

NAME OF APPLICANT _____

Form 2181 – Transferor’s Liability Contract

Instructions

This Transferor’s Liability Contract is to be executed by (i) each principal of the SBIC, in his/her individual capacity, (ii) each person, in his/her individual capacity, who will own or control, directly or indirectly, 50% or more of the *Private Capital* of the SBIC (as defined in 13 CFR §107.230), (iii) each entity that will own or control, directly or indirectly, 50% or more of the *Private Capital* of the SBIC, (iv) each person, in his/her individual capacity, who will own or control, directly or indirectly, 10% or more of the *Private Capital* of the SBIC and will participate in investment decisions of the SBIC (e.g., participation on the SBIC’s Investment Committee), and (v) each entity that will own or control, directly or indirectly, 10% or more of the *Private Capital* of the SBIC and will have a nominee who participates in investment decisions of the SBIC.

If you have not already done so, enter the name of the applicant and select the date of submission using the space provided in the header of this page.

Definitions

As used in this Contract, the terms listed below have the following meanings:

“Act” means the Small Business Investment Act of 1958, as amended.

“Contract” means this Transferor’s Liability Contract.

“Guarantor” means the individual or entity signing this Contract and identified above.

“Impermissible Change of Control” means (i) the assignment, pledge, grant or other transfer of any portion or all of any of the Guarantor’s right, title or interest in SBIC, including, without limitation, rights to receive assets, income, distributions or other amounts from SBIC and rights to vote, consent or otherwise participate in decisions concerning SBIC, (ii) the assignment, pledge, grant or other transfer of any portion or all of any of the Guarantor’s ability to control SBIC, including, without limitation, rights to vote, consent or otherwise participate in decisions concerning SBIC or (iii) the admission or substitution of a new principal in SBIC or new investor in SBIC’s general partner or managing member, in each case, without the prior written consent of SBA when such consent is required by SBA.

“Leverage” means financial assistance provided to SBIC as defined in 13 CFR §107.50.

“Obligations” means all amounts which are or may become due and payable from SBIC in connection with any and all Leverage, and all expenses, including, without limitation, court costs and reasonable attorney’s fees, incurred by SBA in enforcing its rights under this Contract.

“Participates In” means any action that permits, approves, facilitates or otherwise brings about an Impermissible Change of Control, including, without limitation, any vote, at a meeting or by proxy, or written consent in favor of an Impermissible Change of Control, unless the effectiveness of the participation is conditioned on the written consent of SBA.

“Permitted Transfer” means, with respect to any limited partner who is not a principal, a transfer to (i) a spouse, child, grandchild or heir of Guarantor, (ii) a trust for the benefit of one or more family members of Guarantor, (iii) an entity, all of whose owners or beneficiaries are family members of Guarantor, (iv) an IRA, Keogh account, trust or profit sharing plan of or for the benefit of Guarantor, (v) a wholly-owned subsidiary of Guarantor, or (vi) any transfer of all or a portion of the economic interest (the right to receive allocations and distributions) of Guarantor provided that Guarantor retains all capital contribution obligations and voting rights with respect to the transferred economic interest.

“Private Capital” means *Private Capital* as defined in 13 CFR §107.230

“SBA” means the U.S. Small Business Administration.

“SBIC” means the small business investment company (or applicant for a Small Business Investment Company license) named above.

Contract

In order to induce the SBA to provide Leverage under Section 303 of the Act, Guarantor hereby irrevocably and unconditionally guarantees the immediate payment of all Obligations, if the Guarantor Participates In an Impermissible Change of Control; it being understood that SBA is not required to pursue or exhaust any other remedies before proceeding under this Contract. Guarantor waives any right to require SBA to proceed against SBIC or any of its assets, or to proceed against or exhaust any collateral security that may have been given to SBA in connection with SBIC’s obligations to SBA or to pursue any other remedy in SBA’s power whatsoever. Guarantor also waives any and all presentments, demands, protests or notices otherwise required to be given to Guarantor.

If Guarantor Participates In an Impermissible Change of Control, SBA may, at its option and without notice to Guarantor, proceed directly against Guarantor to collect and recover the full amount of the Obligations; however, if SBA provides Leverage to SBIC after full written disclosure by SBIC or Guarantor of the Change of Control to an official of SBA with authority to approve additional Leverage, then Guarantor shall not have any liability for the future Obligations associated with such Leverage. The commission of a Permitted Transfer without SBA’s consent will not subject the Guarantor to liability under this Contract.

