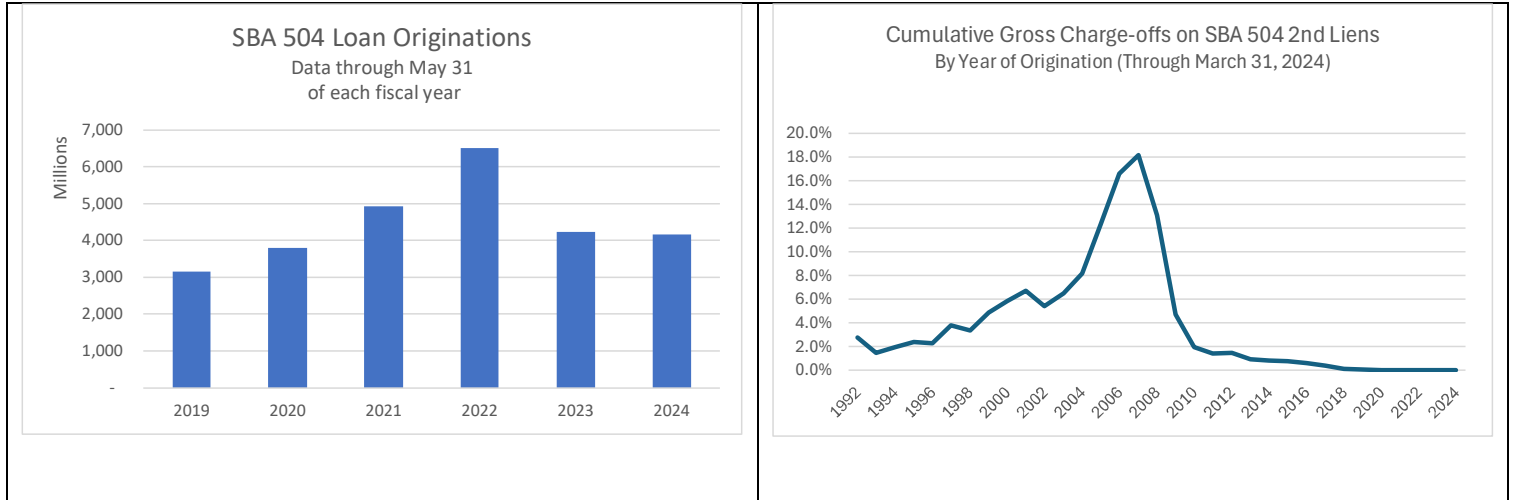
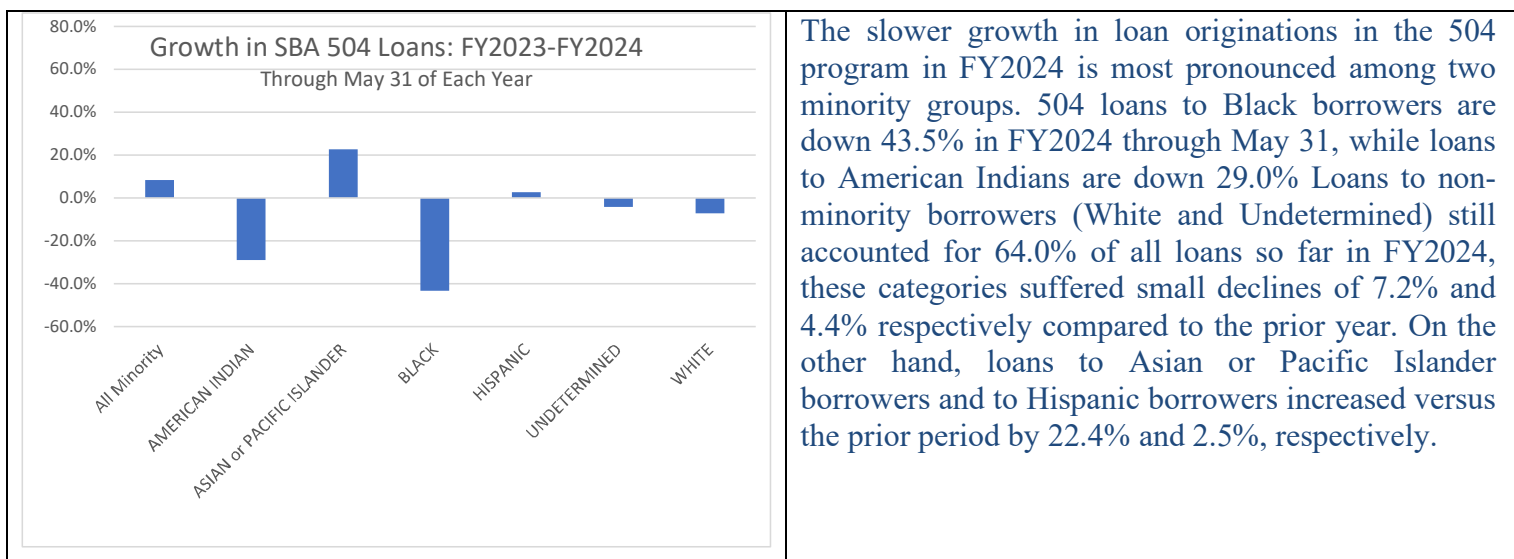


