

Date: March 13, 2013

To: Certified Development Companies

From: Frank Keane, DCFLLC Fiscal Agent

Subject: March 2013 SBA 504 Debenture Offering

On March 13, 2013, 693 twenty-year debentures totaling 45,401,000 and 77 ten-year debentures totaling \$49,982,000 will be funded through the settlement of certificates guaranteed by SBA. Below are the March 7 debenture pricing details:

Sale/Sale Comparison	Treasury	Swap Spread	Spread	Rate	T plus
2013-20C (03/07/13)	1.99%	+8.25 bps	15.0bps	2.22%	23 bps
2013-20B (02/07/13)	1.95%	+8.0 bps	18.0bps	2.21%	26 bps
Change	+4.0bps	+0.25 bps	-3.0bps	+1.0bps	-3.0bps

  

Sale/Sale Comparison	Treasury	Swap Spread	Spread	Rate	T plus
2013-10B (03/07/13)	0.844%	+15.25bs	20.0b s	1.20%	35.6bps
2013-10A (01/10/13)	0.796%	+11.75bps	20.0bps	1.11%	31.4bps
Change	+0.048bps	+3.50bps	0.0 bps	+9.0 bps	+4.2 bps

- The April offering will consist of *20-year debentures*.
- The *cutoff date* to submit loans to the CSA for this offering is Tuesday, March 26
- A *request to remove a submitted loan* from a financing must be made through the CSA by close of business Monday, April 8. 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, April 11, on which day 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, April 17

Continued Tightening: not in Fed policy, but in 504 debenture pricing. 2013-20C was priced at +23 bps to CT10 and that is the tightest spread in program history and just 2 bps wide to the tightest ever spread to Interest Rate Swaps. The IHFY average rate for this series is 2.13% and issuance has totaled \$2,874B. This pricing was accomplished by, not only the ongoing market support from QE3, but increased distribution by our Underwriters who continue to introduce new Investors to the program thereby increasing demand for our product. Whether the Treasury market has experienced "risk on" or "risk off" trades we have been able to consistently improve our funding spreads and position ourselves for **changing** markets.

<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.