



## New Markets Tax Credit Program 2007 Allocation QEI Issuance Requirements

The Community Development Financial Institutions (CDFI) Fund anticipates publishing its CY 2007 Notice of Allocation Availability (NOAA) for the New Markets Tax Credit (NMTC) Program by December 1, 2006, with application materials due to the CDFI Fund by February 28, 2007.

Entities that have received allocations in prior rounds (or affiliates of entities that have received allocations in prior rounds) that wish to apply in the 2007 round will be required to demonstrate that they (or their affiliates) have met certain eligibility thresholds with respect to issuing Qualified Equity Investments (QEIs) under their prior allocations. The CDFI Fund anticipates that the following thresholds will apply to such applicants under the 2007 allocation round:

**A first round allocatee (CY 2001-2002) must demonstrate, by 11:59 p.m. ET on Feb. 15, 2007, that it has:**

- (i) issued<sup>1</sup> and received funds in-hand<sup>2</sup> from its investors for **at least 80%** of its QEIs relating to its first round allocation; OR
- (ii) issued and received funds in-hand from its investors for **at least 60%** of its QEIs relating to its first round allocation AND that **100%** of its total first round allocation either has been exchanged for funds in-hand from, or has been committed<sup>3</sup> by, its investors.

<sup>1</sup> "Issued" means those QEIs that have been finalized in the Fund's Allocation Tracking System (ATS) by the specified deadlines.

<sup>2</sup> "Funds in-hand" means investment proceeds received from the investor. It does not include investment that have been committed but funds not yet received.

<sup>3</sup> "Committed" means equity investments that are evidenced by a written, signed document in which an investor: (i) commits to disburse the remaining investment proceeds to the allocatee in a specified amount and on specified terms; (ii) has made the initial disbursement of the investment proceeds to the allocatee, and such initial disbursement has been recorded in ATS as a QEI; (iii) commits to disburse the remaining investment proceeds to the allocatee based on specified amounts and payment dates; and (iv) commits to make the final disbursement to the allocatee **no later than February 15, 2009**.

# THE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

United States Department of the Treasury



**A second round Allocatee (CY 2003-2004) must demonstrate by 11:59 p.m. ET on Feb. 15, 2007, that it has:**

- (i) issued and received funds in-hand from its investors for **at least 60%** of its QEIs relating to its second round allocation; OR
- (ii) issued and received funds in-hand from its investors for **at least 50%** of its QEIs relating to its second round allocation AND that **at least 80%** of its total second round allocation either has been exchanged for funds in-hand from, or has been committed by, its investors.

**A third round allocatee (CY 2005) must demonstrate by 11:59 p.m. ET on Feb. 15, 2007, that it has:**

- (i) issued and received funds in-hand from its investors for **at least 50%** of its QEIs relating to its third round allocation; OR
- (ii) issued and received funds in-hand from its investors for **at least 40%** of its QEIs relating to its third round allocation AND that **at least 80%** of its total third round allocation either has been exchanged for funds in-hand from, or has been committed by, its investors.

**A fourth round allocatee (CY 2006) must demonstrate by 11:59 p.m. ET on Feb. 15, 2007, that it has:**

- (i) issued and received funds in-hand from its investors for **at least 50%** of its QEIs relating to its fourth round allocation; OR
- (ii) issued and received funds in-hand from its investors for **at least 20%** of its QEIs relating to its fourth round allocation AND that **at least 60%** of its total fourth round allocation either has been exchanged for funds in-hand from, or has been committed by, its investors.

Further, an applicant is not eligible to receive a NMTC Allocation in the CY 2007 round if another entity that Controls the applicant, is Controlled by the applicant or shares common management officials with the applicant (as determined by the CDFI Fund) is a prior allocatee and has not met the requirements for the issuance and/or commitment of QEIs as set forth above.

---

---

# THE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

---

---

United States Department of the Treasury



## **FOURTH ROUND GO ZONE ALLOCATEES**

GO Zone Allocatees in the fourth round (CY 2006) that wish to apply under the 2007 allocation round are NOT required to meet the above QEI issuance and commitment thresholds with regard to any GO Zone NMTCs.

## **APPLICANTS WITH MULTIPLE ALLOCATIONS**

Notwithstanding the above, if an applicant has received allocations in multiple rounds of the NMTC Program, the applicant shall be deemed to be eligible to apply for a NMTC allocation in the 2007 allocation round if the applicant can demonstrate that, as of 11:59 p.m. ET on Feb. 15, 2007, it has issued and received funds in-hand from its investors for **at least 70%** of its QEIs relating to its cumulative allocation amounts from prior NMTC Program rounds (CY 2002-2006), exclusive of GO Zone allocations in the CY 2006 allocation round.

*NOTE: The requirements outlined above should be used for guidance purposes only, as they may change prior to the NOAA being published. The published NOAA will contain the final QEI issuance requirements, along with other applicant eligibility requirements pertaining to the 2007 NMTC allocation round.*