

Solomon Hess SBA Loan Fund

# 2025

## IMPACT REPORT



**SOLOMON | HESS**  
Capital  
Management

# YEAR IN REVIEW

Dear Investors,

**We are grateful for your continued support of the Solomon Hess SBA Loan Fund (SBA Loan Fund) and your shared commitment to advancing community development within the small business sector.**

**2025 was a year of measured resilience for small businesses in America.** Owners navigated a complex economic landscape defined by persistent inflation, elevated borrowing costs, and ongoing labor challenges, while still finding ways to adapt, grow, and innovate. In this environment, the Small Business Administration (SBA) reported record levels of capital support for small businesses, guaranteeing over 77,000 7(a) loans totaling more than \$37 billion. **Your investment enabled the SBA Loan Fund to support the 7(a) program, creating opportunities for entrepreneurs who lack access to conventional financing.** Together, we help small businesses, startups, and underserved markets thrive, fostering stronger communities.

**We are pleased to present the SBA Loan Fund's 2025 Impact Report, now in its ninth year, highlighting the measurable impact of your investments through quantitative metrics.** Since its inception in 2004, the SBA Loan Fund has invested more than \$3.9 billion to support over 6,300 small business loans, helping to create and/or retain more than 93,000 jobs nationwide. We hope you enjoy the included loan profiles, which bring the numbers behind our community development story to life.

This year, we highlight our partnership with 7(a) borrower Poppy's Handcrafted Popcorn, a woman-owned small business in Asheville. Following Hurricane Helene, the SBA Loan Fund helped renegotiate loan terms, underscoring our commitment to supporting small businesses in distressed and disaster-impacted communities.

Looking ahead, our mission will continue to guide our investment decisions as we work closely with investors to deliver both strong outcomes and meaningful community impact. With more than 20 years of experience in the 7(a) secondary market, we bring a disciplined understanding of risk, return, and impact. We value this partnership and sincerely appreciate your continued collaboration.

*With our thanks and best regards,*

**The Solomon Hess Team**

# EXPERIENCE DRIVING IMPACT

Experienced leadership guides disciplined capital deployment through the SBA 7(a) secondary market.

## About Solomon Hess SBA Loan Fund

### Fund Mission

The Solomon Hess SBA Loan Fund is a CDFI certified Community Development Entity with a primary mission of promoting permanent job creation, retention, and/or improvement for low- or moderate-income persons who are employed by small businesses by creating greater financial liquidity and a lower cost of capital within the Small Business Administration (SBA) 7(a) loan secondary market.

### Investment Asset Class

Equity: member ownership in a limited liability company

### Investment Holdings

Federally guaranteed portion of U.S. SBA 7(a) loans

Federally guaranteed portion of U.S. Department of Agriculture (USDA) loans

SBA 504 loan pools

### Target Beneficiaries

Economically distressed and underserved areas and individuals

### Geographic Areas Served

United States

### Certifications

Community Development Entity, certified by the Community Development Financial Institutions Fund since December 2005

Certified for Impact Management by Aeris Insight in December 2018



**Bill Einstein** is a founding partner of Solomon Hess Capital Management and serves as its Chief Financial Officer and Chief Compliance Officer.



