



**Date:** February 14, 2012

**To:** Certified Development Companies

**From:** Steve Van Order, DCFLLC Fiscal Agent

**Subject:** February 2012 SBA 504 Debenture Offering

On February 15, 2012, 572 twenty-year debentures totaling \$374,824,000 will be funded through the settlement of certificates guaranteed by SBA. Below are the February 7 debenture pricing details:

Sale/Sale Comparison	Treasury	Swap Spread	Spread	Rate	T plus
2012-20B (02/07/12)	1.954%	+11.00 BP	56.60 BP	2.63%	67.6 BP
2012-20A (01/03/12)	1.951%	+15.75 BP	65.15 BP	2.76%	80.9 BP
Change	+0.3 BP	-4.75 BP	-8.55 BP	-13 BP	-13.3 BP

- The March offering will consist of 20- and 10-year debentures.
- The *cutoff date* to submit loans to Colson for this offering is **Tuesday, February 21**.
- A *request to remove a submitted loan* from a financing must be made through Colson Services by close of business **Thursday, March 1**. 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 **Tuesday, March 6**, 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, March 14**.

February’s pool was the largest since December 2008. This is notable as February is typically the smallest-sized pool of the year. What could be main reason for the surprise in size? It appears that larger and more numerous 504 loans have backed the debentures over the last few months. The average debenture size in February was \$655,000 compared to the 12-month average of \$555,000. Much of this growth seems to be rooted in renewed interest in the 504 refinance program. Over the last decade we’ve greatly enlarged the buyer base for the 504 pools and the market certainly has good appetite for larger 504 debenture pools. Please keep up the good work!

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<sup>1</sup> 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.