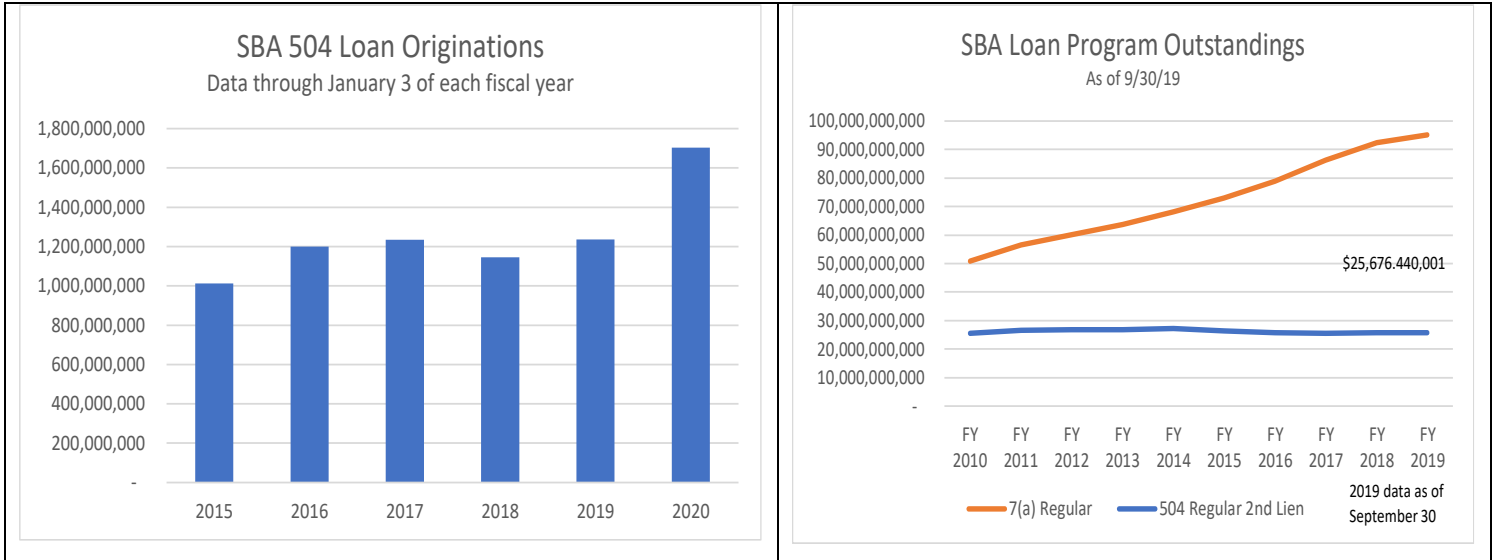
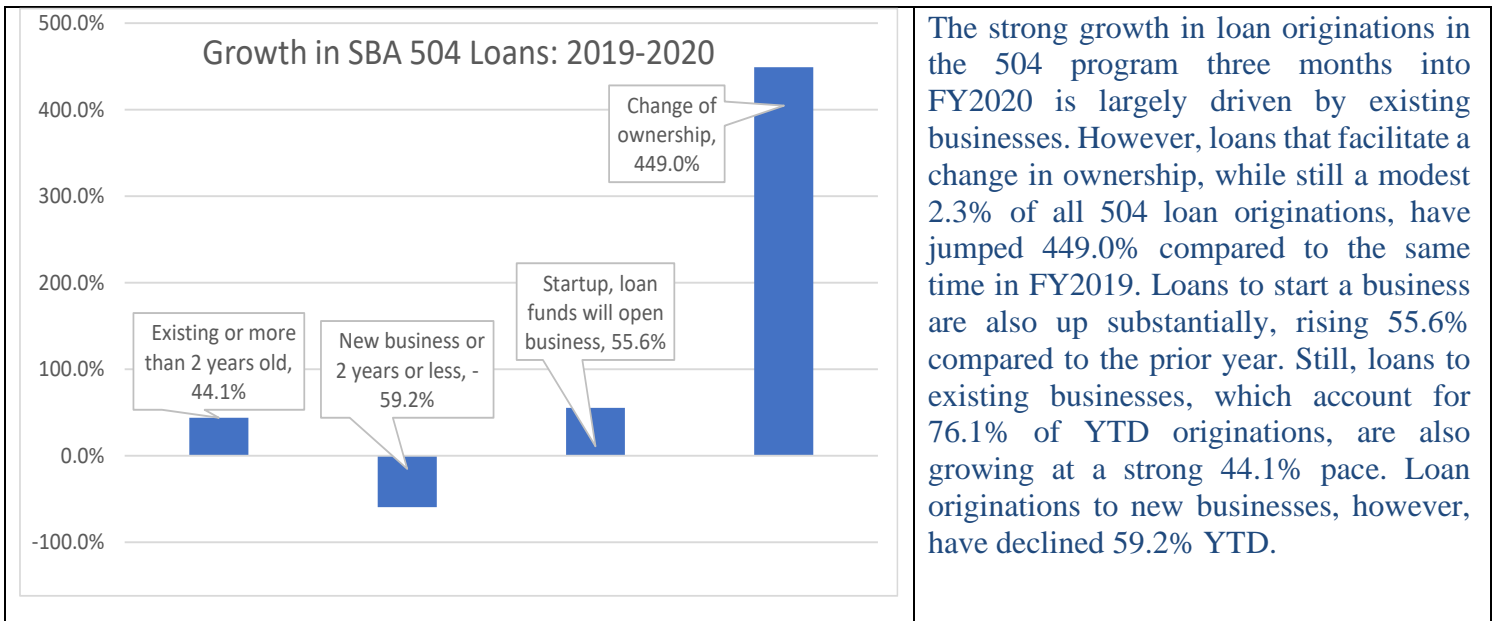


