

**§ 90.811 Reduced down payment for licenses won by small businesses.**

Each winning bidder that qualifies as a small business shall make a down payment equal to ten percent of its winning bid (less applicable bidding credits); a winning bidder shall bring its total amount on deposit with the Commission (including upfront payment) to five percent of its net winning bid within five (5) business days after the auction closes, and the remainder of the down payment (five percent) shall be paid within five (5) business days following Public Notice that the Commission is prepared to award the license. The Commission generally will grant the license within ten (10) business days after receipt of the remainder of the down payment.

**§ 90.812 [Reserved]****§ 90.813 Partitioned licenses and disaggregated spectrum.**

(a) *Eligibility.* Parties seeking approval for partitioning and disaggregation shall request an authorization for partial assignment of a license pursuant to § 1.948 of this chapter.

(b) *Technical standards—(1) Partitioning.* In the case of partitioning, requests for authorization for partial assignment of a license must include, as attachments, a description of the partitioned service area and a calculation of the population of the partitioned service area and the licensed geographic service area. The partitioned service area shall be defined by coordinate points at every 3 degrees along the partitioned service area unless an FCC recognized service area is utilized (*i.e.*, Major Trading Area, Basic Trading Area, Metropolitan Service Area, Rural Service Area or Economic Area) or county lines are followed. The geographic coordinates must be specified in degrees, minutes, and seconds to the nearest second of latitude and longitude and must be based upon the 1927 North American Datum (NAD27). Applicants may supply geographical coordinates based on 1983 North American Datum (NAD83) in addition to those required (NAD27). In the case where an FCC recognized service area or county lines are utilized, applicants

need only list the specific area(s) (through use of FCC designations or county names) that constitute the partitioned area.

(2) *Disaggregation.* Spectrum may be disaggregated in any amount.

(3) *Combined partitioning and disaggregation.* The Commission will consider requests for partial assignment of licenses that propose combinations of partitioning and disaggregation.

(c) *Installment payments—(1) Apportioning the balance on installment payment plans.* When a winning bidder elects to pay for its license through an installment payment plan pursuant to § 90.812, and partitions its licensed area or disaggregates spectrum to another party, the outstanding balance owed by the licensee on its installment payment plan (including accrued and unpaid interest) shall be apportioned between the licensee and partitionee or disaggregatee. Both parties will be responsible for paying their proportionate share of the outstanding balance to the U.S. Treasury. In the case of partitioning, the balance shall be apportioned based upon the ratio of the population of the partitioned area to the population of the entire original license area calculated based upon the most recent census data. In the case of disaggregation, the balance shall be apportioned based upon the ratio of the amount of spectrum disaggregated to the amount of spectrum allocated to the licensed area.

(2) *Parties not qualified for installment payment plans.* (i) The partitionee or disaggregatee shall, as a condition of the approval of the partial assignment application, pay its entire pro rata amount within 30 days of Public Notice conditionally granting the partial assignment application. Failure to meet this condition will result in a rescission of the grant of the partial assignment application.

(ii) The licensee shall be permitted to continue to pay its pro rata share of the outstanding balance and shall receive new financing documents (promissory note, security agreement) with a revised payment obligation, based on the remaining amount of time on the original installment payment schedule. These financing documents will replace

the licensee's existing financing documents which shall be marked "superse- ded" and returned to the licensee upon receipt of the new financing docu- ments. The original interest rate, es- tablished pursuant to §1.2110(g)(3)(i) of this chapter at the time of the grant of the initial license in the market, shall continue to be applied to the licensee's portion of the remaining government obligation. The Commission will re- quire, as a further condition to ap- proval of the partial assignment appli- cation, that the licensee execute and return to the U.S. Treasury the new fi- nancing documents within 30 days of the Public Notice conditionally grant- ing the partial assignment application. Failure to meet this condition will re- sult in the automatic cancellation of the grant of the partial assignment ap- plication.

(iii) A default on the licensee's pay- ment obligation will only affect the li- censee's portion of the market.

(3) *Parties qualified for installment pay- ment plans.* (i) Where both parties to a partitioning or disaggregation agree- ment qualify for installment payments, the partitionee or disaggregatee will be permitted to make installment pay- ments on its portion of the remaining government obligation, as calculated according to paragraph (d)(1) of this section.

(ii) Each party will be required, as a condition to approval of the partial as- signment application, to execute sepa- rate financing documents (promissory note, security agreement) agreeing to pay their pro rata portion of the bal- ance due (including accrued and unpaid interest) based upon the installment payment terms for which they qualify under the rules. The financing docu- ments must be returned to the U.S. Treasury within thirty (30) days of the Public Notice conditionally granting the partial assignment application. Failure by either party to meet this condition will result in the automatic cancellation of the grant of the partial assignment application. The interest rate, established pursuant to §1.2110(g)(3)(i) of this chapter at the time of the grant of the initial license in the market, shall continue to be ap- plied to both parties' portion of the balance due. Each party will receive a

license for their portion of the parti- tioned market or disaggregated spec- trum.

