



Development Company Finance LLC

Date: April 12, 2011

To: Certified Development Companies

From: Steve Van Order, DCFLLC Fiscal Agent

Subject: April 2011 SBA 504 Debenture Offering

On April 13, 2011, 480 twenty-year debentures totaling \$251,557,000 will be funded through the sale of certificates guaranteed by SBA. Below are debenture pricing details:

Sale/Sale Comparison	Treasury	Swap Spread	Spread	Rate	T plus
2011-20D (04/05/11)	3.436%	+11.00 BP	50.40 BP	4.05%	61.4 BP
2011-20C (03/08/11)	3.523%	+10.00 BP	46.70 BP	4.09%	56.7 BP
Change	-8.7 BP	+1.00 BP	+3.70 BP	-4 BP	+4.7 BP

- The May offering will consist of *20- and 10-year debentures*.
- The ***cutoff date*** to submit loans to Colson for this offering is **Tuesday, April 19**.
- A ***request to remove a submitted loan*** from a financing must be made through Colson Services by close of business **Thursday, April 28**. Well in advance of that all CDCs are required to determine “no adverse change” for each loan before submitting it to SBA.¹
- ***Pricing date*** is **Tuesday, May 3**, on which the debenture interest rates will be set. Loans may not be pulled from the financing after the debenture interest rate has been set.
- The debentures will be funded on **Wednesday, May 11**.

Requests to pull loans from a debenture sale. Colson Services and the Fiscal Agent may remove a loan from a financing upon request from a CDC. This must be done, however, by the Friday *before* the debenture pricing date. A loan may not be pulled after the debenture interest rate has been set. On the pricing date, DCFLLC and the underwriters contract to form the pool containing the debentures to be issued by the CDCs. The pool is based on the number and dollar amount of loans as determined by Colson Services which is formalized in a letter to bond counsel.

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.

Pulling a loan would require the debenture team to re-run the financing, re-execute documents, and again request agency authorizations, increasing the risk of an error at the time of funding. It also might cause economic loss to an investor who committed money in good faith to buy into a debenture pool based on the amount and number of debenture known at pricing.

We greatly appreciate the careful attention over the years CDCs have given to this important requirement.