§ 107.1410 Requirement to redeem 4 percent Preferred Securities.

You must redeem 4 percent Preferred Securities not later than 15 years from

the date of issuance. At the redemption date, you must pay to SBA:
(a) The par value (of preferred stock)
or face value (of a preferred limited partnership interest); plus
(b) Any unpaid dividends or partnership distributions accrued to the redemption date.

§ 107.1420 Articles requirements for 4 percent Preferred Securities.

If you have outstanding 4 percent Preferred Securities, your Articles must contain all the provisions in §§107.1400 and 107.1410.
[63 FR 5869, Feb. 5, 1998]

§ 107.1430 Redeeming 4 percent Preferred Securities with proceeds of non-subsidized Debentures.

If SBA approves, a Section 301(d) Licensee may use the proceeds of a Debenture to redeem Preferred Securities at their mandatory redemption date, including any accrued unpaid dividends or partnership distributions.

§ 107.1440 Three percent preferred stock issued before November 21, 1989.

Before November 21, 1989, Preferred Securities were available only in the form of preferred stock and had a preferred and cumulative dividend of 3 percent. If you have such preferred stock outstanding, you must follow §107.1400 (except for §107.1400(d)), substituting “3 percent” for “4 percent” throughout.) Dividends on 3 percent preferred stock are payable at the discretion of your Board of Directors or General Partner(s), except that all dividends in arrears must be paid in full before any non-SBA investor receives any distribution. Upon your liquidation, SBA is entitled to payment of all dividends in arrears even if you have no Retained Earnings Available for Distribution at such time.

§ 107.1450 Optional redemption of Preferred Securities.

(a) Redemption at par or face value. A Section 301(d) Licensee may redeem Preferred Securities at any time, provided you give SBA at least 30 days written notice. You may redeem all or only part of your Preferred Securities, but the par value or face value of the securities being redeemed must be at least $50,000. At the redemption date, you must pay to SBA:
(1) The par value (of preferred stock)
or face value (of a preferred limited partnership interest); plus
(2) Any unpaid dividends or partnership distributions accrued to the redemption date.

PARTICIPATING SECURITIES LEVERAGE

§ 107.1500 General description of Participating Securities.

(a) Types of Participating Securities. Participating Securities are redeemable, preferred, equity-type securities. SBA may purchase or guarantee Participating Securities issued by Licensees in the form of limited partnership interests, preferred stock, or Debentures with interest payable only to the extent of earnings. The structure, terms and conditions of Participating Securities are set forth in detail in §§107.1500 through 107.1590.

(b) Special eligibility requirements for Participating Securities. In addition to the general eligibility requirements for Leverage under §107.1120, Participating Securities issuers must also comply with special rules on:
(1) Minimum capital (see §107.210).
(2) Liquidity (see §107.1505).
(3) Non-SBA borrowing (see §107.570).
(4) Equity investing, as set forth in this paragraph (b)(4). If you issue Participating Securities, you must invest