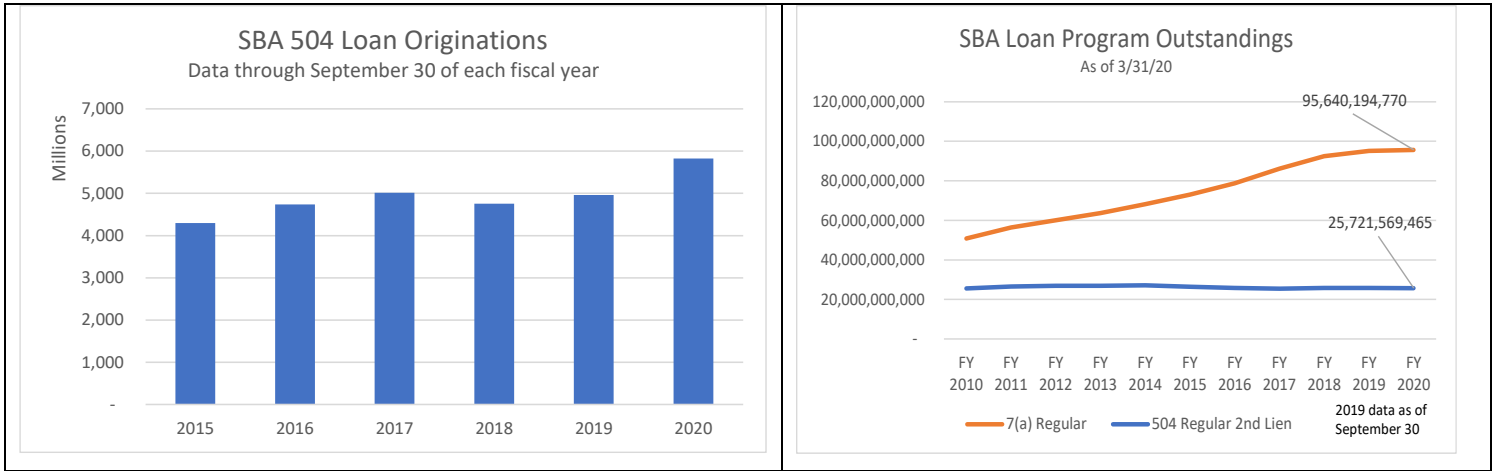
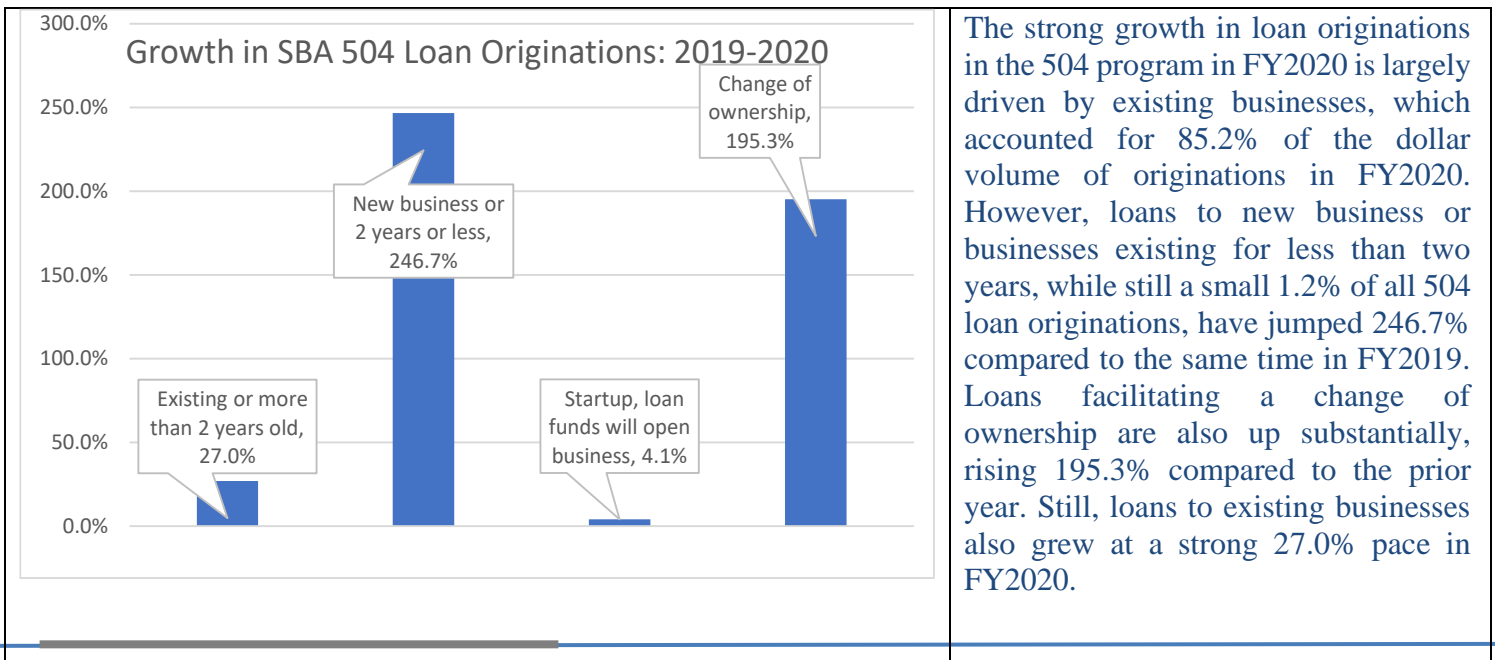


