



Date: April 17 2013

To: Certified Development Companies

From: Frank Keane, DCFLLC Fiscal Agent

Subject: April 2013 SBA 504 Debenture Offering

On April 17 2013, 616 twenty-year debentures totaling \$375,434,000 will be funded through the settlement of certificates guaranteed by SBA. Below are the April 11 debenture pricing details:

Sale/Sale Comparison	Treasury	Swap Spread	Spread	Rate	T plus
2013-20-D (04/11/2013)	1.79%	+16.25 bps	13.00 bps	2.08%	29.00 bps
2013-20-C (03/07/2013)	1.99%	+8.25 bps	15.00 bps	2.22%	23.00 bps
Change	-20.0 bps	+8.00 bps	-2.0 bps	-14.0 bps	+6.00 bps

- The **May** offering will consist of *20-year and 10-year debentures*.
- The **cutoff date** to submit loans to the CSA for this offering is **Monday, April 29**.
- A **request to remove a submitted loan** from a financing must be made through the CSA by close of business **Monday, May 6**. 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 **Thursday, May 9**, 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, May 15**.
- **The Trend Continues** –renewed concern for European fiscal responsibility in Cyprus, coupled with Bank of Japan’s Qualitative and Quantitative Easing policy moved Treasury rates lower by 20 bps since our March sale while widening Credit and Interest Rate Swap spreads. Yet demand for the 504 product’s Certificates allowed us to price this month at the tightest spread ever to Interest Rate Swaps, + 13 bps, improving on the previous best spread from April 2007, 13.6 bps. An indication of market change and improved spread shows our April 2012 debenture was priced at a rate of 2.67% and a spread to Swaps of +41 bps. Also, at 2.08% 2013-20D is the second lowest rate in history, trailing just the December 2012 pricing of 1.93%

¹ 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.