



Date: July 10, 2008
To: Certified Development Companies
From: Steve Van Order, DCFC Fiscal Agent
Subject: June 2008 504 Debenture Offering (2008-20F)

On June 11, 2008, 684 twenty-year debentures totaling \$412,067,000 were funded through the sale of certificates guaranteed by SBA. Below are debenture rates and pricing results set June 3.

Sale/Sale Comparison	Treasury	Swap Spread	Spread	Rate	T plus
2008-20F (06/3/08)	4.013%	64.50 BP	102.20 BP	5.68%	166.7 BP
2008-20E (05/6/08)	3.828%	61.50 BP	104.70 BP	5.49%	166.2 BP
Change	+18.5 BP	+3.00 BP	-2.50 BP	+19 BP	+0.5 BP

- In the first nine months of FY 2008 6,553 debentures totaling \$3,735,230,000 were issued. The number of debentures increased 6.3% while the dollar amount was up 7.6% versus the year ago period. Average twenty-year debenture pool size was \$401 million versus \$379 a year ago.
- The average¹ 20-year rate was 5.41%, up 5 BP from the year ago period. The ten-year debenture rate averaged 4.78%, down 37 BP versus a year ago.
- The credit market environment the last nine months were the most challenging in program history. There was a rare, even unheard of, set of policy responses from the Fed as the liquidity and credit crisis intensified in the US. The crescendo, to date, was the March 16 collapse of Bear Stearns, the fifth-largest US broker-dealer. After a period of calm in April and May conditions deteriorated in June although not to the extent witnessed in March. In this environment our success in greatly expanding the 504 DCPC buyer base paid off and monthly offerings proceeded smoothly despite the surrounding turmoil. As seen in many other debt markets 504 DCPC spreads to treasury and swap moved up into record territory. The 20-year debenture rate was remarkably stable during throughout this protracted crisis.

Issuance, Interest Rates and Spreads: 9 Months FY'08 versus FY'07²

Measurement	2008	2007	Change
20-yr. 504 Issued	\$3,642.6 MM	\$3,412.8 MM	+7%
20-yr. 504 Rate	5.41%	5.36%	+5 BP
20-yr 504 vs. UST	150 BP	70 BP	+80 BP
20-yr. 504 vs. 10-yr. Swap	85 BP	18 BP	+67 BP
20-yr. 504 vs. WAL Swap ³	99 BP	22 BP	+77 BP
UST yield (10yr.)	3.91%	4.66%	-75 BP
UST-curve (5 vs.10)	+70 BP	+5 BP	+65 BP
Swap Spread (10yr.)	+65 BP	+52 BP	+13 BP
10-yr. 504 Issued	\$95.6 MM	\$57.5 MM	+66%
10-yr. 504 Rate	4.78%	5.15%	-37 BP

¹ All averages in this report are simple (i.e. non-weighted) mean measurements.

² Some figures may not tie out due to rounding.

³ "WAL Swap" is the 8.5 year swap rate. The consensus weighted average life (WAL) for a par 20-year pool is 8.5 years.