The 2020 fiscal year for the SBA that ended on September 30 closed with substantial SBA 504 loan activity. Through September 30, 2020, SBA 504 loan originations were up 17.5% compared to the prior year, reaching \$5.83 billion year-to-date in FY2020 versus \$4.96 billion during the same period in FY2019. Last month, through August 28, 2020, SBA 504 loan originations were up 14.7% compared to the prior year, revealing that 504 volumes ended the year on an upswing. The unpaid principal balance of outstanding 504 loans stood at \$25.72 billion as of March 31, 2020, down 0.2% compared to the \$25.83 billion figure at year-end FY2019. SBA 7(a) loan originations are down 2.7% through September 30, 2020 compared to the same period in 2019 and the unpaid principal balance of 7(a) loans is \$95.64 billion at March 31, 2020, up 0.6% compared to year-end FY2019.



While 7(a) loan outstandings were still growing at solid pace through the end of FY2019 (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 published 504 loan figures in 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. If the first lien loan and borrower investment were included, the 504 loan totals would be closer to 7(a) loan totals.



The strong growth in loan originations in the 504 program in FY2020 is largely driven by existing businesses, which accounted for 85.2% of the dollar volume of originations in FY2020. However, loans to new business or businesses existing for less than two years, while still a small 1.2% of all 504 loan originations, have jumped 246.7% compared to the same time in FY2019. Loans facilitating a change of ownership are also up substantially, rising 195.3% compared to the prior year. Still, loans to existing businesses also grew at a strong 27.0% pace in FY2020.

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 Month — The Fed Wants to Push the Reset Button on Community Reinvestment Regulation Update, Oscar Perry Abello, NextCity.org

**September 29 13, 2020** – As of last week, the Federal Reserve is attempting to push the reset button on what has been a [multi-year process to update regulations around a decades-old piece of civil rights legislation, the Community Reinvestment Act](#). The process has the potential to affect hundreds of billions of dollars a year in credit to low and moderate income communities.

<https://nextcity.org/daily/entry/fed-wants-push-reset-button-on-community-reinvestment-regulation-update>

