



**Community  
Development  
Financial  
Institutions  
Fund**

# **NMTC Program**

New Markets Tax Credit  
Allocation Application

## **2003 Application**

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## Applicant Instructions

- Read the relevant New Markets Tax Credit (NMTC) Program publications prior to completing the *Allocation Application*. For information on the 2003 NMTC Program allocation round, read the *Notice of Allocation Availability (NOAA)* and the *Community Development Financial Institutions Fund's* (the Fund's) document titled "NMTC *Allocation Application* Q&A Document." For tax related information on the NMTC Program, read the *Temporary and Proposed Income Tax Regulations* (66 *Federal Register* 66307, December 26, 2001) and other relevant IRS notices and revenue rulings. For information on *Community Development Entity (CDE)* certification, read the Fund's document titled "CDE Certification Q&A Document." All of these documents are available on the Fund's website at [www.cdfifund.gov](http://www.cdfifund.gov). The Fund's Q&A documents are periodically updated, so continue to check the website on a regular basis.
- Consult the Glossary of Terms (pages 45-51 of this document) when completing the *Allocation Application*. All terms and phrases that are in *Capitalized Italics* in the *Allocation Application* are defined in the Glossary of Terms.
- If the *Applicant* has not been certified as a *CDE* by the Fund, it must submit its *CDE Certification Application* to the Bureau of Public Debt (BPD, the entity that is handling intake of applications on behalf of the Fund) so that it is received by 5:00 pm, Eastern Time, on August 29, 2003. The *CDE Certification Application* is available on the Fund's website at [www.cdfifund.gov](http://www.cdfifund.gov). Organizations whose *CDE Certification Applications* are not received at BPD by August 29, 2003 will be considered ineligible for *NMTC Allocations* in the 2003 round of the program. An *Applicant* that is a *Community Development Financial Institution (CDFI)* or *Specialized Small Business Investment Company (SSBIC)* does not need to submit a *CDE Certification Application* to BPD, but **must register** as a *CDE* on the Fund's website by 5:00 pm, Eastern Time, on August 29, 2003.

**TIP:** The Fund cannot process a *CDE Certification Application* unless each entity seeking certification as a *CDE*: (a) is incorporated or formed as a domestic corporation or partnership; and (b) has a valid and distinct Employer Identification Number (EIN). *Applicants* or *Subsidiary Applicants* that have applied for, but not yet received, an EIN as of the date of the *Authorized Representative's* signature on the *Allocation Application* will not be accepted. For more information on EINs and applying for an EIN, refer to the *CDE Certification Q&A Document* on the Fund's website at [www.cdfifund.gov](http://www.cdfifund.gov).

- Carefully read the *Allocation Application* and the *NOAA* to determine whether the *Applicant* has the requisite eligibility, capacity, experience, and skills to compete for and administer a *NMTC Allocation*. Be sure also to review carefully the Assurances and Certifications provided in pages iv-vii of this document. By signing this *Allocation Application*, the *Applicant* is certifying to the truth, completeness, and correctness of this *Allocation Application*, including the items listed in the Assurances and Certifications on pages iv-vii.
- As the *Applicant* prepares the *Allocation Application*, assume the Fund's *Allocation Application* reviewers are learning about the organization for the first time, even if the organization has previously submitted an application to the Fund under this or any of the other Fund programs. Be sure to keep each narrative brief.
- A start-up organization that does not have a track record of raising capital or offering products and services may reference the activities of its *Controlling Entity* in the Business and Capitalization Strategy sections of the *Allocation Application*. However, a start-up may not reference the activities of individuals, including principals or board members, to demonstrate such track record. The activities and experiences of individuals may only be addressed in the Management Capacity section.
- The term *Applicant* refers to the *CDE* applying for a *NMTC Allocation* as well any other *Subsidiary* entities, whether already formed or in the process of formation, which may receive a

transfer of all or a part of a *NMTC Allocation* from the *Applicant*. To the extent practicable, the *Applicant* may respond to each question in this *Allocation Application* collectively on behalf of all such entities. If responses vary for separate entities, be sure to clearly articulate which entity is being referenced in the narrative and tables.

### DO NOT SUBMIT THIS ALLOCATION APPLICATION

- Using the online application: This version of the *Allocation Application* is a read-only version. Any organization interested in applying for a *NMTC Allocation* from the Fund is expected to submit an online *Allocation Application*. The Fund anticipates that the online *Allocation Application* will be available on August 22, 2003. *Applicants* may access the online *Allocation Application* as soon as it is made available by logging in through myCDFI/CDE on the Fund's website at [www.cdfifund.gov](http://www.cdfifund.gov). *Applicants* who have not already done so are encouraged to register a user account through myCDFI/CDE as soon as possible. User accounts created on the Electronic Handbooks system for the 2002 *Allocation Application* will not be valid for the 2003 *Allocation Application*. Please contact the Fund's IT Help Desk at (202) 622-2455 or [ithelpdesk@cdfi.treas.gov](mailto:ithelpdesk@cdfi.treas.gov) if you are having problems registering under myCDFI/CDE. The online *Allocation Application* must be received no later than 5:00 pm, Eastern Time, on September 30, 2003. Complete instructions regarding the electronic submission requirements will be posted on the Fund's website at [www.cdfifund.gov](http://www.cdfifund.gov) when the online *Allocation Application* is made available.
- Requesting paper submission: The online *Allocation Application* is a web-based tool that requires applicants to have: (1) Internet Explorer 5.5 or higher or Netscape Navigator 6.0 or higher, and (2) Windows 98 or higher (or other system compatible with the above Explorer and Netscape software). Ideally, *Applicants* should have a 56Kbps Internet connection, however, *Applicants* can use the online *Allocation Application* with a slower Internet connection. Any *Applicant* that cannot complete the online *Allocation Application* must notify the Fund that it intends to submit a paper application instead by downloading and using the form titled, "NMTC Paper Application Submission Form." Such notification must be submitted by facsimile at (202) 622-8911 to the attention of the Fund's Chief Financial Officer, and must be received by the Fund no later than 5:00 pm, Eastern Time, on September 15, 2003. The form asks for an explanation of why the *Applicant* is not capable of submitting the online *Allocation Application*. The above form may be printed from the Fund's website at [www.cdfifund.gov](http://www.cdfifund.gov) or requested by emailing the Fund at [cdfihelp@cdfi.treas.gov](mailto:cdfihelp@cdfi.treas.gov) or by calling the Fund's NMTC help desk at (202) 622-7373. Please indicate a name and fax number or email for receipt of the form. **The Fund will provide information on the procedures for submission of a paper application at that time.** The deadline for receipt of a paper application is 5:00 pm, Eastern Time, on September 30, 2003. Paper applications received after that date and time will not be accepted for consideration and will be returned to the sender.
- Required investor letters: An *Applicant* that enters information into Table C1 is required to submit attachments validating the following information: name of investor, dollar amount of equity sought or obtained, status of the investment request (e.g., funds received, *Commitment* of funds, *Letter of Interest/Intent*). If the documents do not contain such information and validate the information entered in Table C1 or are missing altogether, the *Applicant* will lose points under the Capitalization Strategy section. For examples of acceptable documentation for the required information, refer to the Fund's *NMTC Allocation Application Q&A Document*.
- Submitting attachments and signature pages: All *Applicants* will be required to submit a signature page with the *Authorized Representative's* signature and applicable attachments (*Letters of Interest/Intent*, *Commitment* letters and organizational charts). *Applicants* will be required to submit one original and three copies of the signature page and each attachment. For those submitting a paper application, such documents must be received at the time the *Allocation Application* is submitted and by the application deadline, 5:00 pm, Eastern Time, on September 30, 2003. For those submitting an electronic application, the signature page and applicable attachments must be received by BPD by 5:00 pm, Eastern Time, on October 7, 2003. All documents must be submitted by mail to:

Bureau of Public Debt  
200 3<sup>rd</sup> Street, PCP, Room 10  
Parkersburg, WV 26101-3512  
(304) 480-5450 (to be used on shipping labels for overnight delivery services)

If a signature page with the correct signature is not received by the applicable deadline, the entire *Allocation Application* will be rejected without further review. If the attachments are not received by the applicable deadline, then they will not be given consideration as part of the review process. **Only those attachments requested by the Fund will be considered as part of the review process. Furthermore, the Fund will not accept any revisions or amendments to an application or the attachments once they have been submitted for review.**

- **Each Applicant should expect that if it receives a *NMTC Allocation*, information provided in this *Allocation Application* will be used to determine the terms of an *Allocation Agreement*.**
- The contents of this *Allocation Application* are consistent with the Internal Revenue Code Section 45D (the Code) and the *Temporary and Proposed Income Tax Regulations*. In the event of any inconsistency between the contents of this *Allocation Application* and the Code or the *Temporary and Proposed Income Tax Regulations*, the provisions of the Code and the *Temporary and Proposed Regulations* shall govern.