**Mike Fallon** is a partner and Chief Investment Officer at Solomon Hess Capital Management.

## PORTFOLIO MANAGEMENT



**ISAAC FRADIN**  
*Senior Associate,  
Portfolio Management*



**SALVADOR HUTIRA**  
*Analyst,  
Portfolio Management*



**KIA MORAWETZ**  
*Analyst,  
Portfolio Management*

## OPERATIONS



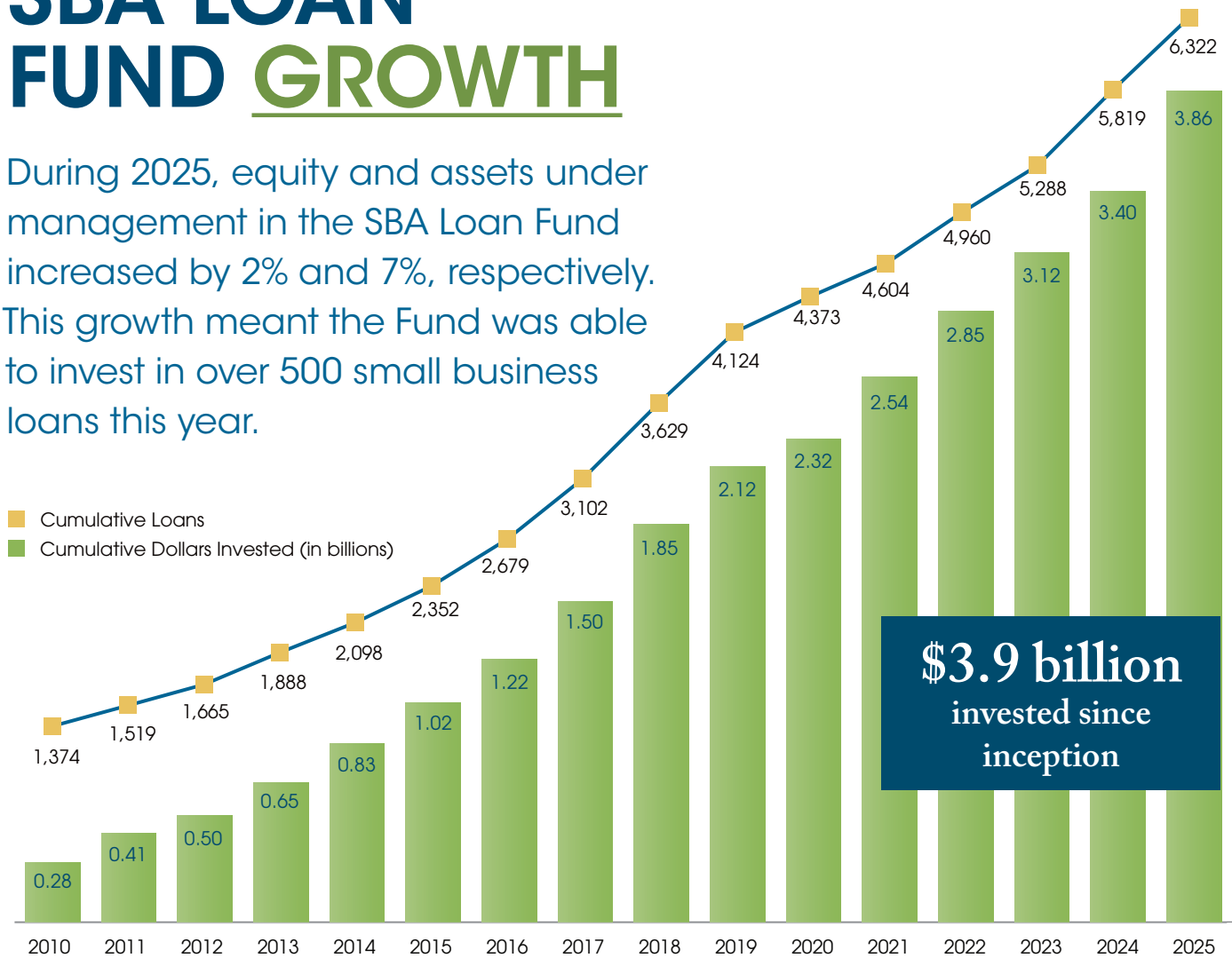
**CATHERINE MATHEW**  
*Senior Vice President*



**RICH FRANCHINI**  
*Manager, Financial  
Accounting and Reporting*

# SBA LOAN FUND GROWTH

During 2025, equity and assets under management in the SBA Loan Fund increased by 2% and 7%, respectively. This growth meant the Fund was able to invest in over 500 small business loans this year.



**\$3.9 billion**  
invested since inception

Dollar Amount of Loan Investments and Number of Loans Funded (cumulative since inception)

**On average, the SBA guarantees 1,600 small business loans per week worth over \$860 million**

## SBA NUMBERS

For FY 2025 year, the SBA guaranteed 84,400 7(a) and 504 small business loans for \$44.8 billion, including 77,600 7(a) loans for \$37 billion and 6,800 504 loans for \$7.8 billion.

**\$16.8 billion**  
to 43,000 businesses with 5 employees or less

**\$7 billion**  
to 11,000 new startups

**\$1.3 billion**  
to 3,000 veteran-owned small businesses

**7(a) Program:** the SBA's flagship program that provides partial loan guarantees that expand access to credit for businesses that may not qualify for conventional financing.

**504 Program:** The SBA's long-term, fixed-rate financing program that supports small business growth by providing low-cost capital for major fixed assets, such as owner-occupied real estate and equipment, through a public-private partnership.