Furthermore, if SBA provides Leverage to the SBIC after written notification to an authorized SBA official that the Guarantor no longer meets any of the criteria in (i) through (v) above of the Instructions to this Contract, Guarantor shall have no liability with respect to such subsequent Leverage.

This Contract shall terminate upon the earlier to occur of (i) repayment in full of all Leverage drawn by SBIC and all expenses incurred by SBA in enforcing its rights under this Contract or (ii) the written consent of SBA by an authorized official.

Guarantor acknowledges and agrees that, without notice and without affecting the liability of Guarantor hereunder, from time to time, whether before or after an Impermissible Change of Control has occurred, SBA may renew, extend, grant indulgences or otherwise change the time for payment or performance or otherwise change any other term or condition of SBIC’s obligations to SBA or otherwise

deal with SBIC as SBA may elect, all without in any way diminishing, releasing or discharging the liability of Guarantor hereunder. Upon payment of its liability under this Contract, Guarantor shall be subrogated to the rights of SBA to receive payments and distributions of assets from SBIC in connection with any and all Leverage provided by SBA to SBIC.

If any term or provision of this Contract is illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not in any way affect or impair the remaining terms and provisions of this Contract.

This Transferor's Liability Contract is binding upon Guarantor, its successors and assigns/heirs, executors, administrators and personal representatives, and may not be waived, amended, modified or, except upon repayment in full of all Leverage as provided above, terminated or discharged except in a writing signed by Guarantor and an authorized official of SBA; provided, that, Guarantor agrees and consents to any assignment of this Contract by SBA, in which event it shall inure to the benefit of any such assignee with the same force and effect as though said assignee was specifically named herein, and Guarantor hereby waives any notice of any such assignment. This Contract shall be governed by and construed in accordance with applicable Federal laws and the laws of the State of organization of SBIC.

PRIOR TO SIGNING THIS CONTRACT, BE CERTAIN THAT YOU FULLY UNDERSTAND THE LIABILITY THAT YOU ARE ASSUMING IN THE EVENT THAT YOU PARTICIPATE IN AN "IMPERMISSIBLE" TRANSFER OF OWNERSHIP.

IN WITNESS WHEREOF the undersigned party (or parties) has (have) affixed his/her (their) signature(s) hereto.

| Guarantor | | | |
|--------------|--|-----------------------|--|
| Printed Name | | % of Private Capital | |
| Email | | \$ of Private Capital | |
| Signature | | Date | |

| Guarantor | | | |
|--------------|--------------|-------------|----------------------|
| Printed Name | <i>First</i> | <i>Last</i> | % of Private Capital |

| | | | |
|-----------|--|-----------------------|--|
| Email | | \$ of Private Capital | |
| Signature | | Date | |

| Guarantor | | | |
|--------------|--------------|-------------|-----------------------|
| Printed Name | <i>First</i> | <i>Last</i> | % of Private Capital |
| Email | | | \$ of Private Capital |
| Signature | | | Date |

| Guarantor | | | |
|--------------|--------------|-------------|-----------------------|
| Printed Name | <i>First</i> | <i>Last</i> | % of Private Capital |
| Email | | | \$ of Private Capital |
| Signature | | | Date |

| Guarantor | | | |
|--------------|--------------|-------------|-----------------------|
| Printed Name | <i>First</i> | <i>Last</i> | % of Private Capital |
| Email | | | \$ of Private Capital |

| | | | |
|-----------|--|------|--|
| Signature | | Date | |
|-----------|--|------|--|

| Guarantor | | | |
|--------------|--------------|-------------|-----------------------|
| Printed Name | <i>First</i> | <i>Last</i> | % of Private Capital |
| Email | | | \$ of Private Capital |
| Signature | | Date | |

| Guarantor | | | |
|--------------|--------------|-------------|-----------------------|
| Printed Name | <i>First</i> | <i>Last</i> | % of Private Capital |
| Email | | | \$ of Private Capital |
| Signature | | Date | |

| Guarantor | | | |
|--------------|--------------|-------------|-----------------------|
| Printed Name | <i>First</i> | <i>Last</i> | % of Private Capital |
| Email | | | \$ of Private Capital |
| Signature | | Date | |