prior to licensing and prior to approving any request for financing, to make periodic payments on any debt of the company which is interest bearing and shall take into consideration the income which the company anticipates on its contemplated investments, the experience of the company's owners and managers, the history of the company as an entity, if any, and the company's financial resources.''

1978—Subsec. (a). Pub. L. 95–507 provided that the combined private paid-in capital and paid-in surplus of any company licensed on or after Oct. 1, 1979 pursuant to section 681(c) and (d) of this title would not be less than $500,000.

1977—Subsec. (b). Pub. L. 95–89 inserted ''and'' between ''capital'' and ''surplus''.

1976—Subsec. (a). Pub. L. 94–305, § 106(e), struck out ''of incorporation'' after ''its articles''.

Subsec. (b). Pub. L. 94–305, § 107, struck out provisions prohibiting the bank from acquiring shares in a small business investment company if the bank would hold 50 percent or more of any class of equity securities issued by that investment company and having actual or potential voting rights.

1967—Subsec. (a). Pub. L. 90–104, § 203(a), substituted small business investment company minimum capital requirement, a combined private paid-in capital and paid-in surplus, of $150,000 and adequate to assure reasonable prospect of sound and profitable company operations and active and prudent management in accordance with the articles of incorporation for former requirement of a paid-in capital and surplus equal to at least $300,000, and eliminated provisions for purchase of debentures of such companies in an amount not to exceed the lesser of $700,000 or the amount of paid-in capital and surplus of the company from other sources and for subordination of debentures (both incorporated in section 686(b) of this title), for such purchases by the Administration only during certain prescribed period, and deeming the debentures part of the capital and surplus for certain purposes.

Subsec. (b). Pub. L. 90–104, § 204, substituted prohibition against bank acquisition of small business investment company stock if, upon such acquisition, the aggregate amount of shares in such companies then held by the bank would exceed 5 percent of the capital and surplus, or the bank would hold 50 percent or more of any class of equity securities issued by that investment company and having actual or potential voting rights for former prohibition against holding of shares in an amount aggregating more than 2 percent of its capital and surplus.

1964—Subsec. (a). Pub. L. 88–273 increased the limitation on Administration purchase of debentures from $400,000 to $700,000 and extended the period for such purchase from three years after date of issuance of license or date of enactment of Pub. L. 87–341, the Small Business Investment Act Amendments of 1961 (Oct. 3, 1961), whichever is later, to five years after date of issuance of license or date of enactment of Pub. L. 88–273, the Small Business Investment Act Amendments of 1963 (Feb. 28, 1964), whichever is later.

1961—Subsec. (a). Pub. L. 87–341, § 3(a), inserted ''and growth'', limited the purchase of debentures to the extent that necessary funds are not available to the company involved from private sources on reasonable terms, increased the amount of purchasable debentures to not more than the lesser of $400,000 or the paid-in capital and surplus of the company from other sources, and restricted such purchases to such period as may be fixed by the Administration, but not ending more than three years after the date of issuance of the company's license under section 681c of this title, or Oct. 3, 1961, whichever is later, and deleted provisions limiting purchase of debentures to $150,000.

Subsec. (b). Pub. L. 87–341, § 3(b), increased the maximum amount of shares a bank may hold in small business investment companies to 2 percent of the capital and surplus.

1960—Subsec. (b). Pub. L. 86–502 substituted ''Notwithstanding the provisions of section 1845(a)(1) of title 12, shares'' for ''Shares''.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by Pub. L. 105–135 effective Oct. 1, 1997, see section 3 of Pub. L. 105–135, set out as a note under section 631 of this title.

EFFECTIVE DATE OF 1967 AMENDMENT

Amendment by Pub. L. 90–104 effective 90 days after Oct. 11, 1967, see section 211 of Pub. L. 90–104, set out as a note under section 681 of this title.

EFFECT OF SMALL BUSINESS EQUITY ENHANCEMENT ACT OF 1992 ON SECURITIES LAWS

Nothing in amendment by Pub. L. 102–366 to be construed to affect applicability of securities laws or to otherwise supersede or limit jurisdiction of Securities and Exchange Commission, see section 418 of Pub. L. 102–366, set out as a note under section 661 of this title.

§ 683. Borrowing operations

(a) Authority to issue obligations

Each small business investment company shall have authority to borrow money and to issue its securities, promissory notes, or other obligations under such general conditions and subject to such limitations and regulations as the Administration may prescribe.

(b) Debentures and participating securities

To encourage the formation and growth of small business investment companies the Administration is authorized when authorized in appropriation Acts, to purchase, or to guarantee the timely payment of all principal and interest as scheduled on, debentures or participating securities issued by such companies. Such purchases or guarantees may be made by the Administration on such terms and conditions as it deems appropriate, pursuant to regulations issued by the Administration. The full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guarantee under this subsection. Debentures purchased or guaranteed by the Administration under this subsection shall be subordinate to any other debenture bonds, promissory notes, or other debts and obligations of such companies, unless the Administration in its exercise of reasonable investment prudence and in considering the financial soundness of such company determines otherwise. Such debentures may be issued for a term of not to exceed fifteen years and shall bear interest at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities on such debentures, adjusted to the nearest one-eighth of 1 percent, plus, for debentures obligated after September 30, 2001, an additional charge, in an amount established annually by the Administration, as necessary to reduce to zero the cost (as defined in section 661a of title 2) to the Administration of purchasing and guaranteeing debentures under this chapter, which amount may not exceed 1.38 percent per year, and which shall be paid to and retained by the Administration. The debentures or participating securities shall also contain such other terms as the Administration

may fix, and shall be subject to the following restrictions and limitations:

(1) The total amount of debentures and participating securities that may be guaranteed by the Administration and outstanding from a company licensed under section 681(c) of this title shall not exceed 300 per centum of the private capital of such company: *Provided*, That nothing in this paragraph shall require any such company that on March 31, 1993, has outstanding debentures in excess of 300 per centum of its private capital to prepay such excess: *And provided further*, That any such company may apply for an additional debenture guarantee or participating security guarantee with the proceeds to be used solely to pay the amount due on such maturing debenture, but the maturity of the new debenture or security shall be not later than September 30, 2002.

(2) MAXIMUM LEVERAGE.—

(A) IN GENERAL.—The maximum amount of outstanding leverage made available to any one company licensed under section 681(c) of this title may not exceed the lesser of—

(i) 300 percent of such company's private capital; or

(ii) $175,000,000.

