§ 108.160 — Special rules for NMVC Companies formed as limited partnerships.

(a) Entity General Partner. (1) A general partner which is a corporation, limited liability company or partnership (an "Entity General Partner") shall be organized under state law solely for the purpose of serving as the general partner of one or more NMVC companies.

(2) SBA must approve any person who will serve as an officer, director, manager, or general partner of the Entity General Partner. This provision must be stated in an Entity General Partner's Certificate of Incorporation, operating agreement, limited partnership agreement or other similar governing instrument.


(4) The general partner(s) of your Entity General Partner(s) will be considered your general partner.

(b) Other requirements for Partnership NMVC Companies. If you are a Partnership NMVC Company:

(1) You must have a minimum duration of 10 years or two years following the maturity of your last-maturing Leverage security, whichever is longer. After 10 years, if all Leverage has been repaid or redeemed and all amounts due SBA, its agent, or Trustee have been paid, the Partnership NMVC Company may be terminated by a vote of your partners;

(2) None of your general partner(s) may be removed or replaced by your limited partners without prior written approval of SBA;

(3) Any transferee of, or successor in interest to, your general partner shall have only the rights and liabilities of a limited partner pending SBA’s written approval of such transfer or succession; and

(4) You must incorporate all the provisions in this paragraph (b) in your limited partnership agreement.

(c) Obligations of a Control Person. All Control Persons are bound by the disciplinary provisions of sections 365 and 366 of the Act and by the conflict-of-interest rules under §108.730. The term NMVC Company, as used in §§108.30, 108.460, and 108.680, includes all of the NMVC Company’s Control Persons. The conditions specified in §108.1810 and §108.1910 apply to all general partners.

(d) Liability of general partner for partnership debts to SBA. Subject to section 365 of the Act, your general partner is not liable solely by reason of its status as a general partner for repayment of any Leverage or debts you owe to SBA unless SBA, in the exercise of reasonable investment prudence, and with regard to your financial soundness, determines otherwise prior to the purchase or guaranty of your Leverage.

(e) Special Leverage requirement. Before your first issuance of Leverage, you must furnish SBA with evidence that you qualify as a partnership for tax purposes, either by a ruling from the Internal Revenue Service or by an opinion of counsel.

CAPITALIZING A NMVC COMPANY

§ 108.200 — Adequate capital for NMVC Companies.

You must meet the requirements of §§108.200–108.230 in order to qualify for designation as a NMVC Company and to receive Leverage.