**TIP:** If you have programmatic questions about the contents of this *Allocation Application*, you may contact the Fund by mail at 601 13<sup>th</sup> Street, NW, Suite 200 South, Washington, DC 20005, by e-mail at [cdfihelp@cdfi.treas.gov](mailto:cdfihelp@cdfi.treas.gov), by telephone at (202) 622-7373, by facsimile at (202) 622-8911, or visit the Fund's website at [www.cdfifund.gov](http://www.cdfifund.gov). If you require information technology assistance in using the online *Allocation Application*, please call (202) 622-2455 or email [ithelpdesk@cdfi.treas.gov](mailto:ithelpdesk@cdfi.treas.gov).

The Fund will provide programmatic and information technology support related to the *Allocation Application* between 9:00 am and 5:00 pm, Eastern Time, through September 26, 2003. **The Fund will not respond to phone calls or emails concerning the *Allocation Application* that are received after 5:00 pm, Eastern Time, on September 26, 2003, until after the *Allocation Application* deadline of September 30, 2003.**

## Assurances and Certifications

Except for paragraphs 11 and 12 below, the inability of the *Applicant* to provide the General Certifications (section A, below) will render the *Applicant* ineligible to apply for a *NMTC Allocation*. If the *Applicant* cannot provide the General Certifications in paragraphs 11 and 12, the *Applicant* must submit a written explanation. The Fund will consider the explanation provided and determine, in its sole discretion, whether the *Applicant* is eligible to apply for a *NMTC Allocation*. If the *Applicant* cannot provide any of the other General Certifications, it should not submit an *Allocation Application*.

The inability of the *Applicant* to provide the Certification Regarding Debarment, Suspension, and Other Responsibility Matters (section B, below) will not necessarily result in the denial of participation in this "covered transaction." The *Applicant* must submit an explanation of why it cannot provide the Certification Regarding Debarment, Suspension, and Other Responsibility Matters. The Certification or explanation will be considered in connection with the Fund's determination whether to enter into this transaction (meaning, approval of the *Allocation Application* and entering into an *Allocation Agreement*). However, failure of the *Applicant* to furnish either the Certification or an explanation will disqualify the *Applicant* from participation in said transaction.

### A. General Certifications

As the *Authorized Representative* of the *Applicant*, I hereby assure and certify that:

1. The *Applicant* is duly organized and validly existing under the laws of the jurisdiction in which it was incorporated or otherwise established.
2. The *Applicant* has the legal authority to apply for a *NMTC Allocation*, and the institutional, managerial, and financial capability to ensure proper use of such allocation as described in this *Allocation Application* and in accordance with IRC §45D and the *Temporary and Proposed Income Tax Regulations*, and all applicable Department of the Treasury regulations and guidance documents.
3. The *Applicant's* governing body (e.g., Board of Directors) has by proper resolution or similar action authorized the signing and filing of this *Allocation Application*, including all understandings and assurances contained herein, and directed and authorized me as the *Authorized Representative* of the *Applicant* to act in connection with this *Allocation Application* and to provide such additional information as may be required.
4. The *Applicant* will give the Department of the Treasury, the Comptroller General of the United States, and if appropriate, the State of the *Applicant's* incorporation, through any *Authorized Representative*, access to and the right to examine all records, books, papers, or documents related to the provision of a *NMTC Allocation*; and will establish a proper accounting system in accordance with generally accepted accounting standards; Office of Management and Budget (OMB) regulations, guidelines, and circulars; and Department of the Treasury regulations and directives.
5. The *Applicant* will establish safeguards to prohibit employees from using their positions for purposes that constitute or present personal or organizational conflicts of interest, or personal gain, either real or perceived.
6. The *Applicant* will comply with all applicable requirements of Title I, subtitle C, section 121 of the Community Renewal Tax Relief Act of 2000, as enacted by section 1(a)(7) of the Consolidated Appropriations Act, 2001 (Public Law No. 106-554, December 21, 2000), regulations implementing the NMTC Program and all other applicable Department of the Treasury regulations, guidance, and implementing procedures (and any regulations or procedures which are later promulgated to supplement or replace them).

7. The *Applicant* will comply, as applicable and appropriate, with the requirements of OMB Circulars and any regulations and circulars which are later promulgated to supplement or replace them, including standards for fund control and accountability.
8. The *Applicant* will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing the NMTC Program.
9. The *Applicant* has not knowingly and willfully made or used a document or writing containing any false, fictitious, or fraudulent statement or entry as part of this *Allocation Application* or any related document, correspondence, or communication. The *Applicant* and its *Authorized Representative* are aware that, under 18 U.S.C. 1001, whoever knowingly and willfully makes or uses such document or writing shall be fined or imprisoned for not more than five years, or both.
10. The *Applicant* and its officers, directors, owners, partners, and key employees: (a) have not within a three-year period preceding the date of this *Allocation Application* been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense; (b) have not within a three-year period preceding the date of this *Allocation Application* been convicted of or had a civil judgment rendered against them for violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; or (c) have not within the three-year period preceding the date of this *Allocation Application* been found liable in any civil legal action involving creditor's claims of greater than \$500,000.
11. The *Applicant* and its officers, directors, owners, partners, and key employees: (a) have not within a three-year period preceding the date of this *Allocation Application* been indicted for or charged with the commission of fraud or a criminal offense; (b) have not within a three-year period preceding the date of this *Allocation Application* been indicted for or charged with the violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; (c) are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraphs 11(a) and 11(b) of this certification; or (d) have not within the three-year period preceding the date of this *Allocation Application* been the subject of any formal investigation or disciplinary proceeding by a government agency, regulatory body, or professional association in connection with any matter which may have a material adverse effect on the *Applicant* or its financial condition or the *Applicant's* ability to carry out the authorized uses of a *NMTC Allocation*.
12. Any other person or entity that *Controls* the *Applicant* (other than the *Applicant's* officers, directors, owners, partners, and key employees): (a) has not within a three-year period preceding the date of this *Allocation Application* been indicted, charged with or convicted of, or had a civil judgment rendered against it for commission of fraud or a criminal offense; (b) has not within a three-year period preceding the date of this *Allocation Application* been indicted, charged with or convicted of, or had a civil judgment rendered against it for violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; (c) is not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraphs 12(a) and 12(b) of this certification; (d) has not within the three-year period preceding the date of this *Allocation Application* been the subject of any formal investigation or disciplinary proceeding by a government agency, regulatory body, or professional association in connection with any matter which may have a material adverse effect on the *Applicant* or its financial condition or the *Applicant's* ability to carry out the authorized uses of a *NMTC Allocation*; or (e) has not within the three-year period preceding the date of this *Allocation Application* been found liable in any civil legal action involving creditor's claims of greater than \$500,000.

13. The *Applicant* has never been delinquent on amounts due to the Internal Revenue Service or on any debts owed to Federal, State, or local government.
14. The *Applicant* has never filed for bankruptcy.