(B) MULTIPLE LICENSES UNDER COMMON CONTROL.—The maximum amount of outstanding leverage made available to two or more companies licensed under section 681(c) of this title that are commonly controlled (as determined by the Administrator) and not under capital impairment may not exceed $350,000,000.

(C) INVESTMENTS IN LOW-INCOME GEOGRAPHIC AREAS.—(i) In calculating the outstanding leverage of a company for the purposes of subparagraph (A), the Administrator shall not include the amount of the cost basis of any equity investment made by the company in a smaller enterprise located in a low-income geographic area (as defined in section 689 of this title), to the extent that the total of such amounts does not exceed 50 percent of the company's private capital.

(ii) The maximum amount of outstanding leverage made available to—

(I) any 1 company described in clause (iii) may not exceed the lesser of 300 percent of private capital of the company, or $175,000,000; and

(II) 2 or more companies described in clause (iii) that are under common control (as determined by the Administrator) may not exceed $250,000,000.

(iii) A company described in this clause is a company licensed under section 681(c) of this title in the first fiscal year after February 17, 2009, or any fiscal year thereafter that certifies in writing that not less than 50 percent of the dollar amount of investments of that company shall be made in companies that are located in a low-income geographic area (as that term is defined in section 689 of this title).

(D) INVESTMENTS IN ENERGY SAVING SMALL BUSINESSES.—

(i) IN GENERAL.—Subject to clause (ii), in calculating the outstanding leverage of a company for purposes of subparagraph (A), the Administrator shall exclude the amount of the cost basis of any Energy Saving qualified investment in a smaller enterprise made in the first fiscal year after December 19, 2007, or any fiscal year thereafter by a company licensed in the applicable fiscal year.

(ii) LIMITATIONS.—

(I) AMOUNT OF EXCLUSION.—The amount excluded under clause (i) for a company shall not exceed 33 percent of the private capital of that company.

(II) MAXIMUM INVESTMENT.—A company shall not make an Energy Saving qualified investment in any one entity in an amount equal to more than 20 percent of the private capital of that company.

(III) OTHER TERMS.—The exclusion of amounts under clause (i) shall be subject to such terms as the Administrator may impose to ensure that there is no cost (as that term is defined in section 661a of title 2) with respect to purchasing or guaranteeing any debenture involved.

(3) Subject to the foregoing dollar and percentage limits, a company licensed under section 681(c) of this title may issue and have outstanding both guaranteed debentures and participating securities: *Provided*, That the total amount of participating securities outstanding shall not exceed 200 per centum of private capital.

For purposes of this subsection, the term ''venture capital'' includes such common stock, preferred stock, or other financing with subordination or nonamortization characteristics as the Administration determines to be substantially similar to equity financing.

(c) Third party debt

The Administrator—

(1) shall not permit a licensee having outstanding leverage to incur third party debt that would create or contribute to an unreasonable risk of default or loss to the Federal Government; and

(2) shall permit such licensees to incur third party debt only on such terms and subject to such conditions as may be established by the Administrator, by regulation or otherwise.

(d) Investments in smaller enterprises

The Administrator shall require each licensee, as a condition of approval of an application for leverage, to certify in writing that not less than 25 percent of the aggregate dollar amount of financings of that licensee shall be provided to smaller enterprises.

(e) Capital impairment

Before approving any application for leverage submitted by a licensee under this chapter, the Administrator—

(1) shall determine that the private capital of the licensee meets the requirements of section 682(a) of this title; and

(2) shall determine, taking into account the nature of the assets of the licensee, the

amount and terms of any third party debt owed by such licensee, and any other factors determined to be relevant by the Administrator, that the private capital of the licensee has not been impaired to such an extent that the issuance of additional leverage would create or otherwise contribute to an unreasonable risk of default or loss to the Federal Government.

(f) Redemption or repurchase of preferred stock

Notwithstanding any other provision of law—

(1) the Administrator may allow the issuer of any preferred stock sold to the Administration before November 1, 1989 to redeem or repurchase such stock, upon the payment to the Administration of an amount less than the par value of such stock, for a repurchase price determined by the Administrator after consideration of all relevant factors, including—

(A) the market value of the stock;

(B) the value of benefits provided and anticipated to accrue to the issuer;

(C) the amount of dividends paid, accrued, and anticipated; and

(D) the estimate of the Administrator of any anticipated redemption; and

(2) any moneys received by the Administration from the repurchase of preferred stock shall be available solely to provide debenture leverage to licensees having 50 percent or more in aggregate dollar amount of their financings invested in smaller enterprises.

(g) Guarantee of payment of and authority to purchase participating securities

In order to encourage small business investment companies to provide equity capital to small businesses, the Administration is authorized to guarantee the payment of the redemption price and prioritized payments on participating securities issued by such companies which are licensed pursuant to section 681(c) of this title, and a trust or a pool acting on behalf of the Administration is authorized to purchase such securities. Such guarantees and purchases shall be made on such terms and conditions as the Administration shall establish by regulation. For purposes of this section, (A) the term ''participating securities'' includes preferred stock, a preferred limited partnership interest or a similar instrument, including debentures under the terms of which interest is payable only to the extent of earnings and (B) the term ''prioritized payments'' includes dividends on stock, interest on qualifying debentures, or priority returns on preferred limited partnership interests which are paid only to the extent of earnings. Participating securities guaranteed under this subsection shall be subject to the following restrictions and limitations, in addition to such other restrictions and limitations as the Administration may determine:

(1) Participating securities shall be redeemed not later than 15 years after their date of issuance for an amount equal to 100 per centum of the original issue price plus the amount of any accrued prioritized payment: *Provided*, That if, at the time the securities are redeemed, whether as scheduled or in advance, the issuing company (A) has not paid all accrued prioritized payments in full as provided in paragraph (2) below and (B) has not sold or otherwise disposed of all investments subject to profit distributions pursuant to paragraph (11), the company's obligation to pay accrued and unpaid prioritized payments shall continue and payment shall be made from the realized gain, if any, on the disposition of such investments, but if on disposition there is no realized gain, the obligation to pay accrued and unpaid prioritized payments shall be extinguished: *Provided further*, That in the interim, the company shall not make any in-kind distributions of such investments unless it pays to the Administration such sums, up to the amount of the unrealized appreciation on such investments, as may be necessary to pay in full the accrued prioritized payments.

