

To be completed by Private Certifier or SBA

Name of Private Certifier \_\_\_\_\_ Private Certifier ID Number \_\_\_\_\_

Date Application Received: \_\_\_\_\_ SDB Case #: \_\_\_\_\_

## Small Disadvantaged Business Certification Application

### For Corporations

#### Business Profile:

Name of applicant firm: \_\_\_\_\_

Name of President/Chief Executive Officer: \_\_\_\_\_

EIN: \_\_\_\_\_ E-mail Address: \_\_\_\_\_

Business Address: \_\_\_\_\_ County: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Fax Number: \_\_\_\_\_

Mailing Address (if different than above): \_\_\_\_\_ County \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

PRO-Net User ID#, if applicable: \_\_\_\_\_

Is the firm located in a HUBZONE area?  Yes  No.

What is the firm's 4-digit primary standard industrial classification (SIC) code? \_\_\_\_\_

Are you certified as a DBE by a Department of Transportation recipient?  Yes  No. If yes, provide State(s) and ID number(s) \_\_\_\_\_

Do you have any other certification as a disadvantaged business entity, i.e., MBE, DBE, WBE, etc?  Yes  No. If yes, provide State(s) and ID number(s) \_\_\_\_\_

Is this firm at least 51% owned by a \_\_\_\_\_ Veteran or \_\_\_\_\_ Disabled Veteran?

**In accordance with 13 CFR §124.1002, designated group members are presumed to be socially and economically disadvantaged. Designated group members are individuals who hold themselves out to be and are identified by others as Black Americans, Native Americans, Hispanic Americans, Subcontinent Asian Americans, and Asian Pacific Americans. If an individual is a member of a designated group, complete Section A of this application. If the individual is not a member of a designated group, complete Section B of this application and specify the basis of the disadvantaged status. All applicants must complete Sections C and D of this application.**

**SECTION A**  
**Eligibility Statement - Designated Group Members**

**Social Disadvantage**

1. List all individuals claiming disadvantaged status.

Name of Individual	Group Membership	U.S. Citizen Y/N	Other Last Names Used	Place of Birth	Sex M/F
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

1a. If you are a naturalized Citizen, please provide the following as Attachment 1A:  
 (a) Naturalization number; (b) Date of Citizenship; and, (c) County, State and Court.

**Economic Disadvantage**

2. Has any individual(s) claiming disadvantaged status transferred any assets within two years, in full or in part, to a spouse or any other person or entity, including a trust? \_\_\_ Yes \_\_\_ No. If yes, provide the following information as Attachment 2A: the date of transfer; to whom the assets were transferred; amount paid for the assets; and the market value of the assets at the time of transfer.

**Individuals may exclude assets transferred to an immediate family member that are consistent with the customary recognition of special occasions, such as birthdays, graduations, anniversaries and retirements. Individuals may also exclude any transfers to an immediate family if for educational, medical or essential support purposes.**

3. All individuals claiming disadvantaged status must list their personal net worth, excluding the equity in their primary residence and their ownership in the applicant firm.

Name of Individual	Personal Net Worth
_____	_____
_____	_____
_____	_____

Each individual claiming disadvantage status must sign the following certification:

*I certify that I am a member of one of the designated groups and I am identified as a member of one of the designated groups. I also certify that my net worth is less than \$750,000, excluding my ownership interest in the applicant firm and my equity in the primary residence. (Please sign)*

_____	_____
_____	_____

## SECTION B

### Eligibility Statement - Non Designated Group Members

1. List all individuals claiming disadvantaged status.

Name of Individual	U.S. Citizen Y/N	Race M/F	Sex
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

1a. If you are a naturalized Citizen, please provide the following as Attachment 1B:  
 (a) naturalization number; (b) date of citizenship; and, (c) county, state and court.

**For this section, each individual claiming social and economic disadvantage must provide a separate response.**

#### Social Disadvantage

2. I, \_\_\_\_\_ have personally suffered social disadvantage based on my identification as \_\_\_\_\_.
- (A claim of social disadvantage must include at least one objective feature that has contributed to social disadvantage, such as race, ethnic origin, gender, physical handicap, long-term residence in an environment isolated from the mainstream of American society, or other similar causes not common to individuals who are not socially disadvantaged).**
2. **Attach a narrative describing how you personally experienced social disadvantage in American society.** When writing your narrative, be as specific and detailed as possible. Where applicable, each statement of alleged discrimination should be supported by documented evidence such as affidavits, denials of loan applications, denials of employment opportunities (including non-selection for particular jobs, denials of promotions, or unequal work environment or treatment), and documents to support any formal action taken by you because of alleged discrimination. You must demonstrate how your identification, as described in the paragraph above, has negatively impacted on your entry into or advancement in the business. You must address disadvantage in education, employment, and business history, where applicable. Examples of discrimination include, but are not limited to: unequal access to colleges or professional schools; exclusion from professional or business associations; being denied educational honors or recognition; experiencing discriminatory social pressure which discouraged you from pursuing a professional or higher education or forced you into non-professional or non-business fields; discrimination in employment opportunities or pay and fringe benefits; unequal access to business credit or capital; and discrimination in the awarding, bidding process, or negotiating of government or private sector contracts.

