Emergency Steel Guarantee Loan Board

§ 400.215 Supplemental Guarantees.

The Board will allow the structure of a guaranteed loan to include one or more Supplemental Guarantees that

§ 400.213 Termination of obligations.

The Board shall have such rights to terminate the Guarantee as are set forth in the Guarantee.

§ 400.214 Participations in guaranteed loans.

(a) Subject to paragraphs (b), (c) and (d) of this section, a Lender may distribute the risk of a portion of a loan guaranteed under the Program by sale of participations therein if:

(1) Neither the loan note nor the Guarantee is assigned, conveyed, sold, or transferred in whole or in part;

(2) The Lender remains solely responsible for the administration of the loan; and

(3) The Board’s ability to assert any and all defenses available to it under the Guarantee and the law is not adversely affected.

(b) The following categories of entities may purchase participations in loans guaranteed under the Program:

(1) Eligible Lenders;

(2) Private investment funds and insurance companies that do not usually invest in commercial loans;

(3) Steel company suppliers or customers, who are interested in participating as a means of commencing or solidifying the supplier or customer relationship with the borrower; or

(4) Any other entity approved by the Board on a case-by-case basis.

(c) The Agent may not grant participations in that portion of its interest in a loan that may not be assigned or transferred under §400.210(d). A Lender, other than the Agent, may not grant participations in that portion of its interest in a loan that may not be assigned or transferred under §400.210(d).

(d) At least 5 percent of any participation interest in a loan must be unguaranteed.

§ 400.211 Lender responsibilities.

The Lender shall have such obligations and duties to the Board as are set forth in the Guarantee.

§ 400.212 Guarantee.

The Board shall adopt a form of Guarantee to be used by the Board under the Program, and shall publish the Guarantee on its website. Modifications to the provisions of the form of Guarantee must be approved and adopted by the Board.

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cover the Unguaranteed Portion of the loan; provided that:

(a) There shall be no Supplemental Guarantee with respect to the Unguaranteed Portion required to be held by the Agent pursuant to § 400.210(c);

(b) The Loan Documents relating to any Supplemental Guarantee shall be acceptable in form and substance to the Board; and

(c) In approving the issuance of a Guarantee, the Board may impose any conditions with respect to Supplemental Guarantee(s) relating to the loan that it considers appropriate.

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