DEVELOPMENT COMPANY FUNDING CORPORATION

Date: January 12, 2010

To: Certified Development Companies

From: Steve Van Order, DCFC Fiscal Agent

Subject: Jan. 2010 SBA 504 Debenture Offering (2010-20A, 10A)

On January 13, 2010, 411 twenty-year debentures totaling $223,048,000 and 44 ten-year debentures totaling $18,589,000 will be funded through the sale of certificates guaranteed by SBA. Below are debenture pricing details:

Sale/Sale Comparison	Treasury	Swap Spread	Spread	Rate	T plus
2010-20A (01/05/10)	3.784%	9.75 BP	49.85 BP	4.38%	59.6 BP
2009-20L (12/08/09)	3.368%	13.50 BP	54.70 BP	4.05%	68.2 BP
Change	+41.6 BP	-3.75 BP	-4.85 BP	+33 BP	-8.6 BP

Sale/Sale Comparison	Treasury	Swap Spread	Spread	Rate	T plus
2010-10A (01/05/10)	2.583%	28.25 BP	30.45 BP	3.17%	58.7 BP
2009-10F (11/03/09)	2.304%	37.25 BP	30.35 BP	2.98%	67.6 BP
Change	+27.9 BP	-9 BP	+0.10 BP	+19 BP	-8.9 BP

- The February offering will consist of *20-year debentures.*
- The ***cutoff date*** to submit loans to Colson for this offering is Tuesday **January 26**.
- A ***request to remove a submitted loan*** from a pool must be made through Colson Services by close of business Thursday, **February 4**.
- ***Pricing date*** is Tuesday **February 9**, on which the debenture interest rates will be set.
- The debentures will be funded on Wednesday, February 17.

The 20-year debenture rate has been under 5% for twelve straight months. From January 2003 through March 2005 there were three seven-month runs of sub-5% rates but there never was a single twelve-month run. This January the 20-year spread to treasury reached +59.6 BP the tightest since March 2005. In the last ten years the spread was inside of +60 BP only five times, a 4% frequency, so it is a rare event to be enjoyed. The spread has been tight due to 1) the record steepness of the yield curve 2) the extremely tight interest rate swap spread and 3) the eligibility of the 504 DCPC's for the Fed NY's TALF program. In December the FOMC reiterated the TALF for ABS will expire on March 3, at which time that spread tightening support will be gone. The steep yield curve is likely to remain for a while longer but will start to flatten in earnest once the Fed starts tightening policy later this year.