The direction of the two main SBA loan programs diverged a bit in May 2024. Through May 31, 2024, 504 loan originations slowed further compared to the prior year. 504 originations are now down 1.6% compared to the same point in FY2023, a modest deterioration from the 1.2% decline reported at the end of April 2024. SBA 7(a) originations, on the other hand, improved over the prior month. They are now up 8.5% fiscal year-to-date compared to the same period in FY2023, which is a solid improvement over the 6.5% advance measured at April 30, 2024.



The chart on the right above shows cumulative gross charge-offs on SBA 504 second lien loans by year of origination. As a reminder, an SBA 504 project has three components; an equity portion contributed by the borrower, the second lien portion held by the SBA through a CDC, and the first lien portion originated by a private lender. Comprehensive statistics on the private lender portion are not available, but statistics on the SBA/CDC second lien portion are. Since this is the loan that takes the first loss position, this portion of the loan project is likely to see higher charge-offs than the private lender first lien portion. As shown in the chart above, gross charge-offs for the SBA/CDC portion have been very low since the end of the financial crisis. In fact, cumulative gross charge-offs have been below 1.0% for every fiscal year since FY2013, and below 0.5% since FY2017. There have been no gross charge-offs in any of the fiscal years starting with FY2020.



The slower growth in loan originations in the 504 program in FY2024 is most pronounced among two minority groups. 504 loans to Black borrowers are down 43.5% in FY2024 through May 31, while loans to American Indians are down 29.0%. Loans to non-minority borrowers (White and Undetermined) still accounted for 64.0% of all loans so far in FY2024, these categories suffered small declines of 7.2% and 4.4% respectively compared to the prior year. On the other hand, loans to Asian or Pacific Islander borrowers and to Hispanic borrowers increased versus the prior period by 22.4% and 2.5%, respectively.

News Blurb(s) of the Month – An obscure 47-year-old law designed to right the historic wrongs of redlining was the ‘original ESG framework,’ execs say. Just look at how Crown Heights and Bed-Stuy have changed, Dylan Sloan, Fortune.com.

May 16, 2024 – Within the finance sector, ESG might seem like a trend that’s only really caught on in the past few years-but a lesser-known banking law passed in 1977 laid the groundwork for modern ESG policies and the \$450 billion community development financing industry, and it’s being updated to serve low- and moderate-income communities amidst changes in the banking and housing sectors.

<https://fortune.com/2024/05/16/real-estate-lending-community-reinvestment-act-redlining-gentrification/>

Top SBA 504 Lenders				
	FY2023 (Through Sep. 30, 2023)	Volume (\$Millions)	FY2024 (Through Mar. 31, 2024)	Volume (\$Millions)
CDCs	Mortgage Capital Development C	\$632.9	Mortgage Capital Development C	\$320.1
2nd Liens	Florida Business Development C	\$402.3	Florida Business Development C	\$221.5
	Florida First Capital Finance	\$338.9	Business Finance Capital	\$187.6
	Empire State Certified Develop	\$291.3	California Statewide Certified	\$157.4
	Business Finance Capital	\$284.5	Florida First Capital Finance	\$150.8
	California Statewide Certified	\$281.5	Empire State Certified Develop	\$123.7
	Mountain West Small Business F	\$197.5	Mountain West Small Business F	\$94.8
	Small Business Growth Corporat	\$196.8	WBD, Inc.	\$82.0
	Capital Certified Development	\$190.5	Small Business Growth Corporat	\$78.5
	CDC Small Business Finance Cor	\$166.5	Capital Certified Development	\$72.3
	Total	\$6,419.4	Total	\$3,051.6
Banks/	BANK FIVE NINE	\$272.6	BANK OF AMERICA, NATIONAL ASSOCIATION	\$153.2
TPLs	JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	\$250.8	FIRST-CITIZENS BANK & TRUST COMPANY	\$125.2
1st liens	BANK OF AMERICA, NATIONAL ASSOCIATION	\$238.4	JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	\$123.7
	WELLS FARGO BANK, NATIONAL ASSOCIATION	\$165.9	BANK FIVE NINE	\$94.9
	CELTIC BANK CORPORATION	\$163.8	CELTIC BANK CORPORATION	\$70.4
	POPPY BANK	\$143.1	FIRST CITIZENS BANK	\$70.2
	ZIONS BANK, A DIVISION OF	\$142.2	HARVEST COMMERCIAL CAPITAL, LLC	\$67.0
	CALPRIVATE BANK	\$119.3	LIVE OAK BANKING COMPANY	\$62.5
	U.S. BANK, NATIONAL ASSOCIATION	\$111.7	WELLS FARGO BANK, NATIONAL ASSOCIATION	\$62.2
	HARVEST COMMERCIAL CAPITAL, LLC	\$107.0	CALPRIVATE BANK	\$56.9
	Total	\$8,969.7	Total	\$4,194.5