(2) Prioritized payments on participating securities shall be preferred and cumulative and payable out of the retained earnings available for distribution, as defined by the Administration, of the issuing company at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities on such securities, adjusted to the nearest one-eighth of 1 percent, plus, for participating securities obligated after September 30, 2001, an additional charge, in an amount established annually by the Administration, as necessary to reduce to zero the cost (as defined in section 661a of title 2) to the Administration of purchasing and guaranteeing participating securities under this chapter, which amount may not exceed 1.46 percent per year, and which shall be paid to and retained by the Administration.

(3) In the event of liquidation of the company, participating securities shall be senior in priority for all purposes to all other equity interests in the issuing company, whenever created.

(4) Any company issuing a participating security under this chapter shall commit to invest or shall invest an amount equal to the outstanding face value of such security solely in equity capital. As used in this subsection, ''equity capital'' means common or preferred stock or a similar instrument, including subordinated debt with equity features which is not amortized and which provides for interest payments from appropriate sources, as determined by the Administration.

(5) The only debt (other than leverage obtained in accordance with this subchapter) which any company issuing a participating security under this subsection may have outstanding shall be temporary debt in amounts limited to not more than 50 per centum of private capital.

(6) The Administration may permit the proceeds of a participating security to be used to pay the principal amount due on outstanding debentures guaranteed by the Administration, if (A) the company has outstanding equity capital invested in an amount equal to the amount of the debentures being refinanced and (B) the Administration receives profit partici-

pation on such terms and conditions as it may determine, but not to exceed the per centums specified in paragraph (11).

(7) For purposes of computing profit participation under paragraph (11), except as otherwise determined by the Administration, the management expenses of any company which issues participating securities shall not be greater than 2.5 per centum per annum of the combined capital of the company, plus $125,000 if the company's combined capital is less than $20,000,000. For purposes of this paragraph, (A) the term ''combined capital'' means the aggregate amount of private capital and outstanding leverage and (B) the term ''management expenses'' includes salaries, office expenses, travel, business development, office and equipment rental, bookkeeping and the development, investigation and monitoring of investments, but does not include the cost of services provided by specialized outside consultants, outside lawyers and outside auditors, who perform services not generally expected of a venture capital company nor does such term include the cost of services provided by any affiliate of the company which are not part of the normal process of making and monitoring venture capital investments.

(8) Notwithstanding paragraph (9), if a company is operating as a limited partnership or as a subchapter S corporation or an equivalent pass-through entity for tax purposes and if there are no accumulated and unpaid prioritized payments, the company may make annual distributions to the partners, shareholders, or members in amounts not greater than each partner's, shareholder's, or member's maximum tax liability. For purposes of this paragraph, the term ''maximum tax liability'' means the amount of income allocated to each partner, shareholder, or member (including an allocation to the Administration as if it were a taxpayer) for Federal income tax purposes in the income tax return filed or to be filed by the company with respect to the fiscal year of the company immediately preceding such distribution, multiplied by the highest combined marginal Federal and State income tax rates for corporations or individuals, whichever is higher, on each type of income included in such return. For purposes of this paragraph, the term ''State income tax'' means the income tax of the State where the company's principal place of business is located. A company may also elect to make a distribution under this paragraph at any time during any calendar quarter based on an estimate of the maximum tax liability. If a company makes 1 or more interim distributions for a calendar year, and the aggregate amount of those distributions exceeds the maximum amount that the company could have distributed based on a single annual computation, any subsequent distribution by the company under this paragraph shall be reduced by an amount equal to the excess amount distributed.

(9) After making any distributions as provided in paragraph (8), a company with participating securities outstanding may distribute the balance of income to its investors, specifically including the Administration, in the per centums specified in paragraph (11), if there are no accumulated and unpaid prioritized payments and if all amounts due the Administration pursuant to paragraph (11) have been paid in full, subject to the following conditions:

(A) As of the date of the proposed distribution, if the amount of leverage outstanding is more than 200 per centum of the amount of private capital, any amounts distributed shall be made to private investors and to the Administration in the ratio of leverage to private capital.

(B) As of the date of the proposed distribution, if the amount of leverage outstanding is more than 100 per centum but not more than 200 per centum of the amount of private capital, 50 per centum of any amounts distributed shall be made to the Administration and 50 per centum shall be made to the private investors.

(C) If the amount of leverage outstanding is 100 per centum, or less, of the amount of private capital, the ratio shall be that for distribution of profits as provided in paragraph (11).

(D) Any amounts received by the Administration under subparagraph (A) or (B) shall be applied first as profit participation as provided in paragraph (11) and any remainder shall be applied as a prepayment of the principal amount of the participating securities or debentures.

(10) After making any distributions pursuant to paragraph (8), a company with participating securities outstanding may return capital to its investors, specifically including the Administration, if there are no accumulated and unpaid prioritized payments and if all amounts due the Administration pursuant to paragraph (11) have been paid in full. Any distributions under this paragraph shall be made to private investors and to the Administration in the ratio of private capital to leverage as of the date of the proposed distribution: *Provided*, That if the amount of leverage outstanding is less than 50 per centum of the amount of private capital or $10,000,000, whichever is less, no distribution shall be required to be made to the Administration unless the Administration determines, on a case by case basis, to require distributions to the Administration to reduce the amount of outstanding leverage to an amount less than $10,000,000.

(11)(A) A company which issues participating securities shall agree to allocate to the Administration a share of its profits determined by the relationship of its private capital to the amount of participating securities guaranteed by the Administration in accordance with the following:

(i) If the total amount of participating securities is 100 per centum of private capital or less, the company shall allocate to the Administration a per centum share computed as follows: the amount of participating securities divided by private capital times 9 per centum.

(ii) If the total amount of participating securities is more than 100 per centum but not

greater than 200 per centum of private capital, the company shall allocate to the Administration a per centum share computed as follows:

(I) 9 per centum, plus

(II) 3 per centum of the amount of participating securities minus private capital divided by private capital.