**NOTE:** Where the *Applicant* is unable to certify to one or more of the statements in paragraphs 11 or 12 of the General Certifications, the *Applicant* must attach a written explanation to this *Allocation Application*.

\_\_\_ Check here if the *Applicant* is submitting a written explanation.

**B. Certification Regarding Debarment, Suspension, and Other Responsibility Matters — Primary Covered Transactions**

1. This Certification is a material representation of fact upon which reliance is placed when the Fund enters into an *Allocation Agreement* with the *Applicant*. If it is later determined that the *Applicant* knowingly rendered an erroneous or false Certification, the Fund may terminate, in its sole discretion, the *Notice of Allocation* and the *Allocation Agreement* for cause or default.
2. The *Applicant* must provide immediate written notice to the Fund if at any time the *Applicant* learns that this Certification was erroneous or false when submitted or has become erroneous or false by reason of changed circumstances.
3. The terms “covered transactions,” “debarred,” “suspended,” “ineligible,” “lower tier covered transaction,” “participant,” “person,” “primary covered transaction,” “principal,” “proposal,” and “voluntarily excluded,” as used in this Certification, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. The *Applicant* may contact the Fund for assistance in obtaining a copy of those regulations (31 CFR part 19).
4. The *Applicant* agrees that, by submitting this *Allocation Application*, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the Fund.
5. The *Applicant* further agrees that, by submitting this *Allocation Application*, it will include the Certification titled “Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion-Lower Tier Covered Transaction,” to be provided by the Fund, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions (see 31 CFR part 19, Appendix B).
6. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous or false. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs. See [www.epls.gov](http://www.epls.gov) for more information.
7. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the Certification hereby required. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
8. Except for transactions authorized under paragraph 4 above, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is

proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the Fund may terminate, in its sole discretion, the *Notice of Allocation* and the *Allocation Agreement* for cause or default.

**C. Certification Regarding Debarment, Suspension, and Other Responsibility Matters – Primary Covered Transactions**

The prospective primary participant (the *Applicant*) certifies to the best of its knowledge and belief, that it and its principals:

- (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
- (b) have not within a three-year period preceding this *Allocation Application* been convicted of or had a civil judgment rendered against them for: (i) commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; or (ii) violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
- (d) have not within a three-year period preceding this *Allocation Application* had one or more public transactions (Federal, State, or local) terminated for cause or default.

**NOTE:** Where the *Applicant* is unable to certify to one or more of the statements in the Certification Regarding Debarment, Suspension, and Other Responsibility Matters, the *Applicant* must attach a written explanation to this *Allocation Application*.

\_\_\_\_ Check here if the *Applicant* is submitting a written explanation.

## Applicant Information

1. Total dollar amount of *NMTC Allocation* requested in this *Allocation Application*:  
\$ \_\_\_\_\_

2. *Applicant* Information<sup>1</sup>:

*Applicant* Name: \_\_\_\_\_

*Applicant* Employer Identification Number: \_\_\_\_\_

Is the *Applicant* a domestic corporation or partnership for federal tax purposes?

Domestic Corporation

Domestic Partnership

Neither (*Applicant* is not eligible to apply for a *NMTC Allocation*)

Structure of the *Applicant* (check all that apply):

For-profit

Non-profit

*Small Business Investment Company*

*Specialized Small Business Investment Company*

*New Market Venture Capital Company*

*Certified Community Development Financial Institution*

Credit union

Publicly traded company

Government-Controlled entity

Faith-Based Institution

Tribal Entity

Thrift, bank or bank holding company

Does the *Applicant* have any *Affiliates* that are applying for a *NMTC Allocation* in the 2003 round? (check one):  Yes or  No

**TIP:** The answer to this question must be "No." An *Applicant* and its *Affiliates* may collectively submit only one application for *NMTC Allocations* under this round of the *NMTC* Program. If separate applications are received from multiple *Affiliated* entities, all such applications will be deemed ineligible.

<sup>1</sup> For the purposes of Questions #2-10 in this *Applicant* Information section, the term *Applicant* shall only apply to the entity applying for a *NMTC Allocation*, and not to *Subsidiary* entities that may receive a transfer of all or part of a *NMTC Allocation*.

3. **Controlling Entity Information:**

**TIP:** An *Applicant* may designate any organization as a *Controlling Entity*, provided that the organization meets the definition of *Controlling Entity* set forth in the NOAA and the Glossary of Terms. Individuals cannot be deemed to be *Controlling Entities*. **The Allocation Application does not allow for more than one Controlling Entity.** Therefore, entities with more than one *Controlling Entity* will need to select one *Controlling Entity* to list in the application and to use throughout the Business Strategy section to assist in demonstrating track record and in completing the related exhibits. The Fund recommends that an *Applicant* identify the *Controlling Entity* that has the power to *Control* the management and investment decisions of the *Applicant*. An *Applicant* may identify the parent organization/company of its parent as its *Controlling Entity* to demonstrate an organizational track record, provided that the relationship between the “grandparent” and the *Applicant* conforms to the Fund’s definition of a *Controlling Entity*.

\_\_\_\_\_ Not applicable. No *Controlling Entity*.

*Controlling Entity* Name: \_\_\_\_\_

*Controlling Entity* Employer Identification Number: \_\_\_\_\_

Structure of the *Controlling Entity* (check all that apply):

- |   |   |
|---|---|
| <input type="checkbox"/> For-profit   | <input type="checkbox"/> Credit union                         |
| <input type="checkbox"/> Non-profit   | <input type="checkbox"/> Publicly traded company              |
| <input type="checkbox"/> <i>Small Business Investment Company</i>                     | <input type="checkbox"/> Government- <i>Controlled</i> entity |
| <input type="checkbox"/> <i>Specialized Small Business Investment Company</i>         | <input type="checkbox"/> Faith-Based Institution              |
| <input type="checkbox"/> <i>New Market Venture Capital Company</i>                    | <input type="checkbox"/> Tribal Entity                        |
| <input type="checkbox"/> <i>Certified Community Development Financial Institution</i> | <input type="checkbox"/> Thrift, bank or bank holding company |

4. **Applicant Mailing Information:**

Mailing address (provide nine-digit zip code where available):

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Address for overnight deliveries (if different from mailing address):

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

5. *Authorized Representative* Information:

Name, title, and mailing address, if different from *Applicant*:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone number: \_\_\_\_\_ Fax number: \_\_\_\_\_

E-mail address: \_\_\_\_\_

6. Contact Person Information (if different from *Authorized Representative*):

Name, title, and mailing address, if different from *Applicant*:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone number: \_\_\_\_\_ Fax number: \_\_\_\_\_

E-mail address: \_\_\_\_\_

7. Is the *Applicant* duly organized and validly existing under the laws of the jurisdiction in which it is incorporated or otherwise established?

Yes  No (if No, the *Applicant* is not eligible to apply for a *NMTC Allocation*)

*Applicant's* state of incorporation or formation: \_\_\_\_\_

*Applicant's* date of incorporation or formation (month/day/year): \_\_\_\_\_

*Applicant's* total assets as of the date of this *Allocation Application*: \$ \_\_\_\_\_

*Applicant's* fiscal year end (month/day/year): \_\_\_\_\_

8. Has the *Applicant* already been certified as a *CDE* by the Fund?

Yes: *CDE* Certification Control Number: \_\_\_\_\_

No: Has it submitted a *CDE Certification Application*?  Yes  No

**TIP:** If the answer to Question #8 above is “No,” the *Applicant’s CDE Certification Application* must be received by the Bureau of Public Debt (the entity that is handling intake of applications on behalf of the Fund) by 5:00 pm, Eastern Time, on August 29, 2003 to be considered for a *NMTC Allocation* in the 2003 round. The *CDE Certification Application* is available on the Fund’s website at [www.cdfifund.gov](http://www.cdfifund.gov). The Fund cannot process a *CDE Certification Application* unless each entity seeking certification as a *CDE*: a) is incorporated or formed as a domestic corporation or partnership; and b) has a valid and distinct EIN. An *Applicant* that is a *CDFI* or *SSBIC* does not need to submit a *CDE Certification Application*, but must register as a *CDE* on the Fund’s website on or before 5:00 pm, Eastern Time, on August 29, 2003.