SBA 504 loan originations remained strong through the third month of the 2020 fiscal year. Through January 3, 2020, SBA 504 loan originations were up 37.7% compared to the prior year, reaching \$1.70 billion year-to-date in FY2020 versus \$1.24 billion during the same period in FY2019. The unpaid principal balance of outstanding 504 loans stood at \$25.77 billion as of September 30, 2019, down 0.2% compared to the \$25.83 billion figure at year-end FY2018. In contrast, SBA 7(a) loan originations are down 11.4% year-to-date (through January 3) to \$5.57 billion and the unpaid principal balance of 7(a) loans is \$95.10 billion at September 30, 2019, up 2.9% compared to year-end FY2018.



While 7(a) loans 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.



The strong growth in loan originations in the 504 program three months into FY2020 is largely driven by existing businesses. However, loans that facilitate a change in ownership, while still a modest 2.3% of all 504 loan originations, have jumped 449.0% compared to the same time in FY2019. Loans to start a business are also up substantially, rising 55.6% compared to the prior year. Still, loans to existing businesses, which account for 76.1% of YTD originations, are also growing at a strong 44.1% pace. Loan originations to new businesses, however, have declined 59.2% YTD.

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 of the Week – *Strengthening the Community Reinvestment Act by Staying True to Its Core Purpose*, FRB Governor Lael Brainard, at the Urban Institute, Washington, D.C.**

**January 8, 2020** – Good morning. I am pleased to be here at the Urban Institute to discuss how to strengthen the Community Reinvestment Act (CRA), which is a key priority for the Federal Reserve. The CRA plays a vital role in bringing banks together with community members, small businesses, local officials, and community groups to make investments in their community's future.<sup>1</sup> That is why we are committed to getting CRA reform done right.

<https://www.federalreserve.gov/newsevents/speech/brainard20200108a.htm>

<b>Top SBA 504 Lenders</b>				
	<b>2018</b>		<b>2019 September YTD</b>	
<b>CDCs</b>	CDC Small Business Finance Corporation		Mortgage Capital Development Corporation	
<b>2nd Liens</b>	Mortgage Capital Development Corporation		CDC Small Business Finance 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		Business Finance Capital	
	Mountain West Small Business Finance		Florida Business Development Corporation	
	Business Finance Capital		California Statewide Certified Development Corporation	
	California Statewide Certified Development Corporation		Mountain West Small Business Finance	
	Small Business Growth Corporation		WBD, Inc.	
	WBD, Inc.		Small Business Growth Corporation	
<b>Banks</b>	JPMORGAN CHASE BANK, NATIONAL ASSOCIATION		JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	
<b>1st liens</b>	WELLS FARGO BANK, NATIONAL ASSOCIATION		WELLS FARGO BANK, NATIONAL ASSOCIATION	
	BANK OF THE WEST		ZIONS BANK, A DIVISION OF	
	ZIONS BANK, A DIVISION OF		BANK OF THE WEST	
	BANK OF AMERICA, NATIONAL ASSOCIATION		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	
	POPPY BANK		POPPY BANK	
	FIRST BANK FINANCIAL CENTRE		REGIONS BANK	
<b>Top States for SBA 504 Loan Approvals</b>				
	<b>2018</b>		<b>2019 September YTD</b>	
CA		1,212,374,000	CA	1,207,147,000
FL		365,590,000	FL	411,734,000
TX		262,785,000	TX	254,856,000
IL		201,568,000	IL	207,440,000
NY		200,233,000	MN	190,845,000
UT		180,573,000	UT	183,048,000
MA		175,067,000	NY	160,472,000
MN		167,541,000	MA	155,831,000
CO		152,943,000	GA	149,781,000
GA		131,926,000	WA	147,113,000
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**