# FUND IMPACT

The SBA Loan Fund has been helping clients invest for both return and impact potential since 2004. We are intentional about investing for positive community impact and tracking the results.

## Certified Development Entity Status

The SBA Loan Fund has been certified as a Community Development Entity (CDE) by the U.S. Treasury's Community Development Financial Institutions Fund (CDFI Fund) since July 25, 2005. As a CDE, the Fund must maintain at least 60% of its portfolio in CDFI Qualified Investment (QI) census tracts, reflecting its primary mission of serving low-income communities.

## What Is a CDFI QI Census Tract?

A CDFI QI census tract is an eligible "Investment Area" as defined by the CDFI Fund. These areas typically meet one or more of the following criteria:

- Poverty rate  $\geq$  20%
- Median family income  $\leq$  80% of area median income
- High unemployment or limited access to financial services
- Federally designated disaster areas
- Targeted low-income or underserved populations

Investments in CDFI QI census tracts satisfy CDE requirements and demonstrate measurable community development impact aligned with regulatory and policy-driven mandates.



As of December 31, 2025, the SBA Loan Fund had **\$910 million** in assets and capital from **119 bank investors**.



**\$78 million**  
Total loan balance

**3,124**  
Jobs Supported

**199**  
Total Loans

**178**  
In LMI or Distressed Tracts

**8**  
New Businesses



**\$137 million**  
Total loan balance

**5,066**  
Jobs Supported

**326**  
Total Loans

**271**  
In LMI or Distressed Tracts

**22**  
New Businesses



**\$17 million**  
Total loan balance

**1,000**  
Jobs Supported

**105**  
Total Loans

**67**  
In LMI or Distressed Tracts

**9**  
New Businesses



**\$14 million**  
Total loan balance

**393**  
Jobs Supported

**29**  
Total Loans

**22**  
In LMI or Distressed Tracts

**2**  
New Businesses



**\$606 million**  
Total loan balance

**15,750**  
Jobs Supported

**1,171**  
Total Loans

**1,171**  
In LMI or Distressed Tracts

**41**  
New Businesses

Impact Metrics as of December 31, 2025. Loan characteristics are not mutually exclusive.

# ADVANCING IMPACT THROUGH TARGETED LENDING

The Fund's impact is driven by targeted investment across key areas, including diverse ownership, underserved communities, and mission-driven lending channels.

**74 jobs** created and/or retained

## APPROACH IN PRACTICE

### Poppy's Handcrafted Popcorn

Poppy's Handcrafted Popcorn is a woman-owned small business based in Asheville, North Carolina, supplying fresh gourmet popcorn to retailers nationwide. The SBA 7(a) loan financed the owner-occupied property where the business operates and supported the creation and/or retention of 74 jobs. The SBA Loan Fund acquired the guaranteed portion of the 7(a) loan.

Following severe flooding from Tropical Storm Helene in September 2024, Asheville was declared a FEMA-designated disaster area. While Poppy's sustained no physical damage and no employees were injured, the business experienced significant order cancellations and resulting financial strain. In June 2025, the SBA Loan Fund worked with the originating lender to restructure the loan, extending the maturity by five years and providing an eight-month payment deferral.

While assistance is not always possible, the SBA Loan Fund seeks to support end borrowers when opportunities arise. Decisions are made in the best interests of the Fund and its investors.





# MINORITY-OWNED BUSINESSES

Advancing capital access to strengthen diverse small business ownership nationwide.

Expanding access to capital for minority-owned and co-owned small businesses remains an essential component of a resilient small business economy. Providing capital through SBA 7(a) lending supports established and growing enterprises across a broad range of industries and markets.

These investments help drive business expansion, job creation, and sustained economic activity in the communities these businesses serve.

## IMPACT IN ACTION

### Circulo de Amigos Child Care Center

Preschool and daycare center for infants to five-year-old children.

#### Location

Minneapolis, MN

#### Loan

Equipment

#### Community Development Impact

The borrower is located in a moderate-income census tract that is a CDFI Fund Qualified Investment census tract.

**24 jobs** created and/or retained





# DISTRESSED COMMUNITIES BUSINESSES

Deploying capital to support economic stability in underserved markets.

Small businesses operating in low- or moderate-income (LMI) and economically distressed communities play a vital role in local economic health. Targeted lending in these areas helps strengthen neighborhood business corridors and increase access to essential goods and services.

Financing businesses located in distressed communities supports employment growth and long-term economic resilience at the local level.

