



## SBA Guaranteed Loan Pool Securities

SBA pools are modified pass-through securities that are assembled using the guaranteed portions of SBA 7(a) loans under the authorities granted to the Small Business Administration by the U.S. Congress through the Secondary Market Improvements Act of 1984.

### SBA Pools feature a unique combination of favorable characteristics, like:

- **High Credit Quality** - SBA Pools are unconditionally guaranteed as to the timely principal and interest payments by the Full Faith and Credit of the United States Government.
- **Low Risk-Weighting** - SBA Pools qualify as zero percent (0.0%) Risk-Weighted Assets for federally chartered banks and thrifts.
- **Rate Sensitivity** - Variable Rate SBA Pool coupons adjust at least quarterly and are not subject to periodic or lifetime interest rate caps.
- **Liquidity** - SBA Pools are actively traded in the market. Investors wishing to sell SBA Pools typically are able to secure a number of competitive bids to sell their SBA Pools in a timely and efficient manner.
- **Marketability** - Because SBA Pool coupons reset frequently to the Prime Rate index unhindered by rate caps, their coupons are reflective of the prevailing interest rate environment, greatly enhancing the marketability in various economic conditions.
- **Modeled on Bloomberg** - SBA Pools are modeled on Bloomberg, where users find regularly updated descriptions, performance data, yield calculators and ticket writing capabilities. Each SBA Pool is identifiable by a unique, six-digit pool number and a CUSIP number.
- **Historic Prepayment Data** - Also on Bloomberg, investors can see a 19-page report (updated monthly when factors are issued) summarizing the prepayment performance of all SBA Pools issued over the past 10-years. The report offers a comprehensive look at SBA loan prepayment tendencies and provides a valuable tool for analyzing SBA Pool investments. To access the report, users simply input PSBA into their Bloomberg terminals.

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- **Pledgeability** - SBA Pools are generally pledgeable as collateral for public funds, Federal Reserve and Federal Home Loan Bank advances, and Treasury, Tax and Loan accounts. Since regulatory treatment may vary, please check with your regulators for specifics.
- **DTC (Depository Trust Co.)** - SBA Pools are issued in DTC eligible physical form. DTC form constitutes "good delivery" in the SBA Market. All transfers, settlements and monthly principal & interest payments are handled via the DTC wire.
- **Attractive, Floating Spreads** - Investors have historically sought to earn attractive, floating spreads to their cost of funds through their SBA Pool investments. Prime Rate has historically demonstrated a correlation to short-term rates, such as Libor, T-Bills, and the Fed-Funds rate.
- **Risk** - Premium dollars are not covered by the government guarantee and represent the primary risk exposure to investors.

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