9. Does the *Applicant* intend to transfer all or part of its *NMTC Allocation* to *Subsidiary* entities?  Yes  No

**TIP:** An organization (including any non-profit entity) may apply for a *NMTC Allocation* with the intention of transferring all or a part of its *NMTC Allocation* to one or more for-profit *Subsidiary* entities. An *Applicant* will not be required to form such *Subsidiary* entities prior to the submission of its *Allocation Application*, but it must identify its intention to transfer all or part of its *NMTC Allocation* in its *Allocation Application*. **An *Applicant* and its *Affiliates* may collectively submit only one *Allocation Application* per year through the *NMTC Program*.**

If yes, have these *Subsidiary* entities been certified as *CDEs* or submitted a *CDE Certification Application*?

Yes  No If yes, complete the following table:

Name of <i>Subsidiary</i>	EIN	<i>CDE Certification Control Number</i>	Certified?
			Yes/No

10. At a later date, does the *Applicant* intend to form and certify additional *Subsidiary* entities to which it will transfer all or part of its *NMTC Allocation*?  Yes  No

If yes, how many additional *Subsidiary* entities does the *Applicant* anticipate forming and certifying as *CDEs*? \_\_\_\_\_

11. The following descriptive information will be used by the Fund to develop profiles for its *Allocatees*. Such profiles will be shared with the general public via the Fund’s website or other public materials/forums.

- a. Briefly describe the *Applicant’s* business strategy (including geographic markets; products and services).

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

- b. Briefly describe how the *Applicant* will utilize its *NMTC Allocation* to enhance or improve its current activities.

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**TIP:** For Question #11b above, the *Applicant* should specifically indicate the extent to which its *NMTC Allocation* will be used to: offer more favorable rates or preferential terms on its loan or investments products; target activities to areas of higher distress than currently served by the *Applicant*; engage in new product offerings; and/or increase the provision of products and services to *Low-Income Communities*. Please refer to the Fund's 2003 *NMTC Allocation* Q&A Document (available at [www.cdfifund.gov](http://www.cdfifund.gov)) for a sample response to Question #11 of this *Allocation Application*.

12. Identify the type of service area that the *Applicant* will serve (check one). The service area identified here must be consistent with the service area identified by the *Applicant* in its *CDE Certification Application*:

- National service area (7 or more states or territories not concentrated within an identifiable region)
- Regional service area (multiple states that form an identifiable region)
- Multi-state service area (2 - 6 states or territories)
- Statewide (or territory-wide) service area
- Local service area (e.g., neighborhoods, cities, a county or contiguous counties, or *Primary Metropolitan Service Area*) within a state or territory

**TIP:** An *Applicant* serving a multi-state *Primary Metropolitan Service Area* (e.g., the Washington, DC or Philadelphia *Primary Metropolitan Service Areas*) should check "local service area."

13. Identify the particular geographical areas that the *Applicant* will serve. An *Applicant* that is serving 7 or more states must identify the 7 states with the largest amount of projected activities:

State(s): \_\_\_\_\_

County(ies): \_\_\_\_\_

14. Estimate the percentage of activities that will be directed to each of the following markets. The total percentage should add up to 100 percent.

- % Major urban areas (*Metropolitan Area* with a population equal to or greater than 1 million, including both central city and surrounding suburbs)
- % Minor Urban areas (*Metropolitan Area* with a population less than 1 million, including both central city and surrounding suburbs)
- % Rural areas

15. Please indicate the *Applicant's* predominant anticipated financing activity (check just one):

- Microenterprise financing
- Business financing
- Real estate financing:
  - Retail  Office Space
  - Industrial  For-sale housing
  - Community facilities  Mixed-used (housing + commercial)
- Financing of other *CDEs*
- Loan purchase from other *CDEs*
- Financial Counseling and Other Services*

16. Estimate how long this *Allocation Application* form took to complete: \_\_\_\_\_ hours

By signing this *Allocation Application*, the *Applicant* makes the Assurances and Certifications, set forth in pages iv- vii of the *Allocation Application*, which Assurances and Certifications are made a part hereof and will continue in effect until the *Applicant* enters into an *Allocation Agreement* with the Fund.

I hereby certify that all of the information that the *Applicant* has provided in this *Allocation Application* and in the Assurances and Certifications in support of this *Allocation Application* is true, correct, and complete. The execution and submission of this *Allocation Application* has been duly authorized by the governing body of the *Applicant*.

*Applicant* Name: \_\_\_\_\_

Authorized Representative Signature: \_\_\_\_\_

\_\_\_\_\_

Name (print)

Title

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

## Part I: Business Strategy

Total Maximum Points for Part I: 25 points, plus up to 10 additional “priority points” available under sub-sections B and D.

**TIP:** An *Applicant* will score well in this section to the extent it can articulate, with specificity, its strategy to use a *NMTC Allocation* and can describe a strong, relevant track record, including a track record of serving *Low-Income Communities*. Included in this section is the ability to earn “priority points” for meeting the statutory priorities of: 1) investing in *Unrelated* entities; and/or 2) demonstrating a track record of serving *Disadvantaged Businesses or Communities*. Refer to the NOAA for further information on the statutory priorities.

### A. Products, Services, and Investment Criteria

**TIP:** For the purposes of completing the Business Strategy section and all relevant exhibits, real estate *Qualified Active Low-Income Community Businesses (QALICBs)* refers to the development of a specific real estate project or projects. Investments in real estate businesses (development, management or other) in support of their business operations, as opposed to a specific project or projects, are considered non-real estate *QALICB* transactions. Transactions with *QALICBs* that are involved in all other types of business activities should be classified as non-real estate *QALICB* transactions regardless of: 1) how the business intends to use the proceeds of the transaction; or 2) whether the business intends to use any real estate owned as collateral for the loan. For example, if an *Applicant* provided a loan to a childcare provider for the purpose of purchasing the property where the childcare center would be housed, the *Applicant* would categorize this loan as a non-real estate *QALICB* transaction. However, if the *Applicant* provided a loan to a development company for the purpose of building a childcare center, and the organization’s primary business is the development of community facilities, this loan would be considered a real estate *QALICB* transaction.

17. Please indicate the types of *Qualified Low-Income Community Investments (QLICs)* in which the *Applicant* intends to engage (check all that apply), and what percentage of allocations (by dollar amount) will be used for each activity. Percentages should add up to 100%:

\_\_\_ a. Investments in, or loans to, non-real estate *QALICBs*. \_\_\_%

\_\_\_ Origination of loans (check, if applicable)

\_\_\_ Investment of capital or equity (check, if applicable)

\_\_\_ b. Investments in, or loans to, *QALICBs* whose principal activities involve the development or rehabilitation of real estate. \_\_\_%

\_\_\_ Origination of loans (check, if applicable)

\_\_\_ Investment of capital or equity (check, if applicable)

\_\_\_ c. Investments in, or loans to, other CDEs. \_\_\_\_\_%

\_\_\_ Origination of loans (check, if applicable)

\_\_\_ Investment of capital or equity (check, if applicable)

Please indicate the percentage of each activity (by dollar amount) in which the recipient CDEs intend to engage, using the proceeds of the NMTC investments provided by the Applicant. Percentages should add up to 100%:

\_\_\_ % Origination of loans, investment of capital, or equity to non-real estate QALICBs.

\_\_\_ % Origination of loans, investment of capital, or equity to QALICBs whose principal activities involve the development or rehabilitation of real estate.

\_\_\_ % Financial Counseling and Other Services.