<b>Asset Yields</b>	<b>Current</b>	<b>1-month ago</b>	<b>1 month change</b>	<b>3-months ago</b>	<b>1-year ago</b>	<b>3-years ago</b>
1m US T-Bill (BEY)	1.54%	1.56%	-0.02%	2.04%	2.32%	0.41%
3m US T-Bill (BEY)	1.54%	1.55%	-0.01%	1.96%	2.40%	0.54%
6m US T-Bill (BEY)	1.58%	1.58%	0.00%	1.87%	2.54%	0.64%
1y US T-Bill	1.56%	1.58%	-0.02%	1.74%	2.68%	0.85%
2y US T-Note	1.63%	1.68%	-0.05%	1.58%	2.72%	1.15%
3y US T-Note	1.63%	1.70%	-0.07%	1.52%	2.72%	1.43%
5y US T-Note	1.67%	1.74%	-0.07%	1.49%	2.70%	1.89%
10y US T-Note	1.83%	1.94%	-0.11%	1.63%	2.85%	2.47%
20y US T-Bond	2.13%	2.27%	-0.14%	1.91%	3.01%	2.87%
30y US T-Bond	2.27%	2.43%	-0.16%	2.11%	3.14%	3.16%
Federal Funds	1.55%	1.55%	0.00%	2.12%	2.20%	0.41%
Prime Rate	4.75%	4.75%	-0.16%	5.25%	5.25%	3.50%
<b>Swap Rates</b>						
2 Year LIBOR Swap	1.66%	1.64%	0.02%	1.54%	2.68%	1.48%
5 Year LIBOR Swap	1.67%	1.64%	0.03%	1.44%	2.61%	1.93%
10 Year LIBOR Swap	1.82%	1.76%	0.06%	1.55%	2.73%	2.26%
<b>SBA 504 2nd Lien Loan Rates</b>						
10 Yr	3.79%	3.85%	0.00%	3.55%	4.65%	4.44%
20 Yr	3.64%	3.58%	-0.10%	3.40%	4.75%	4.37%
25 Yr	3.71%	3.64%	-0.10%	3.48%	4.88%	
<b>Depository Rates</b>						
1 Mon. CD - Non Jumbo	0.10%	0.10%	0.00%	0.11%	0.11%	0.06%
3 Mon. CD - Non Jumbo	0.19%	0.19%	0.00%	0.20%	0.20%	0.09%
6 Mon. CD - Non Jumbo	0.34%	0.35%	-0.01%	0.36%	0.34%	0.13%
1 Yr CD - Non Jumbo	0.48%	0.49%	-0.01%	0.52%	0.61%	0.22%
2 Yr CD - Non Jumbo	0.63%	0.64%	-0.01%	0.67%	0.82%	0.37%
3 Yr CD - Non Jumbo	0.75%	0.76%	-0.01%	0.80%	0.96%	0.49%
1 Mon. CD - Jumbo	0.13%	0.13%	0.00%	0.14%	0.13%	0.07%
3 Mon. CD - Jumbo	0.22%	0.22%	0.00%	0.23%	0.22%	0.10%
6 Mon. CD - Jumbo	0.39%	0.39%	0.00%	0.41%	0.39%	0.15%
1 Yr CD - Jumbo	0.54%	0.55%	-0.01%	0.59%	0.68%	0.25%
2 Yr CD - Jumbo	0.68%	0.69%	-0.01%	0.73%	0.89%	0.40%
3 Yr CD - Jumbo	0.80%	0.80%	0.00%	0.85%	1.03%	0.54%
Savings	0.09%	0.09%	0.00%	0.09%	0.09%	0.06%
Checking	0.05%	0.05%	0.00%	0.06%	0.06%	0.04%
Money Market - Non Jumbo	0.15%	0.15%	0.00%	0.17%	0.17%	0.08%
Money Market - Jumbo	0.24%	0.25%	-0.01%	0.27%	0.26%	0.11%
<b>Regulatory Rates</b>						
Secured Overnight Financing Rate (SOFR)	1.55%	1.55%	0.00%	1.85%	2.45%	
Broad General Collateral Rate (BGCR)	1.52%	1.52%	0.00%	1.82%	2.44%	
Tri-Party General Collateral Rate (TGCR)	1.52%	1.52%	0.00%	1.82%	2.44%	
FHLB Fixed Advances (30 day, < \$15m)	1.78%	1.80%	-0.02%	1.95%	2.64%	0.84%

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