

FY2017 Issuance Summary

SBA 504 Loan Program

For the first quarter in this fiscal year, we did not have an interest rate hike and the average 20-year debenture rate declined as the market retraced more of the post-election spike in rates. Initially, the reason for improvement was a reversal of an exaggerated selloff but ongoing geopolitical issues have created a *safe haven* environment for US\$ denominated debt. Even with the FOMC's commitment to its dot plan for rate increases, the market reality is there is too much global cash looking for assets, even with an increased MBS calendar.

Period	20- year %	Total Loans	Total \$ Issued	Spread to Swaps	Spread to Treasuries
FY14	3.15%	5,796	\$3.8B	+36	+48
FY15	2.73%	4,956	\$3.4B	+45	+55
FY16	2.38%	4,950	\$3.6B	+68	+56
FY17	2.83%	5,236	\$3.9B	+54	+50

What may put pressure on rates and spreads, in addition to the Fed normalizing its Balance Sheet, is renewed Administration focus on its tax plan and infrastructure spending, coupled with Janet Yellen's recent admission that inflation is unlikely to reach 2.0%, but the Committee must be "wary of moving too gradually." Other initiatives that might influence rates are ECB curtailment of its bond buying program and a potential rate hike by the Bank of England as it moved forward with Brexit.

Approved Loans – continue to show strength, both in the number of loans and dollar amount.

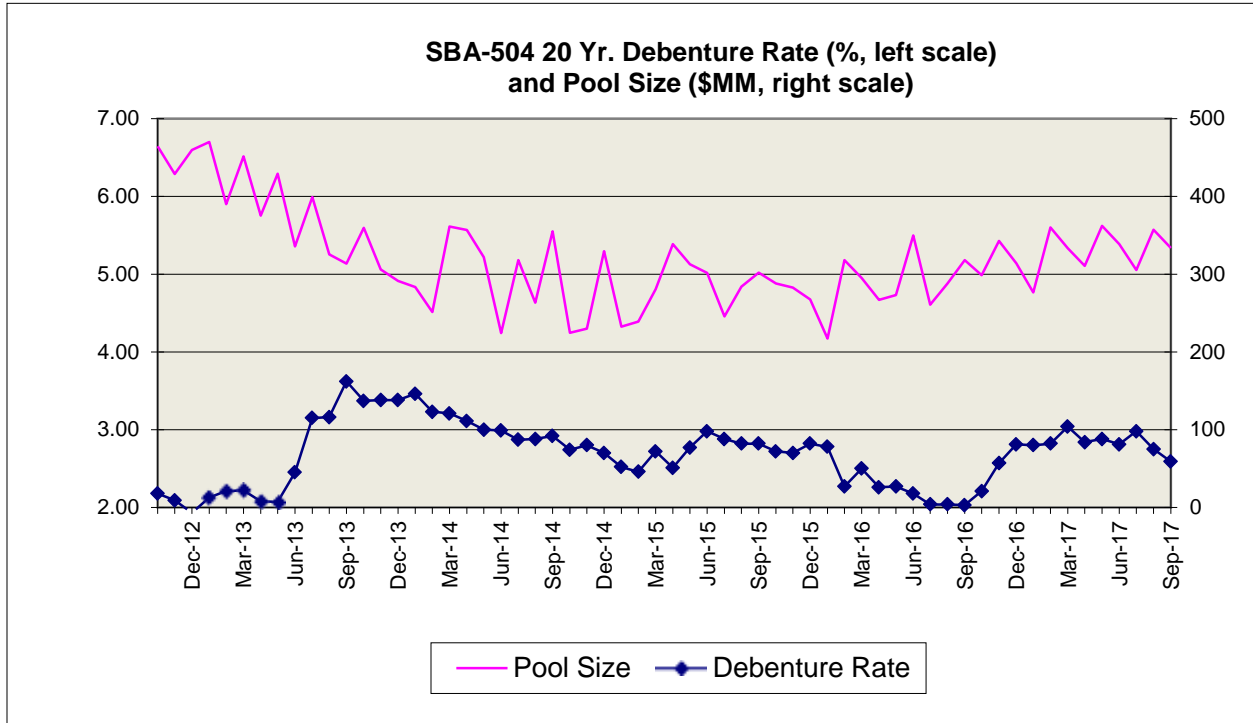
	FY16 to 8.31.17 # of Loans	FY16 to 8.31.17 \$ of Loans	FY17 to 8.31.17 # of Loans	FY17 to 8.31.17 \$ of Loans
Grand Totals	5258	4,181,203,000	5719	4,608,408,000
% +/-compared with FY16 thru 8.31.17			8.8%	10.2%
Avg. Loans SizeFY17 compared with FY16 thru 8.31.2017		792,208		805,807
Increase in Avg. Loan Size				1.3%
Monthly Change 8.31.17 to 7.31.17			514 loans	410,086,000

