CREB Maturity Limitations, Credit Rate and Amortization

The maximum term for an issue of CREBs is the term that the Secretary of the Treasury estimates will result in the present value of the obligation to repay the principal on the bond being equal to 50% of the face amount of such bond. A discount rate equal to 110% of the long-term adjusted applicable federal rate, compounded semi-annually, for the month in which the bond is sold
Is used for this purpose. The maximum term and rate for a CREB is published daily by the Bureau of Public Debt on its Internet site at: https://www.treasurydirect.gov/SZ/SPESRates

For each issue of clean renewable energy bonds, a separate credit rate will apply to each of the level annual repayments of principal of the issue (each, a “principal maturity”). The credit rate for a principal maturity of an issue of clean renewable energy bonds is the applicable clean renewable energy bond credit rate published each business day by the Bureau of Public Debt on the above Internet site. The applicable clean renewable energy bond credit rate shall be applied to a principal maturity of an issue of clean renewable energy bonds on the day the issue is sold. Again, the credit rates will be determined by the Treasury Department based on its estimate of the yield on outstanding AA rated corporate bonds of a similar maturity for the business day immediately prior to the date on which the issue is sold.

For example, the CREB credit rates on various maturities on May 29, 2007 were:

Term to Maturity	Credit Rate
1-year	5.31%
2-year	5.40%
3-year	5.45%
4-year	5.46%
5-year	5.53%
6-year	5.58%
7-year	5.61%
8-year	5.68%
9-year	5.72%
10-year	5.65%
11-year	5.67%
12-year	5.71%
13-year	5.76%
14-year	5.77%
15-year	5.77%
16-year	5.80%

At this site, a table of maturities (and the maximum maturity) and rates specify the appropriate credit rates for the specified maturities under the CREB program. For example, assume that an issuer issues $20,000,000 of CREBs on January 1, 2007 to finance a qualified solar facility. Further assume that the long-term adjusted applicable federal rate for the month that the CREBs issue was sold was 5%. The maximum term of the issue would be the number of years that $10,000,000 (50% multiplied by $20,000,000) present valued at 5.50% (110% of 5%), compounded semi-annually, will take to equal $20,000,000. This is 12.77 years.