

§ 120.1

13 CFR Ch. I (1-1-01 Edition)

DEBENTURE SALES AND SERVICE AGENTS

- 120.950 SBA and CDC must appoint agents.
- 120.951 Selling agent.
- 120.952 Fiscal agent.
- 120.953 Trustee.
- 120.954 Central Servicing Agent.
- 120.955 Agent bonds and records.
- 120.956 Suspension or revocation of brokers and dealers.

CLOSINGS

- 120.960 Responsibility for closing.
- 120.961 Construction escrow accounts.

SERVICING AND FEES

- 120.970 Servicing of 504 loans and Debentures.
- 120.971 Allowable fees paid by Borrower.
- 120.972 Third Party Lender participation fee and Development Company fee.
- 120.973 Oversight and evaluation of CDCs and ADCs.

CDR TRANSFER, SUSPENSION AND REVOCATION

- 120.980 Transfer of CDC to ADC status.
- 120.981 Voluntary transfer and surrender of CDC certification.
- 120.982 Correcting CDC servicing deficiencies.
- 120.983 Transfer of CDC servicing to SBA or another CDC.
- 120.984 Suspension or revocation of CDC certification.

ENFORCEABILITY OF 501, 502 and 503 LOANS AND OTHER LAWS

- 120.990 501, 502 and 503 loans.
- 120.991 Effect of other laws.

AUTHORITY: 15 U.S.C. 634 (b)(6), 636(a) and (h), 696(3), and 697(a)(2).

SOURCE: 61 FR 3235, Jan. 31, 1996, unless otherwise noted.

GENERAL DESCRIPTIONS OF SBA'S BUSINESS LOAN PROGRAMS

§ 120.1 Which loan programs does this part cover?

This part regulates SBA's financial assistance to small businesses under its general business loan programs ("7(a) loans") authorized by section 7(a) of the Small Business Act ("the Act"), 15 U.S.C. 636(a), its microloan demonstration loan program ("Microloans") authorized by section 7(m) of the Act, 15

U.S.C. 636(m), and its development company program ("504 loans") authorized by Title V of the Small Business Investment Act, 15 U.S.C. 695 to 697f ("Title V"). These three programs constitute the business loan programs of the SBA.

§ 120.2 Descriptions of the business loan programs.

(a) *7(a) loans.* (1) 7(a) loans provide financing for general business purposes and may be:

- (i) A direct loan by SBA;
- (ii) An immediate participation loan by a Lender and SBA; or
- (iii) A guaranteed loan (deferred participation) by which SBA guarantees a portion of a loan made by a Lender.

(2) A guaranteed loan is initiated by a Lender agreeing to make an SBA guaranteed loan to a small business and applying to SBA for SBA's guarantee under a blanket guarantee agreement (participation agreement) between SBA and the Lender. If SBA agrees to guarantee (authorizes) a portion of the loan, the Lender funds and services the loan. If the small business defaults on the loan, SBA's guarantee requires SBA to purchase its portion of the outstanding balance, upon demand by the Lender and subject to specific conditions. Regulations specific to 7(a) loans are found in subpart B of this part.

(b) *Microloans.* SBA makes loans and loan guarantees to non-profit Intermediaries that make short-term loans up to \$25,000 to eligible small businesses for general business purposes, except payment of personal debts. SBA also makes grants to Intermediaries for use in providing management assistance and counseling to small businesses. Regulations specific to these loans are found in subpart G of this part.

(c) *504 loans.* Projects involving 504 loans require long-term fixed-asset financing for small businesses. A Certified Development Company (CDC) provides the final portion of this financing with a 504 loan made from the proceeds of a Debenture issued by the CDC, guaranteed 100 percent by SBA (with the full faith and credit of the United States), and sold to investors.