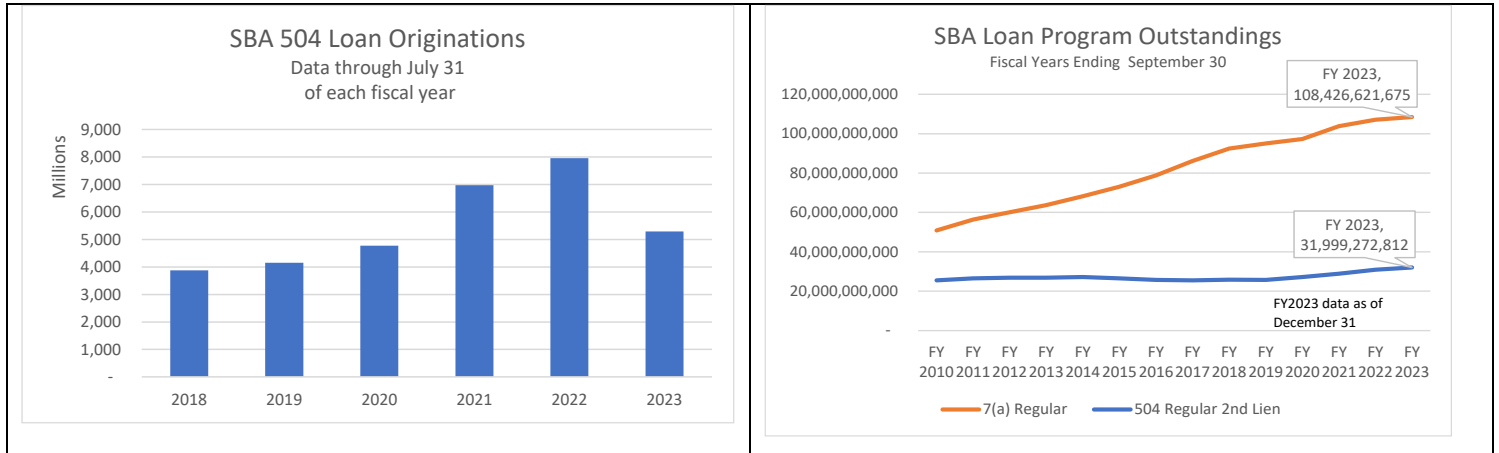
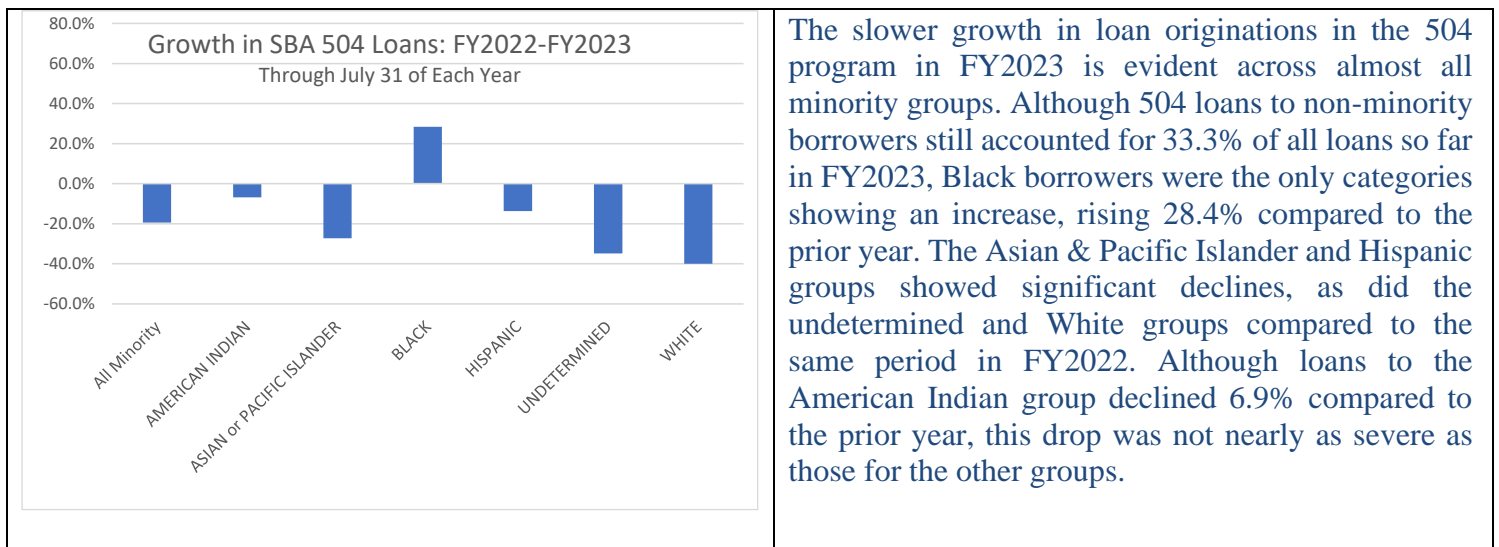