<b>Top SBA 504 Lenders</b>				
	<b>FY2019</b>		<b>FY2020 June YTD</b>	
<b>CDCs</b>	Florida First Capital Finance Corporation, Inc.		Florida First Capital Finance Corporation, Inc.	
2nd Liens	CDC Small Business Finance Corporation		CDC Small Business Finance Corporation	
	Empire State Certified Development Corporation		Empire State Certified Development Corporation	
	Business Finance Capital		Business Finance Capital	
	Mortgage Capital Development Corporation		Mortgage Capital Development Corporation	
	Florida Business Development Corporation		Florida Business Development Corporation	
	WBD, Inc.		WBD, Inc.	
	California Statewide Certified Development Corporation		California Statewide Certified Development Corporation	
	Mountain West Small Business Finance		Mountain West Small Business Finance	
	Trenton Business Assistance Corporation		Trenton Business Assistance Corporation	
<b>Banks</b>	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		ONEWEST BANK, A DIVISION OF	
	BANK OF THE WEST		BANK OF THE WEST	
	BANK OF AMERICA, NATIONAL ASSOCIATION		BANK OF AMERICA, NATIONAL ASSOCIATION	
	ONEWEST BANK, A DIVISION OF		TD BANK, NATIONAL ASSOCIATION	
	CITY NATIONAL BANK		CITY NATIONAL BANK	
	TD BANK, NATIONAL ASSOCIATION		ZIONS BANK, A DIVISION OF	
	POPPY BANK		KEYBANK NATIONAL ASSOCIATION	
	REGIONS BANK		TRUIST BANK D/B/A BRANCH BANKING & TRUST CO	
<b>Top States for SBA 504 Loan Approvals</b>				
	<b>FY2019</b>		<b>FY2020 June YTD</b>	
CA	1,211,052,000		CA	933,332,000
FL	414,740,000		FL	403,554,000
TX	257,756,000		TX	261,249,000
IL	208,606,000		IL	156,795,000
MN	192,633,000		WI	155,150,000
UT	182,638,000		NY	149,827,000
NY	160,555,000		UT	140,063,000
MA	157,867,000		NJ	131,116,000
GA	150,925,000		MA	116,824,000
WA	147,367,000		WA	114,040,000
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)	0.10%	0.10%	0.00%	0.11%	1.69%	1.03%
3m US T-Bill (BEY)	0.10%	0.12%	-0.02%	0.13%	1.69%	1.07%
6m US T-Bill (BEY)	0.12%	0.14%	-0.02%	0.16%	1.69%	1.22%
1y US T-Bill	0.15%	0.14%	0.01%	0.15%	1.59%	1.35%
2y US T-Note	0.16%	0.14%	0.02%	0.16%	1.47%	1.54%
3y US T-Note	0.20%	0.17%	0.03%	0.18%	1.43%	1.66%
5y US T-Note	0.34%	0.28%	0.06%	0.28%	1.40%	1.97%
10y US T-Note	0.79%	0.71%	0.08%	0.62%	1.59%	2.37%
20y US T-Bond	1.34%	1.25%	0.09%	1.09%	1.88%	2.68%
30y US T-Bond	1.58%	1.45%	0.13%	1.32%	2.08%	2.91%
Federal Funds	0.09%	0.09%	0.00%	0.09%	1.82%	1.16%
Fed Discount Rate	0.25%	0.25%	0.00%	0.25%	2.50%	1.75%
Prime Rate	3.25%	3.25%	0.00%	3.25%	5.00%	4.25%
TED Spread	0.12%	0.13%	-0.01%	0.14%	0.29%	NA
<b>Swap Rates</b>						
2 Year LIBOR Swap	0.25%	0.23%	0.02%	0.22%	1.65%	1.78%
5 Year LIBOR Swap	0.40%	0.33%	0.07%	0.33%	1.56%	2.02%
10 Year LIBOR Swap	0.79%	0.68%	0.11%	0.59%	1.66%	2.28%
<b>SBA 504 2nd Lien Loan Rates</b>						
10 Yr	2.47%	2.27%	0.20%	2.39%	3.55%	4.02%
20 Yr	2.55%	2.36%	0.19%	2.34%	3.40%	4.43%
25 Yr	2.58%	2.41%	0.17%	2.41%	3.48%	
<b>Depository Rates</b>						
1 Mon. CD - Non Jumbo	0.05%	0.05%	0.00%	0.06%	0.11%	0.07%
3 Mon. CD - Non Jumbo	0.08%	0.08%	0.00%	0.10%	0.20%	0.10%
6 Mon. CD - Non Jumbo	0.12%	0.13%	-0.01%	0.15%	0.36%	0.16%
1 Yr CD - Non Jumbo	0.18%	0.19%	-0.01%	0.23%	0.52%	0.28%
2 Yr CD - Non Jumbo	0.23%	0.25%	-0.02%	0.31%	0.67%	0.42%
3 Yr CD - Non Jumbo	0.27%	0.30%	-0.03%	0.37%	0.80%	0.55%
1 Mon. CD - Jumbo	0.05%	0.06%	-0.01%	0.06%	0.14%	0.08%
3 Mon. CD - Jumbo	0.08%	0.09%	-0.01%	0.11%	0.23%	0.11%
6 Mon. CD - Jumbo	0.13%	0.14%	-0.01%	0.16%	0.41%	0.18%
1 Yr CD - Jumbo	0.19%	0.21%	-0.02%	0.25%	0.59%	0.31%
2 Yr CD - Jumbo	0.24%	0.26%	-0.02%	0.33%	0.73%	0.46%
3 Yr CD - Jumbo	0.29%	0.31%	-0.02%	0.38%	0.85%	0.58%
Savings	0.05%	0.05%	0.00%	0.06%	0.09%	0.06%
Checking	0.04%	0.04%	0.00%	0.04%	0.06%	0.04%
Money Market - Non Jumbo	0.07%	0.08%	-0.01%	0.09%	0.17%	0.09%
Money Market - Jumbo	0.13%	0.14%	-0.01%	0.15%	0.27%	0.14%
<b>Regulatory &amp; Interbank Rates</b>						
Secured Overnight Financing Rate (SOFR)	0.09	0.09	0.00%	0.10	1.85	
FHLB Fixed Advances (30 day, < \$15m)	0.38%	0.40%	-0.02%	0.44%	1.94%	1.34%

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