(iii) A default on an obligation will only affect that portion of the market area held by the defaulting party.

(iv) Partitionees and disaggregatees that qualify for installment payment plans may elect to pay some of their pro rata portion of the balance due in a lump sum payment to the U.S. Treas- ury and to pay the remaining portion of the balance due pursuant to an in- stallment payment plan.

(d) *License term.* The license term for a partitioned license area and for disaggregated spectrum shall be the re- mainder of the original licensee's li- cense term as provided for in §90.665(a).

(e) *Construction requirements—(1) Re- quirements for partitioning.* Parties seek- ing authority to partition must meet one of the following construction re- quirements:

(i) The partitionee may certify that it will satisfy the applicable construc- tion requirements set forth in §90.665 for the partitioned license area; or

(ii) The original licensee may certify that it has or will meet the construc- tion requirements set forth in §90.665 for the entire market. In that case, the partitionee must only meet the re- quirements for renewal of its license for the partitioned license area.

(iii) Applications requesting partial assignments of license for partitioning must include a certification by each geographic area 800 MHz SMR licenses in the lower 230 channels will be award- ed to small entities, as that term is de- fined by the SBA.

(iv) Partitionees must submit sup- porting documents showing compliance with the respective construction re- quirements within the appropriate time frames set forth in §90.665.

(v) Failure by any partitionee to meet its respective performance re- quirements will result in the auto- matic cancellation of the partitioned or disaggregated license without fur- ther Commission action.

(2) *Requirements for disaggregation.* Parties seeking authority to disaggregate must submit with their

partial assignment application a certification signed by both parties stating which of the parties will be responsible for meeting the construction requirements for the market as set forth in § 90.665. Parties may agree to share responsibility for meeting the construction requirements. Parties that accept responsibility for meeting the construction requirements and later fail to do so will be subject to license forfeiture without further Commission action.

[62 FR 41219, July 31, 1997, as amended at 67 FR 45376, July 9, 2002; 68 FR 43001, July 21, 2003]

#### § 90.814 Definitions.

(a) *Scope.* The definitions in this section apply to §§ 90.810 through 90.813, unless otherwise specified in those sections.

(b) A small business is an entity that either:

(1) Together with its affiliates, persons or entities that hold attributable interests in such entity, and their affiliates, has average gross revenues that are not more than \$3 million for the preceding three years; or

(2) Together with its affiliates, persons or entities that hold attributable interests in such entity, and their affiliates, has average gross revenues that are not more than \$15 million for the preceding three years.

[60 FR 48919, Sept. 21, 1995, as amended at 67 FR 45376, July 9, 2002; 68 FR 43001, July 21, 2003]

#### § 90.815 Records maintenance and definitions.

(a) *Records maintenance.* All winning bidders qualifying as small businesses, shall maintain at their principal place of business an updated file of ownership, revenue and asset information, including any documents necessary to establish eligibility as a small business, pursuant to § 90.814, and/or a consortium of small businesses. Licensees (and their successors in interest) shall maintain such files for the term of the license.

(b) *Definitions.* The term *small business* used in this section is defined in § 90.814.

[68 FR 43001, July 21, 2003]

#### § 90.816 Criteria for comparative 900 MHz SMR renewal proceedings.

(a) *Ultimate issue.* The ultimate issue in comparative renewal proceedings will be to determine, in light of the evidence adduced in the proceeding, what disposition of the applications would best serve the public interest, convenience and necessity.

(b) *Renewal expectancies.* The most important comparative factor to be considered in a comparative 900 MHz SMR renewal proceeding is a major preference, commonly referred to as a “renewal expectancy”.

(1) The 900 MHz SMR renewal applicant involved in a comparative renewal proceeding will receive a renewal expectancy, if its past record for the relevant license period demonstrates that:

(i) The renewal applicant has provided “substantial” service during its past license term. “Substantial” service is defined as service which is sound, favorable, and substantially above a level of mediocre service which just might minimally warrant renewal; and

(ii) The renewal applicant has substantially complied with applicable FCC rules, policies and the Communications Act of 1934, as amended.

(2) In order to establish its right to a renewal expectancy, a 900 MHz renewal applicant involved in a comparative renewal proceeding must submit a showing explaining why it should receive a renewal expectancy. At a minimum, this showing must include:

(i) A description of its current service in terms of geographic coverage and population served;

(ii) An explanation of its record of expansion, including a timetable of the construction of new base sites to meet changes in demand for SMR service;

(iii) A description of its investments in its 900 MHz SMR system; and

(iv) Copies of all FCC orders finding the licensee to have violated the Communications Act or any FCC rule or policy; and a list of any pending proceedings that relate to any matter described in paragraph (b)(2) of this section.

(3) In making its showing of entitlement to a renewal expectancy, a renewal applicant may claim credit for any system modification applications that were pending on the date it filed