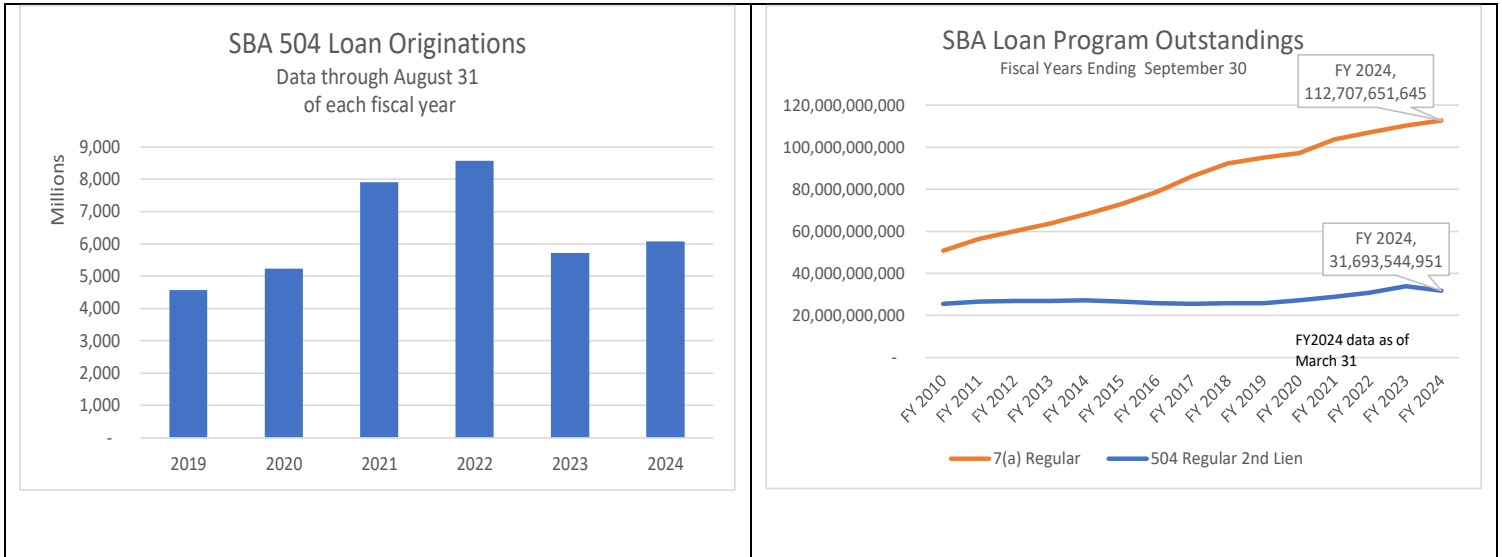
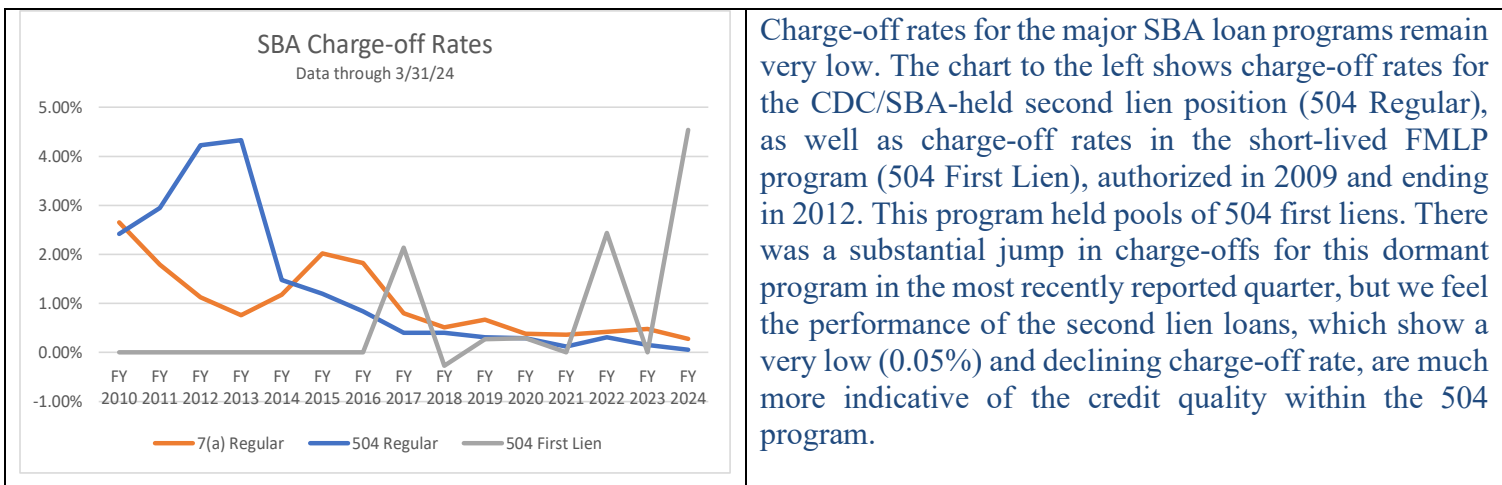