Top States for SBA 504 Loan Approvals				
	FY2023 (Through Sep. 30, 2023)		FY2024 (Through Mar. 31, 2024)	
CA	\$1,494,047,000	CA	\$743,199,000	
FL	673,256,000	FL	299,252,000	
TX	425,687,000	TX	194,625,000	
IL	299,333,000	GA	143,090,000	
UT	239,479,000	IL	129,123,000	
NY	236,476,000	NY	116,733,000	
GA	214,696,000	AZ	98,240,000	
MN	181,884,000	UT	85,955,000	
AZ	180,408,000	WI	84,171,000	
MA	177,558,000	MA	79,432,000	
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)	5.47%	5.51%	-0.04%	5.52%	5.24%	0.02%
3m US T-Bill (BEY)	5.51%	5.47%	0.04%	5.48%	5.40%	0.02%
6m US T-Bill (BEY)	5.38%	5.43%	-0.05%	5.37%	5.38%	0.04%
1y US T-Bill	5.13%	5.17%	-0.04%	5.00%	5.18%	0.05%
2y US T-Note	4.75%	4.87%	-0.12%	4.58%	4.55%	0.16%
3y US T-Note	4.48%	4.65%	-0.17%	4.33%	4.16%	0.32%
5y US T-Note	4.32%	4.52%	-0.20%	4.15%	3.89%	0.80%
10y US T-Note	4.31%	4.50%	-0.19%	4.16%	3.73%	1.63%
20y US T-Bond	4.56%	4.74%	-0.18%	4.42%	4.04%	2.20%
30y US T-Bond	4.47%	4.64%	-0.17%	4.31%	3.87%	2.32%
Federal Funds	5.33%	5.33%	0.00%	5.33%	5.08%	0.06%
Fed Discount Rate	5.50%	5.50%	0.00%	5.50%	5.25%	0.25%
Prime Rate	8.50%	8.50%	0.00%	8.50%	8.25%	3.25%
TED Spread	0.10%	0.11%	-0.02%	0.11%	0.16%	0.14%
Swap Rates						
2 Year Swap	5.01%	5.22%	-0.20%	4.96%	4.98%	0.26%
5 Year Swap	4.47%	4.72%	-0.25%	4.39%	4.18%	0.92%
10 Year Swap	4.35%	4.58%	-0.23%	4.27%	3.97%	1.57%
SBA 504 2nd Lien Loan Rates						
10 Yr	6.89%	6.89%	0.00%	6.59%	6.04%	2.61%
20 Yr	6.44%	6.65%	-0.21%	6.36%	6.38%	2.76%
25 Yr	6.35%	6.55%	-0.20%	6.28%	6.33%	2.88%
Average Prime Rate Offer (APOR) Rates						
10 Yr Fixed	6.44%	6.65%	-0.21%	6.37%	6.19%	2.31%
10 Yr Variable	7.47%	7.30%	0.17%	7.11%	6.75%	3.12%
Depository Rates						
1 Mon. CD - Non Jumbo	0.23%	0.22%	0.01%	0.23%	0.26%	0.03%
3 Mon. CD - Non Jumbo	1.53%	1.65%	-0.12%	1.69%	0.62%	0.06%
6 Mon. CD - Non Jumbo	1.79%	1.57%	0.22%	1.53%	1.19%	0.09%
1 Yr CD - Non Jumbo	1.80%	1.81%	-0.01%	1.83%	1.59%	0.14%
2 Yr CD - Non Jumbo	1.54%	1.54%	0.00%	1.54%	1.45%	0.18%
3 Yr CD - Non Jumbo	1.42%	1.41%	0.01%	1.40%	1.36%	0.21%
Savings	0.45%	0.46%	-0.01%	0.46%	0.40%	0.06%
Checking	0.08%	0.08%	0.00%	0.07%	0.07%	0.03%
Money Market - Non Jumbo	0.68%	0.66%	0.02%	0.66%	0.59%	0.10%
Regulatory & Interbank Rates						
Secured Overnight Financing Rate (SOFR)	5.32%	5.31%	0.01%	5.31%	5.05%	0.01%
FHLB Fixed Advances (30 day, < \$15m)	5.50%	5.51%	-0.01%	5.51%	5.30%	0.28%

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.