(B) Notwithstanding any other provision of this paragraph—

(i) in no event shall the total per centum required by this paragraph exceed 12 per centum, unless required pursuant to the provisions of (ii) below,

(ii) if, on the date the participating securities are marketed, the interest rate on Treasury bonds with a maturity of 10 years is a rate other than 8 per centum, the Administration shall adjust the rate specified in paragraph (A) above, either higher or lower, by the same per centum by which the Treasury bond rate is higher or lower than 8 per centum, and

(iii) this paragraph shall not be construed to create any ownership interest of the Administration in the company.

(12) A company may elect to make an in-kind distribution of securities only if such securities are publicly traded and marketable. The company shall deposit the Administration's share of such securities for disposition with a trustee designated by the Administration or, at its option and with the agreement of the company, the Administration may direct the company to retain the Administration's share. If the company retains the Administration's share, it shall sell the Administration's share and promptly remit the proceeds to the Administration. As used in this paragraph, the term ''trustee'' means a person who is knowledgeable about and proficient in the marketing of thinly traded securities.

(h) Computation of amounts due under participating securities

The computation of amounts due the Administration under participating securities shall be subject to the following terms and conditions:

(1) The formula in subsection (g)(11) shall be computed annually and the Administration shall receive distributions of its profit participation at the same time as other investors in the company.

(2) The formula shall not be modified due to an increase in the private capital unless the increase is provided for in a proposed business plan submitted to and approved by the Administration.

(3) After distributions have been made, the Administration's share of such distributions shall not be recomputed or reduced.

(4) If the company prepays or repays the participating securities, the Administration shall receive the requisite participation upon the distribution of profits due to any investments held by the company on the date of the repayment or prepayment.

(5) If a company is licensed on or before March 31, 1993, it may elect to exclude from profit participation all investments held on that date and in such case the Administration shall determine the amount of the future expenses attributable to such prior investment: *Provided*, That if the company issues participating securities to refinance debentures as authorized in subsection (g)(6), it may not elect to exclude profits on existing investments under this paragraph.

(i) Leverage fee

With respect to leverage granted by the Administration to a licensee, the Administration shall collect from the licensee a nonrefundable fee in an amount equal to 3 percent of the face amount of leverage granted to the licensee in the following manner: 1 percent upon the date on which the Administration enters into any commitment for such leverage with the licensee, and the balance of 2 percent (or 3 percent if no commitment has been entered into by the Administration) on the date on which the leverage is drawn by the licensee.

(j) Calculation of subsidy rate

All fees, interest, and profits received and retained by the Administration under this section shall be included in the calculations made by the Director of the Office of Management and Budget to offset the cost (as that term is defined in section 661a of title 2) to the Administration of purchasing and guaranteeing debentures and participating securities under this chapter.

(k) Energy saving debentures

In addition to any other authority under this chapter, a small business investment company licensed in the first fiscal year after December 19, 2007, or any fiscal year thereafter may issue Energy Saving debentures.

(Pub. L. 85–699, title III, § 303, Aug. 21, 1958, 72 Stat. 692; Pub. L. 87–341, § 4, Oct. 3, 1961, 75 Stat. 752; Pub. L. 88–273, § 3, Feb. 28, 1964, 78 Stat. 146; Pub. L. 90–104, title II, § 205, Oct. 11, 1967, 81 Stat. 270; Pub. L. 92–213, § 10, Dec. 22, 1971, 85 Stat. 776; Pub. L. 92–595, § 2(c), (d), Oct. 27, 1972, 86 Stat. 1314; Pub. L. 94–305, title I, § 104, June 4, 1976, 90 Stat. 665; Pub. L. 95–507, title I, § 101, Oct. 24, 1978, 92 Stat. 1757; Pub. L. 101–162, title V, (4), Nov. 21, 1989, 103 Stat. 1025; Pub. L. 101–574, title II, § 215(a)(1), (b), Nov. 15, 1990, 104 Stat. 2822; Pub. L. 102–366, title IV, §§ 402, 403, 412, 413, Sept. 4, 1992, 106 Stat. 1008, 1009, 1018; Pub. L. 103–403, title II, § 215, Oct. 22, 1994, 108 Stat. 4184; Pub. L. 104–208, div. D, title II, § 208(d)(1)–(4)(A), (5), (6), (h)(1)(A), Sept. 30, 1996, 110 Stat. 3009–743, 3009–744, 3009–746; Pub. L. 105–135, title II, § 215(b)–(d), Dec. 2, 1997, 111 Stat. 2602, 2603; Pub. L. 106–9, § 2(d)(1), Apr. 5, 1999, 113 Stat. 18; Pub. L. 106–554, § 1(a)(8) [§ 1(d)], § 1(a)(9) [title IV, §§ 404, 405], Dec. 21, 2000, 114 Stat. 2763, 2763A–664, 2763A–690, 2763A–691; Pub. L. 107–100, § 2(a), Dec. 21, 2001, 115 Stat. 966; Pub. L. 108–84, § 117, Sept. 30, 2003, 117 Stat. 1044; Pub. L. 108–172, § 1(b), Dec. 6, 2003, 117 Stat. 2065; Pub. L. 108–447, div. K, title II, § 201, Dec. 8, 2004, 118 Stat. 3465; Pub. L. 110–140, title XII, §§ 1205(a), 1206, Dec. 19, 2007, 121 Stat. 1773; Pub. L. 111–5, div. A, title V, § 505(a), (c), Feb. 17, 2009, 123 Stat. 156, 157; Pub. L. 114–113, div. E, title V, § 521(b), Dec. 18, 2015, 129 Stat. 2464; Pub. L. 115–187, § 2, June 21, 2018, 132 Stat. 1489.)

Editorial Notes

REFERENCES IN TEXT

For definition of ''this chapter'', referred to in subsecs. (b), (e), (g)(2), (4), (j), and (k), see References in Text note set out under section 661 of this title.

AMENDMENTS

2018—Subsec. (b)(2)(A)(ii). Pub. L. 115–187 substituted ''$175,000,000'' for ''$150,000,000''.

2015—Subsec. (b)(2)(B). Pub. L. 114–113 substituted ''$350,000,000'' for ''$225,000,000''.

2009—Subsec. (b)(2)(A), (B). Pub. L. 111–5, §505(a)(1), added subpars. (A) and (B) and struck out former subpars. (A) and (B) which set forth the maximum amount of outstanding leverage for a company with private capital of not more than $15,000,000, for a company with from $15,000,000 to $30,000,000 in private capital, and for a company with private capital of more than $30,000,000, and set forth provisions relating to initial and annual adjustments of amounts.

