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# VSBFA

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Virginia Small Business  
Financing Authority

## VIRGINIA SMALL BUSINESS FINANCING AUTHORITY SMALL BUSINESS INVESTMENT GRANT FUND

### INVESTOR APPLICATION AND CERTIFICATION

Investor name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip \_\_\_\_\_  
Phone \_\_\_\_\_ Email address \_\_\_\_\_  
SS# \_\_\_\_\_  
Name of business to receive Qualified Investment \_\_\_\_\_

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#### Information required for certification as an eligible Investor

Please answer the following questions. Note - if the answer to questions 1-5 is “no” then the investor is not an “Eligible Investor” as defined in Chapter 16.1 of Title 2.2 §2.2-1616 and the investment grant will not be awarded to investors in the business. If the answer to question #6 is “Incorrect” then the investor must show evidence of an approved repayment plan with the IRS and/or the Virginia Department of Taxation in order to be “eligible”.

1. The Investor is an individual subject to the tax imposed by § [58.1-320](#). Yes  No
2. The Investor is not engaged in the business of making debt or equity investments in private businesses. Yes  No
3. The Investor is not a partner, shareholder, member or owner of an entity that engages in the making of debt or equity investments in private businesses. Yes  No
4. For one year prior or one year after the Qualified Investment, the Investor, or any members of the Investor's family, or any entity affiliated with the Investor has not received compensation from the qualified business in exchange for services provided to such business as an employee, officer, director, manager, or independent contractor. Yes  No
5. The Investor has not been allowed a tax credit pursuant to §58.1-339.4. Yes  No
6. The Investor is not currently delinquent on federal or state taxes. Correct  Incorrect

If delinquent, the Investor must have an approved repayment plan with the IRS and/or the Virginia Department of Taxation.

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The applicant investor acknowledges the following:

As defined in the Code, an "**Eligible investor**" means an individual subject to the tax imposed by §58.1-320 (a Virginia tax payer). The term shall not include an individual who engages in the business of making debt or equity investments in private businesses, or to any person that would be allocated a portion of the grant under this section as a partner, shareholder, member or owner of an entity that engages in such business.

**"Qualified Investment"** means a cash investment in a qualified business in the form of equity or subordinated debt. However, an investment shall not be qualified if the taxpayer who holds such investment, or any of the taxpayer's family members, or any entity affiliated with such taxpayer, receives or has received compensation from the qualified business in exchange for services provided to such business as an employee, officer, director, manager, independent contractor, or otherwise in connection with or within one year before or after the date of such investment."

A cash equity investment must be held by the investor for a minimum of **two** years to qualify for the grant. If an investor takes their qualified investment out of the business, the business owner **and** the investor must notify the VSBFA in writing within 30 days of such action.

The Investor acknowledges that unless one or more of the following occurs, the equity must be invested for no less than two years or the investor shall forfeit the grant and shall pay the VSBFA interest on the total allowed grant at the rate of 1% (one percent) per month, compounded monthly, from the date the grant was awarded to the taxpayer. The only exceptions are 1) the liquidation of the small business issuing such equity, 2) the merger, consolidation, or other acquisition of such business with or by a party not affiliated with such business; or 3) the death of the eligible investor.

**"Subordinated Debt"** means indebtedness that i) by its terms required no repayment of principal for the first **three** years after issuance, ii) is not guaranteed by any other person or secured by any assets of the issuer or any other person, and iii) is subordinated to all indebtedness and obligations of the issuer to national or state-chartered banking and savings and loan institutions.

If any of the above conditions for the Subordinated Debt are not met and maintained for the full three years, the business owner and the investor/creditor must notify the VSBFA in writing within 30 days of such violation.

**The undersigned hereby certifies that all information contained above and all information contained in attachments which make up this application are true to her/his best knowledge and belief.**

**The undersigned further acknowledges that all obligations evidenced by this Application and Certification are subject to collection pursuant to the Set-Off Debt Collection Program as authorized under the Virginia Debt Collection Act (§§ 58.1-520 through 58.1-535 of the Code of Virginia).**

Legal Name of Investor

\_\_\_\_\_  
Investor's Signature

Date: \_\_\_\_\_

***These investments are high risk investments and they are not guaranteed or backed by the Virginia Small Business Financing Authority or the Commonwealth of Virginia. Consult with your financial advisor before investing.***

The undersigned hereby certifies that this Investor is eligible to receive qualified investment grants under the Small Business Investment Grant Fund (Chapter 16.1, Title 2.2 §2.2-1616).

### **Virginia Small Business Financing Authority**

By: \_\_\_\_\_ Executive Director                      Date: \_\_\_\_\_  
Scott E. Parsons

***Applications may be mailed or emailed to the addresses below and must include the following:***

- 1. A completed and properly executed Commonwealth of Virginia Substitute form W-9.**
- 2. A copy of the executed legal document used to evidence the equity injection, or**
- 3. a copy of the executed note and agreement that the note 1) requires no repayment of principal for the first three years after issuance, 2) is not guaranteed by any other person or secured by any assets of the issuer or any other person, and 3) is subordinate to all other creditors.**

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For questions call 804-371-8254 or email.