7 jobs created and/or retained

## IMPACT IN ACTION

### Birs Plaza Market

Independent supermarket located in a food desert that offers fresh meats and produce.

#### Location

Los Angeles, CA

#### Loan

Equipment

#### Community Development Impact

The borrower is located in a CDFI Fund Qualified Investment census tract that has been identified as a food desert.



# WOMAN-OWNED BUSINESSES

Supporting expanded access to growth capital for women-led enterprises.

Women-owned and co-owned businesses represent a significant and growing segment of the U.S. small business landscape. Access to capital enables these enterprises to scale operations, expand hiring, and strengthen market presence.

Investments in women-led businesses contribute to broader economic participation while maintaining disciplined underwriting standards.

## IMPACT IN ACTION

### Brooks AG Parts

Farm equipment supplier that carries a wide inventory of replacement parts for mowers to hay equipment, and tillers to post hole diggers.

#### Location

Amelia, Ohio

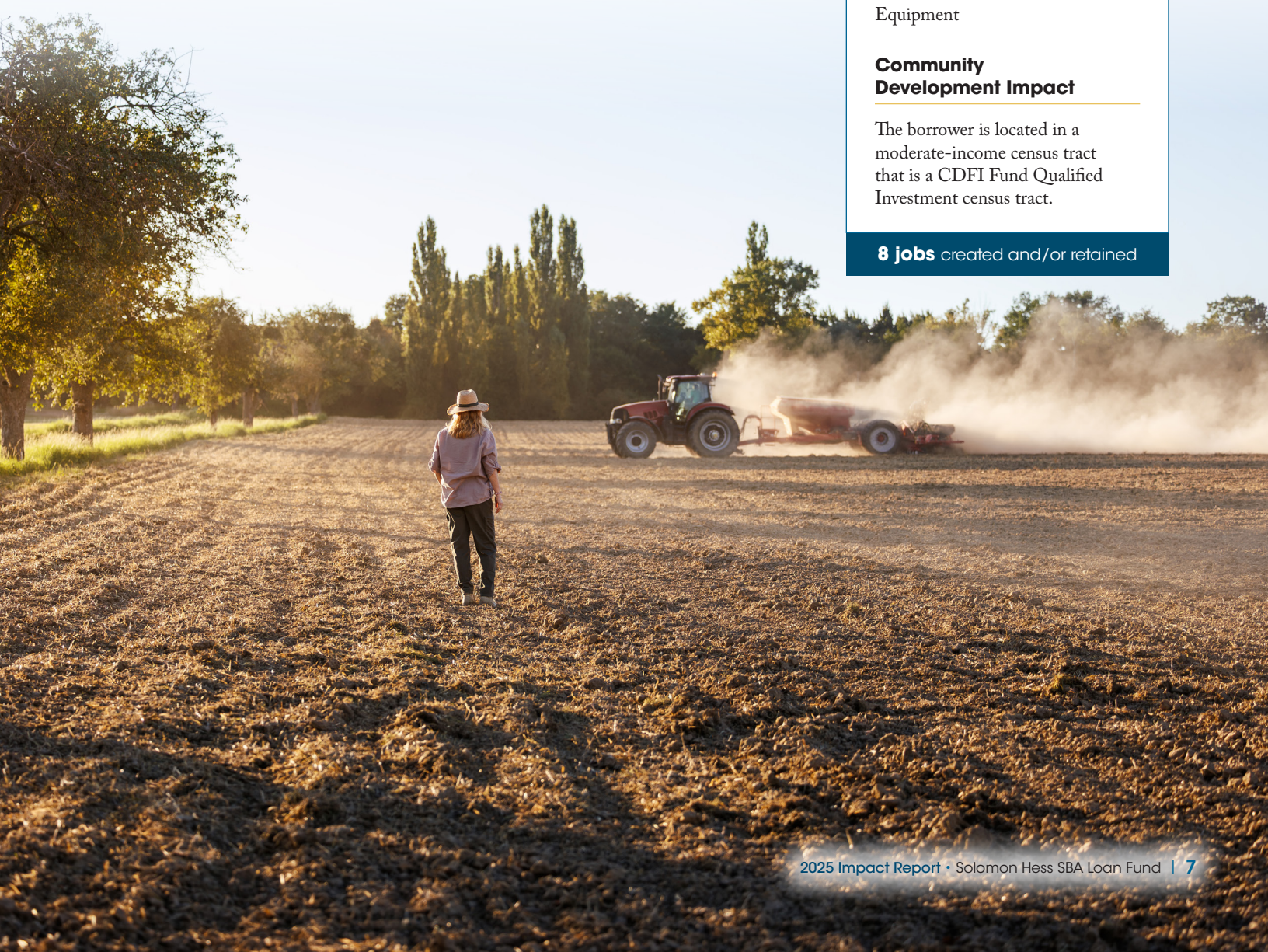
#### Loan

Equipment

#### Community Development Impact

The borrower is located in a moderate-income census tract that is a CDFI Fund Qualified Investment census tract.

