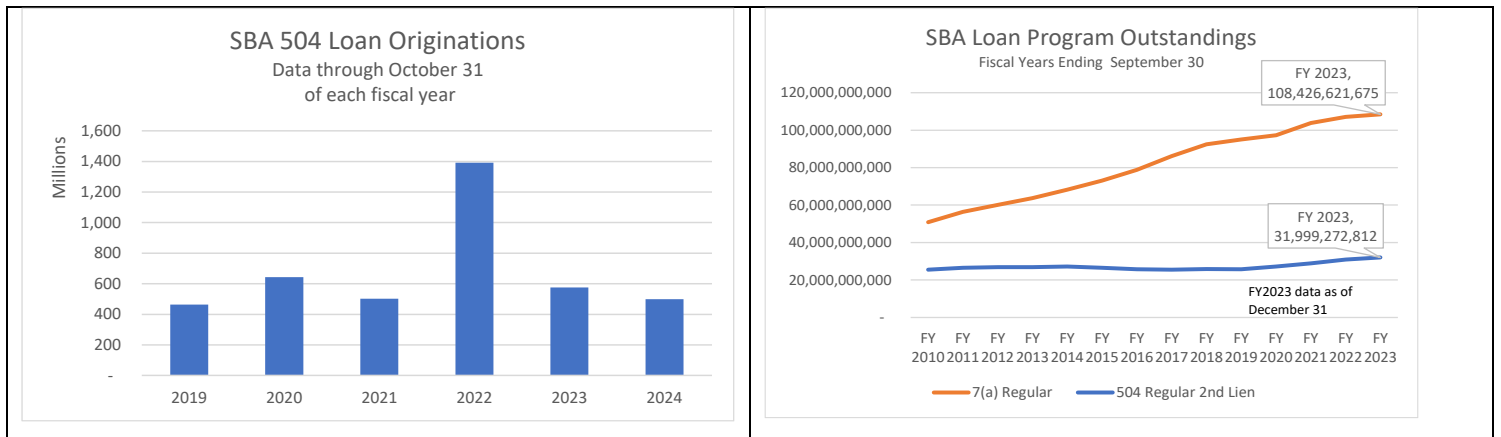
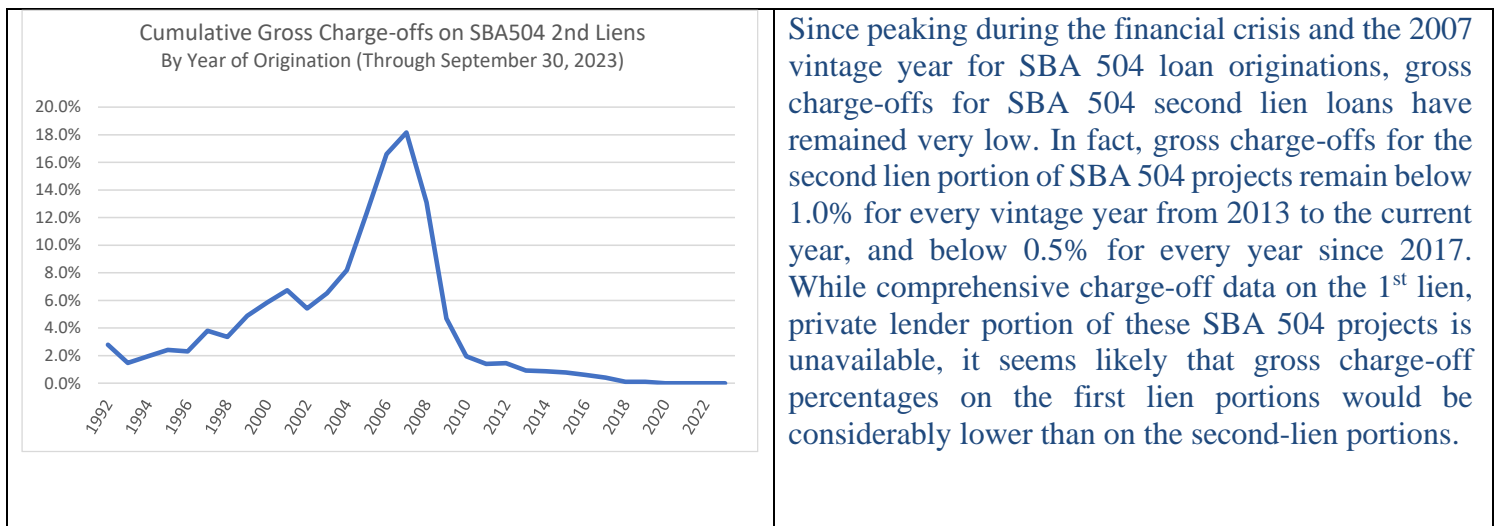


