



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

INSTRUCTIONS FOR THE PREPAYMENT OF SBIC POOLED DEBENTURES

SBICs may prepay their 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 during the timeframes noted in the table below. SBICs prepaying debentures must pay the full semi-annual interest and SBA annual charge that would be owed as of the next semi-annual date when interest and SBA annual charge are due (Payment Date) even if prepayments are made prior to the next Payment Date.

Detailed Instructions¹

There are two types of prepayments that an SBIC may make:

- 1) Regular Prepayment
- 2) Advanced Prepayment

Please refer to the table 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 , attaching a completed Prepayment Notice Template . The subject of the e-mail should be entitled “Notice of Prepayment from [SBIC Name] [License Number]” (Enter appropriate information within brackets).	
When must SBICs e-mail the prepayment notice?	No later than five business days in advance of the next Payment Date	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 Investment Analyst in Investment Portfolio Management.
What must be included in the e-mail notice?	Using the Regular Prepayment Notice Template 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 Advanced Prepayment Notice Template 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

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.

	REGULAR PREPAYMENT	ADVANCED PREPAYMENT
What happens after SBA receives the prepayment 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 (BNY Mellon) of the planned prepayment. Do not contact BNY Mellon directly.	
When is the prepayment wire due?	On or before the next Payment Date	At least one month prior to the next Payment Date
How is the prepayment made?	SBIC wires funds to SBA's account at BNY Mellon	
What amount is wired?	Principal amount of the debenture(s) being prepaid. If prepaying more than one debenture, aggregate the principal amounts into one wire. (BNY Mellon will debit interest and SBA annual charge from the SBIC's bank on the Payment Date.)	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 prepaying more than one debenture, aggregate all amounts, including interest and SBA annual charges, into one wire.
What are the wiring instructions?	SBA will provide wiring instructions to the SBIC when confirming the prepayment notice. SBICs may also request the wiring instructions at any time 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 confirming receipt of the prepayment wire, SBA instructs BNY Mellon to discontinue all future ACH debit collection on the prepaid debenture(s).

SBICs cannot rescind confirmed and wired prepayments.

Maturing Leverage

Note that SBICs must also wire principal due at maturity. 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 Accrual Debentures and Discount Debentures (including LMI, Energy Saving, and Early Stage) must be made pursuant to instructions provided at each Accrual or Discount Debenture disbursement.