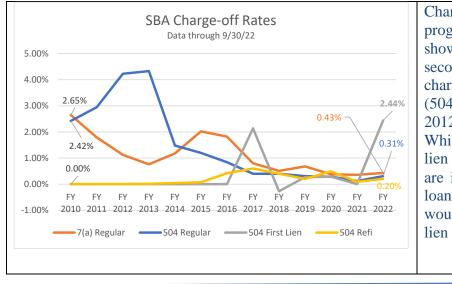


Loan originations under the 504 loan program are proceeding at a considerably slower pace in this year than the blistering start of the SBA's fiscal year 2022. Still, originations, are comparable to other recent years, while far below the pace set at the start of last year. 504 loan originations are down 44.5% compared to FY2022, though they are down just 6.8% compared to the same period on FY2021. We believe this slowdown is primarily due to the rapidly rising interest rate environment and fears of a recession. Unpaid Principal Balance of SBA 504 loans stood at \$30.87 billion as of September 30, 2022, up 6.7% compared to the \$28.94 billion figure at year-end FY2021. Unlike SBA 504 loans, SBA 7(a) loan originations are doing quite well so far in FY2023. In fact, 7(a) loans have jumped 52.5% compared to the previous year. The unpaid principal balance of 7(a) loans is \$107.14 billion at September 30, 2022, up 3.1% compared to year-end FY2021.



The 7(a) program has shown steady growth in loan outstandings in recent years that continued through the end of FY2022 (3.1% in FY2022, 6.8% in FY2021, and 2.3% in FY2020). 504 loans have shown accelerating growth, rising 6.7% to \$30.9 billion at year-end FY2022, 6.4% in FY2021, and 5.5% in FY2020. Of course, the published 504 loan figures in the chart above include only the CDC/SBA second lien portion of a 504 loan package, If we include the private lender portion of the same loan projects, which typically accounts for roughly 50% of 504 projects, The total for SBA 504 loan outstandings (1st and 2nd liens combined) would be somewhere in the neighborhood of \$69 billion, still below 7(a) totals, but equal to approximately 65% of the 7(a) balance.



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 (504 Regular), as well as charge-off rates in the short-lived FMLP program (504 First Lien), 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.

The information presented herein is not an offer, or the solicitation of an offer, to buy or sell any of the products described herein. Any terms or conditions contained herein are indicative and are provided for discussion purposes only. This is intended as an outline only and does not purport to list or summarize all of the terms and conditions of a particular transaction, nor to identify or define all of the risks that would be associated with the purchase or sale of the products described herein. All information contained herein is qualified in its entirety by the information that would be contained in the final documentation for any transaction. The information contained herein should not be construed as investment advice or a recommendation to purchase any of the referenced securities described herein.

News Blurb(s) of the Month — Explanation of the Community Reinvestment Act

Asset-Size Threshold Change, FFIEC

January 1, 2023 – For Federal Deposit Insurance Corporation (FDIC)- and Federal Reserve-supervised financial institutions subject to CRA requirements, "small bank" means a bank that, as of December 31 of either of the prior two calendar years, had assets of less than \$1.503 billion.

https://www.ffiec.gov/cra/pdf/2023_Asset_Size_Threshold.pdf

Top SBA 504 Lenders								
	FY2021 (Through Sep. 30, 2021)	Volume (\$Millions)	FY2022 (Through Sep. 30, 2022)	Volume (\$Million s)				
CDCs	Mortgage Capital Development C	\$448.8	Mortgage Capital Development C	\$583.2				
2nd Liens	CDC Small Business Finance Cor	\$440.1	CDC Small Business Finance Cor	\$587.1				
	Business Finance Capital	\$427.3	Business Finance Capital	\$414.0				
	Florida First Capital Finance	\$375.3	Empire State Certified Develop	\$425.1				
	Empire State Certified Develop	\$362.7	Florida First Capital Finance	\$372.8				
	Florida Business Development C	\$304.6	Florida Business Development C	\$413.1				
	WBD, Inc.	\$270.5	California Statewide Certified	\$289.0				
	California Statewide Certified	\$267.9	Mountain West Small Business F	\$287.0 \$270.1 \$256.1				
	Mountain West Small Business F	\$264.0	WBD, Inc.					
	Small Business Growth Corporat	\$245.2	Small Business Growth Corporat					
	Total	\$8,218.1	Total	\$9,145.0				
Banks/	JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	\$417.2	JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	\$366.4				
TPLs	WELLS FARGO BANK, NATIONAL ASSOCIATION	\$231.6	BANK FIVE NINE	\$261.0				
1st liens	CITY NATIONAL BANK	\$202.9	BANK OF AMERICA, NATIONAL ASSOCIATION	\$243.5				
	BANK OF AMERICA, NATIONAL ASSOCIATION	\$193.7	CITY NATIONAL BANK	\$195.1				
	ZIONS BANK, A DIVISION OF	\$152.6	ZIONS BANK, A DIVISION OF	\$188.9				
	BANK FIVE NINE	\$136.7	POPPY BANK	\$182.5				
	TD BANK, NATIONAL ASSOCIATION	\$126.7	WELLS FARGO BANK, NATIONAL ASSOCIATION	\$179.9				
	BANK OF THE WEST	\$117.9	MUFG UNION BANK, NATIONAL ASSOCIATION	\$156.1				
	TRUIST BANK	\$111.0	FIRST CITIZENS BANK	\$117.0				
	FIRST-CITIZENS BANK & TRUST COMPANY	\$92.3	HARVEST COMMERCIAL CAPITAL, LLC	\$112.7				
	Total	\$10,707.7	Total	\$12,134.1				