Debt Refinance

Period	# of Loans	\$ Amount of Loans
4Q17	54	\$60,658,000
3Q17	60	\$68,077,000

There is no Y/Y comparison since the first loan funded in Debt Refi II was in September 2016. To date, the totals are 180 loans for \$205,314,000, and like the conventional 504 loan, a continued hawkish Fed policy should translate into increased demand for long-term fixed-rate debt.

Pool Size and Debenture Rate – it has been mentioned frequently, but is still interesting to note that 2017-20I was priced (2.59%) 23bps lower than 2015-20I, even though there have been four rate increases since then.



SBA 504 Program Constant Default Rate (CDR) Update



4Q 2017

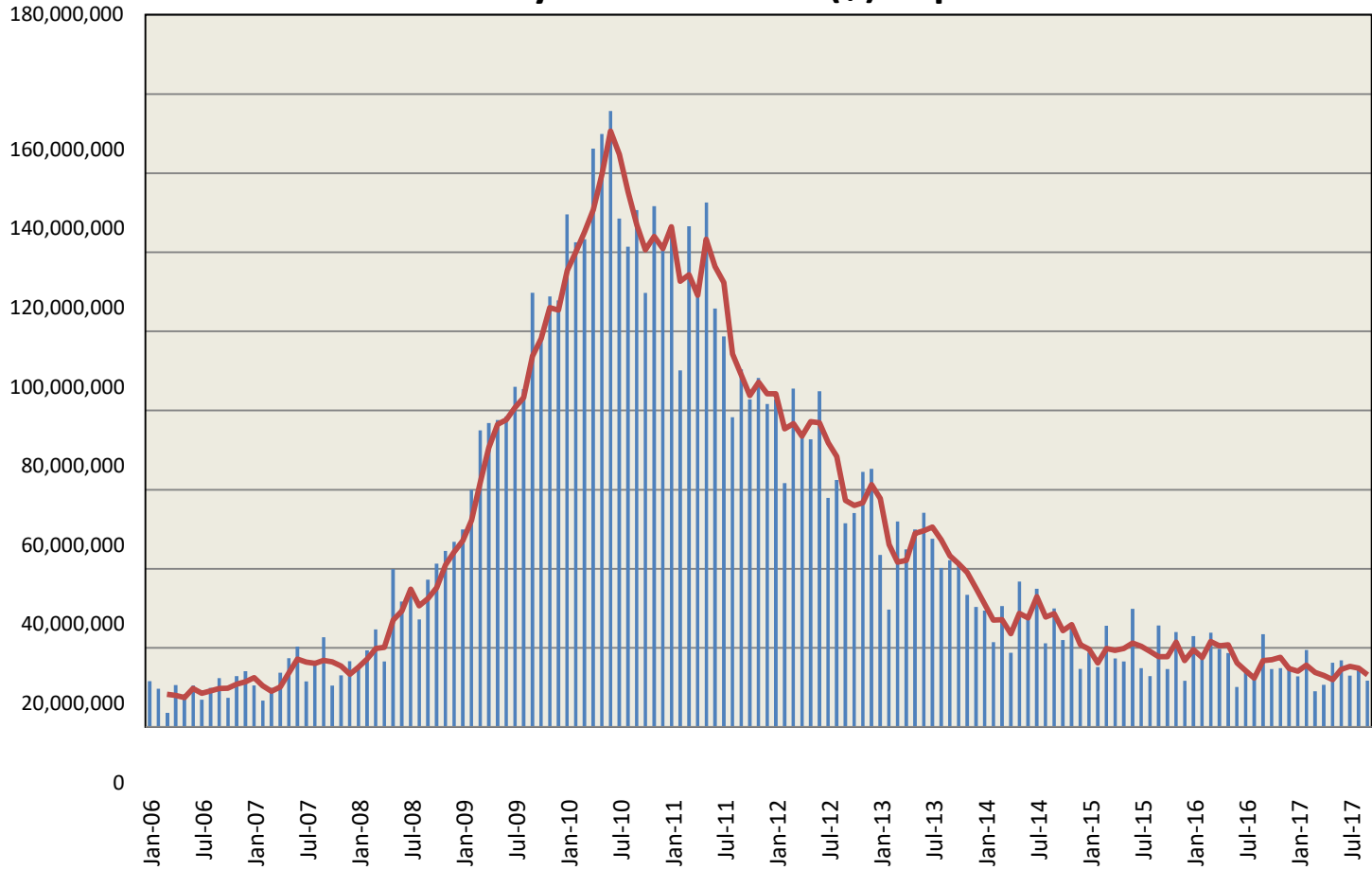
Definitions

- CDR is calculated by dividing total debenture accelerations by the average outstanding principal balance for the desired measurement period and annualizing the result.
- Calendar YTD, single month, 3-month and 6-month CDRs are calculated.
- Payment data source: SBA 504 Trustee BNYM
- Data is not seasonally-adjusted (NSA).