\_\_\_ d. Purchases of loans from other CDEs. \_\_\_\_\_%

\_\_\_ e. Financial Counseling and Other Services. \_\_\_\_\_%

\_\_\_ In conjunction with financing (check, if applicable)

\_\_\_ As a discrete line of business (check, if applicable)

**TIP:** An Applicant will score well under the Products, Services, and Investment Criteria subsection to the extent that it will deploy debt or investment capital, or offer products and services which: 1) are designed to meet the needs of underserved markets; 2) are flexible or non-traditional in form; and 3) focus on customers or partners that typically lack access to conventional sources of capital.

18. Describe the Applicant's overall business strategy for use of its NMTC Allocation. For each QLICI activity checked in Question #17, provide separate descriptions of:

- What the Applicant's proposed activities or products will be;
- How the proposed products or services respond to demand in the markets to which the products and services will be directed;
- How the Applicant's strategy is designed to attract new or additional private sector investment capital to underserved markets;
- What technical assistance may be offered in conjunction with each of the Applicant's products; and
- For Applicants providing loans or investments to other CDEs, how the Applicant's role as an intermediary will be efficient and beneficial to the recipient CDEs and their clients.

**TIP:** If an Applicant intends to utilize its NMTC Allocation to engage solely in either the purchase of loans from other CDEs or in the provision of Financial Counseling and Other Services, and not in the purchase or origination of loans or equity, it should skip Question #19 below.

19. Indicate the percentage of total *QLICI* activities (based on the total dollar amount of transactions) that will be used to provide products that are flexible or non-traditional in form, in accordance with the list below:

\_\_\_\_\_ %

**TIP:** The higher the percentage indicated above, the better the *Applicant* will score under the Business Strategy section. However, if the *Applicant* receives a *NMTC Allocation*, it will be required to meet the percentage identified above, and such requirement will be a term of its *Allocation Agreement*.

Check all of the flexible or non-traditional rates or terms that the *Applicant* intends to offer:

- Equity products
- Equity Equivalent products*
- Debt with equity features (e.g., debt with royalties; debt with warrants; convertible debt)
- Subordinated debt
- Below market interest rates
- Lower than standard origination fees
- Longer than standard period of interest-only loan payments
- Higher than standard loan to value ratio
- Longer than standard amortization period
- More flexible borrower credit standards
- Nontraditional forms of collateral
- Lower than standard debt service coverage ratio
- Loan loss reserve requirements that are less than standard

For each item checked above, provide a description of the rates and/or terms that will be offered. Be sure to quantify, to the extent practicable, rates and terms on a product-by-product basis for each *QLICI* activity checked in Question #17 above. If the *Applicant* is financing other *CDEs*, it should indicate the extent to which those *CDEs* will pass along favorable rates or terms to their borrowers.

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20. Describe the *Applicant's* proposed investment parameters on a product-by-product basis for each *QLICI* activity checked in Question #17 above. Be sure to address:

- The minimum and maximum dollar size of each transaction to be financed;
- The rates and/or terms of the products, to the extent not already described in Question #19 above;
- The material conditions (e.g., guarantees, reserve requirements, performance measures) of the product offerings, to the extent determined; and

- The expected exit strategies, including information about the anticipated holding period of the investment, whether assets are to be sold or refinanced at the conclusion, and whether the original borrower or investee is expected to retain control of the asset upon exit.

For *Applicants* planning to engage in *FCOS* as a discrete line of business, include for each major product offering:

- The types of clients it will serve (e.g., size of businesses; location of businesses; types of activities in which the business will engage; length of time in operation);
- The types of services it will offer (e.g., business plan development, financing/accounting, marketing);
- Its plan for marketing its services to clients; and
- The fees or rates that clients will be charged for such services.

21. Are you expecting the *Applicant's* borrowers or investees to be able to leverage additional capital due to the *Applicant's* NMTC related loan/investments or through its provision of *FCOS*?  Yes  No

If yes, briefly describe why, and quantify the average amount of capital the *Applicant* anticipates borrowers and investees will be able to raise above and beyond the *Applicant's* NMTC investment (e.g., \$5 for every \$1 of NMTC investment). If the *Applicant* is providing *FCOS*, indicate the extent to which the *FCOS* will assist clients in securing capital from other non-NMTC Sources. \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

22. For an *Applicant* that indicated under Question #17d above that it plans to purchase qualifying loans from other *CDEs*:

- a. Will the *Applicant*, directly or through contract with another entity, service the loans that it purchases?  Yes  No

If yes, briefly describe the capacity of the entity to service loans.

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

- b. Will the *Applicant* require the *CDE* from which it purchases loans to reinvest all or a portion of the proceeds from the loan sales in *QLICIs*?  Yes  No

If yes, identify the percentage: \_\_\_\_\_%; and briefly describe the *Applicant's* mechanisms for enforcing this requirement:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**TIP:** An *Applicant* purchasing loans from other CDEs generally will not score favorably in the Business Strategy section unless it indicates, in question #22b above, that it will require the CDE, from which it purchases loans, to reinvest at least 60% of the proceeds from the loan sales in QLICs. The higher the percentage identified in Question #22b above, the better the *Applicant* will score under the Business Strategy section. However, if the *Applicant* receives a *NMTC Allocation*, it will be required to meet the percentage identified above, and such requirement will be a term of its *Allocation Agreement*.

- c. Quantify the extent to which the *Applicant* intends to: a) purchase loans at terms and/or with conditions that would not be possible without the benefit of a *NMTC Allocation*; and/or b) offer better rates or terms to the selling CDEs than would otherwise be possible without the benefit of a *NMTC Allocation*.

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**B. Prior Performance**

**TIP:** An *Applicant* that can demonstrate (either on its own or through a *Controlling Entity*) a strong, successful track record of providing products, services, or FCOS similar to those that it intends to deploy with *Qualified Equity Investment (QEI)* proceeds will score well under this sub-section. Only the organizational track record of the *Applicant* or the *Controlling Entity* may be referenced. The track records of principals, board members and other management individuals are not relevant for this sub-section. There will be an opportunity to discuss individual qualifications in the Management Capacity section of this application.

**TIP:** The NMTC Program legislation requires the Fund to give priority in the selection of *Applicants* to any *Applicant* that has a track record of successfully providing capital or technical assistance to *Disadvantaged Businesses or Communities*. An *Applicant* may receive up to five “priority points” for demonstrating such a track record. **An *Applicant’s* responses to Questions #23c and #24b below will be the determining factors in this rating.** Only the organizational track record of the *Applicant* or the *Controlling Entity* may be referenced. Do not refer to the track record of individuals (e.g., staff, principals, consultants) associated with the *Applicant* or its *Controlling Entity*.

- 23. Does the *Applicant*, or its *Controlling Entity*, have a track record of successfully providing the types of QLICI activities checked in Question #17?

\_\_\_ Yes (complete Questions #23a-c)                      \_\_\_ No

- a. If yes, complete Tables 1-4 in Exhibit A, as applicable for the types of QLICI activities in which the *Applicant* or its *Controlling Entity* has engaged.

**TIP:** If an *Applicant* intends to utilize its *NMTC Allocation* to engage in the provision of *FCOS* as a discrete line of business, and not in the purchase or origination of loans or equity, it need not complete Tables 1-4 in Exhibit A. It must include, however, in its narrative response below to Question #23b, the number of businesses/entrepreneurs to which the *Applicant* has provided counseling or other services in the last five years.

- b. If yes, provide a narrative discussion of the organization’s track record for each type of *QLICI* activity identified (including *FCOS*), referencing data included in Tables 1-4 in Exhibit A as appropriate. This narrative must include a discussion of the delinquency/default rates for each major product line over the past five years, with explanations as appropriate.

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- c. If yes, provide a narrative discussion of the organization’s track record in serving *Disadvantaged Businesses or Communities* over the past five years. Be sure to indicate, for each type of *QLICI* identified (including *FCOS*) the percentage of total activities that have been directed to *Disadvantaged Businesses or Communities* over the past five years.

