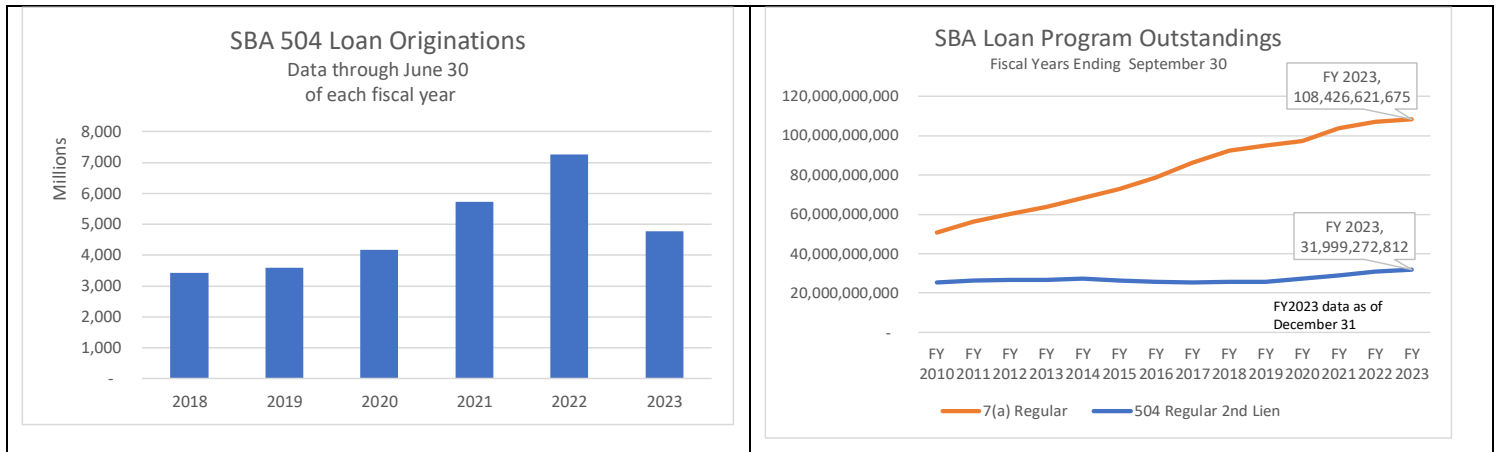
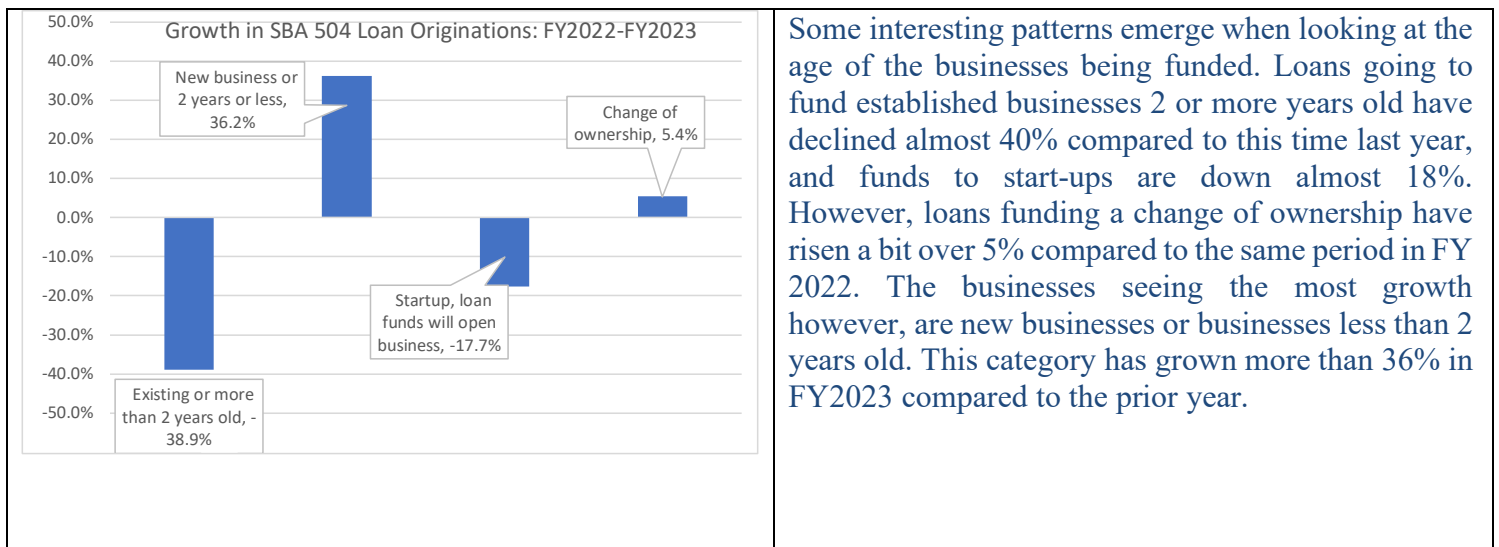


