

CLIENT ALERT

## SBIC Funds: SBA Issues Temporary Debenture Application, Approval and Commitment Guidance

APRIL 6, 2020

The U.S. Small Business Administration (SBA) has announced contingency plans for preventing the disruption of SBA-guaranteed leverage to Small Business Investment Companies (SBICs). Effective immediately and until notification that normal leverage procedures are resuming, SBA has provided temporary Application, Approval and Commitment Guidance related to applying for and drawing down leverage.

### **Draw Applications:**

- **PDF Applications:** SBICs must submit a PDF version of the completed application to Lyn Womack, SBA, and the SBIC's Financial Analyst. The PDF version must include all copies of the signed debenture form(s). SBICs should also submit a draw application per the normal instructions if they are able.
- **Wet Signature Requirement:** If an SBIC is unable to submit a hard copy at the same time as the PDF version, the SBIC must follow-up with the original signed hardcopy debentures upon the earlier of when the SBIC is able to do so or when the SBA notifies the SBIC to provide them. SBA needs the wet signatures to honor its obligations to the funding partners, and SBA cannot assure future funding availability if wet signatures are not provided.
- **Legal Opinions:** Clean and blacklined opinions must be submitted in PDF format by the SBIC's counsel to Lyn Womack, SBA, and the SBIC's Financial Analyst.

### **Approval Notices:**

- **Execution and Submission:** The SBIC should follow the regular process of signing the Notice and emailing the executed Approval Notice to the Bank of New York Mellon (BNY) before 2:00 p.m. Eastern for funding the following business day.
- **Wet Signature Requirement:** E-signatures such as DocuSign, HelloSign, and PandaDoc are not being accepted at this time. The SBIC must manually sign the Approval Notice and email either a scanned copy or a photo of the executed Approval Notice to BNY.

### **Leverage Commitment Applications:**

- PDF Application: SBICs should submit a PDF version of the completed leverage application to Lyn Womack, SBA, and the SBIC's Financial Analyst. Hard copies are not required at this time.

---

## Related Locations

[Charlotte](#)[Chicago](#)[Dallas](#)[Houston](#)[Los Angeles](#)[New York](#)[San Francisco](#)[Silicon Valley](#)[Washington, DC](#)

## Related Topics

[Investment Funds](#)[Small Business Investment Companies \(SBICs\)](#)

## Related Capabilities

[Transactions](#)[Private Investment Funds](#)

## Related Regions

[North America](#)

## Related Professionals

---



[Alan Roth](#)



[Kate L. Price](#)