



FINANCING ELIGIBILITY STATEMENT - "SOCIAL DISADVANTAGE"

(FOR INDIVIDUALS WHO *ARE NOT* MEMBERS OF A DESIGNATED GROUP)

This form is to be completed by individuals who are claiming eligibility for financing based on their socially disadvantaged status. Refer to the attached Appendix 1 for information on determining socially disadvantaged status.

Individual's Name _____

Applicant Business Name _____

Use of Information. *The information collected below will be used by SBA to determine the Applicant's ("Applicant") eligibility to receive financing from a small business investment company licensed by SBA ("Licensee") under Section 301(d) of the Small Business Investment Act. Under this provision, the Applicant must meet the criteria stipulated in Appendix 1 of this form to be eligible to receive financing.*

Instructions for submitting completed form. *The Applicant must provide complete responses to each question. If your answers require additional space, use plain white paper and properly identify the item number to which you are responding. **Omission of any information requested will result in a delay in the review and consideration of your application.** Once complete, sign the Applicant's Certification of Eligibility, and return the form to the Licensee from whom the Applicant is seeking financial assistance. The Licensee should sign the Licensee's certification and retain the form in its files. SBA may request the completed form during an on-site examination of the Licensee. Confidential information will be protected from disclosure to the extent permitted by law, including Exemptions 4, 6, and 8 of the Freedom of Information Act, 5 U.S.C 552.*

As you complete this section, please keep in mind that your claim of social disadvantage must be based on your personal experiences encountered in American society. You must demonstrate that you have personally suffered social disadvantage. Your mere membership in a non-designated group which could be considered socially disadvantaged will not satisfy this requirement. Document fully any incidences of prejudice or cultural bias or discriminatory practices which negatively impacted your entry into and/or advancement in the business world and over which you had no control.

PLEASE MARK "N/A" UNDER ANY OF QUESTIONS I.C THROUGH I.K NOT APPLICABLE TO YOUR CIRCUMSTANCES.

I. SOCIAL DISADVANTAGE

- A. I am claiming social disadvantage because of my membership in a group other than those designated as being socially disadvantaged. ___YES ___NO

If so, identify the group _____.

If not, identify the specific basis for your claim of social disadvantage _____.

- B. I am socially disadvantaged because I have personally been subjected to (check one or more):

___ Racial prejudice ___ Cultural bias ___ Ethnic prejudice

- C. Have you experienced discriminatory practices because of your race? If so, explain precisely how your race has resulted in discriminatory practices which have led to your having limited access to markets and credit and capital or otherwise inhibited your entry into or advancement in the business world."
- D. Have you experienced discriminatory practices because of your ethnic origin? If so, explain precisely how your ethnic origin has resulted in discriminatory practices which have led to your having limited access to markets and credit and capital or otherwise inhibited your entry into or advancement in the business world.
- E. Have you experienced discriminatory practices because of your gender? If so, explain precisely how your gender has resulted in discriminatory practices which have led to your having limited access to markets and credit and capital or otherwise inhibited your entry into or advancement in the business world.
- F. Do you have a chronic physical or other special handicap which has led to discriminatory practices against you which have restricted and still restrict professional acceptance, employment, access to credit, capital and/or markets? If so, explain fully.
- G. Are you a resident of a geographic area in an environment isolated from the mainstream of American society? If so, explain precisely how such residence has caused you to experience social disadvantage.

Page 3

- H. Have you experienced discriminatory practices because you have been identified as a Vietnam era veteran? If so, explain precisely how your status as a Vietnam era veteran has resulted in discriminatory practices which have led to your having limited access to markets and credit and capital or otherwise inhibited your entry into or advancement in the business world.

- I. Provide other specific and pertinent examples of social disadvantage you have experienced which may not be covered above.

- J. Have you because of cultural, ethnic, or social background been subjected to discrimination which has caused you unemployment, limited educational opportunities or personal deprivation? If so, explain fully.

- K. Have you experienced low income status because of apparent discriminatory practices? If so, explain precisely how such discriminatory practices led to your having limited access to markets, credit and capital or otherwise inhibited your entry into or advancement in the business world.

II. Ownership and Control

- A. Describe how socially or economically disadvantaged persons have a majority voting interest on the board of directors or any other governing body of the concern being financed (provide supporting documentation).

Page 4

B. If your business is a corporation or a general partnership, explain how the eligible disadvantaged person(s) will own more than 50% of the voting interest of the business after receiving financing from the Small Business Investment Company (provide supporting documentation).