**SECTION B (cont'd.)  
Economic Disadvantage**

4. I, \_\_\_\_\_, certify that because of racial and/or ethnic prejudice, and/or cultural bias, my ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same or similar line of business who are not socially disadvantaged.
  
5. Document how your ability to compete in the free enterprise system has been impaired by such things as inability to obtain adequate bonding, credit or financing; inability to obtain licenses or leases; restrictions of your markets to certain racial, ethnic or social groups; underemployment or unemployment, etc., as compared to others in the same or similar line of business who are not socially disadvantaged. Provide as Attachment 5B.
  
6. List the personal net worth, excluding the ownership interest in the applicant firm and the equity in the primary residence, of each individual(s) claiming disadvantaged status.

Name	Average 2-year Income	Personal Net Worth	Total Assets
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

7. Has any individual(s) claiming disadvantaged status transferred any assets within two years, in full or in part, to a spouse or any other person or entity, including a trust? \_\_\_ Yes \_\_\_ No. If yes, provide the following information as Attachment 7B: the date of transfer; to whom the assets were transferred; amount paid for the assets; and the market value of the assets at the time of transfer. **Individuals may exclude assets transferred to an immediate family member that are consistent with the customary recognition of special occasions, such as birthdays, graduations, anniversaries and retirements. Individuals may also exclude any transfers to an immediate family if for educational, medical or essential support purposes.**

**SECTION C**  
**(All applicant firms must complete)**

**Ownership**

1. If more than one class of stock, provide information for each class:

	Voting	Non Voting	Total
1a. Total number of shares authorized:	_____	_____	_____
1b. Total number of shares currently outstanding:	_____	_____	_____

2. List all individuals, entities, and/or trusts which have an ownership interest in the applicant firm.

Name	Title	Ownership		%
		Voting	NonVoting	Total
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

3. Do disadvantaged individuals receive at least 51% of the annual distributions of dividends paid on the stock of a corporate applicant firm?  Yes  No. If no, please explain as Attachment 3C.

4. Will disadvantaged individuals receive 100% of the unencumbered value of each share of stock owned in the event that the stock is sold?  Yes  No. If no, please explain as Attachment 4C.

4. If the corporation dissolves, will disadvantaged individuals receive at least 51% of the retained earnings and 100% of the unencumbered value of each share of stock he or she owns?  Yes  No (If no, please explain as Attachment 5C).

6. Is ownership by any individual claiming disadvantaged status subject to conditions precedent, conditions subsequent, executory agreements, voting trusts, shareholder agreements or other similar arrangements which may impact the unconditional ownership of such individuals?  Yes  No. If yes, explain as Attachment 6C.

7. Have there been any changes in ownership in the last year?  Yes  No. If yes, did the change in ownership affect the disadvantaged status of your firm? Please explain as Attachment 7C.

8. Does any disadvantaged owner(s) whose spouse is not claiming disadvantaged status reside in a community property state?  Yes  No. If yes, complete the following chart and provide evidence of a transfer or relinquishment of that portion of his or her community property interest that would give to the spouse claiming disadvantaged status majority interest as Attachment 8C.

Name of Disadvantaged Owner	State	% Transferred
_____	_____	_____
_____	_____	_____

**SECTION D**  
**(All applicant firms must complete)**

**Control**

1. Disadvantaged individuals control the board of directors by virtue of the fact that **(select only one below)**:

\_\_\_ a) A single disadvantaged individual owns 100% of all the **voting** stock of the applicant concern.

\_\_\_ b) A single disadvantaged individual owns at least 51% of all **voting** stock, is on the Board of Directors, and no super majority voting requirements exist for shareholders to approve corporate actions.

\_\_\_ c) A single disadvantaged individual owns at least 51% of all **voting** stock, is on the Board of Directors, and owns at least the percentage of voting stock needed to overcome the super majority voting requirements which exist for shareholders to approve corporate actions.