Top States for SBA 504 Loan Approvals								
	FY2021 (Through Sep. 30, 2021)		FY2022 (Through Sep. 30, 2022)					
CA	\$1,936,220,000	CA	\$2,213,255,000					
FL	658,573,000	FL	728,313,000					
ТХ	406,503,000	ТХ	489,203,000					
IL	346,816,000	IL	427,936,000					
NY	329,880,000	NY	393,112,000					
UT	313,330,000	UT	366,160,000					
WI	297,781,000	MN	325,529,000					
MN	281,289,000	WI	287,098,000					
СО	238,617,000	GA	265,220,000					
GA	209,152,000	AZ	255,054,000					
Source: SBA			SBA Fiscal Years end on September 30					

About Equaliz

Development Fund (EQCDX) 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)	4.37%	3.81%	0.56%	3.03%	0.05%	1.53%			
3m US T-Bill (BEY)	4.70%	4.31%	0.39%	3.45%	0.10%	1.54%			
6m US T-Bill (BEY)	4.83%	4.72%	0.11%	4.09%	0.24%	1.56%			
1y US T-Bill	4.69%	4.72%	-0.03%	4.24%	0.43%	1.54%			
2y US T-Note	4.19%	4.33%	-0.14%	4.30%	0.87%	1.58%			
3y US T-Note	3.93%	4.07%	-0.14%	4.33%	1.17%	1.59%			
5y US T-Note	3.66%	3.75%	-0.09%	4.14%	1.50%	1.65%			
10y US T-Note	3.53%	3.57%	-0.04%	3.89%	1.76%	1.85%			
20y US T-Bond	3.83%	3.82%	0.01%	4.13%	2.15%	2.17%			
30y US T-Bond	3.66%	3.56%	0.10%	3.86%	2.11%	2.38%			
Federal Funds	4.33%	3.83%	0.50%	3.08%	0.08%	1.55%			
Fed Discount Rate	4.50%	4.00%	0.50%	3.25%	0.25%	2.25%			
Prime Rate	7.50%	7.00%	0.50%	6.25%	3.25%	4.75%			
TED Spread	0.08%	0.42%	-0.34%	0.46%	0.14%	0.31%			
Swap Rates									
2 Year Swap	4.72%	4.79%	-0.07%	4.74%	1.15%	1.69%			
5 Year Swap	3.92%	3.95%	-0.03%	4.31%	1.76%	1.69%			
10 Year Swap	3.74%	3.70%	0.04%	4.05%	2.01%	1.84%			
SBA 504 2nd Lien Loan Rates									
10 Yr	6.43%	6.53%	-0.10%	5.60%	3.07%	3.79%			
20 Yr	6.28%	6.03%	0.25%	6.36%	3.07%	3.64%			
25 Yr	6.31%	6.11%	0.20%	6.44%	3.21%	3.71%			
Average Prime Rate Offer (APOR) Rates									
10 Yr Fixed	5.48%	5.42%	0.06%	6.06%	2.51%	3.26%			
10 Yr Variable	6.14%	6.12%	0.02%	5.77%	2.91%	3.96%			
Depository Rates									
1 Mon. CD - Non Jumbo	0.13%	0.10%	0.03%	0.07%	0.03%	0.10%			
3 Mon. CD - Non Jumbo	0.45%	0.32%	0.13%	0.15%	0.06%	0.19%			
6 Mon. CD - Non Jumbo	0.65%	0.52%	0.13%	0.34%	0.09%	0.34%			
1 Yr CD - Non Jumbo	1.07%	0.90%	0.17%	0.60%	0.13%	0.49%			
2 Yr CD - Non Jumbo	1.06%	0.91%	0.15%	0.64%	0.17%	0.63%			
3 Yr CD - Non Jumbo	1.02%	0.90%	0.12%	0.66%	0.21%	0.75%			
Savings	0.30%	0.24%	0.06%	0.17%	0.06%	0.09%			
Checking	0.05%	0.04%	0.01%	0.04%	0.03%	0.05%			
Money Market - Non Jumbo	0.38%	0.29%	0.09%	0.18%	0.07%	0.15%			
Regulatory & Interbank Rates									
Secured Overnight Financing Rate (SOFR)	4.31%	3.80%	0.51%	3.05%	0.05%	1.55%			
FHLB Fixed Advances (30 day, < \$15m)	4.67%	4.39%	0.28%	3.47%	0.33%	1.78%			

About Us

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