



Date: June 12, 2012

To: Certified Development Companies

From: Frank Keane, DCFLLC Fiscal Agent

Subject: June 2012 SBA 504 Debenture Offering

On June 13 2012, 547 twenty-year debentures totaling \$339,484,000 will be funded through the settlement of certificates guaranteed by SBA. Below are the June 5 debenture pricing details:

Sale/Sale Comparison	Treasury	Swap Spread	Spread	Rate	T plus
2012-20F (06/05/12)	1.568%	+20.50 bps	65.00 bps	2.42%	85.2 bps
2012-20E (05/08/12)	1.837%	+14.75 bps	40.00 bps	2.38%	54.3 bps
Change	-26.9 bps	+5.75 bps	+25.0 bps	+4.0 bps	+30.9bps

- The July offering will consist of *20-year and 10-year debentures*.
- The *cutoff date* to submit loans to Colson for this offering is **Tuesday, June 19**.
- A *request to remove a submitted loan* from a financing must be made through Colson Services by close of business **Thursday, June 28**. In advance of that all CDCs are required to determine “no adverse change” for each loan before submitting it to SBA.¹
- *Pricing and pooling date* is **Tuesday, July 3**, 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, July 11**
- *Past is Prologue*. The June sale was adversely affected by its timing as the benchmark Treasury market had rallied sharply in response to a continued weak Non- Farm Payroll Report and then our pricing took place as the market corrected from an overbought, technical condition. The spread widening is reminiscent of last August when the markets were roiled by the threatened Government shutdown and the down grade of U.S. Government debt. That month CT10 yield declined 77 bps yet our August pricing widened by 32 bps, similar to last week. This month’s 2.42% rate does continue to show improvement to the twelve month average of 2.81%, as well as the three month average of 2.49%. The average rate for the prior

¹ Per NADCO General Counsel Jan Garlitz: SOP 50-10(5)(C), page 331, 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.

twelve months was 3.69%. This month's sales total was below the three month average of \$368,900mm but above the prior twelve month average of \$288,100mm.