Loan originations under the 504 loan program remain well below the level of the prior two years so far in FY2023. Through July 31, 2023, 504 loan originations are down 33.5% compared to the same point in FY2022, though this is a modest improvement from the 34.2% decline as of June 30, 2023. We still 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 \$32.00 billion as of December 31, 2022, up 3.7% compared to the \$30.87 billion figure at year-end FY2022. Unlike SBA 504 loans, SBA 7(a) loan originations are doing well so far in FY2023. Though the pace of originations has slowed compared to the 6.6% rise as of June 30, 2023, originations are still up 3.0% at July 31, 2023 compared to the same period in FY2022. The unpaid principal balance of 7(a) loans is \$108.43 billion at December 31, 2022, up 1.2% compared to year-end FY2022.



The 7(a) program has shown steady growth in loans outstanding in recent years that continued into FY2023 (up 1.2% year-to-date in FY2023, 3.1% in FY2022, and 6.8% in FY2021). 504 loans have shown accelerating growth, rising 3.7% year-to-date in FY2023, 6.7% to \$30.9 billion at year-end FY2022, and 6.4% in FY2021. 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 \$72 billion, still below 7(a) totals, but equal to approximately 67% of the 7(a) balance.



The slower growth in loan originations in the 504 program in FY2023 is evident across almost all minority groups. Although 504 loans to non-minority borrowers still accounted for 33.3% of all loans so far in FY2023, Black borrowers were the only categories showing an increase, rising 28.4% compared to the prior year. The Asian & Pacific Islander and Hispanic groups showed significant declines, as did the undetermined and White groups compared to the same period in FY2022. Although loans to the American Indian group declined 6.9% compared to the prior year, this drop was not nearly as severe as those for the other groups.

News Blurb(s) of the Month - Nonbanks Lend More to Borrowers of Color. What Does That Mean for the Community Reinvestment Act? Laurie Goodman, Linna Zhu, Katie Visalli, Urban Institute.

July 18, 2023 – With independent mortgage banks (IMBs) constituting such a large proportion of mortgage lending, a flurry of activity at the state level has occurred over the past few years to adopt versions of the CRA to cover nonbank mortgage lenders.

<https://www.urban.org/urban-wire/nonbanks-lend-more-borrowers-color-what-does-mean-community-reinvestment-act>

Top SBA 504 Lenders				
	FY2022 (Through Sep. 30, 2022)	Volume (\$Millions)	FY2023 (Through Jun. 30, 2023)	Volume (\$Millions)
CDCs	Mortgage Capital Development C	\$623.4	Mortgage Capital Development C	\$442.1
2nd Liens	CDC Small Business Finance Cor	\$538.9	Florida Business Development C	\$299.8
	Empire State Certified Develop	\$426.6	Empire State Certified Develop	\$252.2
	Florida Business Development C	\$419.1	Florida First Capital Finance	\$249.5
	Business Finance Capital	\$414.0	Business Finance Capital	\$218.1
	Florida First Capital Finance	\$372.8	California Statewide Certified	\$186.7
	California Statewide Certified	\$301.7	Small Business Growth Corporat	\$154.2
	Mountain West Small Business F	\$292.0	Mountain West Small Business F	\$145.7
	WBD, Inc.	\$270.1	Capital Certified Development	\$125.2
	Small Business Growth Corporat	\$259.4	CDC Small Business Finance Cor	\$125.1
	Total	\$9,208.0	Total	\$4,778.9
Banks/	JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	\$434.2	BANK FIVE NINE	\$212.2
TPLs	BANK FIVE NINE	\$261.6	JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	\$193.2
1st liens	BANK OF AMERICA, NATIONAL ASSOCIATION	\$247.0	BANK OF AMERICA, NATIONAL ASSOCIATION	\$169.4
	U.S. BANK, NATIONAL ASSOCIATION	\$199.9	POPPY BANK	\$128.6
	CITY NATIONAL BANK	\$197.2	ZIONS BANK, A DIVISION OF	\$106.5
	ZIONS BANK, A DIVISION OF	\$189.6	WELLS FARGO BANK, NATIONAL ASSOCIATION	\$105.2
	POPPY BANK	\$182.5	U.S. BANK, NATIONAL ASSOCIATION	\$102.7
	WELLS FARGO BANK, NATIONAL ASSOCIATION	\$180.4	CALPRIVATE BANK	\$93.7
	FIRST CITIZENS BANK	\$117.0	HARVEST COMMERCIAL CAPITAL, LLC	\$87.0
	HARVEST COMMERCIAL CAPITAL, LLC	\$113.6	CELTIC BANK CORPORATION	\$85.4
	Total	\$12,208.1	Total	\$6,674.5

