



U.S. Small Business
Administration

OFFICE OF INVESTMENT & INNOVATION
WASHINGTON, DC 20416

APPLICATION INSTRUCTIONS FOR COMMITMENT REQUESTS OF SBIC DEBENTURES

These instructions provide the information necessary for a small Business Investment Company (SBIC or Licensee) to request a Leverage Commitment against the Total Intended Leverage Commitment amount agreed to by the Small Business Administration (SBA) at the time of License approval and finalized within 12 months of licensure. The cumulative aggregate amount requested may not exceed the Licensee's established Total Intended Leverage Commitment.

Any SBIC licensed after August 17, 2023 requesting the reservation of financial assistance ("Leverage Commitment") by obtaining SBA's conditional commitment to guarantee Debentures, must submit this request form and documents as described in these instructions. The request form and documents must be properly completed and executed and should be submitted via e-mail to SBICFunding@sba.gov and copying the SBIC's assigned Investment Portfolio Management Analyst and SBIC_IPM@sba.gov. All signatures in the request must be either original wet signatures or comply with SBA's electronic signature policies by persons authorized by the SBIC. The e-mailed submission must be a PDF of the signed request form and documents, and the SBIC must maintain the original versions in its files.

REQUEST FOR COMMITMENT

- A. **COMMITMENT REQUEST FORM LETTER.** Any SBIC requesting a commitment from SBA for funding through Debentures must submit to SBA a letter utilizing the standardize form at the end of this instruction document to request the commitment. The letter must include all information on the standardized form including the following:
1. The name, address, and license number of the Licensee.
 2. The requested amount of the commitment which cannot exceed the previously approved Total Intended Leverage Commitment amount. The amount must be an increment of \$5,000.
 3. For SBA to approve a commitment request, the letter must be signed by an authorized official of the Licensee and dated. The letter must include all of certifications listed in the form letter, except those certifications that are inapplicable to the Licensee as indicated in the bracketed text in the form.
- B. **EXHIBITS TO BE SUBMITTED WITH FORM LETTER.** The following is an explanation of the exhibits required to be submitted with the Licensee's form letter request for a commitment.
1. Resolution of the Board of Directors or General Partner, SBA Forms 25. There are three model resolutions: one for corporate licensees, one for partnership licensees with a corporate general partner, and one for partnership licensees with individual general partners.
 2. Applicant's Assurance of Compliance, SBA Form 652. This form is to be completed by the appropriate official of the Licensee. File using the SBA Form that is provided on SBA's website. Form number and revision date must be visible on executed submission.

3. Applicant Licensee's Assurance of Compliance (Public Interest), SBA Form 1065. This form is to be completed by the appropriate official of the Licensee. File using the SBA Form that is provided on SBA's website. Form number and revision date must be visible on executed submission.
4. Statement for Loan Guarantees and Loan Insurance, SBA Form 1846. This form is to be completed by the appropriate official of the Licensee. File using the SBA Form that is provided on SBA's website. Form number and revision date must be visible on executed submission.
5. Transferor's Liability Contract, SBA Form 2181 Exhibit G. This form is to be completed by the appropriate official(s) of the Licensee. File using the SBA Form that is provided on SBA's website. Form number and revision date must be visible on executed submission.

C. SELLING DOCUMENTATION TO BE SUBMITTED.

1. Bank Identification, SBA Form 34. This form provides SBA with the necessary routing instructions to credit your designated account with the appropriate amounts by electronic funds transfer (after your commitment application and subsequent draw request(s) have been approved). If your account is not with a member bank of the Federal Reserve System, you must identify the member bank whose routing code is utilized as your correspondent or affiliate bank. All Licensees applying for a commitment must complete this form. File using the most recent version of SBA Form 34 that is provided on SBA's website. SBA advises that SBICs take appropriate measures to secure this information when submitting this form to SBA.
2. Debit Authorization. Debit Authorization establishes an efficient and low-cost way for licensees to make the scheduled payments after pooling of SBA Debentures by Automated Clearinghouse (ACH) debit. The covering instructions to this authorization explain its purpose in more detail. It must be properly completed and executed.

Please submit a Debit Authorization even if you intend to issue only non-pooled Debentures such as "Accrual Debentures" under your commitment. File using the most recent version of the form that is provided on SBA's website. SBA advises that SBICs take appropriate measures to secure this information when submitting this form to SBA.

3. Authorization to Disburse Proceeds, SBA Form 33 [Refunding Maturing Debenture(s)]. Only those applying for SBA's commitment of guaranteed Debenture Leverage for the purpose of refunding maturing Debenture(s) are to file this form. File using the SBA Form that is provided on SBA's website. Form number and revision date must be visible on executed submission.

