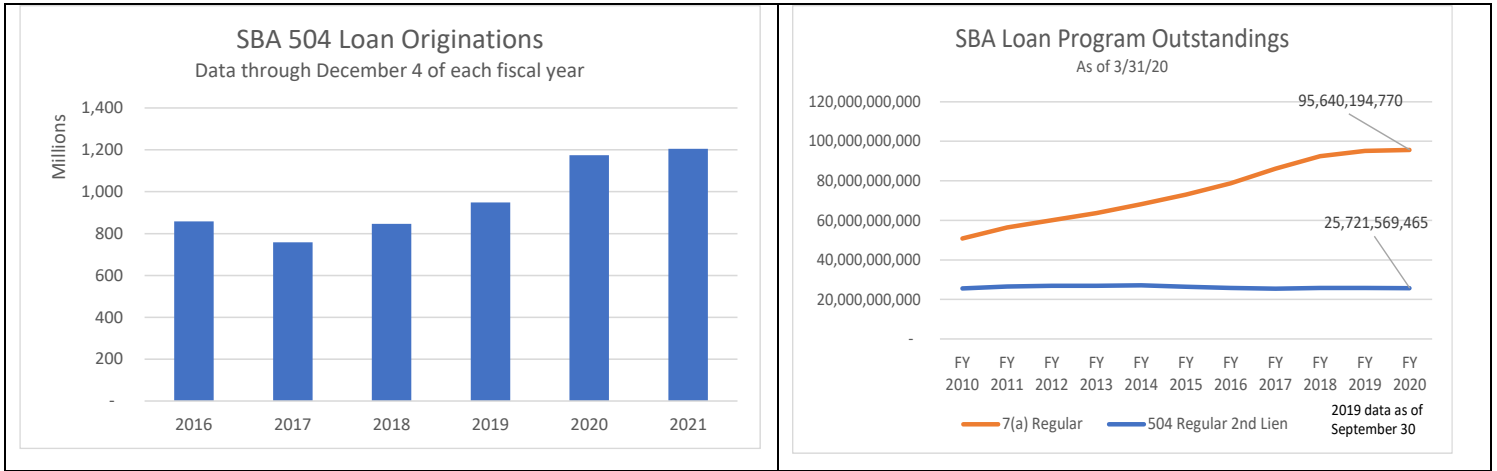
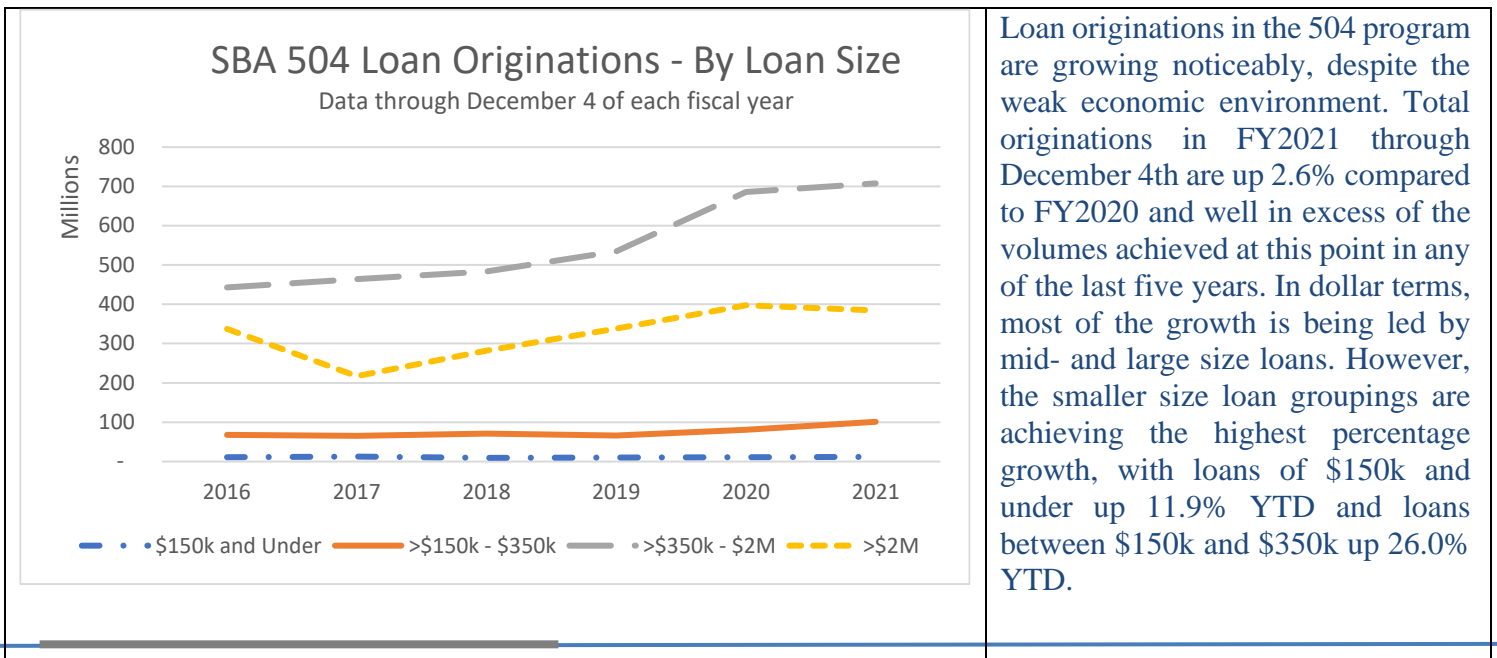


