



**Date:** May 15, 2013

**To:** Certified Development Companies

**From:** Frank Keane, DCFLLC Fiscal Agent

**Subject:** May 2013 SBA 504 Debenture Offering

On May 15th 630 twenty-year debentures totaling 429,081,000 and 76 ten-year debentures totaling \$40,647,000 will be funded through the settlement of certificates guaranteed by SBA. Below are the May 9 debenture pricing details:

Sale/Sale Comparison	Treasury	Swap Spread	Spread	Rate	T plus
2013-20E (05/09/13)	1.80%	+14 bps	13 bps	2.07%	27 bps
2013-20D (04/11/13)	1.79%	+16 bps	13 bps	2.08%	29 bps
Change	+ 1.0bps	-2.0 bps	0.0bps	-1.0bps	-2.0bps

Sale/Sale Comparison	Treasury	Swap Spread	Spread	Rate	T plus
2013-10C (05/09/13)	0.74%	+16 bps	20 bps	1.10%	36 bps
2012-10B (03/07/13)	0.85%	+15 bps	20 bps	1.20%	35 bps
Change	-11 bps	+1 bps	0.0bps	-10 bps	+1 bps

- The June offering will consist of *20-year debentures*.
- The ***cutoff date*** to submit loans to the CSA for this offering is **Monday, May 27**.
- A ***request to remove a submitted loan*** from a financing must be made through Wells Fargo Corporate Services by close of business **Monday, June 3**. In advance of that all CDCs are required to determine “no adverse change” for each loan before submitting it to SBA.<sup>1</sup>
- ***Pricing and pooling date*** is **Thursday, June 6**, on which the debenture interest rates will be set and the pool legally formed and closed. Loans may not be pulled from the financing after the debenture interest rate has been set and the pool legally formed.
- The debentures will be funded on **Wednesday, June 12**.

Pricing for the May sale matched the 504 program’s lowest spread ever to Interest Rate Swaps for its 20-year debentures at +13 bps, and was the second lowest rate ever for the debentures at 2.07%. We continue to be over-subscribed in our sales though investors are becoming cautious with increased *Fed speak* about cutting back their Treasury and Mortgage-backed securities purchases. The previous week the FOMC announced they were prepared to increase or decrease their participation but Saturday’s WSJ article focused on the bank tapering off its purchases by year-end. We are still far away from the FOMC targets for the Unemployment rate and CPI but even a modification of their buy program will have a dampening effect on the market.

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<sup>1</sup> Per NADCO General Counsel Jan Garlitz: SOP 50-10(5)(E), page 341, subparagraph C.6.III.A.3., all CDCs must do a “no adverse change” determination no earlier than 14 calendar days before the file is shipped by the SLPC to the SBA District Counsel and the CDC submits its closing package to that SBA District Counsel. Non-ALP CDCs must submit their determination with the financial statements to the SLPC and receive SBA’s concurrence. ALP CDCs and PCLP CDCs must document their determination with the financial statements in the Loan file.