FEES & INTEREST RATES

- A. Leverage Fee. Debentures are subject to a 3% leverage fee. 1% of the total amount of the commitment is due to SBA by the earlier of the date that you apply to SBA to draw funds under a

newly approved commitment or within 30 days of the issuance of the commitment. The 1% commitment fee payment must be made to SBA by wire transfer. Checks will not be accepted for this payment. Upon the approval of a leverage commitment, SBA will e-mail the SBIC a commitment approval notification which will include: the amount approved, the commitment account number, a link to the current draw instructions, and the wiring instructions to pay the 1% commitment fee. The remaining leverage fee of 2% (of the face amount disbursed) is deducted from the proceeds of each disbursement at the time of disbursement.

- B. Annual Charge. The annual charge is payable to SBA under the same terms and conditions as interest for Debentures. The annual charge is adjusted each federal fiscal year on commitments issued during that fiscal year. Once established, the annual charge rate remains the same for all draws on a commitment though its entire term (of up to five fiscal years). Annual charge rates by fiscal year can be found on SBA's website at [SBIC Annual Charge](#).
- C. Underwriter Fee. An underwriter fee will be collected each time funds are disbursed to the Licensee. This fee will not be collected as part of the commitment process but will be deducted from the proceeds of each disbursement. The underwriter fee is 0.375% of the face amount. There is no underwriter fee for LMI Debentures or Energy Saving Debentures.
- D. Selling Agent Fee. A Selling Agent fee will be collected each time funds are disbursed to the Licensee. This fee will not be collected as part of the commitment process but will be deducted from the proceeds of each disbursement. The Selling Agent fee is withheld for payment to the SBIC Funding Corp. for services rendered on behalf of SBICs as the Selling Agent. The Selling Agent fee is 0.05% of the face amount. There is no Selling Agent fee for LMI Debentures or Energy Saving Debentures.
- E. Trustee Fee. A trustee fee will be collected each time funds are disbursed to the Licensee. This fee will not be collected as part of the commitment process but will be deducted from the proceeds of each disbursement. The trustee fee is withheld for payment to the Bank of New York Mellon for services related to the pooling of Debentures. The trustee fee is 0.01% of the face amount. There is no trustee fee for LMI Debentures or Energy Saving Debentures.
- F. Interest Rates. For Standard Debentures, a short term (interim) interest rate is charged prior to pooling and is calculated on an interpolated Federal Home Loan Bank of Chicago Advance Rate plus 41 basis points. At pooling, the rate converts to a long term (pooled) interest rate, which is set at the 10-year treasury rate plus a spread that is based on market conditions. [Historical Pooled Rates](#) are available online.

If there are any questions concerning the preparation of the commitment application letter, any Exhibits or accompanying Selling Documentation, please contact your Investment Portfolio Management Analyst.

FORM LETTER TO BE COMPLETED, SIGNED & SUBMITTED

Name of Licensee:

License Number:

Date of Request:

Requested Commitment Amount: \$

The undersigned Licensee does hereby certify with the understanding that any commitment letter issued by SBA will be issued in reliance upon such certifications that:

- a. As of the date of execution of this application letter, [the corporate Licensee is not] [neither the limited partnership Licensee nor its Corporate (or Individual) General Partner is] in violation of its respective charter or Limited Partnership Agreement, as the case may be, or the license, or any of the provisions of the Small Business Investment Act of 1958, as amended (the "Act"), or the regulations issued thereunder (the "Regulations").
- b. The proceeds of the issuance and sale of the securities to be committed by SBA as requested herein will be used by the Licensee only for the purposes contemplated by the Act and the Regulations.
- c. There has been no change in the officers, directors, beneficial owners of 10 or more percent of the securities [of the corporate Licensee] [of the limited partnership Licensee and its Corporate (or Individual) General Partner], or in the investment policy and strategy, operations, or capital of the Licensee since the issuance of its license except as indicated by post-licensing amendment(s) heretofore filed with and approved by SBA, or as filed herewith.
- d. The Licensee shall not withdraw this application for a commitment without prior written approval of SBA.
- e. There has been no material adverse change in the financial condition of the Licensee since the filing of the last Financial Report with SBA. Except as disclosed in writing to SBA in connection with this application letter, the Licensee has no knowledge of any existing or impending litigation or of any proceedings or actions for the assessment or collection of additional taxes, and the Licensee has no contingent liabilities not provided for or disclosed in the financial or other statements submitted to SBA in connection with this application letter.
- f. The Licensee has not paid or incurred any obligation to pay to any Federal employee or special Federal employee any fee, gratuity or anything of value for obtaining the assistance hereby requested. If such fee, gratuity, etc., has been solicited by any such employee, the Licensee agrees to report such information to the Office of the Inspector General, Small Business Administration, Washington, D.C. 20416. The Licensee has not and will not, directly or indirectly, pay any amount to any person in connection with this application except for services actually performed on behalf of the Licensee.
- g. All statements, warranties, and representations made herein and in the accompanying Exhibits as well as in any additional documents required by SBA to be filed in connection with this application letter are true and complete, are considered material, are made for the purpose of inducing SBA to issue a commitment and are made with full knowledge of the provisions of 15 U.S.C. 645, 18 U.S.C. 1001, and 18 U.S.C. 1006 which provide certain criminal penalties for making false statements or representations.
- h. Any intentionally false statement or willful misrepresentation in connection with this application is a violation of Federal law, subject to criminal and civil prosecution under 18 U.S.C. Sections 287, 371, 1001, and 1006; and 15 U.S.C. Section 645; carrying fines up to \$10,000 and imprisonment up to five years.
- i. [For Licensees with one or more leverage Commitments from SBA, all of which were issued on or after February 17, 2009 (including Licensees currently applying for their first leverage Commitment):]