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24. Does the *Applicant*, or its *Controlling Entity*, have a track record of successfully providing activities and or products that would not qualify as *QLICI* activities (e.g., financing for residential rental housing; loan guarantees; loan packaging services)?  
 Yes     No

- a. If yes, briefly describe this track record and how it relates to your proposed *QLICI* activities:

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- b. If yes, provide a brief narrative discussion of the organization’s track record of providing such products and services to *Disadvantaged Businesses or Communities* over the past five years. Be sure to indicate, to the extent practicable, the percentage of total activities that have been directed to *Disadvantaged Businesses or Communities* over the past five years.

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## C. Projected Business Activities

**TIP:** Projected activities must be consistent with an *Applicant's* request for a *NMTC Allocation*. An *Applicant* that has a readily identifiable set of business activities in which it will engage in the near term will score well under this sub-section, as will an *Applicant* that can demonstrate a strategy for locating qualifying activities.

25. Indicate whether the *Applicant* will use the proceeds of its *QEIs* to (check one):

- \_\_\_\_\_ Support a single project, business or portfolio purchase that has already been identified (must be listed in Question #26 below)
- \_\_\_\_\_ Support a discrete number of *QLICs* that have already been identified (must be listed in Question #26 below)
- \_\_\_\_\_ Support a general pipeline of *QLICs* that may or may not have been identified at the time of this application (identified transactions should be listed in Question #26 below).

26. Identify specific *QLICs* (including execution of contracts to deliver *FCOS*) that the *Applicant* intends to make with its *QEI* proceeds.

**TIP:** An *Applicant* that indicates that its application is in support of a single activity or a discrete list of *QLICs* as listed in Question #26 will likely be required to close such transactions as a condition of receipt of a *NMTC Allocation*, and such requirement will be a term of the *Allocation Agreement*. An *Applicant* that indicates that it will likely fund a pipeline of *QLICs* will score better to the extent it can indicate in Question #26 that potential transactions have been identified.

Name of Transaction	Projected \$ Amount	Projected Closing Date	Address <sup>1</sup>	Census Tract

<sup>1</sup>Provide full address, including street address (no P.O. Boxes), city, state, and a 9-digit zip code.

27. Complete Tables 1-7 in Exhibit B, as applicable, according to the types of *QLICI* activities in which the *Applicant* intends to engage. Provide narrative below to describe:

- The information or data used to develop the activity projections in Exhibit B (e.g., historical levels of activity; letters of interest from borrowers; current referrals).
- The *Applicant's* strategy for identifying potential borrowers, investees, or other customers, including the extent to which the *Applicant* will be utilizing community alliances or strategic partners to source deals.
- The likelihood of closing the transactions identified in Question #26, and the impact on the *Applicant's* business strategy should some or all of the transactions not materialize. If the *Applicant's* business strategy is limited

solely to financing a single project or discrete set of projects that have already been identified and listed in Question #26, describe the feasibility and current status of each transaction (e.g., fully negotiated and committed, in preliminary discussions, etc.), and the risks that may preclude the *Applicant* from closing the transaction within the timeframe identified.

- The extent to which the *Applicant* intends to invest interest, dividends or other profits received from *QEI* proceeds into additional *QLICs*, and the timeline for doing so.

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28. Indicate whether the *Applicant* intends to use its *NMTC Allocation* to achieve any of the following. Check all that apply, and provide narrative as required for each item checked:

Expand the volume of its activities. Describe and quantify the increase in activities in comparison to what the *Applicant* (or its *Controlling Entity*) has provided over the past five years:

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Expand the types of products and services offered. Describe the product differences in comparison to what the *Applicant* (or its *Controlling Entity*) has provided over the past five years:

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Target activities to areas of greater economic distress. Describe the distress indicators in comparison to areas that have been typically served by the *Applicant* (or its *Controlling Entity*) over the past five years:

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If the *Applicant* did not check any of the above items, explain why the *Applicant* is seeking a *NMTC Allocation* (e.g., to sustain current levels of operations that would otherwise be eliminated or reduced):

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## D. Investments in Unrelated Entities (5 priority points)

**TIP:** The NMTC Program legislation requires the Fund to give priority in the selection of *Applicants* to those entities that intend to use “substantially all” of their *QEI* proceeds to make investments in one or more businesses in which persons *Unrelated* to the *Applicant* hold the majority equity interest. An *Applicant* planning to invest substantially all of its *QEI* proceeds in *Unrelated* entities will be awarded five additional points. An *Applicant* that receives priority points under this sub-section will be required, in its *Allocation Agreement*, to invest substantially all of its *QEI* proceeds in *Unrelated* entities. Please refer to the *NMTC Allocation Application Q&A* document for more information about what is considered an *Unrelated* entity transaction.

29. Does the *Applicant* intend to use substantially all of the proceeds of its *QEIs* to make *QLICs* in one or more businesses in which persons *Unrelated* to the *Applicant* hold the majority equity interest?     Yes                     No

## Part II: Capitalization Strategy

Total Maximum Points for Part II: 25 points

### A. Investor Strategy

**TIP:** An *Applicant* that demonstrates a high level of investor commitment will score well under this sub-section. Additionally, the Fund expects consistency between the *Applicant's* request for a *NMTC Allocation*, the degree of investor interest, and the *Applicant's* strategy to deploy its *QEI* proceeds in *QLICs*. As the NMTC Program legislation seeks to encourage private sector capital investments in underserved markets, an *Applicant* will score well if it can identify how existing investors will increase their investments in these markets or describe a strategy to locate new investors for such investments. If an *Applicant* is seeking investments from investors that have not yet provided *Commitments*, the *Applicant* may score well to the extent it has a reasonable strategy for obtaining such *Commitments*.

30. Complete Tables 1-3 in Exhibit C.

**TIP:** *Applicants* completing Table 1 in Exhibit C are required to submit, along with their applications, documentation demonstrating proof of investor interest (e.g., proof of *QEI* issuance; *Commitment* letters; *Letters of Interest/Intent*). Be sure to follow the instructions on pages ii-iii for information regarding the submission of these documents. An *Applicant* that received a *NMTC Allocation* in the 2002 round should not include in Tables 1-2 in Exhibit C, nor discuss in the narrative below, investors that provided *QEIs* pursuant to the *Applicant's* 2002 *NMTC Allocation* unless such investors are providing new *QEIs* and/or *Commitments* above and beyond the *QEIs* or *Commitments* pertaining to the *Applicant's* 2002 *NMTC Allocation*.

31. Describe the track record of the *Applicant* (or its *Controlling Entity*) in raising capital, particularly equity capital at market or near-market rates. Reference information provided in Table 3 in Exhibit C as appropriate:

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**TIP:** In Question #31, refer only to the organizational track record of the *Applicant* or its *Controlling Entity*. Do not refer to the track record of individuals (e.g., staff, principals, consultants) associated with the *Applicant* or its *Controlling Entity*. There will be an opportunity to discuss individual qualifications in the Management Capacity section of this application.

32. Discuss the *Applicant's* strategy for securing NMTC investor *Commitments*, referencing information provided in Tables 1-2 in Exhibit C as appropriate. Be sure to address:
- The *Applicant's* timeline for securing investments from investors that have signed *Letters of Interest/Intent*, any risks that may preclude the *Applicant* from closing such investments, and how the *Applicant* is mitigating such risks.
  - The *Applicant's* strategy for identifying additional investors, including the extent to which the *Applicant* will be utilizing community alliances or strategic partners to raise investment capital. If the *Applicant* is using a third-party investment broker to raise capital, describe whether a contract is in place, the terms (actual or proposed) of the contract, and the progress to date that the broker has made in securing *Commitments* from investors.
  - The extent to which the *Applicant's* investors/potential investors are new to community development investing or are increasing their community development related investments.

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33. Does the *Applicant* intend to secure investments from partnership entities that will leverage non-*Equity Investments* (e.g., debt, grant dollars) from outside of the partnership to increase the tax credit yield for members of the partnership?