SBA 504 loan originations are up 6.1% compared to the prior year at August 31. They were up only 0.9% compared to the prior year when we reported last month. Despite the year-over-year improvement, this is well below the origination levels produced during the pandemic years of FY2021 and FY2022. Likewise, SBA 7(a) originations are now up 16.2% fiscal year-to-date compared to the 13.2% reported last month (through July 31).



The 7(a) program has shown steady growth in loans outstanding in recent years that continued into FY2024 (up 1.2% year-to-date in FY2023, 3.1% in FY2022, and 6.8% in FY2021). 504 loans had shown accelerating growth, rising 9.7% in FY2023, 6.7% in FY2022, and 6.4% in FY2021. However, after two years reduced origination volumes following the big jump in originations during the COVID pandemic, the outstanding loan balances in the 504 program have begun to decline, falling 6.4% fiscal-year-to-date in FY2024. We continue to note that 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 projects supported by the SBA 504 second lien loans at March 31, 2024 would be roughly \$79 billion, equal to approximately 70% of the 7(a) balance.



Charge-off rates for the major SBA loan programs remain very low. The chart to the left shows charge-off rates for the CDC/SBA-held second lien position (504 Regular), as well as charge-off rates in the short-lived FMLP program (504 First Lien), authorized in 2009 and ending in 2012. This program held pools of 504 first liens. There was a substantial jump in charge-offs for this dormant program in the most recently reported quarter, but we feel the performance of the second lien loans, which show a very low (0.05%) and declining charge-off rate, are much more indicative of the credit quality within the 504 program.

News Blurb(s) of the Month — [Warren, Waters Blast ‘Outrageous’ Anti-Redlining Rule Challenge](#), Evan Weinberger, Bloomberg Law

September 16, 2024 – Two top Democrats called the banking industry’s lawsuit over a rewrite of decades-old anti-redlining rules “outrageous” and demanded to know which banks or other companies are funding it.

<https://news.bloomberglaw.com/banking-law/warren-waters-blast-outrageous-anti-redlining-rule-challenge>

Top SBA 504 Lenders				
	FY2023 (Through Sep. 30, 2023)	Volume (\$Millions)	FY2024 (Through Jun. 30, 2024)	Volume (\$Millions)
CDCs	Mortgage Capital Development C	\$632.9	Mortgage Capital Development C	\$474.8
2nd Liens	Florida Business Development C	\$402.3	Florida Business Development C	\$325.4
	Florida First Capital Finance	\$338.9	Business Finance Capital	\$290.4
	Empire State Certified Develop	\$291.3	Florida First Capital Finance	\$234.0
	Business Finance Capital	\$284.5	California Statewide Certified	\$224.8
	California Statewide Certified	\$281.5	Empire State Certified Develop	\$197.5
	Mountain West Small Business F	\$197.5	Mountain West Small Business F	\$158.8
	Small Business Growth Corporat	\$196.8	Capital Certified Development	\$138.1
	Capital Certified Development	\$190.5	WBD, Inc.	\$124.9
	CDC Small Business Finance Cor	\$166.5	Small Business Growth Corporat	\$118.8
	Total	\$6,419.4	Total	\$4,642.8
Banks/	BANK FIVE NINE	\$272.6	BANK OF AMERICA, NATIONAL ASSOCIATION	\$250.9
TPLs	JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	\$250.8	JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	\$200.0
1st liens	BANK OF AMERICA, NATIONAL ASSOCIATION	\$238.4	FIRST-CITIZENS BANK & TRUST COMPANY	\$152.6
	WELLS FARGO BANK, NATIONAL ASSOCIATION	\$165.9	WELLS FARGO BANK, NATIONAL ASSOCIATION	\$139.9
	CELTIC BANK CORPORATION	\$163.8	BANK FIVE NINE	\$128.0
	POPPY BANK	\$143.1	CELTIC BANK CORPORATION	\$126.5
	ZIONS BANK, A DIVISION OF	\$142.2	CALPRIVATE BANK	\$101.4
	CALPRIVATE BANK	\$119.3	FIRST CITIZENS BANK	\$95.5
	U.S. BANK, NATIONAL ASSOCIATION	\$111.7	HARVEST COMMERCIAL CAPITAL, LLC	\$93.7
	HARVEST COMMERCIAL CAPITAL, LLC	\$107.0	LIVE OAK BANKING COMPANY	\$91.5
	Total	\$8,982.6	Total	\$6,450.9