**8 jobs** created and/or retained





# MISSION-DRIVEN LENDER ORIGINATED

Partnering with mission-aligned originators to broaden capital reach.

Mission-driven lenders and Community Development Financial Institutions (CDFIs) play a critical role in serving borrowers who may operate outside traditional lending channels. Collaboration with these originators extends capital access to qualified small businesses with strong operating fundamentals.

Investments in mission-aligned originations reinforce a diverse and inclusive small business lending ecosystem.

**4 jobs** created and/or retained

## IMPACT IN ACTION

### Momma Mondragon's Macarons

Retail bakery that offers a vast array of macarons in classic and unusual flavors, plus other pastries.

#### Location

Moreno Valley, CA

#### Loan

Working capital

#### Community Development Impact

The borrower is located in a CDFI Fund Qualified Investment census tract.



# VETERAN-OWNED BUSINESSES

Providing capital that supports veteran participation in the small business economy.

Veteran-owned and co-owned small businesses contribute meaningfully to economic activity across local markets. Access to SBA-backed capital supports business formation, operational growth, and workforce expansion.

Financing veteran-led enterprises strengthens community-level economic development while advancing inclusive participation in small business ownership.

## IMPACT IN ACTION

### American Transmissions

Vehicle repair shop that specializes in the diagnosis, repair and remanufacture of both automatic and manual transmissions and drivetrain components.

#### Location

Springfield, OK

#### Loan

Property

#### Community Development Impact

The borrower is located in a moderate-income census tract that is a CDFI Fund Qualified Investment census tract.

**6 jobs** created and/or retained

**SOLOMON HESS CAPITAL MANAGEMENT** is an alternative asset manager specializing in fixed-income investing. Founded in 2004, Solomon Hess has over \$1 billion in assets under management (as of 12/31/25). The firm's mission is to provide investors with community and economic development-focused investment solutions that generate both competitive, risk-adjusted returns and positive, quantifiable community impact. Solomon Hess serves accredited individuals and institutional investors, including banking institutions seeking to satisfy Community Development Investment or Lending requirements within the Community Reinvestment Act rules. The firm manages two distinct strategies within the community development asset class: a community development impact strategy and an absolute return strategy. These strategies are available as funds or separate accounts.

Learn more about the Solomon Hess SBA Loan Fund or our other investment opportunities by contacting Investor Services at (703) 466-0483 or by visiting us online at [www.SolomonHess.com](http://www.SolomonHess.com).

*This communication is for informational purposes only and is not an offer to sell or a solicitation of an offer to buy any investments offered by Solomon Hess, nor shall any such investments be offered or sold to any person in any jurisdiction in which such offer, solicitation, purchase, or sale would be unlawful under the securities laws of such jurisdiction.*

*The loans presented in this report are current and former holdings of the SBA Loan Fund. The loans we have highlighted may not be the highest performing loans in the Fund, but a sampling of small business loans with an impact story. The loans mentioned do not necessarily represent all of the loans held in the Fund and the reader should not assume that the loans identified and discussed were or will be profitable. A complete list of holdings for the Fund can be provided by contacting Solomon Hess Capital Management.*

*The Solomon Hess SBA Loan Fund LLC attempts to provide its investors with positive CRA consideration related to their participation in the Fund. Investment decisions are not always exclusively based on the economic characteristics or investment merit of a specific asset. Certain CRA eligible securities sought by the Fund in specific geographies may not provide as great an economic benefit to the Fund as the same securities located in non-CRA geographies. The Fund may engage in transactions at times for reasons related to CRA considerations that may not be desirable from an investment standpoint. If one or multiple federal banking regulators, such as the OCC, FDIC or the Federal Reserve Board, were to deem an investment in the Fund as not qualifying for positive CRA consideration, the impact to Fund investors could be material. The SBA Loan Fund is only for qualified institutional buyers or accredited investors.*

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