The undersigned Licensee does hereby certify with the understanding that any Leverage issued by SBA will be issued in reliance upon such certification that not less than 25 percent of the aggregate dollar amount of the financings of the Licensee will be provided to Smaller Enterprises (as defined in 13 CFR §107.50).

[For Licensees with one or more leverage Commitments issued before February 17, 2009 and currently applying for their first leverage Commitment after February 17, 2009:]

The undersigned Licensee does hereby certify with the understanding that any Leverage issued by SBA will be issued in reliance upon such certification that (i) with respect to the aggregate dollar amount of the financings made by the Licensee before the date on which it is awarded the leverage Commitment that is the subject of this application, not less than 20 percent of such financings will be provided to Smaller Enterprises (as defined in 13 CFR §107.50), and (ii) with respect to the aggregate dollar amount of the financings made by the Licensee on or after the date on which it is awarded the leverage Commitment that is the subject of this application, not less than 25 percent of such financings will be provided to Smaller Enterprises (as defined in 13 CFR §107.50).

[For Licensees with multiple leverage Commitments from SBA, including one or more leverage Commitments issued before February 17, 2009 and one or more leverage Commitments issued after February 17, 2009:]

The undersigned Licensee does hereby certify with the understanding that any Leverage issued by SBA will be issued in reliance upon such certification that: (i) with respect to the aggregate dollar amount of the financings made by the Licensee before [date of first Commitment issued by SBA to Licensee after February 17, 2009], not less than 20 percent of such financings were provided to Smaller Enterprises (as defined in 13 CFR §107.50), and (ii) with respect to the aggregate dollar amount of the financings made by the Licensee on or after [date of first Commitment issued by SBA to Licensee after February 17, 2009], not less than 25 percent of such financings will be provided to Smaller Enterprises (as defined in 13 CFR §107.50).

j. The undersigned Licensee does hereby certify the most recent Capital Certificate submitted to SBA by the Licensee is accurate as of the date of this Commitment request or if it is not accurate as of the date of this Commitment request the undersigned Licensee does hereby certify that a current Capital Certificate shall be submitted to SBA with this request form.

k. The undersigned Licensee does hereby certify the most recent Form 468 was submitted to SBA via SBIC-Web and no material adverse changes have occurred since the date of the most recent submission.

l. The undersigned Licensee does hereby certify the Licensee has \$_____ of outstanding non-SBA debt and all third-party debt complies with the regulations of 13 CFR § 107.550.

m. The undersigned Licensee does hereby certify that, as of the date of this request, the Licensee and SBA agreed to a Total Intended Leverage Commitment amount of \$_____ and the Licensee is requesting a Commitment of \$_____ against the Total Intended Leverage Commitment. The Licensee currently has \$_____ in Outstanding Leverage and \$_____ of Leverageable Capital called, invested and undistributed in the SBIC. The Licensee acknowledges that if a Commitment request is made within the first 12 months of licensure and the Licensee has not held a final close, the Total Intended Leverage Commitment amount is based on the agreed upon ratio of SBA Leverage to Private Regulatory Capital as defined in the License approval letter. At no point in time can a Licensee request a Leverage Commitment in excess of the agreed upon Total Intended Leverage Commitment amount.

n. The undersigned Licensee does hereby certify that this form letter and all required exhibits shall be sent to SBICFunding@sba.gov and the Licensee's Investment Portfolio Analyst on the date indicated in conjunction with the undersigned Licensee's signature.

Name: _____

Title: _____

Signature: _____

Date: _____

Street Address: _____

City: _____

State: _____

Zip Code: _____

PLEASE NOTE: The burden hour estimate for the completion of all forms required in this application (excluding SBA Form 468) is three hours per application. You are not required to respond to any collection of information unless it displays a currently valid OMB approval number. Comments on the burden should be sent to U.S. Small Business Administration, Chief, AIB, 409 3rd St., S.W., Washington D.C. 20416 and Desk Officer for the Small Business Administration, Office of Management and Budget, New Executive Office Building, Room 10202, Washington, D.C. 20503. OMB Approval (3245-0081).