



FINANCING ELIGIBILITY STATEMENT - "ECONOMIC DISADVANTAGE"

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

Individual's Name _____

Applicant Business Name _____

Use of Information. *The information requested 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.*

I. ECONOMIC DISADVANTAGE

Because of low income, minimal personal net worth, and total personal assets of minimal value, I am, and have been, hampered in my ability to access capital and credit markets. Consequently, my ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities as compared with others in the same business area who are not economically disadvantaged.

_____ YES _____ NO

If your answer to the above question is yes, document below how your ability to compete in the marketplace has been impaired by such things as inability to obtain bonding, credit or financing or other factors that have restricted your access to markets.

- A. Please provide your Adjusted Gross Income, as reported on your personal federal income tax form, for the two most recent years (attach supporting documentation):

\$ _____ 20____ \$ _____ 20____

- B. Please complete and attach SBA Form 413, "[Personal Financial Statement](http://www.sba.gov/content/personal-financial-statement)" (available at <http://www.sba.gov/content/personal-financial-statement>), or comparable financial statement provided by your SSBIC lender.

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).
- 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.