Small Business Administration

§ 108.1200

absence of such board members, fees
must be reasonable when compared
with amounts paid to outside directors
of similar companies. Fees may be in
the form of cash, warrants, or other
payments. At least 50 percent of any
such fees paid to your Associate by a
Small Business for service by the Asso-
ciate as a board member must be allo-
cated back to you for your benefit.

(e) Transaction fees. (1) You or your
Associate may charge reasonable
transaction fees for work performed
such as preparing a Small Business for
a public offering, private offering, or
sale of all or part of the business, and
for assisting with the transaction. Fees
may be in the form of cash, notes,
stock, and/or options. At least 50 per-
cent of any such fees paid to your Asso-
ciate by a Small Business for trans-
actions work done by the Associate
must be allocated back to you for your
benefit.

(2) Your Associate may charge mar-
ket rate investment banking fees to a
Small Business on that portion of a Fi-
nancing that you do not provide.

(f) Recordkeeping requirements. You
must keep a record of hours spent and
amounts charged to the Small Busi-
ness, including expenses charged.

[67 FR 68503, Nov. 12, 2002]

Subpart J—SBA Financial Assist-
ance for NMVC Companies
(Leverage)

GENERAL INFORMATION ABOUT
OBTAINING LEVERAGE

§ 108.1100 Type of Leverage and appli-
cation procedures.

(a) Type of Leverage available. You
may apply for Leverage from SBA in
the form of a guarantee of your Deben-
tures.

(b) Applying for Leverage. The Lever-
age application process has two parts.
You must first apply for SBA’s condi-
tional commitment to reserve a spe-
cific amount of Leverage for your fu-
ture use. You may then apply to draw
Leverage against the commitment.

(c) Where to send your application.
Send all Leverage applications to SBA,
Investment Division Office of New Mar-
kets Venture Capital, 409 Third Street,
SW., Washington, DC 20416.

§ 108.1120 General eligibility require-
ment for Leverage.

To be eligible for Leverage, you must
be in compliance with the Act, the reg-
ulations in this part, and your Participa-
tion Agreement.

§ 108.1130 Leverage fees payable by
NMVC Company.

There is no fee for the issuance of De-
bentures by a NMVC Company.

§ 108.1140 NMVC Company’s accept-
ance of SBA remedies under
§ 108.1810.

If you issue Leverage, you automatic-
ally agree to the terms and conditions
in §108.1810 as it exists at the time of
issuance. The effect of these terms and
conditions is the same as if they were
fully incorporated in the terms of your
Leverage.

MAXIMUM AMOUNT OF LEVERAGE FOR
WHICH A NMVC COMPANY IS ELIGIBLE

§ 108.1150 Maximum amount of Lever-
age for a NMVC Company.

The face amount of a NMVC Com-
pany’s outstanding Debentures may
not exceed 150 percent of its
Leverageable Capital.

CONDITIONAL COMMITMENTS BY SBA TO
RESERVE LEVERAGE FOR A NMVC
COMPANY

§ 108.1200 SBA’s Leverage commitment
to a NMVC Company—application
procedure, amount, and term.

(a) General. Under the provisions in
 §§ 108.1200 through 108.1240, you may
apply for SBA’s conditional commit-
tment to reserve a specific amount and
type of Leverage for your future use.
You may then apply to draw down Le-
verage against the commitment.

(b) Applying for a Leverage commit-
tment. SBA will notify you when it is
accepting requests for Leverage com-
mitments. Upon receipt of your re-
quest, SBA will send you a complete
application package.

(c) Limitations on the amount of a Le-
verage commitment. The amount of a Le-
verage commitment must be a multiple
of $5,000. SBA, in its discretion, may