Subsec. (b)(2)(C). Pub. L. 111–5, §505(a)(2), designated existing provisions as cl. (i) and added cls. (ii) and (iii).

Subsec. (b)(4). Pub. L. 111–5, §505(a)(3), struck out par. (4) which related to maximum aggregate amount of leverage.

Subsec. (d). Pub. L. 111–5, §505(c), amended subsec. (d) generally. Prior to amendment, subsec. (d) related to written certification that not less than 20 percent of the licensee's aggregate dollar amount of financings would be provided to smaller enterprises, required additional written certification by those licensees with leverage over $90,000,000, and set forth provisions relating to multiple licensees.

2007—Subsec. (b)(2)(D). Pub. L. 110–140, §1206(a), added subpar. (D).

Subsec. (b)(4)(E). Pub. L. 110–140, §1206(b), added subpar. (E).

Subsec. (k). Pub. L. 110–140, §1205(a), added subsec. (k).

2004—Subsec. (g)(4). Pub. L. 108–447 substituted ''chapter'' for ''subsection'' in first sentence and ''from appropriate sources, as determined by the Administration'' for ''contingent upon and limited to the extent of earnings'' in second sentence.

2003—Subsec. (g)(2). Pub. L. 108–84 and Pub. L. 108–172 amended par. (2) identically, substituting ''1.46 percent'' for ''1.38 percent''.

2001—Subsec. (b). Pub. L. 107–100, §2(a)(1), in introductory provisions, substituted ''September 30, 2001'' for ''September 30, 2000'', struck out ''of not more than 1 percent per year'' after ''annually by the Administration,'', and inserted ''which amount may not exceed 1.38 percent per year, and'' before ''which shall be paid''.

Subsec. (g)(2). Pub. L. 107–100, §2(a)(2), substituted ''September 30, 2001'' for ''September 30, 2000'', struck out ''of not more than 1 percent per year'' after ''annually by the Administration,'', and inserted ''which amount may not exceed 1.38 percent per year, and'' before ''which shall be paid''.

2000—Subsec. (b). Pub. L. 106–554, §1(a)(9) [title IV, §404(a)], in introductory provisions, substituted ''plus, for debentures obligated after September 30, 2000, an additional charge, in an amount established annually by the Administration, of not more than 1 percent per year as necessary to reduce to zero the cost (as defined in section 661a of title 2) to the Administration of purchasing and guaranteeing debentures under this chapter, which shall be paid to and retained by the Administration'' for ''plus an additional charge of 1 percent per annum which shall be paid to and retained by the Administration''.

Subsec. (b)(2). Pub. L. 106–554, §1(a)(8) [§1(d)(1)], amended par. (2) generally, revising structure of par. from one consisting of introductory provisions and subpars. (A) to (D) to one consisting of subpars. (A) and (B), and adding subpar. (C).

Subsec. (b)(4)(D). Pub. L. 106–554, §1(a)(8) [§1(d)(2)], added subpar. (D).

Subsec. (g)(2). Pub. L. 106–554, §1(a)(9) [title IV, §404(b)], substituted ''plus, for participating securities obligated after September 30, 2000, an additional charge, in an amount established annually by the Administration, of not more than 1 percent per year as necessary to reduce to zero the cost (as defined in section 661a of title 2) to the Administration of purchasing and guaranteeing participating securities under this chapter, which shall be paid to and retained by the Administration'' for ''plus an additional charge of 1 percent per annum which shall be paid to and retained by the Administration''.

Subsec. (g)(8). Pub. L. 106–554, §1(a)(9) [title IV, §405], substituted ''subchapter S corporation'' for ''subchapter s corporation'', ''any time during any calendar quarter based on an'' for ''the end of any calendar quarter based on a quarterly'', and ''interim distributions for a calendar year,'' for ''quarterly distributions for a calendar year,''.

1999—Subsec. (g)(13). Pub. L. 106–9 struck out heading and text of par. (13). Text read as follows:

''(A) IN GENERAL.—Subject to the provisions of subparagraph (B), of the amount of the annual program level of participating securities approved in appropriations Acts, 50 percent shall be reserved for funding small business investment companies with private capital of not more than $20,000,000.

''(B) EXCEPTION.—During the last quarter of each fiscal year, if the Administrator determines that there is a lack of qualified applicants with private capital of not more than $20,000,000, the Administrator may utilize all or any part of the program level for securities reserved under subparagraph (A) for qualified applicants with private capital of more than $20,000,000.''

1997—Subsec. (b)(2)(D). Pub. L. 105–135, §215(b)(1)(A), added subpar. (D).

Subsec. (b)(4). Pub. L. 105–135, §215(b)(1)(B), added par. (4) and struck out former par. (4) which read as follows: ''In no event shall the aggregate amount of outstanding leverage of any such company or companies which are commonly controlled as determined by the Administration exceed $90,000,000, unless the Administration determines on a case by case basis to permit a higher amount for companies under common control and imposes such additional terms and conditions as it determines appropriate to minimize the risk of loss to the Administration in the event of default.''

Subsec. (d). Pub. L. 105–135, §215(b)(2), added subsec. (d) and struck out heading and text of former subsec. (d). Text read as follows: ''The Administrator shall require each licensee, as a condition of approval of an application for leverage, to certify in writing that not less than 20 percent of the aggregate dollar amount of the financings of the licensee will be provided to smaller enterprises.''

Subsec. (g)(8). Pub. L. 105–135, §215(c), inserted at end ''A company may also elect to make a distribution under this paragraph at the end of any calendar quarter based on a quarterly estimate of the maximum tax liability. If a company makes 1 or more quarterly distributions for a calendar year, and the aggregate amount of those distributions exceeds the maximum amount that the company could have distributed based on a single annual computation, any subsequent distribution by the company under this paragraph shall be reduced by an amount equal to the excess amount distributed.''

Subsec. (i). Pub. L. 105–135, §215(d), substituted ''in the following manner: 1 percent upon the date on which the Administration enters into any commitment for such leverage with the licensee, and the balance of 2 percent (or 3 percent if no commitment has been entered into by the Administration) on the date on which the leverage is drawn by the licensee'' for '', payable upon the earlier of the date of entry into any commitment for such leverage or the date on which the leverage is drawn by the licensee'' before period at end.

1996—Subsec. (a). Pub. L. 104–208, §208(h)(1)(A)(i), substituted ''securities,'' for ''debenture bonds,''.

