§ 120.613 Secondary Participation Guarantee Agreement.

When a Lender wants to sell the guaranteed portion of a loan, it enters into a Secondary Participation Guarantee Agreement ("SPGA") with SBA and the prospective purchaser. The terms of sale between the Lender and the purchaser cannot require the Lender or SBA to repurchase the guaranteed portion of a loan except in accordance with the terms of the SPGA. Before execution of the SPGA, the Lender must:
(a) Submit to FTA a copy of the proposed SPGA, the note, and such other documents as SBA may require;
(b) Except for export working capital loans, disburse to the Borrower the full amount of the loan; and
(c) Pay SBA all guarantee fees relevant to the loan in full.


§ 120.612 Loans eligible to back Certificates.

(a) Pool Certificates are backed by the SBA guaranteed portions of loans comprising the Pool. An Individual Certificate is backed by the SBA guaranteed portion of a single loan. Any such loan must:
(1) Be current as of the date the Pool is formed or the individual guaranteed portion of a loan is initially sold in the Secondary Market;
(2) Be guaranteed under the Act; and
(3) Meet such other standards as SBA may determine to be necessary for the successful operation of the Secondary Market program.

(b) The loans that back a Pool must meet the SBA requirements in effect at the time the Pool is formed.

§ 120.613 Secondary Participation Guarantee Agreement.

When a Lender wants to sell the guaranteed portion of a loan, it enters into a Secondary Participation Guarantee Agreement ("SPGA") with SBA and the prospective purchaser. The terms of sale between the Lender and the purchaser cannot require the Lender or SBA to repurchase the guaranteed portion of a loan except in accordance with the terms of the SPGA. Before execution of the SPGA, the Lender must:
(a) Submit to FTA a copy of the proposed SPGA, the note, and such other documents as SBA may require;
(b) Except for export working capital loans, disburse to the Borrower the full amount of the loan; and
(c) Pay SBA all guarantee fees relevant to the loan in full.