C. Is the business concern a limited partnership? ____ Yes ____ No

If Yes, explain (and provide documentation) to show whether the eligible disadvantaged person(s) are either the general partners, or that they control any corporate general partners

D. Indicate the percentage of the *economic interest* that eligible disadvantaged person(s) hold in the business (provide supporting documentation). (*Economic interest* is the right to proportionate distributions after all secured and unsecured debts have been satisfied.)

E. Do the eligible disadvantaged person(s) hold less than 50% of *the economic interest* in the company? If so, fully describe all other investors holding an *economic interest* in the company.

F. Does the eligible disadvantaged person(s) hold the highest officer position(s) in the company and manage the company on a full time basis?

III. **APPLICANT'S CERTIFICATION OF ELIGIBILITY**

Applicant, through its duly authorized officer, hereby certifies that all information herein and in attachments hereto is true and complete to the best of my knowledge and is submitted for consideration of financing from an entity licensed by the U.S. Small Business Administration.

WARNING *By signing below, you are acknowledging that a representative for the U.S. Small Business Administration (SBA) and the SBA are relying on this information, and that false statements can lead to criminal prosecution under 18 U.S.C. § § 1014, 1031, 3571, and other statutes, with fines in excess of \$1,000,000 and imprisonment of up to 30 years, and civil fraud damages of three times the Government's loss.*

Name of Applicant

Typed Name and Title of Authorized Officer

Signature of Authorized Officer

IV. LICENSEE'S CERTIFICATION

I hereby certify that the Licensee has reviewed all information provided by the small business concern in support of its application for financing, and determined that all documentation and other information supports the eligibility of the Applicant and establishes that the concern is owned and managed by an eligible socially or economically disadvantaged person(s) as defined in the Small Business Investment Act **and more fully described** in Appendix 1 of this form.

WARNING *By signing below, you are acknowledging that a representative for the U.S. Small Business Administration (SBA) and the SBA are relying on this information, and that false statements can lead to criminal prosecution under 18 U.S.C. § § 1014, 1031, 3571, and other statutes, with fines in excess of \$1,000,000 and imprisonment of up to 30 years, and civil fraud damages of three times the Government's loss.*

Licensee Name

Typed Name of Authorized Officer

Signature of Authorized Officer

PLEASE NOTE: The estimated burden for completing this form is 1.5 hours. You are not required to respond to this or any collection of information if a valid OMB control number is not displayed. If you have any questions or comments concerning this estimate or other aspects of this information collection, please contact the U.S. Small Business Administration, Director, Records Management Division, 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 Control Number 3245-0301).

PLEASE SUBMIT OR RETAIN THE COMPLETED FORM ACCORDING TO THE INSTRUCTIONS ABOVE. PLEASE DO NOT SEND FORMS TO OMB.

DETERMINATION OF “DISADVANTAGED BUSINESS” BY SECTION 301(d) LICENSEES

(for additional background information, see SBA Policy and Procedural Release #2017,
dated June 22, 1994, available from SBA's Office of Investment and Innovation)

STATEMENT OF POLICY

A Disadvantaged Business is a small business concern which is at least 50 percent owned, and controlled and managed by socially or economically disadvantaged individuals. No assistance may be provided by Section 301(d) Licensees to small business concerns unless such concerns are socially or economically disadvantaged (see the defined terms “Disadvantaged Business” and “Section 301(d) Licensee” in 13 CFR 107.50).

MEANING OF SOCIALLY OR ECONOMICALLY DISADVANTAGED

Except to recommend the elimination of any suggestion that only members of minority groups are eligible for assistance under this program and to specify that the program is to aid all who are hampered in achieving full citizenship in our economic system by virtue of their social or economic disadvantages, Congress has not fully defined the words “socially or economically disadvantaged.” This lack of precise legislative definition suggests that precise definition is inappropriate, and that flexibility is warranted.

PROCEDURES RELATING TO ELIGIBILITY DETERMINATIONS OF DISADVANTAGED BUSINESSES

If the business owner is a member of a designated group specified in CFR 13 Section 124.103 (i.e., Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, and Subcontinent Asian Americans), then he/she may be assumed to be socially disadvantaged, and no further information (including the financial status of the owner) need be considered.

In determining whether other owners of small business concerns are socially or economically disadvantaged, reliance should not be placed upon a single factor, but on a composite of such factors as the social or economic background of the principal owners, controlling individuals and managers of the concern, along with the general pattern of their life, opportunities and education which have prevented them from obtaining financial or other assistance available to the average entrepreneur in the economic mainstream. Consideration may be given to such factors as contribute to a disadvantaged condition in the ordinary (dictionary) meaning of that word – lacking in basic resources or conditions necessary to an equal position in society.