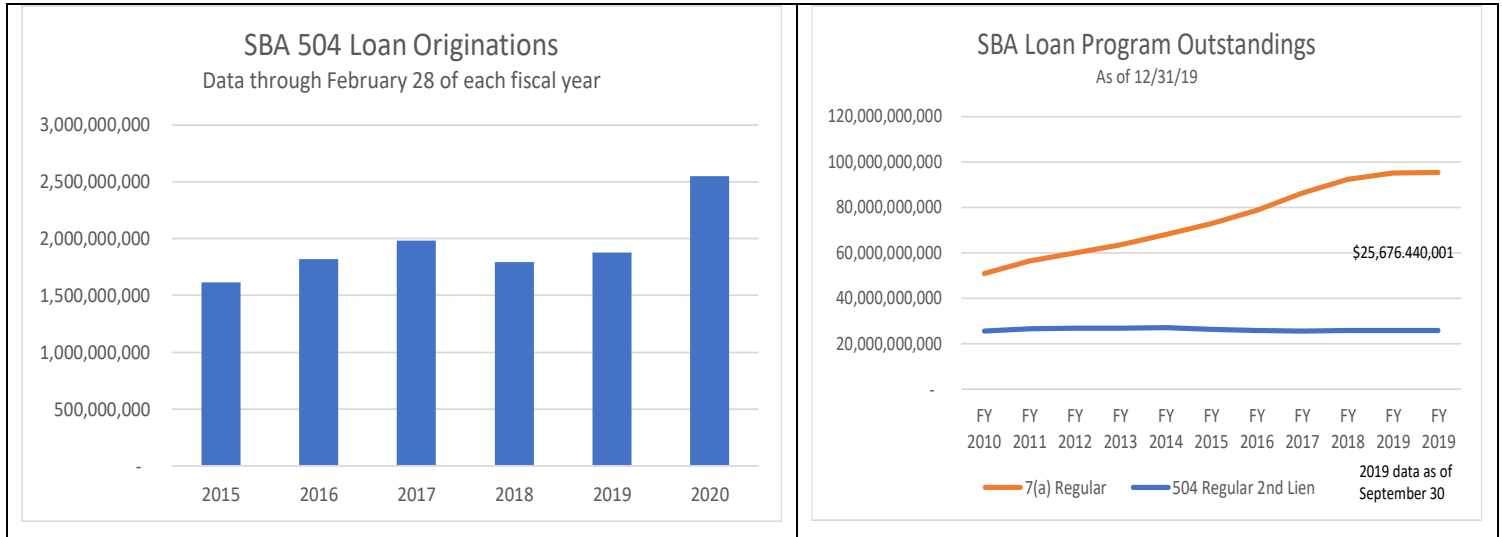
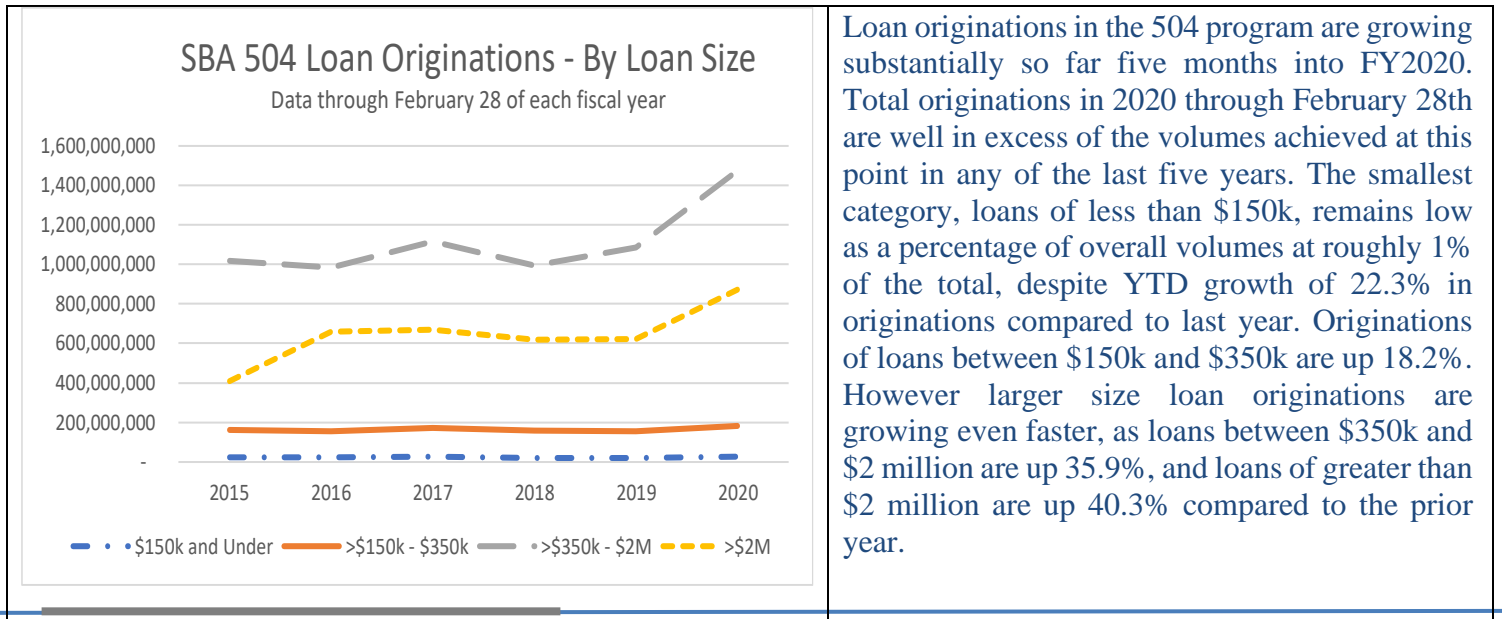


SBA 504 loan origination growth continued to progress at an accelerated pace in the fifth month of the 2020 fiscal year. Through February 28, 2020, SBA 504 loan originations were up 35.8% compared to the prior year, reaching \$2.55 billion year-to-date in FY2020 versus \$1.88 billion during the same 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 11.7% year-to-date (through February 28) to \$8.58 billion and the unpaid principal balance of 7(a) loans was \$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.



