

1 pany pursuant to the provisions of section 503 of the In-
2 vestment Act or (2) which has been issued by a small busi-
3 ness investment company pursuant to the provisions of
4 section 303 of such Act. The buy-down shall be limited
5 to the current year only. As used in this section, the term
6 “buy-down” means a payment from the Administration to
7 the Federal Financing Bank in an amount determined by
8 the Administration to reduce the interest payment for that
9 year to an amount equal to 7.5 per centum of the out-
10 standing principal amount of the debenture.

11 (b) Upon the request of the issuer, annually the Ad-
12 ministration is authorized to reduce the interest rate on
13 any debenture issued by a small business investment com-
14 pany licensed pursuant to the provisions of section 301(d)
15 of the Investment Act. The reduction shall be limited to
16 the current year only. The amount of the reduction shall
17 be an amount determined by the Administration to make
18 the interest payment for that year equal to 7.5 per centum
19 of the outstanding principal amount of the debenture, less
20 the amount of any other reductions or credits otherwise
21 provided by law.

22 TITLE III

23 SEC. 301. PREPAYMENTS.—(a) Annually, after the
24 regular Appropriations Act has been signed into law pro-
25 viding funding for the Administration, the Administration

1 shall calculate the amount needed to carry out the provi-
2 sions of section 201 of this Act. If it determines that it
3 has sufficient funding to fully carry out the buy-downs and
4 reductions authorized by such section, it shall obtain from
5 the Federal Financing Bank a computation of the amount
6 of the prepayment penalty which would be required from
7 the issuer of each such debenture if it was prepaid as of
8 the end of the current fiscal year. The Administration
9 shall also compute the amount of the prepayment penalty
10 on 301(d) debentures as if such debentures had been sold
11 to the Federal Financing Bank.

12 (b) After making the above determinations, the Ad-
13 ministration shall promptly notify the issuer of each de-
14 benture subject to the provisions of section 201 of this
15 Act that it will receive offers from any interested issuer
16 to prepay the debenture in full. The issuer shall include
17 in any offer amount of the full prepayment penalty, or
18 assumed prepayment penalty in the case of a debenture
19 from a 301(d) issuer, less any amount proposed by the
20 issuer to be paid by the Administration pursuant to the
21 provisions of this title. The notification to the issuer shall
22 include such information as the Administration determines
23 to be appropriate, but shall include—

24 (1) the amount of funds available to carry out
25 this title;

1 (2) a computation of the total amount of the
2 prepayment penalties and assumed prepayment pen-
3 alties if all issuers prepaid;

4 (3) the amount of the prepayment penalty or
5 assumed prepayment penalty for the issuer receiving
6 the notification;

7 (4) the time period during which the Adminis-
8 tration will accept offers; and

9 (5) a description of the process under which the
10 Administration will evaluate, give priority to, and ac-
11 cept submission of offers pursuant to this title.

12 (c) Within 30 days after termination of the period
13 for submission of offers, the Administration shall evaluate
14 each offer and shall assign each a priority. The priority
15 shall be based upon the per centum of the prepayment
16 penalty which the issuer offers to pay, with the highest
17 per centum receiving the highest priority. The Administra-
18 tion shall approve offers beginning with the one with the
19 highest priority and continuing until it utilizes all funds
20 available to carry out this title in the current fiscal year.

21 SEC. 302. PREPAYING DEVELOPMENT COMPANY DE-
22 BENTURES.—(a) For purposes of this section, the term
23 “issuer” means the issuer of a debenture which has been
24 purchased by the Federal Financing Bank pursuant to
25 section 503 of the Investment Act, and the term “bor-

1 borrower” means the small business concern whose loan se-
2 cures a debenture issued pursuant to such section.

3 (b) The issuer of a debenture purchased by the Fed-
4 eral Financing Bank and guaranteed by the Small Busi-
5 ness Administration under section 503 of the Investment
6 Act may offer to prepay such debenture pursuant to sec-
7 tion 301 of this Act: *Provided*, That—

8 (1) the debenture is outstanding on the date of
9 enactment of this Act, and neither the loan that se-
10 cures the debenture nor the debenture is in default
11 on the date the prepayment is made;

12 (2) State or personal funds, which may include
13 refinancing under the programs authorized by sec-
14 tions 504 and 505 of the Investment Act are used
15 to prepay the debenture; and

16 (3) the issuer certifies that the benefits, net of
17 fees and expenses authorized herein, associated with
18 prepayment of the debenture are entirely passed
19 through to the borrower.