Subsec. (b). Pub. L. 104–208, §208(d)(1), (6)(A), in first sentence struck out ''(but only to the extent that the

necessary funds are not available to said company from private sources on reasonable terms)'' after ''is authorized'' and in fifth sentence substituted ''1 percent, plus an additional charge of 1 percent per annum which shall be paid to and retained by the Administration'' for ''1 per centum, plus such additional charge, if any, toward covering other costs of the program as the Administration may determine to be consistent with its purposes''.

Subsec. (c). Pub. L. 104–208, § 208(d)(2), inserted heading and amended text of subsec. (c) generally. Prior to amendment, text consisted of 7 pars. which authorized the Administration to purchase securities and to purchase or guarantee payments on debentures issued by small business investment companies operating under section 681(d) of this title.

Subsec. (d). Pub. L. 104–208, § 208(d)(3), inserted heading and amended text of subsec. (d) generally. Prior to amendment, text read as follows: ''If the Administration guarantees debentures issued by a small business investment company operating under authority of section 681(d) of this title, it shall make, on behalf of the company payments in such amounts as will reduce the effective rate of interest to be paid by the company during the first five years of the term of such debentures to a rate of interest 3 points below the market rate of interest determined pursuant to section 687*l* of this title. Such payments shall be made by the Administration to the holder of the debenture, its agents or assigns, or to the appropriate central registration agent, if any. The authority to reduce interest rates as provided in this subsection shall be limited to amounts provided in advance in appropriations Acts, and the total amount shall be reserved within the business loan and investment fund to pay an amount equal to the amount of the reduction as it becomes due.''

Subsec. (e). Pub. L. 104–208, § 208(d)(4)(A), inserted heading and amended text of subsec. (e) generally. Prior to amendment, text read as follows: ''In determining the private capital of a small business investment company licensed under section 681(d) of this title and notwithstanding section 662(9) of this title, Federal, State, or local government funds received from sources other than the Administration shall be included solely for regulatory purposes, and not for the purpose of obtaining financial assistance from or licensing by the Administration, providing such funds were invested to November 21, 1989: *Provided*, That such companies may include in private capital for any purpose funds indirectly obtained from State or local governments. As used in this subsection, the term 'capital indirectly obtained' includes income generated by a State financing authority or similar State institution or agency or from the investment of State or local money or amounts originally provided to nonprofit institutions or corporations which such institutions or corporations, in their discretion, determine to invest in a company licensed under section 681(d) of this title.''

Subsec. (f). Pub. L. 104–208, § 208(h)(1)(A)(ii), added subsec. (f) and struck out former subsec. (f) which read as follows: ''Notwithstanding the provisions of any other law, rule, or regulation, the Administration is authorized to allow the issuer of any preferred stock heretofore sold to the Administration to redeem or repurchase such stock upon the payment to the Administration of an amount less than the par value of such stock. The Administration, in its sole discretion, shall determine the repurchase price after considering factors including, but not limited to, the market value of the stock, the value of benefits previously provided and anticipated to accrue to the issuer, the amount of dividends previously paid, accrued, and anticipated, and the Administration's estimate of any anticipated redemption. The Administration may guarantee debentures as provided in paragraph (5) of subsection (c) of this section and allow the issuer to use the proceeds to make the payments authorized herein. Any monies received by the Administration from the repurchase of preferred stock shall be deposited in the business loan and investment fund and shall be available solely to provide assistance to companies operating under the authority of section 681(d) of this title, to the extent and in the amounts provided in advance in appropriations Acts.''

Subsec. (g)(2). Pub. L. 104–208, § 208(d)(6)(B), substituted ''1 percent, plus an additional charge of 1 percent per annum which shall be paid to and retained by the Administration'' for ''1 per centum, plus, at the time the guarantee is issued, such additional charge, if any, toward covering other costs of the program as the Administration may determine to be consistent with its purposes, but not to exceed 2 per centum''.

Subsec. (g)(4). Pub. L. 104–208, § 208(d)(5), struck out ''and maintain'' after ''shall invest''.

Subsec. (g)(8). Pub. L. 104–208, § 208(h)(1)(A)(iii), substituted ''partners, shareholders, or members'' for ''partners or shareholders'', ''partner's, shareholder's, or member's'' for ''partner's or shareholder's'', and ''partner, shareholder, or member'' for ''partner or shareholder''.

Subsecs. (i), (j). Pub. L. 104–208, § 208(d)(6)(C), added subsecs. (i) and (j).

1994—Subsec. (g)(13). Pub. L. 103–403 added par. (13).

1992—Subsec. (b). Pub. L. 102–366, § 402(1), inserted ''or participating securities'' after ''debentures'' in first and sixth sentences.

Subsec. (b)(1) to (4). Pub. L. 102–366, § 402(2), added pars. (1) to (4) and struck out former pars. (1) to (3) which read as follows:

''(1) The total amount of debentures purchased or guaranteed and outstanding at any one time from a company which does not qualify under the terms of paragraph (2) of this subsection, shall not exceed 300 percent of the combined private paid-in capital and paid-in surplus of such company. In no event shall the debentures guaranteed and outstanding under this subchapter of any such company or companies which are commonly controlled as determined by the Administration exceed $35,000,000.

''(2) The total amount of debentures which may be purchased or guaranteed and outstanding at any one time from a company not complying with section 681(d) of this title, which has investments or legal commitments of 65 per centum or more of its total funds available for investment in small business concerns invested or committed in venture capital, and which has combined private paid-in capital and paid-in surplus of $500,000 or more shall not exceed 400 per centum of its combined private paid-in capital and paid-in surplus. In no event shall the debentures of any such company purchased or guaranteed and outstanding under this paragraph exceed $35,000,000. Such additional purchases or guarantees which the Administration makes under this paragraph shall contain conditions to insure appropriate maintenance by the company receiving such assistance of the described ratio during the period in which debentures under this paragraph are outstanding.

''(3) Outstanding amounts of financial assistance provided to a company by the Administration prior to the effective date of the Small Business Investment Act Amendments of 1967 shall be deducted from the maximum amount of debentures which the Administration would otherwise be authorized to purchase or guarantee under this subsection.''

Subsec. (c). Pub. L. 102–366, § 412(1), (2), struck out ''preferred'' before ''securities'' in first sentence and inserted at end ''As used in this subsection, the term 'securities' means shares of nonvoting stock or other corporate securities or limited partnership interests which have similar characteristics.''

