

Office of Investment
Investment Division
Small Business Administration

Model Opinion of Independent Counsel
for Draw of LMI Debenture against Debenture Commitment

Attached is a model of an Opinion of Counsel which includes the elements considered to be essential for SBA's acceptance.

The Opinion must be furnished by independent counsel under counsel's or firm's letterhead. For the purpose of this Opinion, independent counsel means counsel with no direct or indirect affiliation with the SBIC.

The form contains bracketed information provided for counsel to conform his/her opinion to the legal structure of the SBIC. The first bracketed phrases refer to corporate SBICs, the second to limited partnership SBICs with a corporate General Partner, the third to limited partnership SBICs with an individual General Partner. Counsel should use only language applicable. Adjustments to the text should be made, as necessary, for opinions regarding limited liability company (LLC) SBICs or limited partnership SBICs with limited partnership or LLC general partners.

(MODEL OPINION OF INDEPENDENT COUNSEL)

LETTERHEAD

(Date)

Small Business Administration
409 Third Street, S.W.
Washington, D.C. 20416

Dear Sir/Madam:

In connection with the application, dated _____,
of _____ ("Licensee") to you for the guaranty
of its LMI Debenture(s) and the sale of such Debenture(s)
(collectively, the "Transaction"), I have reviewed:

The form of the original executed LMI Debenture(s) (SBA
Form [2162] [2163]), which has not been completed except
for the signature block;

Such provisions as I deemed necessary of (a) the
[Business Corporation Law of the State of _____
_____] [Business Corporation Law of the State of _____
_____ and Limited Partnership Law of the
State of _____] [Limited Partnership Law
of the State of _____] (b) the [Certificate
of Incorporation and By-Laws of the Licensee] [Articles
of Limited Partnership of Licensee and Certificate of
Incorporation and By-Laws of _____,
the General Partner of Licensee] [Articles of Limited
Partnership of Licensee] and (c) the Small Business
Investment Act of 1958, as amended, and the regulations
issued thereunder; and

[A certified copy of the Resolution of the Board of
Directors of Licensee dated _____, _____] [A
certified copy of the Resolution of the Board of
Directors of the General Partner of Licensee dated _____
_____, _____] [The certificate of the General Partner
of Licensee dated
_____, _____] authorizing the issuance of such
Debenture(s) and related action.

Based on such review, I am of the opinion that:

(1) [Licensee is a corporation duly organized and validly
existing under the laws of the State of _____
_____];

[Licensee is a limited partnership duly organized and validly existing under the laws of the State of _____, and the General Partner of Licensee is duly organized and validly existing under the laws of the State of _____;] [Licensee is a limited partnership duly organized and validly existing under the laws of the State of _____;]

(2) the LMI Debenture(s), when properly completed and when the net proceeds of such Debenture(s) has been advanced to Licensee or its assigns, will be a valid and binding obligation of Licensee enforceable in accordance with its terms, except as limited by any subordination provision applicable to such Debentures(s) and by bankruptcy and similar laws affecting creditors generally; and

(3) SBIC Funding Corporation has been duly authorized by the Licensee to act as its agent to sell the LMI Debenture(s) at such price, on such date, at such interest rate or yield to maturity, and on such terms and conditions as may be deemed proper and as approved by you.

This opinion may be relied upon by your counsel with respect to all or any part of the Transaction.

Very truly yours,