



**OFFICE OF INVESTMENT & INNOVATION
U. S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, DC 20416**

INSTRUCTIONS FOR THE PREPAYMENT OF SBIC POOLED DEBENTURES

SBICs may prepay their pooled debentures prior to maturity. Debentures must be prepaid in full. Debentures need not be prepaid in any particular order – SBICs may choose which debenture(s) to prepay. Prepayments may be made on the dates when the semi-annual interest and SBA annual charge payments are due (Payment Dates) or at certain time periods in between Payment Dates. Full semi-annual interest and SBA annual charge that would be owed as of the next Payment Date are due even if prepayments are made prior to the next Payment Date.

Detailed Instructions

There are two types of prepayments:

- 1) Regular Prepayment (prepayment made on Payment Date); and
- 2) Advanced Prepayment (prepayment made at least one month in advance of Payment Date).

Please refer to the chart below for more detailed instructions applicable to the two types of prepayments.

	REGULAR PREPAYMENT	ADVANCED PREPAYMENT
What is the first step in the process?	SBIC must e-mail a written notice of its intent to prepay debentures to SBA at SBICFunding@sba.gov . The subject of the email should be entitled “Notice of Prepayment from [SBIC Name] [License Number]” (Enter appropriate information within brackets).	
When must SBICs e-mail the prepayment notice?	Notice must be e-mailed no later than five business days in advance of the next Payment Date.	Notice must be e-mailed no later than five weeks in advance of the next Payment Date.
Any additional e-mail notification requirements?	No	A copy of the notice should be sent to the SBIC’s assigned Financial Analyst in the Office of SBIC Operations.
What must be included in the e-mail notice?	Using the SBA-provided Regular Prepayment Notice in Excel : <ul style="list-style-type: none"> • SBIC name • License number • Prepayment Type: Regular • List of debentures to be prepaid, with the following for each: <ul style="list-style-type: none"> ○ Pool Series ○ ID Control Number ○ Principal Amount of each debenture to be prepaid 	Using the SBA-provided Advanced Prepayment Notice in Excel : <ul style="list-style-type: none"> • SBIC name • License number • Prepayment Type: Advanced • List of debentures to be prepaid, with the following for each: <ul style="list-style-type: none"> ○ Pool Series ○ ID Control Number ○ Principal Amount, interest, and SBA annual charge due for each debenture to be prepaid • The scheduled date and total amount of the advanced prepayment
What happens after SBA receives the notice?	SBA will confirm in a reply e-mail that the prepayment information and amounts due are correct. SBA will notify The Bank of New York Mellon and Colson Financial Services of the planned prepayment.	

	REGULAR PREPAYMENT	ADVANCED PREPAYMENT
When is the prepayment wire due?	On or before the next Payment Date ¹	At least one month prior to the next Payment Date
How is the prepayment made?	SBIC wires funds to BNY Mellon	
What amount is wired?	Principal amount of the debenture(s) being prepaid. If more than one debenture is being prepaid, aggregate the principal amounts into one wire. (Interest and SBA annual charge will be debited from the SBIC's bank.)	Principal amount of the debenture(s) being prepaid + interest and SBA annual charge due on the next Payment Date. Refer to the debenture amortization report(s) for interest and SBA annual charge amounts due. If more than one debenture is being prepaid, aggregate all amounts, including interest and SBA annual charges, into one wire.
What are the wiring instructions?	SBA will provide the prepayment and wiring instructions to SBICs after their debentures are pooled. SBICs may also request the wiring instructions in their prepayment notice or by sending an e-mail to SBICFunding@sba.gov .	
When will SBA apply the prepayment to the SBIC's outstanding leverage balance?	As of the Payment Date.	On the day that SBA or BNY Mellon confirms receipt of the wire from the SBIC.

After confirmation from BNY Mellon that the prepayment amount has been received, SBA instructs Colson to discontinue all future ACH debit collection on the prepaid debenture(s).

Additional Information for Advanced Prepayments

Advanced prepayments are not allowed after the first business day of the month prior the next semi-annual payment date. Any SBIC wishing to prepay its debenture(s) after that time must make a regular prepayment.

After confirmation from BNY Mellon that the wire of the advanced prepayment amount has been received, SBA instructs:

- 1) Colson to discontinue all future ACH debit collection on prepaid debenture(s);
- 2) BNY Mellon to hold the prepayment amounts in trust until the next scheduled Distribution Date to respective pool holders – then release funds appropriately to pool holders and the SBA; and
- 3) BNY Mellon that advanced prepayments cannot be rescinded without BNY Mellon first receiving formal notice from the SBA of such rescission signed by the Associate Administrator of SBA's Office of Investment and Innovation.

Maturing Leverage

Note that principal due at maturity must also be wired. Payment is due on the maturity date. There is no notification requirement for debentures paid at maturity.

Please note that these instructions are only for the prepayment of SBIC pooled debentures. Prepayments of LMI and other Discount Debentures (including Early Stage) must be made pursuant to instructions provided at each LMI/other Discount Debenture disbursement.

¹ In the event of any conflict between the terms of these instructions and the terms of any Debenture being prepaid, the terms of the Debenture shall control.