Loan activity picked up considerably in November compared to October, and originations now surpass where they were at the same point in fiscal year 2020. Through December 4, 2020, SBA 504 loan originations are up 2.6% compared to the prior year, reaching \$1.20 billion year-to-date in FY2021 versus \$1.17 billion during the same period in FY2020. Last month, originations were down 18.2% compared to the prior year. Unpaid Principal Balance of SBA 504 loan figures for the June 2020 and September 2020 quarters have not yet been updated, and they 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 22.2% through December 4, 2020 compared to the same period in FY2020 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.



Loan originations in the 504 program are growing noticeably, despite the weak economic environment. Total originations in FY2021 through December 4th are up 2.6% compared to FY2020 and well in excess of the volumes achieved at this point in any of the last five years. In dollar terms, most of the growth is being led by mid- and large size loans. However, the smaller size loan groupings are achieving the highest percentage growth, with loans of \$150k and under up 11.9% YTD and loans between \$150k and \$350k up 26.0% 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 Month — Is CRA Compliance Enough for Community Banks?

Jorge Sun, Banking Exchange

December 1, 2020 – Banks can do more to support their local small businesses and communities in today’s climate. If financial institutions limit their community investment to terms laid out in the Community Reinvestment Act (CRA) or allocated through the CARES Act (of which PPP is part) it will hurt both the banks and their communities.

<https://www.bankingexchange.com/community-banking/item/8493-is-cra-compliance-enough-for-community-banks>

Top SBA 504 Lenders				
	FY2019		FY2020	
CDCs	Mortgage Capital Development Corporation		Florida First Capital Finance Corporation, Inc.	
2nd Liens	CDC Small Business Finance Corporation		Mortgage Capital Development Corporation	
	Florida First Capital Finance Corporation, Inc.		Business Finance Capital	
	Empire State Certified Development Corporation		CDC Small Business Finance Corporation	
	Business Finance Capital		Florida Business Development Corporation	
	Florida Business Development Corporation		Empire State Certified Development Corporation	
	California Statewide Certified Development Corporation		WBD, Inc.	
	Mountain West Small Business Finance		California Statewide Certified Development Corporation	
	WBD, Inc.		Mountain West Small Business Finance	
	Small Business Growth Corporation		Small Business Growth Corporation	
Banks	JPMORGAN CHASE BANK, NATIONAL ASSOCIATION		JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	
1st liens	WELLS FARGO BANK, NATIONAL ASSOCIATION		BANK OF THE WEST	
	ZIONS BANK, A DIVISION OF		WELLS FARGO BANK, NATIONAL ASSOCIATION	
	BANK OF THE WEST		ONEWEST BANK, A DIVISION OF	
	BANK OF AMERICA, NATIONAL ASSOCIATION		ZIONS BANK, A DIVISION OF	
	ONEWEST BANK, A DIVISION OF		CITY NATIONAL BANK	
	CITY NATIONAL BANK		BANK OF AMERICA, NATIONAL ASSOCIATION	
	TD BANK, NATIONAL ASSOCIATION		TD BANK, NATIONAL ASSOCIATION	
	POPPY BANK		TRUIST BANK D/B/A BRANCH BANKING & TRUST CO	
	REGIONS BANK		CALPRIVATE BANK	
Top States for SBA 504 Loan Approvals				
	FY2019		FY2020	
CA	1,211,232,000		CA	1,406,974,000
FL	415,715,000		FL	564,063,000
TX	257,771,000		TX	345,835,000
IL	208,880,000		IL	227,596,000
MN	192,746,000		WI	207,923,000
UT	182,862,000		UT	206,038,000
NY	160,658,000		NY	185,713,000
MA	157,867,000		MN	168,299,000
GA	150,931,000		MA	162,092,000
WA	147,771,000		NJ	155,131,000
Source: SBA		SBA Fiscal Years end on September 30		

