

Office of Investment
Investment Division
Small Business Administration

Model Opinion of Independent Counsel
for Draw against Participating Securities 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 limited partnership SBICs with a corporate General Partner, the second to limited partnership SBICs with an individual General Partner. Counsel should use only the language that is applicable. Adjustments to the text should be made, as necessary, for opinions regarding limited partnership SBICs with limited partnership or limited liability company 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 of _____ of ("Licensee") for the sale to you of a preferred limited partnership interest in Licensee ("Participating Security") and the assignment by you of certain rights under such Participating Security to a short-term holder for later transfer into a pool against which certificates representing interests in such pool will be issued (collectively, the "Transaction"), I have reviewed:

[The Agreement of Limited Partnership of Licensee, as amended, the Certificate of Limited Partnership of Licensee as filed in the Office of the Secretary of State of the State of _____, and the Certificate of Incorporation and Bylaws of _____, the General Partner of Licensee] [The Agreement of Limited Partnership of Licensee, as amended, and the Certificate of Limited Partnership of Licensee as filed in the Office of the Secretary of State of the State of _____];

The Instrument of Admission or Increase in Commitment for a Preferred Limited Partner (Exhibit A-1 to SBA Annex PS), which has not been completed except for the Licensee's signature block;

Such provisions as I deemed necessary of (a) the [Business Corporation Law of the State of _____ and Limited Partnership Law of the State of _____] [Limited Partnership Law of the State of _____] and (b) 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 the General Partner of Licensee dated _____, _____] [The certificate of the General Partner of Licensee dated _____, _____] authorizing the issuance of the Participating Security and related action.

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

(1) [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 issuance and sale of the Participating Security to SBA and the assignment by SBA of certain rights thereunder have been duly authorized;

(3) upon the completion by SBA of the Instrument of Admission or Increase in Commitment for a Preferred Limited Partner, SBA will be duly admitted as a preferred limited partner of Licensee or, if previously admitted, SBA's capital contribution to Licensee will be increased, effective the Effective Date set forth in such Instrument; and

(4) SBIC Funding Corporation has been duly authorized by the Licensee to act as its agent to sell the Participating Security and any rights subsequently assigned thereunder, at such price, on such date, at such rate, and on such terms and conditions as may be deemed proper and as approved by SBA.

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

Very truly yours,