4Q 2017 Results

- \$39.5M accelerated vs \$43.8M in 3Q2017 and \$50.3MM a year ago. The three-month moving average is \$13.2M vs. \$16.8M one year ago. See page 4 for chart.
- Voluntary pre-pays increased slightly to \$569.2M from \$591.5M in 3Q2017 and 8% lower than \$651.2M in 4Q2016. See page 5 for chart.
- Twelve-month CDR declined to 0.65% . See page 6 for chart.
- Single month CDR for September decreased to 0.54% from 0.69% and is down 50% Y/Y, 3-month CDR decreased to 0.61% and 6 month CDR increased to 0.64%. All three remain well below the Long-Run Average of 1.7%. See page 7 for chart.
- The balance of outstanding DCPC's declined 1% Y/Y to \$25,868,981,263.69. See page 8 for chart.

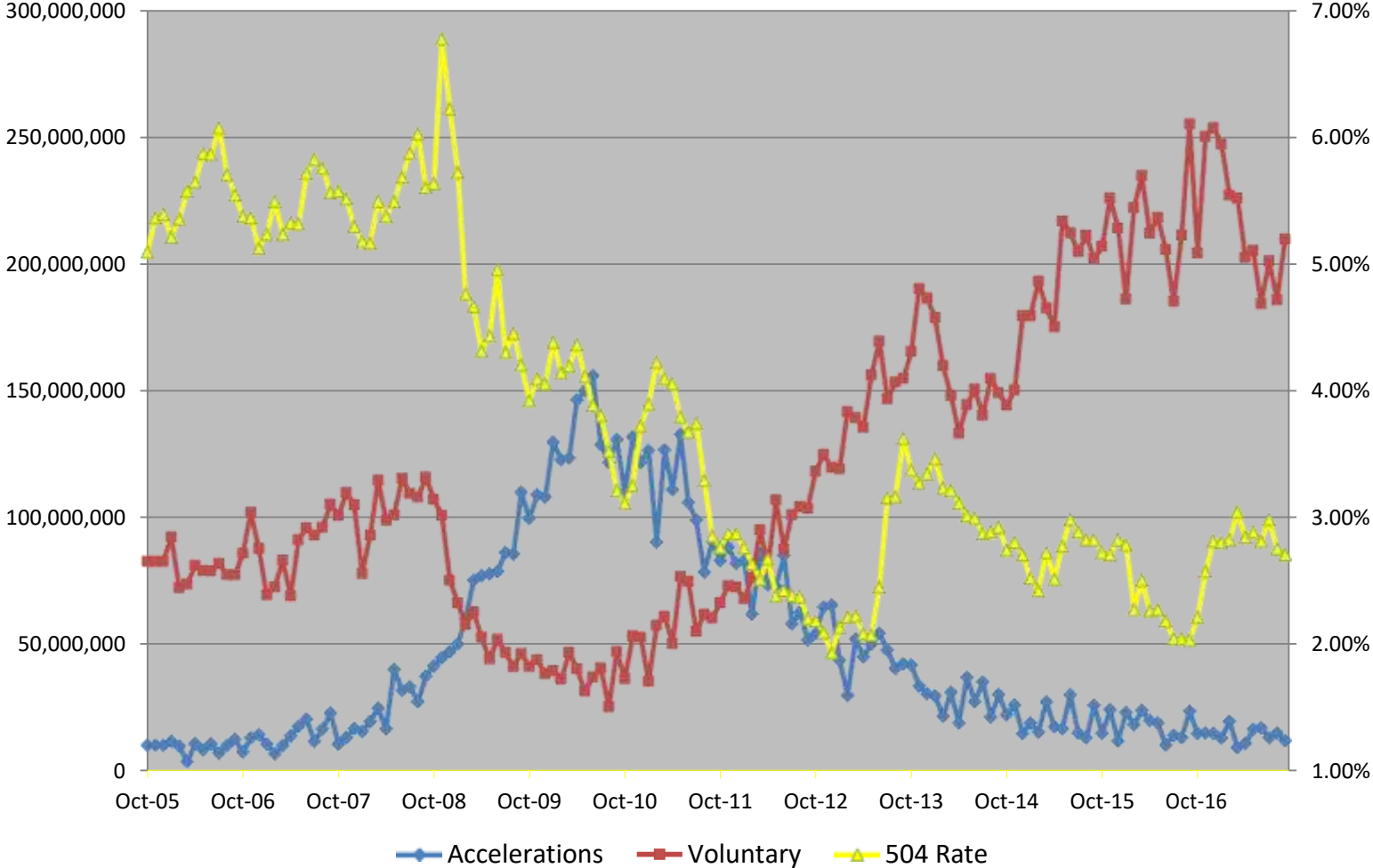
SBA DCPC Monthly Accelerations (\$) Septemebr 2017



