

---

# 15 U.S. Code § 697f

---

## Prepayment of development company debentures

---

### **(a) In general**

#### **(1) Prepayment authorized**

Subject to the requirements set forth in subsection (b), an issuer of a debenture purchased by the Federal Financing Bank and guaranteed by the Administration under this chapter may, at the election of the borrower (in the case of a loan under section 697 of this title) or the issuer (in the case of a small business investment company) and with the approval of the Administration, prepay such debenture in accordance with the provisions of this section.

#### **(2) Procedure**

##### **(A) In general**

In making a prepayment under paragraph (1)—

- (i) the borrower (in the case of a loan under section 697 of this title) or the issuer (in the case of a small business investment company) shall pay to the Federal Financing Bank an amount that is equal to the sum of the unpaid principal balance due on the debenture as of the date of the prepayment (plus accrued interest at the coupon rate on the debenture) and the amount of the repurchase premium described in subparagraph (B); and
- (ii) the Administration shall pay to the Federal Financing Bank the difference between the repurchase premium paid by the borrower under this subsection and the repurchase premium that the Federal Financing Bank would otherwise have received.

##### **(B) Repurchase premium**

###### **(i) In general**

For purposes of subparagraph (A)(i), the repurchase premium is the amount equal to the product of—

- (I) the unpaid principal balance due on the debenture on the date of prepayment; and
- (II) the applicable percentage rate, as determined in accordance with clauses (ii) and (iii).

###### **(ii) Applicable percentage rate**

For purposes of clause (i)(II), the applicable percentage rate means—

- (I) with respect to a 10-year term loan, 8.5 percent;
- (II) with respect to a 15-year term loan, 9.5 percent;
- (III) with respect to a 20-year term loan, 10.5 percent; and
- (IV) with respect to a 25-year term loan, 11.5 percent.

###### **(iii) Adjustments to applicable percentage rate**

The percentage rates described in clause (ii) shall be increased or decreased by the Administration by a factor not to exceed one-third, if the same factor is applied in each case and if the Administration

determines that an adjustment is necessary, based on the number of borrowers having given notice of their intent to participate, in order to make the program (including the amounts appropriated for this purpose under Public Law 103–317) result in no substantial net gain or loss of revenue to the Federal Financing Bank or to the Administration. Amounts collected in excess of the amount necessary to ensure revenue neutrality shall be refunded to the borrowers.

This document is only available to subscribers. Please [log in](#) or [purchase access](#).

[Purchase Login](#)