Loan originations under the 504 loan program remain well below the level of the prior two years so far in FY2023. Through June 30, 2023, 504 loan originations are down 34.2% compared to the same point in FY2022, though this is a modest improvement from the 35.8% decline as of May 31, 2023. We believe 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 \$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 quite well so far in FY2023. Though the pace of originations has slowed compared to the 9.7% jump at May 31, 2023, originations are still up 6.6% at June 30, 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.



Some interesting patterns emerge when looking at the age of the businesses being funded. Loans going to fund established businesses 2 or more years old have declined almost 40% compared to this time last year, and funds to start-ups are down almost 18%. However, loans funding a change of ownership have risen a bit over 5% compared to the same period in FY 2022. The businesses seeing the most growth however, are new businesses or businesses less than 2 years old. This category has grown more than 36% in FY2023 compared to the prior year.

News Blurb(s) of the Month – Bank regulators give more adverse Community Reinvestment Act ratings this year. Zoe Sagalow, Xylex Mangulabnan, S&P Global Market Intelligence.

June 29, 2023 – The number of banks receiving "needs to improve" Community Reinvestment Act ratings jumped in the second quarter, reaching the highest quarterly total in nearly three years.

<https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/bank-regulators-give-more-adverse-community-reinvestment-act-ratings-this-year-76327989>

Top SBA 504 Lenders				
	FY2022 (Through Sep. 30, 2022)	Volume (\$Millions)	FY2023 (Through Mar. 31, 2023)	Volume (\$Millions)
CDCs	Mortgage Capital Development C	\$623.4	Mortgage Capital Development C	\$249.5
2nd Liens	CDC Small Business Finance Cor	\$542.3	Florida Business Development C	\$213.4
	Empire State Certified Develop	\$426.6	Empire State Certified Develop	\$176.9
	Florida Business Development C	\$419.1	Florida First Capital Finance	\$160.5
	Business Finance Capital	\$414.0	Business Finance Capital	\$142.9
	Florida First Capital Finance	\$372.8	California Statewide Certified	\$117.1
	California Statewide Certified	\$301.7	Small Business Growth Corporat	\$105.8
	Mountain West Small Business F	\$292.0	CDC Small Business Finance Cor	\$101.7
	WBD, Inc.	\$270.1	Mountain West Small Business F	\$97.1
	Small Business Growth Corporat	\$259.4	WBD, Inc.	\$84.4
	Total	\$9,208.0	Total	\$3,204.4
Banks/	JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	\$370.0	BANK FIVE NINE	\$142.2
TPLs	BANK FIVE NINE	\$261.6	BANK OF AMERICA, NATIONAL ASSOCIATION	\$124.2
1st liens	BANK OF AMERICA, NATIONAL ASSOCIATION	\$247.0	JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	\$123.4
	CITY NATIONAL BANK	\$197.2	POPPY BANK	\$113.8
	ZIONS BANK, A DIVISION OF	\$189.6	ZIONS BANK, A DIVISION OF	\$86.4
	POPPY BANK	\$182.5	CITY NATIONAL BANK	\$70.3
	WELLS FARGO BANK, NATIONAL ASSOCIATION	\$180.4	MUFG UNION BANK, NATIONAL ASSOCIATION	\$64.8
	MUFG UNION BANK, NATIONAL ASSOCIATION	\$159.4	FIRST CITIZENS BANK	\$64.6
	FIRST CITIZENS BANK	\$117.0	HARVEST COMMERCIAL CAPITAL, LLC	\$60.8
	HARVEST COMMERCIAL CAPITAL, LLC	\$113.6	WELLS FARGO BANK, NATIONAL ASSOCIATION	\$53.7
	Total	\$12,205.9	Total	\$4,535.5

