

SEC. [6]. LIMITED BUYDOWN

Section [5029(b)] of the Water Infrastructure Finance and Innovation Act of 2014 (33 U.S.C. 3908(b)) is amended by striking paragraph (4) and inserting the following:

“(4) Interest rate

(A) In general

Except as provided in subparagraph (B), the interest rate on a secured loan under this section shall be not less than the interest rate reflected in the yield on United States Treasury securities of a similar maturity to the maturity of the secured loan on the date of execution of the loan agreement.

(B) Limited buydowns

(i) In general

Subject to clause (iii), the Secretary or the Administrator, as applicable, may lower the interest rate of a secured loan under this section to not lower than the interest rate described in clause (ii), if the interest rate has increased during the period—

(I) beginning on the date on which an application acceptable to the Secretary or the Administrator, as applicable, is submitted for the applicable project; and

(II) ending on the date on which the Secretary or the Administrator, as applicable, executes the Federal credit instrument for the applicable project that is the subject of the secured loan.

(ii) Description of interest rate

The interest rate referred to in clause (i) is the interest rate reflected in the yield on United States Treasury securities of a similar maturity to the maturity of the secured loan in effect, as applicable to the project that is the subject of the secured loan, on the date described in clause (I).

(iii) Limitation

The interest rate of a secured loan may not be lowered pursuant to clause (i) by more than 1½ percentage points (150 basis points).”