\_\_\_ d) More than one disadvantaged individual owns at least 51% of all **voting** stock, all serve on the Board of Directors, no super majority voting requirements exist for shareholders to approve corporation actions, and the disadvantaged shareholders can demonstrate they have made enforceable arrangements to permit one of them to vote the stock of all as a block without holding a shareholder meeting.

\_\_\_ e) More than one disadvantaged individual owns at least 51% of all **voting** stock, all serve on the Board of Directors, in total, all own at least the percentage of voting stock needed to overcome the existing super majority voting requirements which exist for shareholders to approve corporate actions, and the disadvantaged individuals can demonstrate they have made enforceable arrangements to permit one of them to vote the stock of all as a block without holding a shareholder meeting.

**OR**

\_\_\_ a) The disadvantaged individual(s) control the Board of Directors through actual numbers of voting directors.

\_\_\_ b) The disadvantaged individual(s) control the Board of Directors through weighted voting and such voting is permitted by applicable state law.

2. List the titles of all officers, directors, and key managers and the hours devoted by such individuals to the management of the applicant firm.

Name	Title	Hours
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

3. Is the CEO, President or any disadvantaged full-time manager engaged in or plans to engage in outside employment? \_\_\_ Yes \_\_\_ No. If yes, provide details as to the extent of outside employment or other business dealings to include daily hours of employment, location and explanation as to how this outside employment does not conflict with the ability to manage and control the daily operations of the application concern. Mark as Attachment 3D.

4. Have any of the non-disadvantaged individuals involved in the management of the applicant firm, and/or stockholders, officers, directors or their immediate family members, had a prior business relationship with any individual claiming disadvantaged status? This includes such relationships as employer-employee, supervisor-employee, co-workers, investor-employee, etc.  Yes  No. If yes, identify the person(s) and the type of business relationship as Attachment 4D.
  
5. Does any non-disadvantaged individual receive compensation in any form, including dividends, as a director, officer, or employee that exceeds the compensation received by the disadvantaged President or CEO?  Yes  No. If yes, provide the total compensation received by the President or CEO, and the name(s) and the amount of the total compensation paid to the non-disadvantaged individual(s). If any non-disadvantaged individual is higher compensated, provide a statement which justifies the need for the non-disadvantaged individual(s) to receive a higher compensation. Mark as Attachment 5D.
  
6. Does the applicant firm operate in an industry which requires bonding or professional licenses?  Yes  No. If yes, identify the qualifying individual(s) for the critical licenses, general indemnity agreement, permits, certifications, and bonding required to operate the applicant firm on Attachment 6D.
  
7. List the names of all individuals who have access to the firm's bank account.

Name	Title

7. Does any individual(s), (other than the individual(s) claiming disadvantaged status) or entities provide:
  - (a) Financial support to the applicant firm?  Yes  No
  - (b) Subcontracts, Joint Ventures or Teaming Arrangements?  Yes  No
  - (c) Office space (rent or leased).  Yes  No
  - (d) Equipment (rent or leased)  Yes  No
  - (e) Employees (other than from employment agencies).  Yes  No

If you answered yes to any of the above, please provide specific details (i.e., names, titles, copies of agreements, leases, etc.) of such arrangements as Attachment 8D.

Each person signing below:

1. Certifies that the information he or she provided, including that shown on documents accompanying this application, is true, accurate and complete to the best of his or her knowledge and belief.
2. Acknowledges that SBA, at its discretion, may give the information submitted to Federal, state and local agencies for determining violations of law.
3. Acknowledges that SBA's or a Private Certifier's approval of an application does not affect the Government's right to pursue criminal prosecution for incorrect or incomplete information given on the application form, even if correct information has been included in other materials submitted to SBA or a Private Certifier

### Individual Eligibility Certification

Each individual claiming disadvantaged status must sign the certification below:

I certify that I am socially and economically disadvantaged in accordance with the requirements found under Title 13 Code of Federal Regulations (CFR), Part 124. If claiming individual disadvantage, I certify that the information provided in my narrative describing my personal experiences is true, accurate and complete to the best of my knowledge and belief.

Name	SSN	Date
_____	_____	_____
_____	_____	_____
_____	_____	_____

### Business Eligibility Certification

To be eligible for SDB certification, a firm must be a small business which is at least 51% owned and controlled by one or more socially and economically disadvantaged individuals who manage the daily operations of the applicant firm and are citizens of the United States. Signing below indicates that the firm meets the above requirements.

