



**Date:** June 12 2013

**To:** Certified Development Companies

**From:** Frank Keane, DCFLLC Fiscal Agent

**Subject:** June 2013 SBA 504 Debenture Offering

On June 12 2013, 539 twenty-year debentures totaling \$335,837,000 will be funded through the settlement of certificates guaranteed by SBA. Below are the June 6 debenture pricing details:

<b>Sale/Sale Comparison</b>	<b>Treasury</b>	<b>Swap Spread</b>	<b>Spread</b>	<b>Rate</b>	<b>T plus</b>
<b>2013-20-F (06/06/13)</b>	2.10%	+19.00 bps	16.00 bps	2.45%	35.00bps
<b>2013-20-E (05/09/13)</b>	1.80%	+14.00 bps	13.00 bps	2.07%	27.00 bps
<b>Change</b>	+30.0 bps	+5.00 bps	+3.00 bps	+38.00 bps	+8.00bps

- The July offering will consist of *20-year and 10-year debentures*.
- The ***cutoff date*** to submit loans to the CSA for this offering is **Monday, July 1**.
- A ***request to remove a submitted loan*** from a financing must be made through the CSA by close of business **Monday, July 8**. 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 **Thursday, July 11**, 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, July 17**.
- **“Student Body Left”** – is pretty much how the market has moved recently, with an overwhelming bias to the sell side. On pricing date ten-year rates were higher by 43 bps since April 30<sup>th</sup> and market sentiment had shifted. Speculation about the curtailment of the Fed’s QE 3 program has been the dominant theme as the rates market failed to hold support levels and has entered a new, higher rate trading range. Reduced liquidity, wider credit and bid-ask spreads have been the norm yet our Underwriters were able market the June issue just .03 bps wider to Swaps than the previous month’s sale which matched the tightest spread to Interest Rate Swaps in the history of the program.

<sup>1</sup> 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.