Monthly Dollar Amount

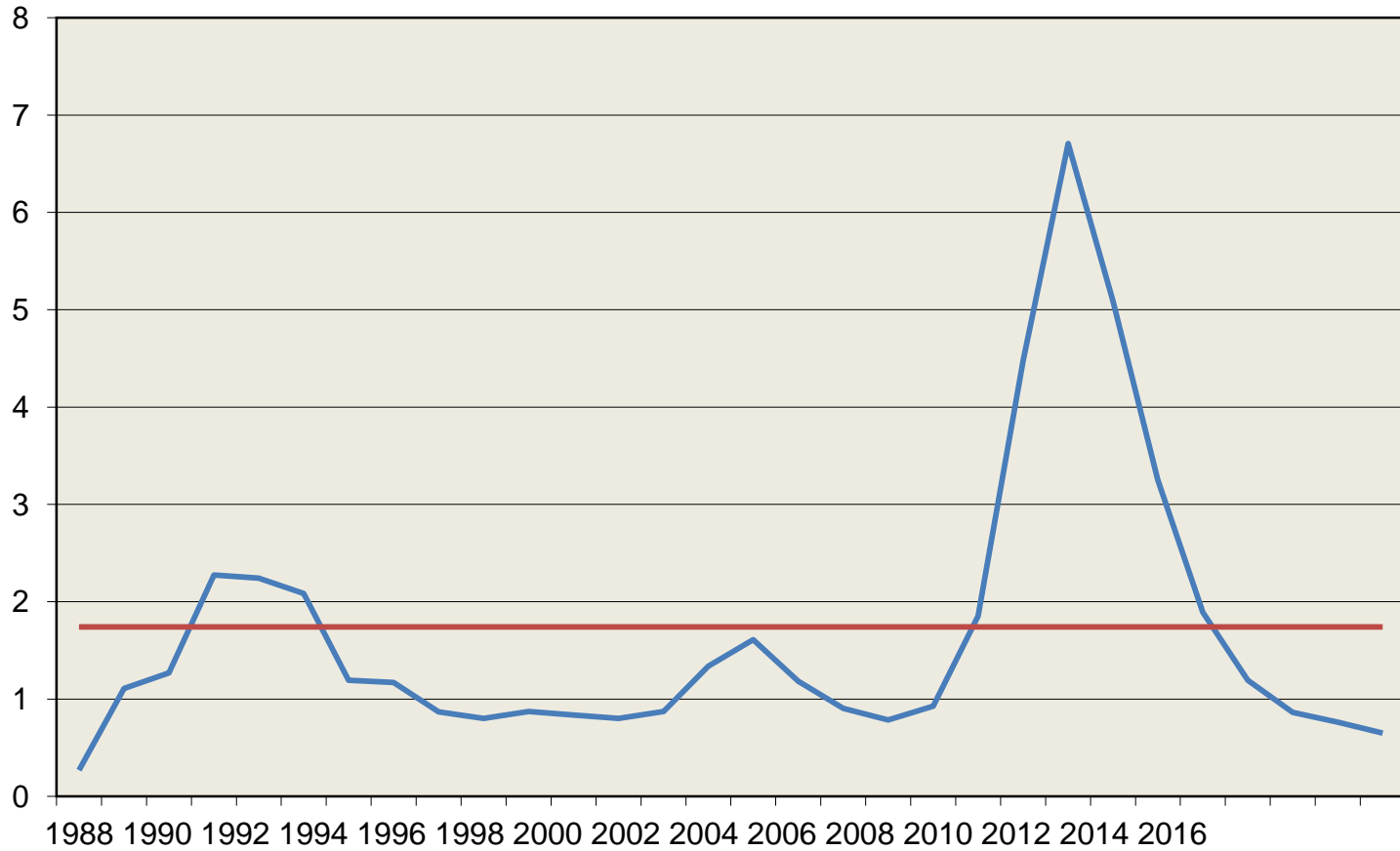
3-Month Moving Average

SBA 504 Pre-Payments



SBA 504 Annualized CDR (%)