Signature of President/CEO: \_\_\_\_\_ Date: \_\_\_\_\_

**Under Title 18 U.S.C. Section 1001 and Title 15 U.S.C. Section 645, any person who misrepresents a firm's status as a Small Disadvantaged Business Concern, or makes any other false statement in order to influence the certification process in any way, or to obtain a contract awarded under the preference programs established pursuant to section 8(a), 8(d), 9, or 15 of the Small Business Act, or any other provision of Federal Law that references Section 8(a) for a definition of program eligibility shall be:**

1. Subject to fines and imprisonment of up to 5 years, or both, as stated in Title 18 U.S.C. Section 1001; and subject to fines of up to \$500,000 and imprisonment of up to 10 years, or both, as stated in Title 15 U.S.C. Section 645.
2. Subject to civil and administrative remedies, including suspension and debarment.
3. Ineligible for participation in programs conducted under the authority of the Small Business Act.

**PLEASE NOTE:** The estimated burden hours for the completion of this form is 3 hours per response. You will not be required to respond to this information collection if a valid OMB approval number is not displayed. If you have questions or comments concerning this estimate or other aspect of this information collection, please contact the U.S. Small Business Administration, Chief, Administration Information Branch, Washington, D.C. 20416 and/or Office of Management and Budget, Clearance Officer, Paperwork Reduction Project (3245-0317), Washington, DC 20503.

## SDB APPLICATION INSTRUCTIONS AND TIPS

### Instructions

1. Only small firms that have been found to be owned and controlled by socially and economically disadvantaged individuals and appear on the U.S. Small Business Administration (SBA)-maintained list of qualified Small Disadvantaged Businesses (SDBs) are eligible to participate in Federal SDB set-aside, price evaluation adjustment, evaluation factor of sub-factor, or monetary subcontracting incentive programs, or SBA's section 8(d) subcontracting program.
2. Applications for SDB certification are available at any SBA district office or Private Certifier.
3. Individuals who *are* members of a designated group\* need to fill out Section A of this application. Individuals claiming social and economic disadvantaged individuals who *are not* members of a designated group must fill out Section B of SBA Form 2065. All applicant concerns must fill out both Sections C & D of this application. Complete all questions. If a question is not applicable respond with "n/a."
4. SBA Form 2065 has an application for each different business structure (i.e., corporations, partnerships, etcetera). Please ensure that the appropriate application is submitted.
5. Additional supporting documents are also required. Please refer to the *SDB Certification Checklist* for a complete list and description of required documents. Incomplete applications cannot be processed and will be returned to the applicant.
6. Completed applications should be sent to the Private Certifier of choice.

\*In the absence of evidence to the contrary, the following individuals are presumed to be socially disadvantaged: Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans and Subcontinent Asian Americans.

## **Helpful Hints:**

1. **Submit a Complete Application Package.** Fill out the entire application and send all requested documentation. Carefully read and follow all of the application notes and instructions especially the SDB Certification Checklist.

### **A Complete Application Package Consist of the Following Forms:**

SBA Form 2065 (Application); SBA Form 355 (Size Determination Document); SBA Form 413 (Personal Financial Statement) [**Complete a separate form for your spouse**]; IRS Form 4506 (Tax Transcript).

**And additional required information outlined in the SDB Certification Checklist**, i.e., personal tax documents with all schedules, history of business statement, banking account signature information, lease and the like.

2. **Sign and Date All Documents.** Check that all sections and documents are signed and dated, as required.
3. **Net Worth Calculation.** The net worth of the individual(s) claiming disadvantaged status should be calculated by excluding that individual's interest in the applicant business and his or her equity in the primary residence from the assets; the liabilities are then subtracted from the assets.

### **Assets – Liabilities – Exclusions = Net Worth**

4. **U.S. Citizenship.** Each individual claiming disadvantaged status must be a citizen of the United States, born or naturalized.
5. **Size.** A firm requesting SDB status must qualify as small, per Title 13 Code of Federal Regulations (C.F.R.) Part 121, for the size standard corresponding to the firm's primary four digit Standard Industrial Classification (SIC) Code. The primary SIC code should represent the largest portion of sales from the recently completed fiscal year.
6. **SDB Regulations.** The regulations governing the SDB program (primarily 13 C.F.R. Parts 121 and 124) are located on the SBA Home Page on the Internet (**<http://www.sba.gov/>**).
7. Additional required information is outlined in the SDB Certification Checklist. However, for each business type, specific sections of the SDB Checklist **must** be completed. For example:

Sole Proprietorship Application – Complete Section I of the SDB Certification Checklist.

Partnerships – Complete Sections I & II.

Corporation – Complete Sections I & III.

Limited Liability Company – Complete Sections I & IV.

For further information, call 1-800-558-0884.

(7/28/99)