

**AMENDMENT TO THE RULES COMMITTEE PRINT
OF H.R. 7
OFFERED BY MS. BASS OF CALIFORNIA**

Page 97, after line 22, insert the following:

1 (8) LIMITED BUYDOWN.—Section 601(a) (as
2 amended by this subsection) is further amended by
3 adding at the end the following:

4 “(18) LIMITED BUYDOWN.—The term ‘limited
5 buydown’ means a buydown of the interest rate by
6 the Secretary and by the obligor if the interest rate
7 has increased between—

8 “(A)(i) the date on which a project appli-
9 cation acceptable to the Secretary is submitted;
10 or

11 “(ii) the date on which the Secretary en-
12 tered into a master credit agreement; and

13 “(B) the date on which the Secretary exe-
14 cutes the Federal credit instrument.”.

Page 110, strike lines 12 through 20 and insert the
following:

15 (D) NONSUBORDINATION.—Section
16 603(b)(6) is amended to read as follows:

1 “(6) NONSUBORDINATION.—

2 “(A) IN GENERAL.—The secured loan shall
3 not be subordinated to the claims of any holder
4 of project obligations entered into after the date
5 on which the agreement to provide the secured
6 loan is entered into under this section (except
7 that such obligations do not include project ob-
8 ligations issued to refund prior project obliga-
9 tions or project obligations not contemplated by
10 the parties at the time) in the event of bank-
11 ruptcy, insolvency, or liquidation of the obligor.

12 “(B) PRE-EXISTING INDENTURE.—

13 “(i) IN GENERAL.—The Secretary
14 shall waive subparagraph (A) for public
15 agency borrowers that are financing ongo-
16 ing capital programs and have outstanding
17 senior bonds under a pre-existing inden-
18 ture, if—

19 “(I) the secured loan is rated in
20 the A-category or higher;

21 “(II) the secured loan is secured
22 and payable from pledged revenues
23 not affected by project performance,
24 such as a tax-backed revenue pledge

1 or a system-backed pledge of project
2 revenues; and

3 “(III) the TIFIA program share
4 of eligible project costs is 33 percent
5 or less.

6 “(ii) LIMITATION.—If the Secretary
7 waives the nonsubordination requirement
8 under this subparagraph—

9 “(I) the maximum credit subsidy
10 that will be paid by the Federal Gov-
11 ernment shall be limited to 10 percent
12 of the principal amount of the secured
13 loan; and

14 “(II) the obligor shall be respon-
15 sible for paying the remainder of the
16 subsidy cost.”.

Page 110, after line 20, insert the following:

17 (E) LIMITED BUYDOWNS.—Section 603(b)
18 is amended by adding at the end the following:

19 “(9) LIMITED BUYDOWNS.—A limited buydown
20 is subject to the following conditions:

21 “(A) IN GENERAL.—The interest rate
22 under the agreement may not be lowered by
23 more than the lower of—

1 “(i) 1½ percentage points (150 basis
2 points); or

3 “(ii) the amount of the increase in the
4 interest rate.

5 “(B) COST-SHARING.—The Secretary may
6 pay up to 50 percent of the cost of the limited
7 buydown, and the obligor shall pay the balance
8 of the cost of the limited buydown.

9 “(C) ANNUAL LIMIT.—Not more than 5
10 percent of the funding made available annually
11 to carry out this chapter may be used to carry
12 out limited buydowns.”.