source: DCFLLC and BAML

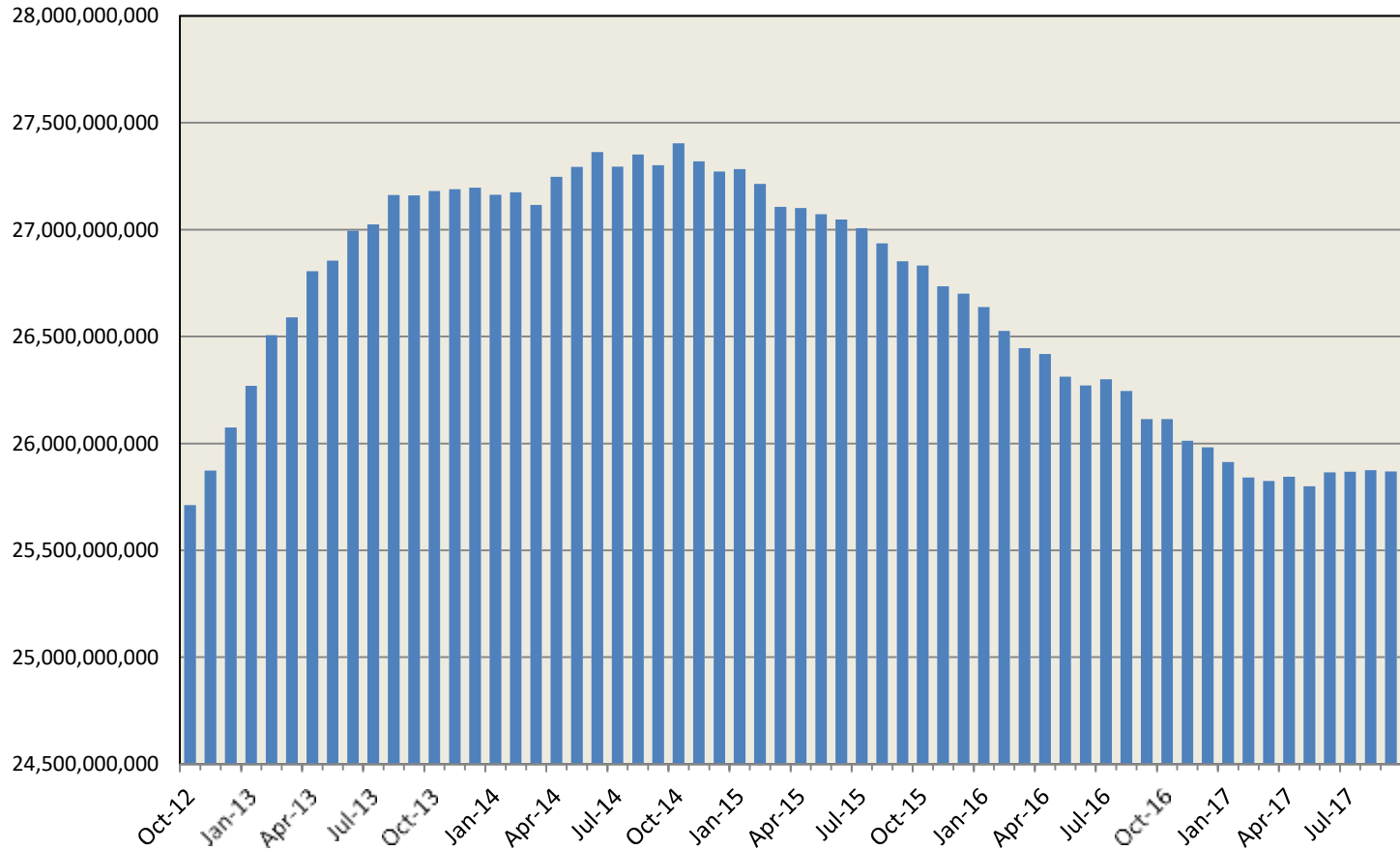


— Rate — Average

SBA 504 Annualized CDR - September 2017



Monthly DCPC Outstanding Balance(\$) September 2017



Disclaimer

The information herein has been obtained from sources that we believe to be reliable, but we do not guarantee its accuracy or completeness.



Eagle Compliance LLC

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