

(Ten-Year Debenture)

I.D. Control # _____

License No. _____

LMI 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

A. This Section A is applicable for the entire term of this Debenture.

The Company, for value received, promises to pay the Face Amount of this LMI Debenture (“Debenture”) on the Business Day prior to the Maturity Date shown above, and to pay interest and the Annual Charge semi-annually as set forth below during the last five years of this Debenture’s term, to The Bank of New York Mellon, 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 Second Amended and Restated Discount Debenture Custody and Administration Agreement dated as of September 8, 2021, as amended from time to time (the “Custody Agreement”), among SBA, the Funding Corporation, the Bank, and the Custodian, such payment to be made on the Business Day prior to the Maturity Date shown above, 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 semi-annually on each March 1 and September 1 (the “Semi-Annual 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 semi-annually on the Business Day prior to each Semi-Annual 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 not prepay this Debenture, in whole or in part, during the period commencing on the Date of Issuance and ending on (but excluding) the date that is one year from the Date of Issuance (the "Lockout Period"). The Company may prepay this Debenture only as set forth in Part I.B. of this Debenture.

B. This Section B is effective only after the Lockout Period.

The Company may elect to prepay this Debenture, in whole and not in part and without premium, on any Semi-Annual Date occurring after the Lockout Period, in the manner and at the price as next described. The prepayment price (the "Prepayment Price") shall be the amount specified for the Semi-Annual Date in question on the LMI Prepayment Schedule attached to the LMI 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, Account No. 507-942450, 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. If this Debenture is accelerated during the Lockout Period, the Company also promises to pay a prepayment fee equal to the excess, if any, of (i) an amount equal to the interest that would have accrued (on a discounted basis) on this Debenture for a period (referred to herein as the “reinvestment period”) from and including the date of prepayment to but excluding the date that is one year from the Date of Issuance of this Debenture over (ii) an amount equal to the product of (x) the Bank Advance Rate on the prepayment date for a designated maturity approximately equal to the reinvestment period, multiplied by (y) the Issue Price of this Debenture and (z) a fraction, the numerator of which is the reinvestment period and the denominator of which is 360. As used herein, “Bank Advance Rate” means the rate per annum for a fixed rate, regular Advance for a period of a designated maturity, which appears on the Bank’s website on the prepayment date. If a fixed rate, regular Advance for a period equal to the term of reinvestment period is not available, the Bank Advance Rate will be determined by linearly interpolating between the two rates quoted that are closest in term to the reinvestment period.

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 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, in the case that the Company is organized as a limited partnership, 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
(CORPORATE GENERAL PARTNER)

IN WITNESS WHEREOF, the Company's general partner has caused this Debenture to be signed by its duly authorized officer and the corporate seal of the general partner to be affixed and attested by its Secretary or Assistant Secretary as of the date of issuance stated above.

CORPORATE SEAL

(Name of Licensee)

By: _____
(Name of Corporate General Partner)

By: _____

Name: _____

Title: _____

ATTEST:

Secretary or Assistant Secretary (Strike One)

COMPANY ORGANIZED AS A CORPORATION

IN WITNESS WHEREOF, the Company has caused this Debenture to be signed by its duly authorized officer and the corporate seal of the Company to be affixed and attested by its Secretary or Assistant Secretary as of the date of issuance stated above.

CORPORATE SEAL

(Name of Licensee)

By: _____

Name: _____

Title: _____

ATTEST:

Secretary or Assistant Secretary (Strike One)

Execution of this Debenture by the Company's general partner, in the case that the Company is organized as a limited partnership, 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
(GENERAL PARTNERSHIP GENERAL PARTNER)

IN WITNESS WHEREOF, this Debenture has been signed by the general partner of the Company's general partner as of the date of issuance stated above.

(Name of Licensee)

By: _____
(Name of General Partnership General Partner)

By: _____

Name: _____
General Partner

Execution of this Debenture by the Company's general partner, in the case that the Company is organized as a limited partnership, 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
(INDIVIDUAL GENERAL PARTNER)

IN WITNESS WHEREOF, this Debenture has been signed by the Company's general partner as of the date of issuance stated above.

(Name of Licensee)

By: _____

Name: _____
General Partner

Execution of this Debenture by the Company's general partner, in the case that the Company is organized as a limited partnership, 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, this Debenture has been signed by the general partner of the Company's general partner as of the date of issuance stated above.

(Name of Licensee)

By: _____
(Name of Limited Partnership General Partner)

By: _____

Name: _____
General Partner

Execution of this Debenture by the Company's general partner, in the case that the Company is organized as a limited partnership, 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 Licensee)

By: _____
(Name of LLC General Partner)

By: _____

Name: _____