20 (c) No fees or penalties other than those specified in
21 this section may be imposed as a condition of such prepay-
22 ment against the issuer or the borrower, or the Adminis-
23 tration or any fund or account administered by the Admin-
24 istration, except as provided in this Act. If the debenture
25 is prepaid or refinanced other than through section 504,

1 the issuer may require the borrower or pay a fee to the
2 issuer in an amount equal to one-half of one percent of
3 the unpaid principal balance of the debenture. If a debenture
4 is refinanced with a guarantee pursuant to section
5 504, the issuer may require the borrower to pay a fee to
6 the issuer in an amount equal to one-fourth of one percent
7 of the unpaid balance of the debenture.

8 (d) Debentures refinanced under section 504 shall be
9 subject to all of the other provisions of sections 504 and
10 505 of the Investment Act and the rules and regulations
11 of the Administration promulgated thereunder, including,
12 but not limited to, payment of authorized expenses and
13 commissions, fees and discounts to brokers and dealers in
14 trust certificates issued pursuant to section 505: *Provided*
15 *however*, That the issuer shall be deemed to have waived
16 any origination fee on the new debenture to which it otherwise
17 would have been entitled.

18 SEC. 303. PREPAYING SPECIALIZED SMALL BUSINESS
19 INVESTMENT COMPANY DEBENTURES.—(a) Any
20 specialized small business investment company which is
21 the issuer of a debenture purchased by the Administration
22 under title III of the Investment Act may offer to prepay
23 the debenture pursuant to the provisions of section 301
24 of this Act: *Provided*, That—

1 (1) the debenture is outstanding on the date of
2 enactment of this Act and is not in default on the
3 date the prepayment is made; and

4 (2) personal funds, which may include refinanc-
5 ing with proceeds of debentures under title III of the
6 Investment Act, are used to prepay the debenture,
7 except that if new guaranteed debenture proceeds
8 are utilized, the length of time of the interest rate
9 reduction authorized by such title shall be reduced
10 by the length of time the issuer received an interest
11 rate reduction on the debenture being prepaid.

12 (b) No fees or penalties other than those specified
13 in this section may be imposed as a condition of such pre-
14 payment against the issuer, the Administration or any
15 fund or account administered by the Administration, ex-
16 cept as expressly provided herein.

17 SEC. 304. PREPAYING REGULAR SMALL BUSINESS
18 INVESTMENT COMPANY DEBENTURES.—(a) Any small
19 business investment company which is the issuer of a de-
20 benture guaranteed by the Administration under title III
21 of the Investment Act and purchased by the Federal Fi-
22 nancing Bank may offer to prepay the debenture pursuant
23 to section 301 of this Act: *Provided*, That—

1 (b) Within sixty days of the date of enactment of this
2 Act, the Small Business Administration shall issue regula-
3 tions to implement this Act.

4 (c) Any new credit or spending authority provided for
5 in this Act is subject to amounts provided for in advance
6 in appropriations acts.

7 SEC. 402. AUTHORIZATION.—(a) There are author-
8 ized to be appropriated such sums as may be necessary
9 to carry out the provisions of this Act.

10 (b) In the administration of this Act, the Administra-
11 tion shall not obligate any funds pursuant to title III of
12 this Act in any fiscal year unless it has provided the full
13 amount of assistance authorized and requested pursuant
14 to title II of this Act.

15 (c) If sufficient funds are not appropriated for any
16 fiscal year to fully carry out the buy-downs and reductions
17 authorized and requested pursuant to title II of this Act,
18 the Administration shall buy-down and reduce the interest
19 rates to the extent that funds are available for that year,
20 but may not utilize any funds to carry out title III.

21 SEC. 403. As used in this Act—

22 (a) the term “Administration” means the Small
23 Business Administration; and

24 (b) the term “Investment Act” means the Small
25 Business Investment Act of 1958.