Subsec. (c)(1). Pub. L. 102–366, § 412(3), in introductory provisions substituted ''such securities'' for ''shares of nonvoting stock (or other corporate securities having similar characteristics)''.

Subsec. (c)(6). Pub. L. 102–366, § 402(3), inserted before period at end '', except as provided in paragraph (7)''.

Subsec. (c)(7). Pub. L. 102–366, § 402(4), added par. (7).

Subsec. (e). Pub. L. 102–366, § 413, inserted ''licensed under section 681(d) of this title and notwithstanding

section 662(9) of this title'' after ''company'' and substituted ''to November 21, 1989: *Provided*, That such companies may include in private capital for any purpose funds indirectly obtained from State or local governments. As used in this subsection, the term 'capital indirectly obtained' includes income generated by a State financing authority or similar State institution or agency or from the investment of State or local money or amounts originally provided to nonprofit institutions or corporations which such institutions or corporations, in their discretion, determine to invest in a company licensed under section 681(d) of this title.'' for ''prior to November 21, 1989.''

Subsecs. (g), (h). Pub. L. 102–366, §403, added subsecs. (g) and (h).

1990—Subsec. (b)(1). Pub. L. 101–574, §215(a)(1), amended last sentence generally. Prior to amendment, last sentence read as follows: ''In no event shall the debentures of any such company purchased or guaranteed and outstanding under this paragraph exceed $35,000,000.''

Subsec. (c)(6). Pub. L. 101–574, §215(b)(1), inserted ''under the provisions of this subchapter,'' after ''debentures or securities''.

Subsec. (d). Pub. L. 101–574, §215(b)(2), struck out after second sentence ''The aggregate amount of debentures with interest rate reductions as provided in this subsection or as provided in section 687i of this title which may be outstanding at any time from any such company shall not exceed 200 per centum of the private paid-in capital and paid-in surplus of such company.''

1989—Subsec. (c). Pub. L. 101–162 added subsec. (c) and struck out former subsec. (c) which contained provisions substantially similar to introductory provisions and pars. (1) to (4).

Subsecs. (d) to (f). Pub. L. 101–162 added subsecs. (d) to (f).

1978—Subsec. (c)(1). Pub. L. 95–507 increased the amount of preferred stock small business investment companies were authorized to sell to the Administration so long as such preferred stock leverage did not exceed 200 per centum of the qualified paid-in capital and so long as the amount of such stock purchased by the Administration was not greater in amount than the investment companies' outstanding equity investments and inserted definition of ''equity securities''.

1976—Subsec. (b)(1). Pub. L. 94–305, §104(a), substituted ''300'' for ''200'' and ''$35,000,000'' for ''$15,000,000''.

Subsec. (b)(2). Pub. L. 94–305, §104(b), substituted ''400'' for ''300'' and ''$35,000,000'' for ''$20,000,000''.

Subsec. (c)(2)(iii). Pub. L. 94–305, §104(c), substituted ''400'' for ''300'' and ''300'' for ''200''.

Subsec. (c)(4). Pub. L. 94–305, §104(c)(2), substituted ''300'' for ''200''.

1972—Subsec. (b)(1). Pub. L. 92–595, §2(c)(1), (2), substituted ''combined private paid-in capital'' for ''combined paid-in capital'' and ''$15,000,000'' for ''$7,500,000''.

Subsec. (b)(2). Pub. L. 92–595, §2(c)(3), substituted provisions relating to the purchase of debentures from companies not complying with section 681(d) of this title having investments or legal commitments of 65 per cent or more and whose combined private paid-in capital and paid-in surplus is $500,000 or more for provisions relating to such purchase from companies having investments or legal commitments of 65 per cent or more and whose combined paid-in capital and paid-in surplus is $1,000,000 or more, and increased the maximum amount of outstanding debentures from $10,000,000 to $20,000,000.

Subsec. (c). Pub. L. 92–595, §2(d), added subsec. (c).

1971—Subsec. (b). Pub. L. 92–213 inserted provision for a guaranty authority for the Administration and inserted requirement that such guaranty authority of the Administration be exercised only when authorized in appropriation Acts, authorized the purchase or guaranty on such terms as the Administration deems appropriate pursuant to regulations issued by the Administration, pledged the full faith and credit of the United States to the payment of amounts required to be paid in full under such guaranty, and struck out provision authorizing Administration cooperation with banks or other lending institutions in the purchase of debentures.

1967—Subsec. (b). Pub. L. 90–104 substituted purchase of debenture provisions of former section 682(a) of this title for former provision for loans (eliminating participation on deferred (standby) basis), incorporated subordination provision of such former section 682(a) (inserting provision for Administration exercise of reasonable investment prudence and for consideration of financial soundness of the company), provided for maximum term of fifteen years, substituted rate of interest taking into consideration current average market yield on outstanding marketable Treasury obligations with remaining periods to maturity comparable to average maturities on such debentures, as adjusted plus charge toward cost of programs, for rate of interest not lower than average investment yield on marketable Treasury obligations outstanding at time of loan involved, and added pars. (1) to (3) and definition of venture capital, former par. (1) limiting Administration purchases of company obligations to 50 per centum of paid-in capital and surplus or $4,000,000, whichever is less, and par. (2) requiring loans to be of such sound value as reasonably to assure repayment.

1964—Subsec. (b). Pub. L. 88–273 provided for participation loans by Administration with lending institutions on an immediate or deferred basis and for a minimum interest rate measured by the average investment yield on marketable obligations of the United States outstanding at the time of the loan involved, and designated existing provisions as clauses (1) and (2).

1961—Subsec. (b). Pub. L. 87–341 limited the Administration's authorization to lend funds to the extent that the funds are not available to the company involved from private sources on reasonable terms, and the total amount of obligations, including commitments to purchase such obligations, which can be purchased in any one company to not more than 50 percent of the paid-in capital and surplus or $4,000,000, whichever is less, and inserted ''All loans made by the Administration under this subsection shall be of such sound value as reasonably to assure repayment.''

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2007 AMENDMENT

Amendment by Pub. L. 110–140 effective on the date that is 1 day after Dec. 19, 2007, see section 1601 of Pub. L. 110–140, set out as an Effective Date note under section 1824 of Title 2, The Congress.