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)	0.08%	0.09%	-0.01%	0.10%	1.54%	1.18%
3m US T-Bill (BEY)	0.08%	0.10%	-0.02%	0.11%	1.57%	1.33%
6m US T-Bill (BEY)	0.08%	0.11%	-0.03%	0.12%	1.58%	1.47%
1y US T-Bill	0.10%	0.12%	-0.02%	0.13%	1.55%	1.69%
2y US T-Note	0.11%	0.19%	-0.08%	0.13%	1.61%	1.82%
3y US T-Note	0.18%	0.26%	-0.08%	0.16%	1.62%	1.95%
5y US T-Note	0.37%	0.46%	-0.09%	0.26%	1.64%	2.16%
10y US T-Note	0.90%	0.98%	-0.08%	0.67%	1.79%	2.39%
20y US T-Bond	1.42%	1.53%	-0.11%	1.21%	2.08%	2.59%
30y US T-Bond	1.63%	1.75%	-0.12%	1.42%	2.23%	2.77%
Federal Funds	0.09%	0.09%	0.00%	0.09%	1.55%	1.16%
Fed Discount Rate	0.25%	0.25%	0.00%	0.25%	2.25%	1.75%
Prime Rate	3.25%	3.25%	0.00%	3.25%	4.75%	4.25%
TED Spread	0.14%	0.12%	0.00%	0.14%	0.32%	NA
Swap Rates						
2 Year LIBOR Swap	0.22%	0.28%	-0.06%	0.25%	1.65%	2.01%
5 Year LIBOR Swap	0.44%	0.52%	-0.08%	0.36%	1.64%	2.21%
10 Year LIBOR Swap	0.90%	0.98%	-0.08%	0.73%	1.74%	2.39%
SBA 504 2nd Lien Loan Rates						
10 Yr	2.42%	2.42%	0.00%	2.27%	3.85%	4.25%
20 Yr	2.58%	2.52%	0.06%	2.36%	3.58%	4.31%
25 Yr	2.62%	2.55%	0.07%	2.41%	3.64%	
Average Prime Rate Offer (APOR) Rates						
10 Yr Fixed	3.39%	3.71%	-0.32%	2.47%	3.29%	3.43%
10 Yr Variable	3.16%	3.37%	-0.21%	3.30%	3.86%	3.91%
Depository Rates						
1 Mon. CD - Non Jumbo	0.05%	0.05%	0.00%	0.05%	0.10%	0.07%
3 Mon. CD - Non Jumbo	0.07%	0.07%	0.00%	0.08%	0.19%	0.10%
6 Mon. CD - Non Jumbo	0.11%	0.11%	0.00%	0.13%	0.35%	0.16%
1 Yr CD - Non Jumbo	0.16%	0.17%	-0.01%	0.19%	0.49%	0.28%
2 Yr CD - Non Jumbo	0.21%	0.22%	-0.01%	0.25%	0.64%	0.43%
3 Yr CD - Non Jumbo	0.26%	0.27%	-0.01%	0.30%	0.76%	0.58%
1 Mon. CD - Jumbo	0.05%	0.05%	0.00%	0.06%	0.13%	0.08%
3 Mon. CD - Jumbo	0.08%	0.08%	0.00%	0.09%	0.22%	0.12%
6 Mon. CD - Jumbo	0.12%	0.13%	-0.01%	0.14%	0.39%	0.18%
1 Yr CD - Jumbo	0.17%	0.18%	-0.01%	0.21%	0.55%	0.31%
2 Yr CD - Jumbo	0.23%	0.24%	-0.01%	0.26%	0.69%	0.47%
3 Yr CD - Jumbo	0.27%	0.28%	-0.01%	0.31%	0.80%	0.62%
Savings	0.05%	0.05%	0.00%	0.05%	0.09%	0.06%
Checking	0.04%	0.04%	0.00%	0.04%	0.05%	0.04%
Money Market - Non Jumbo	0.07%	0.07%	0.00%	0.08%	0.15%	0.09%
Money Market - Jumbo	0.12%	0.13%	-0.01%	0.14%	0.25%	0.15%
Regulatory & Interbank Rates						
Secured Overnight Financing Rate (SOFR)	0.08	0.10	-2.00%	0.09	1.55	
FHLB Fixed Advances (30 day, < \$15m)	0.34%	0.37%	-0.03%	0.39%	1.81%	1.57%

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