



Date: October 15, 2013
To: Certified Development Companies
From: Frank Keane, DCF LLC Fiscal Agent
Subject: October 2013 SBA 504 Debenture Offering

On October 16 2013, 564 twenty-year debentures totaling \$359,451,000 will be funded through the settlement of certificates guaranteed by SBA. Below are the October 10 debenture pricing details:

Sale/Sale Comparison	Treasury	Swap Spread	Spread	Rate	T plus
2013-20-J (10/10/13)	2.71%	+14.0 bps	52.0 bps	3.37%	66.0 bps
2013-20-I (09/05/13)	2.96%	+18.0 bps	48.0 bps	3.62%	66.0 bps
Change	-25.0 bps	-4.0 bps	+4.0 bps	-25.0 bps	0.0bps

- The November offering will consist of *20-year and 10-year debentures*.
- The *cutoff date* to submit loans to the CSA for this offering is **Thursday, October 24**.
- A *request to remove a submitted loan* from a financing must be made through the CSA by close of business **Monday, November 4**. 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 **Thursday, November 7**, on which date 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, November 13**.
- **The Trend Continues** was the title for the October 2012 letter as demand was strong for high quality credit product and we priced at a 2.18% rate, continuing a trend that culminated in a 1.93% debenture in December. The trend of this market is not so hospitable though we did improve by 25 bps from the September sale, aided by the FOMC decision not to reduce its monthly purchases of Treasury and Mortgage-backed bonds. The decline in rate is mostly concentrated in Treasuries as credit product has lagged due to investor apathy enhanced by the government shutdown and debt ceiling debate. As legislators debate raising the debt ceiling investors are cautious and do expect rates to rise as projections for stronger economic growth in 1Q14 should offset current weakness. Barring headline risk from global events or a sharper than expected drop in economic activity the market is poised to drift higher in rate.

¹ Per NADCO General Counsel Jan Garlitz: SOP 50-10(5)(E), page 341, 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.