



(Ten-Year Debenture)

I.D. Control # _____

License No. _____

ACCRUAL DEBENTURE

Principal ("Face Amount"): \$ _____

Maturity Date: _____ **Date of Issuance:** _____

Interest Rate: _____ %

Annual Charge Rate: _____ %

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 outstanding balance of the outstanding principal, accrued and unpaid interest, and accrued and unpaid Annual Charge of this Accrual Debenture ("Debenture") on the Business Day prior to the Maturity Date shown above 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 Accrual Debenture Custody and Administration Agreement dated as of [insert date], as amended from time to time (the "Custody Agreement"), among SBA, the Funding Corporation, the Bank, and the Custodian. Such payments are to be made 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 Maturity Date, interest will compound and accrue quarterly on each February 1, May 1, August 1, and November 1 (the "Quarterly Dates") at the Interest Rate stated on the Debenture. The Annual Charge will accrue on each Quarterly Date at the Annual Charge Rate stated on the Debenture at each Quarterly Date. Interest and the Annual Charge on this Debenture will each be computed on each Quarterly Date on the basis of the actual number of days in each period divided by 360. On the Date of Issuance, the Custodian will provide the Company with an Accrual Debenture Interest Rate and Fee Notice ("Interest Rate Notice").

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 the outstanding principal of this Debenture during the period commencing on the Date of Issuance and ending on (but excluding) the first Quarterly Date occurring at least two years from the Date of Issuance (the “Lockout Period”) unless the Company has satisfied the following conditions: (i) the outstanding principal of this Debenture is prepaid in whole, (ii) the Company has fully repaid (x) the accrued outstanding Annual Charge and accrued interest for all debentures issued by the Company (y) and the Prepayment Fee (as defined below), and (iii) any Debentures issued prior to the Company’s issuance of this Debenture have been paid in whole. For the avoidance of doubt, amounts paid to satisfy the accrued Annual Charge and accrued interest applicable to this Debenture shall reduce the corresponding Prepayment Fee applicable to this Debenture. During the Lockout Period, the Company may prepay this Debenture only as set forth in Section B of this Debenture. After the Lockout Period, the Company may prepay this Debenture only as set forth in Section C of this Debenture.

To elect to make any payments of accrued interest, accrued Annual Charge, or the Face Amount on this Debenture, the Company must notify SBA of its election in writing by sending an Accrual Prepayment/Payment Notice, in the form attached to the Interest Rate Notice, to SBA no later than 15 Business Days before the applicable Quarterly Date, in accordance with the instructions on the Accrual Prepayment/Payment Notice. Payments must be sent to the Custodian or such agent as SBA may direct, by wire payment in immediately available funds, not later than 1:00 p.m., New York City time, on the Business Day prior to the applicable Quarterly Date. Unless SBA otherwise notifies the Company in writing, any payments must be paid to the account maintained by the Custodian, entitled the Accrual Debenture Clearing Account, Account No. [TBD], and must include an identification of the Company by name and SBA-assigned license number and such other information as SBA or its agent may specify.

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

The Company may elect to prepay Principal in whole only on this Debenture on any Quarterly Date during the Lockout Period in the manner as next described. The Company may prepay the outstanding Principal in whole on this Debenture only after the full repayment of accrued interest and accrued Annual Charge, payment of Prepayment Fees (to the extent applicable), and the full payment of any previously issued Debentures of the Company. The Prepayment Fee is equal to the sum of the accrued interest and accrued Annual Charge that would have accrued on the Face Amount of such Accrual Debenture through the end of the Lockout Period if such outstanding Principal had not been prepaid during the Lockout Period, less any paid Annual Charge and interest with respect to such Accrual Debenture (“Prepayment Fee”).

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

The Company may elect to prepay Principal on this Debenture, in whole or in part and without premium, on any Quarterly Date occurring after the Lockout Period in the manner as next described. The Company may prepay Principal on this Debenture only after the full repayment of

accrued interest and accrued Annual Charge on this Debenture and all other outstanding Debentures issued by the Company plus the full repayment of all previously issued Debentures of the Company.

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 SBA accelerates this Debenture on or before the Maturity Date, then the Company promises to pay an amount equal to the outstanding Face Amount plus accrued and unpaid interest and accrued and unpaid Annual Charge to but excluding the next-succeeding Quarterly Date following such acceleration. 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 preceding sentence, then the Company promises to pay such additional interest at the direction of SBA. If SBA accelerates this Debenture during the Lockout Period, the Company also promises to pay an amount equal to the Prepayment Fee.

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. If at any point the sum of the aggregate Face Amount plus accrued interest on all Debentures issued by the Company and then outstanding, exceeds \$175 million (“Company Maximum”), the Company promises and covenants to make a repayment no later than the next applicable Quarterly Date thereafter in an amount no less than the difference between such sum and the Company Maximum.

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.

(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.

(Name of Licensee)

By: _____

Name: _____

Title: _____

ATTEST:

Secretary or Assistant Secretary (Strike One)

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

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

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

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: _____