We are a bit over a month into the SBA’s fiscal year 2024, and the problem of stale and out-of-date data on the SBA’s website is getting worse. Through the end of October, loan originations under the 504 loan program, 504 loan originations are down 13.3% compared to the same point in FY2023. While this is a noticeable improvement from the 30.3% decline for the fiscal year ended September 30, 2023, it still represents a further decline in lending activity from a slow prior year. Some of this was due to heightened activity during FY2022 during the COVID-19 pandemic. However, year-to-date activity is also well below comparable periods in the pre-pandemic FY2020. 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 performed well in FY2023. SBA 7(a) originations are also down this year, falling 27.5% compared to the same period in FY2023. The unpaid principal balance of 7(a) loans was \$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 (1<sup>st</sup> and 2<sup>nd</sup> 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.



Since peaking during the financial crisis and the 2007 vintage year for SBA 504 loan originations, gross charge-offs for SBA 504 second lien loans have remained very low. In fact, gross charge-offs for the second lien portion of SBA 504 projects remain below 1.0% for every vintage year from 2013 to the current year, and below 0.5% for every year since 2017. While comprehensive charge-off data on the 1<sup>st</sup> lien, private lender portion of these SBA 504 projects is unavailable, it seems likely that gross charge-off percentages on the first lien portions would be considerably lower than on the second-lien portions.

**News Blurb(s) of the Month — The Federal Banking Regulators Issue Final Rule Overhauling Community Reinvestment Act Regulations**, Brian H. Montgomery, Craig J. Saperstein, Daniel C. Wood, Deborah S. Thoren-Peden, Pillsbury Winthrop Shaw Pittman LLP.

**October 27, 2023** – On October 24, 2023, the Federal Deposit Insurance Corporation (FDIC), Board of Governors of the Federal Reserve System (FRB), and Office of the Comptroller of the Currency (OCC) issued a joint final rule that makes extensive amendments to the regulations that implement the Community Reinvestment Act (CRA).

<https://www.pillsburylaw.com/en/news-and-insights/regulators-final-rule-cra-regulations.html>

Top SBA 504 Lenders				
	FY2022 (Through Sep. 30, 2022)	Volume (\$Millions)	FY2023 (Through Sep. 30, 2023)	Volume (\$Millions)
<b>CDCs</b>	Mortgage Capital Development C	\$621.7	Mortgage Capital Development C	\$629.1
<b>2nd Liens</b>	CDC Small Business Finance Cor	\$538.9	Florida Business Development C	\$400.5
	Empire State Certified Develop	\$426.6	Florida First Capital Finance	\$336.8
	Florida Business Development C	\$418.8	Empire State Certified Develop	\$291.3
	Business Finance Capital	\$414.0	Business Finance Capital	\$283.2
	Florida First Capital Finance	\$372.8	California Statewide Certified	\$274.2
	California Statewide Certified	\$292.7	Mountain West Small Business F	\$194.4
	Mountain West Small Business F	\$292.0	Small Business Growth Corporat	\$193.8
	WBD, Inc.	\$270.1	Capital Certified Development	\$190.5
	Small Business Growth Corporat	\$259.4	CDC Small Business Finance Cor	\$166.1
	<b>Total</b>	<b>\$9,195.9</b>	<b>Total</b>	<b>\$6,370.6</b>
<b>Banks/</b>	JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	\$434.2	BANK FIVE NINE	\$269.0
<b>TPLs</b>	BANK FIVE NINE	\$261.6	JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	\$250.8
<b>1st liens</b>	BANK OF AMERICA, NATIONAL ASSOCIATION	\$247.0	BANK OF AMERICA, NATIONAL ASSOCIATION	\$230.1
	U.S. BANK, NATIONAL ASSOCIATION	\$196.5	WELLS FARGO BANK, NATIONAL ASSOCIATION	\$164.3
	CITY NATIONAL BANK	\$195.1	CELTIC BANK CORPORATION	\$163.8
	ZIONS BANK, A DIVISION OF	\$189.6	POPPY BANK	\$143.1
	POPPY BANK	\$182.5	ZIONS BANK, A DIVISION OF	\$142.2
	WELLS FARGO BANK, NATIONAL ASSOCIATION	\$180.4	CALPRIVATE BANK	\$119.3
	FIRST CITIZENS BANK	\$117.0	U.S. BANK, NATIONAL ASSOCIATION	\$111.7
	HARVEST COMMERCIAL CAPITAL, LLC	\$113.6	HARVEST COMMERCIAL CAPITAL, LLC	\$107.0
	<b>Total</b>	<b>\$12,195.3</b>	<b>Total</b>	<b>\$6,674.5</b>

