



Date: July 11, 2012

To: Certified Development Companies

From: Frank Keane, DCFLLC Fiscal Agent

Subject: July 2012 SBA 504 Debenture Offering

On July 11 2012, 566 twenty-year debentures totaling \$386,598,000 and 81 ten-year debentures totaling \$35,741,000 will be funded through the settlement of certificates guaranteed by SBA. Below are the July 3 debenture pricing details:

Sale/Sale Comparison	Treasury	Swap Spread	Spread	Rate	T plus
2012-20G (07/03/12)	1.608%	+15.0bps	62.0bps	2.38%	77.2bps
2012-20F (06/05/12)	1.568%	+20.5bps	65.0bps	2.42%	85.2bps
Change	+4.0bps	-5.5 bps	-3.0bps	-4.0bps	-8.0bps

Sale/Sale Comparison	Treasury	Swap Spread	Spread	Rate	T plus
2012-10D (07/03/12)	0.685%	+25.5bps	25.0bps	1.19%	50.5bps
2012-10C (05/08/12)	0.758%	+30.75bps	17.0bps	1.24%	48.0bps
Change	-7.3bps	-5.25bps	+8.0bps	-5.0bps	+2.5bps

- The August offering will consist of *20-year debentures*.
- The ***cutoff date*** to submit loans to Colson for this offering is **Tuesday, July 24**.
- A ***request to remove a submitted loan*** from a financing must be made through Colson Services by close of business **Thursday, August 2**. 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, August 7**, 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, August 15**

Pricing for the July sale matched the 504 program’s lowest rate ever for its 20-year debentures at 2.38% and was the lowest ever for the 10-yr debentures at 1.19%. The “risk-on” trade that has

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.

propelled Treasury rates to their historic lows has resulted in increased, though cautious demand for high quality spread product. The twelve month average rate for the 20-year series is 2.70%, 100 bps lower than the previous twelve month period, and average monthly volume has increased from \$287MM to \$347MM.