Yes       No

If yes, describe for each such investor partnership the extent to which the tax-credit investors have been identified, and the extent to which the outside source(s) of funds has been committed.

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34. Will one or more of the *Applicant's* current or prospective investor(s) originate or otherwise identify transactions in which the *Applicant* will invest?  Yes  No

35. Will the *Applicant* receive any *QEI*s from *Affiliates*?  Yes  No

**TIP:** If the *Applicant* has obtained or plans to obtain investments from organizations that also will identify or originate transactions for the *Applicant* or organizations that are *Affiliated* with the *Applicant*, it will score well if: a) the *Applicant's* transactions are more targeted in some way to areas of greater economic distress than those areas that investors are already reaching with their investments or loan originations; or b) the *Applicant's* products and services are offered with more favorable rates or terms than those offered by the investor.

36. If the answer to either Question #34 or #35 above is yes, provide narrative detailing:

- The name of each such investor;
- The role of each investor with respect to locating, underwriting, and approving each investment;
- Whether each investor offers similar products or services already; and
- If applicable, the extent to which the *Applicant* will offer products with more favorable rates or terms than those currently offered by the investor and/or will target its activities to areas of greater economic distress than those currently targeted by the investor.

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## B. Sources and Uses of Capital

**TIP:** In this sub-section, the Fund seeks to understand both how efficiently the *Applicant* will use *QEI* proceeds and how well it is leveraging other sources of financing in conjunction with the activities undertaken with its *QEI* proceeds. An *Applicant* that intends to leverage other sources of financing and/or invest more than 85 percent of its *QEI* proceeds in *QLICs* will generally score well, provided that the *Applicant* can reasonably demonstrate that it has other mechanisms in place to support its costs of operations.

37. Describe the *Applicant's* plan to use *QEI* proceeds in conjunction with other resources (e.g., capital or in-kind contributions) in support of its activities. Be sure to:

- Identify the sources and amounts of non-*QEI* resources (e.g., bank debt; government funding; philanthropic grants; sponsor contribution);
- Indicate the strategy and timeline for securing such resources; and
- Identify how the *Applicant* will use those resources (e.g., for operational expenses, reserves, additional investments) in support of its *QLICI* activities.

If the *Applicant* does not intend to secure other resources outside of its *QEI* investments, describe the *Applicant's* strategy for financing its costs of operation.

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38. Will more than 85 percent of the *QEI* proceeds be invested in *QLICs*?  Yes  
 No

a. If yes, what percentage: \_\_\_\_\_%. Briefly describe how this figure was determined:

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**C. Flow of Allocations**

**TIP:** *Applicants* have five years from the date they enter into an *Allocation Agreement* with the Fund to issue all of their *QEIs*. An *Applicant* that is likely to issue *QEIs* early in this five-year period will score well under this sub-section. *Applicants* receiving *NMTC Allocations* will be held to the schedule identified in Exhibit D, Table 1, and such requirement will be a term of their *Allocation Agreements*.

39. Complete Table 1 in Exhibit D.

40. If the *Applicant* intends to transfer any portion of its *NMTC Allocation* to one or more *Subsidiary* entities:

a. Complete Table 2 in Exhibit D; and

b. Briefly describe the *Applicant's* strategy for transferring its *NMTC Allocation* and the timeline for making such transfer(s):

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41. Indicate the impact on the *Applicant's* business strategy if the *Applicant* were not to receive an *NMTC Allocation*, or if it were to receive an allocation for an amount significantly lower than that requested (e.g., deals would not occur at all; fewer deals would occur; the same number of deals would occur, but with less favorable rates or terms; community impacts would be diminished, etc.).

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42. Is there an absolute minimum amount below which the *Applicant* would be unwilling to accept a *NMTC Allocation*?  Yes: \$ \_\_\_\_\_  No

**TIP:** At the conclusion of the Fund's review process, if the *Applicant* is recommended to receive less than the minimum amount of allocation authority identified in Question #42, the Fund **will not** provide a *NMTC Allocation* to the *Applicant*.

## Part III: Management Capacity

Total Maximum Points for Part III: 25 points

43. Attach organizational chart(s) that depict the following:
- The *Applicant's* relationship to its *Controlling Entity* and any *Affiliate* or *Subsidiary* entities; and
  - The *Applicant's* staffing structure, including key board committees.

**TIP:** Be sure to follow the instructions on pages ii-iii for information regarding the submission of these documents.

44. Experience Deploying Capital or *Financial Counseling and Other Services*:

**TIP:** The Fund expects the *Applicant's* personnel to have relevant experience given the types of activities the *Applicant* intends to pursue with its *NMTC Allocation* – particularly in situations where the *Applicant* (or its *Controlling Entity*) lacks prior organizational performance in deploying capital or related services. An *Applicant* that can also demonstrate that its personnel has experience working in *Low-Income Communities* will score particularly well.

- Complete Table 1 in Exhibit E. Be sure to identify only those personnel, board members, or consultants that will have a key role in locating, underwriting, and approving investments, and/or in providing *Financial Counseling and Other Services*.
- To the extent that it is not clear from Table 1 in Exhibit E, please describe:
  - The roles, responsibilities, and experience of key personnel, board members, and consultants in providing capital or *Financial Counseling and Other Services*, and relate these skills to the *Applicant's* track record of making successful investments in *Low-Income Communities*; and
  - Whether the communities in which these individuals have previously provided such assistance are the same *Low-Income Communities* that the *Applicant* intends to serve with its *NMTC Allocation*.

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45. Experience Raising Capital:

**TIP:** The *Applicant* should augment the information provided under Part II by focusing on the roles of specific personnel in carrying out the *Applicant's* Capitalization Strategy. An *Applicant* that has secured relatively few investor *Commitments* must demonstrate, through the experience and expertise of its personnel, that it has the ability to raise investor capital. An *Applicant* whose staff has experience raising capital from profit-motivated investors will score particularly well.

- a. Complete Table 2 in Exhibit E. Be sure to identify only those personnel, board members, or consultants that will have a key role in raising capital for the *Applicant*.
- b. To the extent that it is not clear from Table 2 in Exhibit E, please describe:
  - The roles, responsibilities, and skills of key personnel, board members, and consultants in raising capital from third party sources. Be sure to distinguish between experience with raising capital from profit-motivated investors; from government or philanthropic sources of capital; or using tax credits as an incentive; and
  - The specific experiences and track record of key personnel, board members, or consultants in raising equity capital in particular.

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46. Asset and Risk Management Experience:

**TIP:** Each *Applicant* must demonstrate that it has the capacity to manage assets and the risks of these assets. An *Applicant* that has experienced staff and established systems to manage the informational and performance aspects of administering assets or pools of assets will score well under this sub-section.

- a. Complete Table 3 in Exhibit E. Be sure to identify only those personnel, board members, or consultants that will have a key role in managing the *Applicant's* assets and risk.
- b. Discuss how the *Applicant's* systems and procedures will ensure sound asset and risk management. Specifically, describe:
  - The *Applicant's* written policies and procedures for managing and mitigating asset risk through identifying, tracking, and resolving problem or non-performing assets;
  - The *Applicant's* infrastructure (e.g., management information systems) to support the *Applicant's* asset and risk management procedures; and
  - The roles, responsibilities, and skills of key personnel, board members, or consultants in managing the *Applicant's* assets and risk, to the extent that it is not clear from Table 3 in Exhibit E.

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47. Program Compliance Experience:

**TIP:** Each *Allocatee* must have the capacity to remain in compliance with NMTC Program requirements. An *Applicant* will score well to the extent that it can: 1) demonstrate experience with similar regulatory compliance requirements, including compliance under other tax credit programs; and 2) articulate a specific strategy for ensuring that its NMTC-related investments will qualify at the time of investment and throughout the 7-year NMTC period.