Top States for SBA 504 Loan Approvals				
	FY2022 (Through Sep. 30, 2022)		FY2023 (Through Mar. 31, 2023)	
CA	\$2,234,541,000	CA	\$703,901,000	
FL	732,352,000	FL	328,045,000	
TX	489,889,000	TX	206,528,000	
IL	430,463,000	IL	156,481,000	
NY	394,153,000	NY	151,293,000	
UT	371,026,000	UT	134,033,000	
MN	326,931,000	GA	117,952,000	
WI	287,098,000	MN	90,804,000	
GA	267,306,000	WI	89,930,000	
AZ	258,938,000	MA	76,357,000	
Source: SBA			SBA Fiscal Years end on September 30	

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)	5.32%	5.07%	0.25%	4.56%	1.55%	0.12%
3m US T-Bill (BEY)	5.46%	5.42%	0.04%	4.95%	1.95%	0.15%
6m US T-Bill (BEY)	5.53%	5.43%	0.10%	4.95%	2.64%	0.17%
1y US T-Bill	5.41%	5.16%	0.25%	4.61%	2.87%	0.15%
2y US T-Note	4.94%	4.56%	0.38%	3.97%	3.03%	0.16%
3y US T-Note	4.64%	4.21%	0.43%	3.72%	3.05%	0.19%
5y US T-Note	4.35%	3.93%	0.42%	3.49%	3.05%	0.29%
10y US T-Note	4.06%	3.79%	0.27%	3.39%	3.01%	0.65%
20y US T-Bond	4.27%	4.12%	0.15%	3.73%	3.45%	1.15%
30y US T-Bond	4.05%	3.95%	0.10%	3.61%	3.20%	1.38%
Federal Funds	5.08%	5.08%	0.00%	4.83%	1.58%	0.09%
Fed Discount Rate	5.25%	5.25%	0.00%	5.00%	1.75%	0.25%
Prime Rate	8.25%	8.25%	0.00%	8.00%	4.75%	3.25%
TED Spread	0.08%	0.07%	0.01%	0.29%	0.49%	0.13%
Swap Rates						
2 Year Swap	5.29%	4.94%	0.35%	4.43%	3.45%	0.31%
5 Year Swap	4.56%	4.16%	0.39%	3.73%	3.23%	0.44%
10 Year Swap	4.24%	3.96%	0.29%	3.57%	3.23%	0.77%
SBA 504 2nd Lien Loan Rates						
10 Yr	7.06%	6.04%	1.02%	6.77%	4.96%	2.39%
20 Yr	6.63%	6.38%	0.25%	5.95%	5.05%	2.34%
25 Yr	6.58%	6.33%	0.25%	5.88%	5.11%	2.41%
Average Prime Rate Offer (APOR) Rates						
10 Yr Fixed	6.56%	6.12%	0.44%	5.65%	4.57%	2.67%
10 Yr Variable	6.91%	6.69%	0.22%	6.13%	4.72%	3.21%
Depository Rates						
1 Mon. CD - Non Jumbo	0.20%	0.26%	-0.06%	0.18%	0.04%	0.06%
3 Mon. CD - Non Jumbo	1.07%	0.62%	0.45%	0.67%	0.08%	0.10%
6 Mon. CD - Non Jumbo	1.26%	1.19%	0.07%	0.97%	0.17%	0.17%
1 Yr CD - Non Jumbo	1.63%	1.59%	0.04%	1.49%	0.25%	0.25%
2 Yr CD - Non Jumbo	1.45%	1.45%	0.00%	1.41%	0.34%	0.33%
3 Yr CD - Non Jumbo	1.36%	1.36%	0.00%	1.31%	0.37%	0.39%
Savings	0.42%	0.40%	0.02%	0.37%	0.08%	0.06%
Checking	0.07%	0.07%	0.00%	0.06%	0.03%	0.04%
Money Market - Non Jumbo	0.61%	0.59%	0.02%	0.54%	0.09%	0.09%
Regulatory & Interbank Rates						
Secured Overnight Financing Rate (SOFR)	5.06%	5.05%	0.01%	4.81%	1.54%	0.10%
FHLB Fixed Advances (30 day, < \$15m)	5.36%	5.41%	-0.05%	5.03%	1.91%	0.44%

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