



**Date:** May 7, 2009  
**To:** Certified Development Companies  
**From:** Steve Van Order, DCFC Fiscal Agent  
**Subject:** May 2009 SBA 504 Debenture Offering (2009-20E, 10C)

On May 13, 2009, 439 twenty-year debentures totaling \$275,938,000 and 38 ten-year debentures totaling \$21,986,000 will be funded through the sale of certificates guaranteed by SBA. Below are debenture pricing details that were

set on May 5:

Sale/Sale Comparison	Treasury	Swap Spread	Spread	Rate	T plus
<b>2009-20E (05/05/09)</b>	3.183%	14.25 BP	110.45 BP	4.43%	124.7 BP
<b>2009-20D (04/07/09)</b>	2.890%	22.25 BP	119.75 BP	4.31%	142.0 BP
<b>Change</b>	+29.3 BP	-8.00 BP	-9.30 BP	+12 BP	-17.3 BP

Sale/Sale Comparison	Treasury	Swap Spread	Spread	Rate	T plus
<b>2009-10C (05/05/09)</b>	2.034%	57.25 BP	70.35 BP	3.31%	127.6 BP
<b>2009-10B (03/03/09)</b>	1.898%	68.50 BP	129.70 BP	3.88%	198.2 BP
<b>Change</b>	+13.6 BP	-11.25 BP	-59.35 BP	-57 BP	-70.6 BP

- The June offering will consist of *20-year debentures*.
- The *cutoff date* to submit loans to Colson for this offering is Tuesday **May 26**.
- A *request to remove a submitted loan* from a pool must be made through Colson Services by close of business Thursday, **June 4**.
- *Pricing date* is Tuesday **June 9**, on which the debenture interest rates will be set.
- The debentures will be funded on Wednesday, June 17.

Benchmark treasury yields rose but tighter interest rate swap spreads and tighter 504 spreads to swap kept the month-over-month increase in the 20-year debenture interest rate a modest 12 BP. The ten-year debenture benefited from strong demand for shorter-maturity government-guaranteed securities and the spread to swap contracted a dramatic 59 BP from the March offering. The 3.31% 10-year debenture interest rate was the second lowest on record.

The chart this month shows the May deal 20-year debenture spread to treasury of 124.7 BP back within the long term range of +50 BP to +150 BP that prevailed before February 2008. The spread returned to this range in April, 2009. For those statistically-oriented readers, the May spread z-score measured over three-, five- and ten-years ranged between -0.2 and +0.3 standard deviation and measured over the life of the program at +0.8 standard deviation. In other words, May produced a normal-looking spread to treasury. Let's hope it looks normal for a good while longer. That will depend on interest rate swap spreads remaining abnormally tight.

**504 20 yr. 504 Debenture Rate Spread  
vs. 10 yr. Treasury Yield (BP)**