Top States for SBA 504 Loan Approvals				
	FY2022 (Through Sep. 30, 2022)		FY2023 (Through Jun. 30, 2023)	
CA	\$2,234,541,000	CA	\$1,082,775,000	
FL	732,352,000	FL	494,764,000	
TX	489,889,000	TX	312,890,000	
IL	430,463,000	IL	226,546,000	
NY	394,153,000	NY	193,290,000	
UT	371,026,000	UT	181,713,000	
MN	326,931,000	GA	161,984,000	
WI	287,098,000	MN	129,039,000	
GA	267,306,000	WI	127,404,000	
AZ	258,938,000	MA	125,505,000	

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.

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)	5.54%	5.35%	0.19%	5.81%	2.24%	0.08%
3m US T-Bill (BEY)	5.54%	5.49%	0.05%	5.20%	2.62%	0.11%
6m US T-Bill (BEY)	5.52%	5.55%	-0.03%	5.14%	3.08%	0.12%
1y US T-Bill	5.36%	5.44%	-0.08%	4.70%	3.25%	0.15%
2y US T-Note	4.89%	4.88%	0.01%	3.89%	3.23%	0.16%
3y US T-Note	4.56%	4.52%	0.04%	3.56%	3.16%	0.18%
5y US T-Note	4.31%	4.24%	0.07%	3.36%	2.98%	0.27%
10y US T-Note	4.16%	3.99%	0.17%	3.39%	2.87%	0.64%
20y US T-Bond	4.45%	4.22%	0.23%	3.82%	3.38%	1.10%
30y US T-Bond	4.27%	4.03%	0.24%	3.73%	3.15%	1.32%
Federal Funds	5.33%	5.07%	0.26%	5.08%	2.33%	0.10%
Fed Discount Rate	5.50%	5.25%	0.25%	5.25%	2.50%	0.25%
Prime Rate	8.50%	8.25%	0.25%	8.25%	5.50%	3.25%
TED Spread	0.09%	0.08%	0.01%	0.10%	0.27%	0.15%
Swap Rates						
2 Year Swap	5.21%	5.26%	-0.05%	4.22%	3.64%	0.32%
5 Year Swap	4.51%	4.48%	0.02%	3.58%	3.15%	0.46%
10 Year Swap	4.32%	4.19%	0.13%	3.56%	3.05%	0.79%
SBA 504 2nd Lien Loan Rates						
10 Yr	7.06%	7.06%	0.00%	6.04%	4.96%	2.39%
20 Yr	6.60%	6.63%	-0.03%	6.07%	4.89%	2.21%
25 Yr	6.55%	6.58%	-0.03%	6.02%	4.98%	2.27%
Average Prime Rate Offer (APOR) Rates						
10 Yr Fixed	6.79%	6.56%	0.23%	5.86%	4.35%	2.55%
10 Yr Variable	6.96%	6.91%	0.05%	6.46%	4.79%	3.12%
Depository Rates						
1 Mon. CD - Non Jumbo	0.20%	0.20%	0.00%	0.24%	0.05%	0.06%
3 Mon. CD - Non Jumbo	1.11%	1.07%	0.04%	0.78%	0.10%	0.10%
6 Mon. CD - Non Jumbo	1.30%	1.26%	0.04%	1.03%	0.22%	0.15%
1 Yr CD - Non Jumbo	1.72%	1.63%	0.09%	1.54%	0.31%	0.23%
2 Yr CD - Non Jumbo	1.47%	1.45%	0.02%	1.43%	0.43%	0.31%
3 Yr CD - Non Jumbo	1.37%	1.36%	0.01%	1.34%	0.47%	0.37%
Savings	0.42%	0.42%	0.00%	0.39%	0.10%	0.06%
Checking	0.07%	0.07%	0.00%	0.06%	0.03%	0.04%
Money Market - Non Jumbo	0.63%	0.61%	0.02%	0.57%	0.12%	0.09%
Regulatory & Interbank Rates						
Secured Overnight Financing Rate (SOFR)	5.30%	5.06%	0.24%	5.06%	2.28%	0.09%
FHLB Fixed Advances (30 day, < \$15m)	5.51%	5.38%	0.13%	5.26%	2.48%	0.38%

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