Top States for SBA 504 Loan Approvals				
	FY2022 (Through Sep. 30, 2022)		FY2023 (Through Sep. 30, 2023)	
CA	\$2,223,939,000	CA	\$1,484,154,000	
FL	732,352,000	FL	669,395,000	
TX	489,889,000	TX	422,159,000	
IL	430,463,000	IL	296,251,000	
NY	394,153,000	NY	236,476,000	
UT	371,026,000	UT	236,340,000	
MN	326,931,000	GA	213,750,000	
WI	287,098,000	AZ	177,218,000	
GA	267,306,000	MA	176,264,000	
AZ	257,976,000	MN	176,239,000	
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)	5.53%	5.60%	-0.07%	5.55%	3.71%	0.09%
3m US T-Bill (BEY)	5.53%	5.61%	-0.08%	5.54%	4.28%	0.10%
6m US T-Bill (BEY)	5.46%	5.57%	-0.11%	5.52%	4.52%	0.11%
1y US T-Bill	5.38%	5.37%	0.01%	5.33%	4.59%	0.12%
2y US T-Note	5.04%	4.96%	0.08%	4.82%	4.34%	0.19%
3y US T-Note	4.80%	4.74%	0.06%	4.47%	4.17%	0.26%
5y US T-Note	4.65%	4.62%	0.03%	4.21%	3.95%	0.46%
10y US T-Note	4.61%	4.66%	-0.05%	4.09%	3.82%	0.98%
20y US T-Bond	4.93%	5.03%	-0.10%	4.41%	4.24%	1.53%
30y US T-Bond	4.73%	4.85%	-0.12%	4.24%	4.03%	1.75%
Federal Funds	5.33%	5.33%	0.00%	5.33%	3.83%	0.09%
Fed Discount Rate	5.50%	5.50%	0.00%	5.50%	4.00%	0.25%
Prime Rate	8.50%	8.50%	0.00%	8.50%	7.00%	3.25%
TED Spread	0.09%	0.03%	0.06%	0.08%	0.34%	0.10%
<b>Swap Rates</b>						
2 Year Swap	5.31%	5.29%	0.02%	5.12%	4.89%	0.33%
5 Year Swap	4.79%	4.82%	-0.03%	4.38%	4.20%	0.62%
10 Year Swap	4.71%	4.80%	-0.10%	4.20%	4.03%	1.10%
<b>SBA 504 2nd Lien Loan Rates</b>						
10 Yr	7.21%	6.94%	0.27%	7.06%	6.53%	2.42%
20 Yr	7.02%	7.18%	-0.16%	6.60%	6.45%	2.52%
25 Yr	7.02%	7.13%	-0.11%	6.55%	6.53%	2.55%
<b>Average Prime Rate Offer (APOR) Rates</b>						
10 Yr Fixed	7.19%	7.07%	0.12%	6.46%	6.48%	2.40%
10 Yr Variable	7.47%	7.37%	0.10%	7.02%	6.36%	3.20%
<b>Depository Rates</b>						
1 Mon. CD - Non Jumbo	0.22%	0.21%	0.01%	0.20%	0.09%	0.05%
3 Mon. CD - Non Jumbo	1.42%	1.37%	0.05%	1.11%	0.19%	0.08%
6 Mon. CD - Non Jumbo	1.39%	1.36%	0.03%	1.30%	0.42%	0.12%
1 Yr CD - Non Jumbo	1.79%	1.76%	0.03%	1.72%	0.71%	0.18%
2 Yr CD - Non Jumbo	1.50%	1.51%	-0.01%	1.47%	0.77%	0.23%
3 Yr CD - Non Jumbo	1.38%	1.38%	0.00%	1.37%	0.77%	0.27%
Savings	0.46%	0.45%	0.01%	0.42%	0.21%	0.05%
Checking	0.07%	0.07%	0.00%	0.07%	0.04%	0.04%
Money Market - Non Jumbo	0.65%	0.65%	0.00%	0.63%	0.23%	0.07%
<b>Regulatory &amp; Interbank Rates</b>						
Secured Overnight Financing Rate (SOFR)	5.32%	5.31%	0.01%	5.30%	3.78%	0.10%
FHLB Fixed Advances (30 day, < \$15m)	5.51%	5.56%	-0.05%	5.52%	3.98%	0.37%

## About Us

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