



Date: December 10, 2013

To: Certified Development Companies

From: Frank Keane, DCF LLC Fiscal Agent

Subject: December 2013 SBA 504 Debenture Offering

On December 11, 424 twenty-year debentures totaling \$291,423,000 will be funded through the settlement of certificates guaranteed by SBA. Below are the December 5 debenture pricing details:

Sale/Sale Comparison	Treasury	Swap Spread	Spread	Rate	T plus
2013-20-L (12/05/13)	2.86%	+07 bps	+45 bps	3.38%	.52 bps
2013-20-K (11/07/13)	2.76%	+12 bps	+50 bps	3.38%	.62 bps
Change	+10 bps	-05 bps	-05 bps	.00 bps	-.10 bps

- The **January offering** will consist of *20-year and 10-year debentures*.
- The **cutoff date** to submit loans to the CSA for this offering is **Thursday, December 26**.
- A **request to remove a submitted loan** from a financing must be made through the CSA by close of business **Monday, January 6**. In advance of that all CDC's are required to determine "no adverse change" for each loan before submitting it to SBA.¹
- **Pricing and pooling date** is **Thursday, January 9**, on which day 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 15**.
- **Fed Fever** – having survived the dramatic spike in rate this summer the market is taking "taper fever" in stride. Robust job figures and an upward revision to GDP are making it easier for the Fed to taper its \$85B in monthly purchases but both bond and equity market volatility have eased. A potential budget accord will remove one obstacle from 1Q14 activity and investors seem comfortable with the oft repeated refrain "tapering is not tightening." So, while the Fed is not expected to raise short-term rates the combination of reduced purchases and an improving economy will result in higher intermediate rates with a consensus forecast for ten-year Treasuries to yield 3.50% by this time next year.

1

Per SOP 50-10(5)(E), page 341, subparagraph C.6.III.A.3., "CDCs must issue an opinion that to the best of its knowledge there has been no unremedied substantial adverse change in the Borrower's (or Operating Company's) ability to repay the 504 loan since its submission of the loan application to SBA ("finding"). For all 504 loans except ALP and PCLP, CDCs must provide its finding to the SLPC along with copies of the financial statements current within 120 days supporting that finding. The CDC's finding of no adverse change must be made no more than 14 calendar days prior to submission to the SLPC at the time the CDC is requesting that SLPC transmit the file to District Counsel for debenture closing. The SLPC either will notify the CDC of its approval or, if SBA disagrees with the CDC's determination of no adverse change, the debenture will not close until SBA has been satisfied that any adverse change has been remedied. ALP and PCLP CDCs must make a finding of no unremedied substantial adverse change 14 calendar days prior to submission of the closing package to District Counsel and retain the finding and copies of the financial statements on which they relied in their files. If the debenture closing is not consummated in the month following the finding, all CDCs must make and submit (except PCLP and ALP CDCs which must retain the finding in the file) a new finding of No Adverse Change and request for transmission of the file including SLPC's approval of the new finding to District Counsel."