Loan originations in the 504 program are growing substantially so far five months into FY2020. Total originations in 2020 through February 28th are well in excess of the volumes achieved at this point in any of the last five years. The smallest category, loans of less than \$150k, remains low as a percentage of overall volumes at roughly 1% of the total, despite YTD growth of 22.3% in originations compared to last year. Originations of loans between \$150k and \$350k are up 18.2%. However larger size loan originations are growing even faster, as loans between \$350k and \$2 million are up 35.9%, and loans of greater than \$2 million are up 40.3% compared to the prior year.

News Blurb of the Week — Focus on CRA reform message, not the messenger

Kenneth H. Thomas, The Hill

March 6, 2020 – The House Financial Services Committee recently held two hearings on the Office of the Comptroller of the Currency’s (OCC) and Federal Deposit Insurance Corporation’s (FDIC) proposed rulemaking to reform the Community Reinvestment Act (CRA). Rather than focusing on the message of reform, lawmakers and others at these hearings primarily attacked the messenger.

<https://thehill.com/opinion/finance/485086-focus-on-cra-reform-message-not-the-messenger>

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)	0.79%	1.59%	-0.80%	1.52%	2.43%	0.56%
3m US T-Bill (BEY)	0.45%	1.57%	-1.12%	1.53%	2.47%	0.74%
6m US T-Bill (BEY)	0.41%	1.58%	-1.17%	1.56%	2.53%	0.83%
1y US T-Bill	0.39%	1.51%	-1.12%	1.57%	2.54%	0.97%
2y US T-Note	0.49%	1.44%	-0.95%	1.61%	2.52%	1.31%
3y US T-Note	0.53%	1.43%	-0.90%	1.64%	2.49%	1.60%
5y US T-Note	0.58%	1.45%	-0.87%	1.67%	2.49%	2.02%
10y US T-Note	0.74%	1.65%	-0.91%	1.84%	2.69%	2.49%
20y US T-Bond	1.09%	1.94%	-0.85%	2.14%	2.90%	2.84%
30y US T-Bond	1.25%	2.11%	-0.86%	2.29%	3.06%	3.10%
Federal Funds	1.09%	1.59%	-0.50%	1.55%	2.40%	0.66%
Prime Rate	4.25%	4.75%	-0.50%	4.75%	5.50%	3.75%
Swap Rates						
2 Year LIBOR Swap	0.57%	1.51%	-0.94%	1.63%	2.62%	1.64%
5 Year LIBOR Swap	0.63%	1.47%	-0.84%	1.62%	2.56%	2.12%
10 Year LIBOR Swap	0.75%	1.60%	-0.85%	1.75%	2.71%	2.45%
SBA 504 2nd Lien Loan Rates						
10 Yr	2.84%	3.79%	-0.95%	3.85%	4.62%	4.66%
20 Yr	2.80%	3.39%	-0.59%	3.58%	4.58%	4.61%
25 Yr	2.88%	3.46%	-0.58%	3.64%	4.74%	
Depository Rates						
1 Mon. CD - Non Jumbo	0.10%	0.10%	0.00%	0.10%	0.12%	0.06%
3 Mon. CD - Non Jumbo	0.19%	0.19%	0.00%	0.19%	0.21%	0.09%
6 Mon. CD - Non Jumbo	0.33%	0.33%	0.00%	0.35%	0.38%	0.13%
1 Yr CD - Non Jumbo	0.48%	0.48%	0.00%	0.49%	0.65%	0.24%
2 Yr CD - Non Jumbo	0.63%	0.62%	0.01%	0.64%	0.85%	0.37%
3 Yr CD - Non Jumbo	0.75%	0.74%	0.01%	0.76%	0.98%	0.50%
1 Mon. CD - Jumbo	0.13%	0.12%	0.01%	0.13%	0.14%	0.07%
3 Mon. CD - Jumbo	0.22%	0.22%	0.00%	0.22%	0.24%	0.10%
6 Mon. CD - Jumbo	0.36%	0.37%	-0.01%	0.39%	0.43%	0.15%
1 Yr CD - Jumbo	0.53%	0.53%	0.00%	0.55%	0.72%	0.26%
2 Yr CD - Jumbo	0.67%	0.67%	0.00%	0.69%	0.92%	0.40%
3 Yr CD - Jumbo	0.79%	0.79%	0.00%	0.80%	1.06%	0.55%
Savings	0.09%	0.09%	0.00%	0.09%	0.10%	0.06%
Checking	0.06%	0.06%	0.00%	0.05%	0.06%	0.04%
Money Market - Non Jumbo	0.16%	0.16%	0.00%	0.15%	0.18%	0.08%
Money Market - Jumbo	0.28%	0.28%	0.00%	0.25%	0.28%	0.12%
Regulatory & Interbank Rates						
Secured Overnight Financing Rate (SOFR)	1.12%	1.59%	-0.47%	1.55%	2.38%	
FHLB Fixed Advances (30 day, < \$15m)	1.13%	1.82%	-0.69%	1.81%	2.62%	1.02%

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