



**Date:** January 17, 2012

**To:** Certified Development Companies

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

**Subject:** January 2011 SBA 504 Debenture Offering

On January 11, 2011, 470 twenty-year debentures totaling \$302,257,000 and 44 10-year debentures totaling \$19,966,000 were funded through the settlement of certificates guaranteed by SBA. Below are the January 3 debenture pricing details:

Sale/Sale Comparison	Treasury	Swap Spread	Spread	Rate	T plus
<b>2012-20A (01/03/12)</b>	1.951%	+15.75 BP	65.15 BP	2.76%	80.9 BP
<b>2011-20L (12/06/11)</b>	2.078%	+14.25 BP	64.95 BP	2.87%	79.2 BP
<b>Change</b>	-12.7 BP	+1.50 BP	+0.20 BP	-11 BP	+1.7 BP

Sale/Sale Comparison	Treasury	Swap Spread	Spread	Rate	T plus
<b>2012-10A (01/03/12)</b>	0.883%	+39.25 BP	30.45 BP	1.58%	69.7 BP
<b>2011-10F (11/08/11)</b>	0.883%	+34.00 BP	29.70 BP	1.52%	63.7 BP
<b>Change</b>	-0 BP	+5.25 BP	+0.75 BP	+6 BP	+6 BP

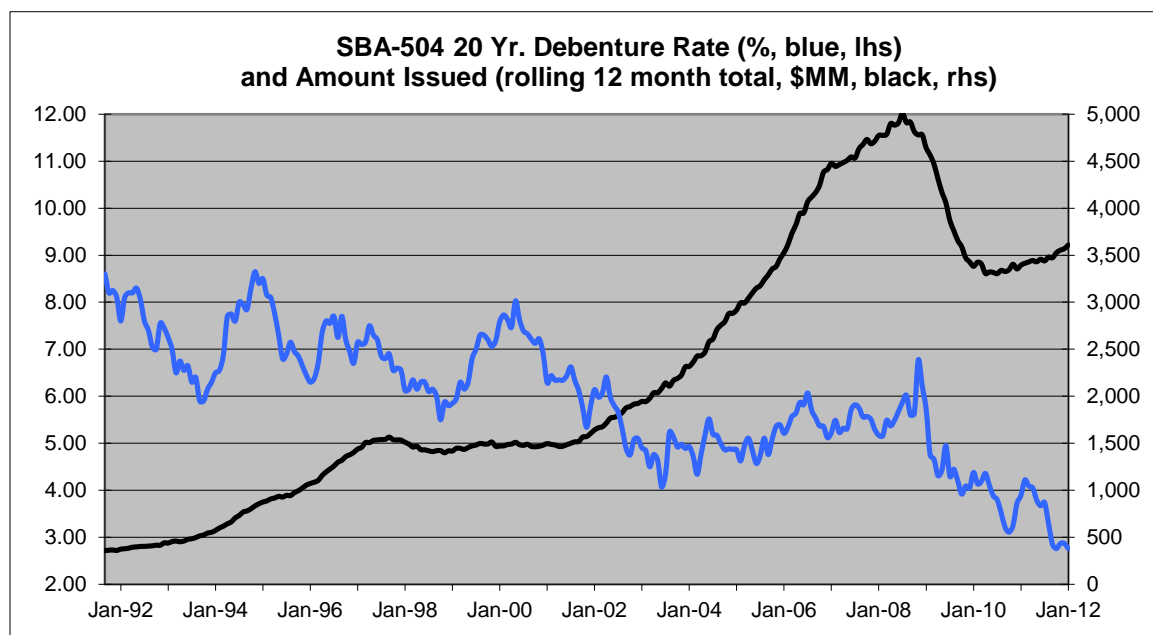
- The February offering will consist of *20-year debentures*.
- The ***cutoff date*** to submit loans to Colson for this offering is **Tuesday, January 24**.
- A ***request to remove a submitted loan*** from a financing must be made through Colson Services by close of business **Thursday, February 2**.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

#### **Q1 FY 2012 Debenture Issuance Summary**

- In Q1 FY 2012 \$999,941,000 in debentures were issued, up 9.9% from a year- ago.

<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.

- The average 20-year debenture interest rate was 2.83% versus 3.36% for the year-ago period. The ten-year debenture rate was 1.52% versus 1.81%.
- 20-year spread to treasury benchmark averaged +88 BP, up 23 BP versus the year ago period and compared to the +90 BP average since program inception in 1986.
- 20-year spread to interest rate swap benchmark averaged +70 BP, up 18 BP from a year ago and compared to +48 BP since pricing to swaps started in 1999.
- As of January, 1 2012, 108,159 debentures were issued since inception that totaled \$49,656,894,000 original principal balance with \$24,373,734,079.08 in outstanding principal balance.



**504 20 yr. 504 Debenture Rate Spreads**  
vs. 10 yr. Treasury Yield (blue), and 10 yr. Swap Rate (black) (basis points)

