

Annex 2-B

(Ten-Year Debenture)

I.D. Control # _____

License No. _____

EARLY STAGE DEBENTURE

Compounded Accreted Value at Maturity (“Face Amount”): \$ _____

Issue Price (“Gross Proceeds”): \$ _____ **Date of Issuance:** _____

Original Yield to Maturity: _____ % **Maturity Date:** _____

Percentage Annual Charge: _____ % **Conversion Date:** _____

Issuer: _____ (the “Company”)

(Street)

(City)

(State)

(Zip)

PART I: SPECIFIC TERMS RELATING TO PAYMENTS

The Company, for value received, promises to pay the Face Amount of this Debenture on the Business Day prior to the Maturity Date shown above, and to pay interest and the Annual Charge quarterly as set forth below during the last five years of this Debenture’s term, to The Bank of New York Mellon, as successor in interest to JPMorgan Chase Bank, N.A., (formerly The Chase Manhattan Bank), as Custodian (the “Custodian”) for the U.S. Small Business Administration (“SBA”) and the SBIC Funding Corporation (the “Funding Corporation”) and for the benefit of the Federal Home Loan Bank of Chicago (the “Bank”), pursuant to the Amended and Restated Discount Debenture Custody and Administration Agreement (the “Custody Agreement”) dated as of October 1, 2012, among SBA, the Funding Corporation, the Bank, and the Custodian. Such payments are to be made at such location and time of day as SBA, as guarantor of this Debenture, may direct. For the period beginning on (and including) the Date of Issuance and continuing to (but excluding) the Conversion Date, interest and the Annual Charge will each be compounded and accreted quarterly on each March 1, June 1, September 1 and December 1(the "Payment Dates"). For such period, interest will accrete and be compounded at such rate as is necessary to produce the Original Yield to Maturity, and the Annual Charge will accrete at a rate equal to the Percentage Annual Charge and will be compounded at a rate equal to the Original Yield to Maturity. For the period beginning on (and including) the Conversion Date and continuing to (but excluding) the Maturity Date, interest and the Annual Charge will accrue on the Face Amount of this Debenture. Such amounts are due and payable quarterly on the Business Day prior to each Payment Date. The interest rate per annum for such period is the Original Yield to Maturity. The Annual Charge rate per annum for such period is the Percentage Annual Charge. Interest on this Debenture and the Annual Charge will each be computed on the basis of a year consisting of twelve 30-day months, divided by 360.

As used throughout this Debenture, "Business Day" means any day other than: (i) a Saturday or Sunday; (ii) a legal holiday in Washington, D.C.; and (iii) a day on which banking institutions in New York City or Chicago are authorized or obligated by law or executive order to be closed.

The Company may elect to prepay this Debenture, in whole and not in part and without premium, on any Payment Date, in the manner and at the price as next described. The prepayment price (the "Prepayment Price") shall be the amount specified for the Payment Date in question on the LMI Prepayment Schedule attached to the Discount Debenture Interest Rate and Fee Notice provided to you by the Bank in connection with the issuance of this Debenture (the "Interest Rate Notice"). The Interest Rate Notice, including the attachments thereto, is incorporated by reference in this Debenture.

To elect to prepay this Debenture, the Company must notify SBA of its election in writing by sending a Prepayment Notice, in the form attached to the Interest Rate Notice, to SBA no later than 10 Business Days before the date of prepayment, in accordance with the instructions on the Prepayment Notice. The Prepayment Price must be sent to SBA or such agent as SBA may direct, by wire payment in immediately available funds, not later than 2:00 p.m., New York City time, on the date of prepayment. Unless the Company is notified otherwise in writing by SBA, any Prepayment Price must be paid to the account maintained by the Custodian, entitled the LMI Clearing Account, GLA/211065, TAS No. 776454, and must include an identification of the Company by name and SBA-assigned license number, the I.D. Control number appearing on the face of this Debenture, and such other information as SBA or its agent may specify.

PART II: GENERAL TERMS

This Debenture is issued by the Company and guaranteed by SBA, pursuant and subject to Section 303 of the Small Business Investment Act of 1958, as amended (the "Act") (15 U.S.C. 683). This Debenture is subject to all of the regulations promulgated under the Act, as amended from time to time, provided, however, that 13 C.F.R. Sections 107.1810 and 107.1830 through 107.1850 as in effect on the date of this Debenture are incorporated in this Debenture as if fully set forth.

If this Debenture is accelerated on or before the Conversion Date, then the Company promises to pay an amount equal to the Issue Price plus interest and the Annual Charge accrued and compounded to but excluding the date of payment of this Debenture. If this Debenture is accelerated after the Conversion Date, then the Company promises to pay an amount equal to the Face Amount plus interest and the Annual Charge accrued to but excluding the date of payment of this Debenture. In the event SBA, as guarantor of this Debenture, is obligated to pay interest with respect to this Debenture through a date later than the date of payment referred to in the two preceding sentences, then the Company promises to pay such additional interest at the direction of SBA.

This Debenture is deemed issued in the District of Columbia as of the day, month, and year first stated above. The terms and conditions of this Debenture must be construed in accordance with, and its validity and enforcement governed by, federal law.

The warranties, representations, or certification made to SBA on any application letter of the Company for an SBA commitment related to this Debenture, and any documents submitted in connection with the issuance of this Debenture, are incorporated in this Debenture as if fully set forth herein.

Should any provision of this Debenture or any of the documents incorporated by reference in this Debenture be declared illegal or unenforceable by a court of competent jurisdiction, the remaining provisions will remain in full force and effect and this Debenture must be construed as if such provisions were not contained in this Debenture. All notices to the Company which are required or may be given under this Debenture shall be sufficient in all respects if sent to the above-noted address of the Company. For the purposes of this Debenture, the Company may change this address only upon written approval of SBA.

Execution of this Debenture by the Company's general partner shall not subject the Company's general partner to liability, as such, for the payment of any part of the debt evidenced by this Debenture.

**COMPANY ORGANIZED AS LIMITED PARTNERSHIP (LIMITED LIABILITY
COMPANY GENERAL PARTNER)**

IN WITNESS WHEREOF, the Company's general partner has caused this Debenture to be signed by its duly authorized representative as of the date of issuance stated above.

(Name of Company)

By: (Name of LLC General Partner)

By: _____

Name: _____

Title: _____

The warranties, representations, or certification made to SBA on any application letter of the Company for an SBA commitment related to this Debenture, and any documents submitted in connection with the issuance of this Debenture, are incorporated in this Debenture as if fully set forth herein.

Should any provision of this Debenture or any of the documents incorporated by reference in this Debenture be declared illegal or unenforceable by a court of competent jurisdiction, the remaining provisions will remain in full force and effect and this Debenture must be construed as if such provisions were not contained in this Debenture. All notices to the Company which are required or may be given under this Debenture shall be sufficient in all respects if sent to the above-noted address of the Company. For the purposes of this Debenture, the Company may change this address only upon written approval of SBA.

Execution of this Debenture by the Company's general partner shall not subject the Company's general partner to liability, as such, for the payment of any part of the debt evidenced by this Debenture

COMPANY ORGANIZED AS LIMITED PARTNERSHIP (LIMITED PARTNERSHIP GENERAL PARTNER)

IN WITNESS WHEREOF, the Company's general partner has caused this Debenture to be signed by its duly authorized representative as of the date of issuance stated above.

(Name of Company)

By: (Name of Limited Partnership General Partner)

By: _____

Name: _____

Title: _____