EFFECTIVE DATE OF 2001 AMENDMENT

Pub. L. 107–100, §2(b), Dec. 21, 2001, 115 Stat. 966, provided that: ''The amendments made by this section [amending this section] shall become effective on October 1, 2001.''

EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by Pub. L. 105–135 effective Oct. 1, 1997, see section 3 of Pub. L. 105–135, set out as a note under section 631 of this title.

EFFECTIVE DATE OF 1990 AMENDMENT

Pub. L. 101–574, title II, §215(a)(2), Nov. 15, 1990, 104 Stat. 2822, as amended by Pub. L. 102–140, title VI, §609(c), Oct. 28, 1991, 105 Stat. 825, provided that: ''The amendments made by paragraph (1) [amending this section] shall become effective on July 1, 1992.''

EFFECTIVE DATE OF 1967 AMENDMENT

Amendment by Pub. L. 90–104 effective 90 days after Oct. 11, 1967, see section 211 of Pub. L. 90–104, set out as a note under section 681 of this title.

REGULATIONS

Pub. L. 104–208, div. D, title II, §208(d)(4)(B), Sept. 30, 1996, 110 Stat. 3009–744, provided that:

''(i) UNIFORM APPLICABILITY.—Any regulation issued by the Administration to implement section 303(e) of the Small Business Investment Act of 1958 [15 U.S.C. 683(e)] that applies to any licensee with outstanding leverage obtained before the effective date of that regulation, shall apply uniformly to all licensees with outstanding leverage obtained before that effective date.

''(ii) DEFINITIONS.—For purposes of this subparagraph, the terms 'Administration', 'leverage' and 'licensee' have the same meanings as in section 103 of the Small Business Investment Act of 1958 [15 U.S.C. 662].''

EFFECT OF SMALL BUSINESS EQUITY ENHANCEMENT ACT OF 1992 ON SECURITIES LAWS

Nothing in amendment by Pub. L. 102–366 to be construed to affect applicability of securities laws or to otherwise supersede or limit jurisdiction of Securities and Exchange Commission, see section 418 of Pub. L. 102–366, set out as a note under section 661 of this title.

§ 684. Equity capital for small-business concerns

(a) Function of investment companies

It shall be a function of each small business investment company to provide a source of equity capital for incorporated and unincorporated small-business concerns, in such manner and under such terms as the small business investment company may fix in accordance with the regulations of the Administration.

(b) Conditions

Before any capital is provided to a small-business concern under this section—

(1) the company may require such concern to refinance any or all of its outstanding indebtedness so that the company is the only holder of any evidence of indebtedness of such concern; and

(2) except as provided in regulations issued by the Administration, such concern shall agree that it will not thereafter incur any indebtedness without first securing the approval of the company and giving the company the first opportunity to finance such indebtedness.

(c) Repealed. Pub. L. 90–104, title II, § 206, Oct. 11, 1967, 81 Stat. 271

(d) Direct or cooperative provision of capital

Equity capital provided to incorporated small business concerns under this section may be provided directly or in cooperation with other investors, incorporated or unincorporated, through agreements to participate on an immediate basis.

(Pub. L. 85–699, title III, § 304, Aug. 21, 1958, 72 Stat. 693; Pub. L. 86–502, § 6, June 11, 1960, 74 Stat. 196; Pub. L. 87–341, § 5, Oct. 3, 1961, 75 Stat. 752; Pub. L. 90–104, title II, § 206, Oct. 11, 1967, 81 Stat. 271; Pub. L. 92–595, § 2(e), Oct. 27, 1972, 86 Stat. 1316.)

Editorial Notes

AMENDMENTS

1972—Subsec. (a). Pub. L. 92–595 extended the function of small business investment companies to provide a source of equity capital to unincorporated business concerns.

1967—Subsec. (c). Pub. L. 90–104 repealed subsec. (c) which authorized purchase of stock of investment companies by small-business concerns in an amount equal to 5 per centum of capital provided.

1961—Subsec. (d). Pub. L. 87–341 added subsec. (d).

1960—Subsec. (a). Pub. L. 86–502 struck out ''primary'' before ''function'', and substituted ''a source of equity capital for incorporated small-business concerns, in such manner and under such terms as the small business investment company may fix in accordance with the regulations of the Administration'' for ''a source of needed equity capital for small-business concerns in the manner and subject to the conditions described in this section''.

Subsec. (b). Pub. L. 86–502 redesignated subsec. (c) as (b), and repealed former subsec. (b) which required capital to be secured only through the purchase of debenture bonds.

Subsecs. (c), (d). Pub. L. 86–502 redesignated subsec. (d) as (c), and substituted ''such concern shall have the right, exercisable in whole or in such part as such concern may elect, to become a stockholder-proprietor by investing in the capital stock of the company 5 per centum'' for ''such concern shall be required to become a stockholder-proprietor of the company by investing in the capital stock of the company, in an amount equal to not less than 2 percent nor more than 5 percent''. Former subsec. (c) redesignated (b).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1967 AMENDMENT

Amendment by Pub. L. 90–104 effective 90 days after Oct. 11, 1967, see section 211 of Pub. L. 90–104, set out as a note under section 681 of this title.

§ 685. Long-term loans to small-business concerns

(a) Authorization

Each company is authorized to make loans, in the manner and subject to the conditions described in this section, to incorporated and unincorporated small-business concerns in order to provide such concerns with funds needed for sound financing, growth, modernization, and expansion.

(b) Direct loans; loans on participation basis

Loans made under this section may be made directly or in cooperation with other lenders, incorporated or unincorporated, through agreements to participate on an immediate or deferred basis.

(c) Maximum rate of interest

The maximum rate of interest for the company's share of any loan made under this section shall be determined by the Administration: *Provided*, That the Administration also shall permit those companies which have issued debentures pursuant to this chapter to charge a maximum rate of interest based upon the coupon rate of interest on the outstanding debentures, determined on an annual basis, plus such other expenses of the company as may be approved by the Administration.

(d) Maturity

Any loan made under this section shall have a maturity not exceeding twenty years.

(e) Soundness of loan; security

Any loan made under this section shall be of such sound value, or so secured, as reasonably to assure repayment.

(f) Extension or renewal

Any company which has made a loan to a small-business concern under this section is authorized to extend the maturity of or renew such loan for additional periods, not exceeding ten