Top States for SBA 504 Loan Approvals				
	FY2023 (Through Sep. 30, 2023)		FY2024 (Through Jun. 30, 2024)	
CA	\$1,494,047,000	CA	\$1,119,123,000	
FL	673,256,000	FL	464,843,000	
TX	425,687,000	TX	312,844,000	
IL	299,333,000	GA	197,295,000	
UT	239,479,000	IL	194,470,000	
NY	236,476,000	NY	173,641,000	
GA	214,696,000	AZ	152,403,000	
MN	181,884,000	UT	129,479,000	
AZ	180,408,000	WI	128,408,000	
MA	177,558,000	MA	112,040,000	
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)	5.15%	5.48%	-0.33%	5.47%	5.53%	0.06%
3m US T-Bill (BEY)	4.97%	5.32%	-0.35%	5.51%	5.55%	0.06%
6m US T-Bill (BEY)	4.60%	4.97%	-0.37%	5.36%	5.51%	0.06%
1y US T-Bill	4.00%	4.40%	-0.40%	5.07%	5.42%	0.07%
2y US T-Note	3.57%	3.93%	-0.36%	4.68%	4.96%	0.21%
3y US T-Note	3.42%	3.75%	-0.33%	4.42%	4.64%	0.44%
5y US T-Note	3.43%	3.68%	-0.25%	4.24%	4.39%	0.81%
10y US T-Note	3.66%	3.85%	-0.19%	4.24%	4.25%	1.33%
20y US T-Bond	4.05%	4.25%	-0.20%	4.50%	4.52%	1.83%
30y US T-Bond	3.98%	4.16%	-0.18%	4.40%	4.34%	1.91%
Federal Funds	5.33%	5.33%	0.00%	5.33%	5.33%	0.08%
Fed Discount Rate	5.50%	5.50%	0.00%	5.50%	5.50%	0.25%
Prime Rate	8.50%	8.50%	0.00%	8.50%	8.50%	3.25%
TED Spread	0.23%	0.06%	0.17%	0.09%	0.12%	#VALUE!
Swap Rates						
2 Year Swap	3.86%	4.21%	-0.35%	5.01%	5.35%	0.34%
5 Year Swap	3.59%	3.86%	-0.27%	4.47%	4.65%	1.01%
10 Year Swap	3.65%	3.87%	-0.22%	4.35%	4.44%	1.48%
SBA 504 2nd Lien Loan Rates						
10 Yr	5.87%	6.48%	-0.61%	6.89%	7.05%	2.67%
20 Yr	5.83%	6.11%	-0.28%	6.44%	6.86%	2.86%
25 Yr	5.76%	6.04%	-0.28%	6.35%	6.81%	2.97%
Average Prime Rate Offer (APOR) Rates						
10 Yr Fixed	5.89%	6.25%	-0.36%	6.40%	6.79%	2.27%
10 Yr Variable	6.93%	6.95%	-0.02%	7.12%	7.27%	2.94%
Depository Rates						
1 Mon. CD - Non Jumbo	0.23%	0.23%	0.00%	0.23%	0.22%	0.03%
3 Mon. CD - Non Jumbo	1.53%	1.53%	0.00%	1.53%	1.33%	0.07%
6 Mon. CD - Non Jumbo	1.82%	1.81%	0.01%	1.79%	1.34%	0.09%
1 Yr CD - Non Jumbo	1.85%	1.85%	0.00%	1.80%	1.76%	0.14%
2 Yr CD - Non Jumbo	1.58%	1.58%	0.00%	1.54%	1.50%	0.17%
3 Yr CD - Non Jumbo	1.44%	1.44%	0.00%	1.42%	1.40%	0.21%
Savings	0.46%	0.45%	0.01%	0.45%	0.43%	0.06%
Checking	0.08%	0.08%	0.00%	0.08%	0.07%	0.03%
Money Market - Non Jumbo	0.64%	0.66%	-0.02%	0.68%	0.62%	0.09%
Regulatory & Interbank Rates						
Secured Overnight Financing Rate (SOFR)	5.33%	5.34%	-0.01%	5.31%	5.30%	0.05%
CME Term SOFR 1M	5.08%	5.34%	-0.25%	5.33%	5.33%	0.05%
CME Term SOFR 3M	4.94%	5.12%	-0.18%	5.34%	5.41%	0.05%
CME Term SOFR 6M	4.58%	4.81%	-0.23%	5.27%	5.47%	0.05%
FHLB Fixed Advances (30 day, < \$15m)	5.31%	5.58%	-0.27%	5.50%	5.50%	0.31%

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