

CLIENT ALERT

The SBA Updates Its Leverage Commitment Application Instructions for SBICs

NOVEMBER 21, 2022

On November 1, 2022, the U.S. Small Business Administration (the “SBA”) announced that it revised the application process by which a Small Business Investment Company (“SBIC”) can request a commitment of debentures from the SBA (a “Commitment Application”). Changes to the Commitment Application are as follows¹:

- Email submission of the Commitment Application. Completed Commitment Applications must be submitted to the SBA via email to SBICFunding@sba.gov. The SBA has required that Commitment Applications be submitted in this way since March 2020 as part of its COVID-19 procedures, and has now made this requirement permanent.
- Signature Requirements. All pages within a Commitment Application that require a signature must be scanned pages including a hand-executed signature from a person authorized to sign on behalf of the SBIC. Electronic signatures are not acceptable.
- Commitment Increments. The requested debenture commitment must be in an increment of \$5,000.
- Form 468 Certification. As part of its Commitment Application, an SBIC must certify that it has submitted an SBA Form 468^[2] to the SBA via the SBA’s web portal, SBIC-Web. Previously, the SBA required that an SBA Form 468 be included within the Commitment Application.
- Protecting Bank Identification. The Commitment Application requires that bank account information be included. The SBA recommends that the SBIC transmit its Commitment Application securely to protect this information.
- Interim Interest Rates. The short-term interest rate on SBA debentures is now calculated based on the Federal Home Loan Bank of Chicago Advance Rate. Previously, this short-term interest rate was based on LIBOR (the London Inter-Bank Offered Rate). Long-term interest rates on SBA debentures will continue to be set at the 10-year Treasury rate plus a spread that is based on market conditions

If you have questions regarding Commitment Applications, or the SBIC program in general, please contact your SBIC counsel at Winston & Strawn LLP.

¹ The SBA’s full instructions for completing the Commitment Application can be found at www.sba.gov/sites/default/files/2022-11/Commitment-Application-Instructions.pdf.

 SBA Form 468 is a financial report that SBICs provide to the SBA.

1 Min Read

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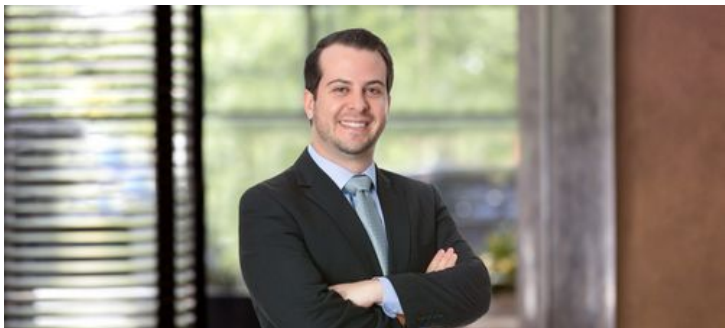
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