

§ 500.212

terms of the Guarantee or Loan Documents.

[64 FR 57947, Oct. 27, 1999, as amended at 65 FR 24107, Apr. 25, 2000; 65 FR 51522, Aug. 24, 2000]

§ 500.212 Liquidation.

(a) The Board may take, or direct to be taken, any action in liquidating the Security which the Board determines to be necessary or proper, consistent with Federal law and regulations.

(b) Pursuant to the Guarantee, upon written demand by the Lender and whether or not the Board has made any payment under the Guarantee, the Board, at the Board's sole option shall have the right to require that the Lender, solely or jointly with the Board, conduct to completion the liquidation of any or all of the Security. The Board may choose to conduct the liquidation itself.

§ 500.213 Termination of obligations.

(a) The Board, in its discretion, shall be entitled to terminate all, or a portion, of the Board's obligations under the Guarantee, without further cause, in the event that:

(1) The Guarantee fee required by § 500.208(d) shall not have been paid;

(2) A Lender shall have released or covenanted not to sue the Borrower or any other guarantor, or agreed to the

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modification of any obligation of any party to any agreement related to the loan, without the prior written consent of the Board;

(3) A Lender has released the Board from its liability and obligations under the Guarantee;

(4) A Lender shall have made any incorrect or incomplete representation to the Board in any material respect in connection with the Application, the Guarantee or the Loan Documents;

(5) A Lender fails to make a demand for payment within 30 days of payment default; or

(6) A Lender fails to comply with any material provision of the Loan Documents or the Guarantee.

(b) Upon receipt of a written demand for payment made pursuant to the Guarantee, the Board shall be entitled to seek such certifications from the Lender, undertake such audits or investigations, or take such other action as is provided for by law or the Guarantee so as to determine whether the Lender has complied with all of the Lender's obligations under the Guarantee.

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§ 500.214 OMB control number. [Reserved]