Development
Company
Finance LLC

Happy Holidays !

Date: December 19, 2011

To: Certified Development Companies

From: Steve Van Order, DCFLLC Fiscal Agent

Subject: December 2011 SBA 504 Debenture Offering

On December 14, 2011, 534 twenty-year debentures totaling $318,625,000 were funded through the settlement of certificates guaranteed by SBA. Below are the December 8 debenture pricing details:

Sale/Sale Comparison	Treasury	Swap Spread	Spread	Rate	T plus
2011-20L (12/06/11)	2.078%	+14.25 BP	64.95 BP	2.87%	79.2 BP
2011-20K (11/08/11)	2.009%	+16.50 BP	69.60 BP	2.87%	86.1 BP
Change	+6.9 BP	-2.25 BP	-4.65 BP	+0 BP	-6.9 BP

- The January offering will consist of *20- and 10- year debentures.*
- The ***cutoff date*** to submit loans to Colson for this offering is **Tuesday, December 20.**
- A ***request to remove a submitted loan*** from a financing must be made through Colson Services by close of business **Thursday, December 29**. 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, January 3**, 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, January 11.**

Over the last four months the 20-year debenture interest rate has been in a range from 2.76% to 2.87% with identical rates 2.87% in November and December. This tight range belied the occasional bouts of volatility in the global financial markets. These bouts made US market

[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.

interest rates gyrate. Over this timeframe, we benefited from a fortuitous combination of events including 1) tightening spreads when the benchmark treasury yield rose (November) and 2) a sharply lower treasury benchmark yield at pricing which helped offset wider spreads (October) and 3) a quiet December market. We also benefited, frankly, from the good fortune not to have had our pricing window on a particularly volatile day or even at the wrong time on a pricing day.

Looking ahead, given the heavy financing needs of euro area sovereigns the current phase of the euro area crisis may well come to a head in the first quarter. Financial markets again could become volatile. The Fed will conduct monetary policy meetings in January and March. Over the first quarter we may see further refinement in the Fed's communications policy. Fed leadership remains biased to further ease if financial and or economic conditions threaten a new US recession. Unless such a threat materializes, however, the Fed should keep monetary policy status quo with treasury maturity extension operations executed as scheduled.