- a. Complete Table 4 in Exhibit E. Be sure to identify only those personnel, board members, or consultants that will have a key role in fulfilling the NMTC Program compliance requirements for the *Applicant*.
- b. Discuss how the *Applicant's* systems and procedures (e.g., portfolio monitoring, reporting, investment/re-investment strategies) will ensure ongoing compliance with NMTC Program requirements. Specifically, be sure to indicate how the *Applicant* will ensure that:
  - At least 85 percent of the proceeds of the *QEI*s are invested in *QLIC*s in accordance with the *Temporary and Proposed Income Tax Regulations*. If the *Applicant* is providing loans or investments to another *CDE*, how will it ensure that the secondary *CDE* fulfills its investment requirements?
  - The businesses that the *Applicant* invests in are *QALICB*s, in accordance with the *Temporary and Proposed Income Tax Regulations*. If purchasing a portfolio of loans, how will the *Applicant* ensure that it purchases loans that are *QLIC*s?
  - Payments of, or for, capital, equity, or principal by its borrowers or investees are re-invested into *QLIC*s within applicable reinvestment periods. If providing loans to or investments in another *CDE*, how will it ensure that the secondary *CDE* fulfills its re-investment requirements?
  - If the *Applicant* is providing *FCOS*, the nature of such services is consistent with activities permitted under the *Temporary and Proposed Income Tax Regulations*.

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48. Community Accountability:

**TIP:** All CDEs are required to maintain accountability to *Low-Income Communities*. An *Applicant* that can articulate meaningful involvement with *Low-Income Community* decision-makers will score well under this sub-section.

- a. Complete Table 5 in Exhibit E.
- b. Describe how and the extent to which the *Applicant* intends to involve *Low-Income Community* stakeholders in the design, implementation or monitoring of its business strategy. Provide narrative that addresses the following:
  - The extent to which *Low-Income Community* residents will be directly involved;
  - The extent to which *Low-Income Community* organizations will be utilized; and
  - The role that the *Applicant's Low-Income Community* representatives on its governing or advisory board(s) will have in the design, implementation, or monitoring of its business strategy.

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- c. Describe the extent to which the *Applicant's* investments or activities will be coordinated with local community plans or planning efforts. Indicate whether the transactions in which the *Applicant* invests or the services which it delivers will be required to conform to any comprehensive neighborhood plan(s); and, if so, how such conformance will be documented (e.g., neighborhood plans, planning committee approvals, other government or elected body approvals).

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- d. If the *Applicant* or its *Controlling Entity* is an insured financial institution that receives Community Reinvestment Act (CRA) ratings from regulators, please indicate the CRA ratings that it has received over the past five years. If the most recent CRA rating is less than "outstanding", describe: 1) the conditions or circumstances that led to the rating; 2) the steps the institution is taking to achieve an outstanding rating; and 3) the role that the NMTC can play in enabling the institution to achieve an outstanding rating.

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49. If there are any key vacancies (current or anticipated) in the roles and responsibilities identified in Tables 1-5 in Exhibit E, please briefly describe the *Applicant's* strategy and timeline for filling these vacancies: \_\_\_\_\_ N/A

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50. Please answer the following questions regarding the *Applicant's* (or the *Controlling Entity's*) financial health. Please indicate if the responses are (check one):

- \_\_\_\_\_ For the *Applicant* (if it has been operating for more than 12 months).
- \_\_\_\_\_ For the *Controlling Entity* (if the *Applicant* has not been operating for more than 12 months).
- \_\_\_\_\_ Not applicable because neither the *Applicant* nor the *Controlling Entity* has been in existence for more than 12 months.

a. Have the most recent financial statements been audited? \_\_\_ Yes  
 \_\_\_ No

If no, please explain why and what steps the entity is taking to retain audited financials in the future:

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b. Have any of the entity's auditor's reports within the past three years (or, if shorter, for the period from inception) indicated any of the following:

- An opinion other than unqualified?            \_\_\_ Yes            \_\_\_ No
- A going-concern paragraph?                \_\_\_ Yes            \_\_\_ No
- Repeated findings of reportable conditions?   \_\_\_ Yes            \_\_\_ No
- Material weaknesses in internal control?    \_\_\_ Yes            \_\_\_ No
- If yes to any of the above, indicate the fiscal years of the occurrences and describe the circumstances and corrective action being taken:

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c. Have the entity's financial statements shown positive net income (or if a non-profit, positive change in net assets) for each of the last 3 years, or if in business for less than 3 years, for the period of time it has operated?  
 \_\_\_ Yes            \_\_\_ No

If no, please explain and describe when the entity expects to achieve profitability. Non-profit organizations should provide an explanation if annual contributions and revenues do not exceed expenditures:

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- d. Has the entity ever filed for bankruptcy or otherwise defaulted on financial obligations to a third party?  Yes  No

If yes, please explain the circumstances, indicate the fiscal year in which they occurred, and describe the corrective action being taken:

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51. CDFI Fund Award Status:

**TIP:** Receipt of a prior award through any of the Fund's programs will not improve an *Applicant's* chance of receiving a *NMTC Allocation*. The Fund will examine the compliance status of *Applicants* (or their *Affiliates*) that have previously received Fund awards. Refer to the NMTC 2003 NOAA for additional information regarding these requirements and other requirements pertaining to *Applicant* eligibility under 2003 round.

- a. Has the *Applicant* and/or any *Affiliates* previously received an award from the CDFI Fund (under any of the Fund's programs)?  Yes  No
- b. If yes, please list the awards below. The *Applicant* may list additional awards as necessary.

Name of awardee/recipient: \_\_\_\_\_

Award control number: \_\_\_\_\_

Total award/allocation amount: \_\_\_\_\_

Award type: \_\_\_\_\_

Name of awardee/recipient: \_\_\_\_\_

Award control number: \_\_\_\_\_

Total award/allocation amount: \_\_\_\_\_

Award type: \_\_\_\_\_

Name of awardee/recipient: \_\_\_\_\_

Award control number: \_\_\_\_\_

Total award/allocation amount: \_\_\_\_\_

Award type: \_\_\_\_\_

- c. If the *Applicant* (or any of its *Affiliates*) received a *NMTC Allocation* from the Fund under the 2002 Allocation round, explain why the *Applicant* is seeking an additional allocation of NMTCs this round. Be sure to address:
- The *Allocatee's* strategy for issuing any remaining tax credits from its 2002 *NMTC Allocation*; and
  - Whether the *Applicant's* business strategy differs in any substantial way (e.g., projects financed; geographies served; products and services offered) from that associated with the 2002 *NMTC Allocation*.

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## Part IV: Community Impact

Total Maximum Points for Part IV: 25 points

**TIP:** The Fund will review the extent to which the *Applicant's* strategy will have positive community development and economic impact on a community. An *Applicant* will generally score well under this section to the extent that: a) it is working in particularly economically distressed or otherwise underserved communities; and b) it shows demonstrable community development and economic impact.

### A. Targeting the Use of QEI Proceeds within *Low-Income Communities*

**TIP:** An *Applicant* directing its activities and services to communities with greater economic distress will score better than an *Applicant* serving otherwise eligible *Low-Income Communities*.

52. Indicate the percentage of total QEI proceeds (based on dollar amounts) that will be used to finance QLICs made in one or more of the geographic areas identified below. \_\_\_\_ %

**TIP:** The higher the percentage indicated above, the better the *Applicant* will score under the Community Impact section. Note that, if the *Applicant* receives a *NMTC Allocation*, it will be required to meet the percentage figure identified above, and such requirement will be a term of its *Allocation Agreement*. The following list is by no means exhaustive. If the *Applicant's* Business Strategy is linked with another program, or distress designation, please identify and describe how the program or designation will alleviate (or has alleviated) economic distress.

Check all areas likely to be served by the *Applicant*: (check all that apply):

- Areas with poverty greater than 30 percent
- Areas with median incomes of less than 60 percent of area median income, as measured by the *Metropolitan Area* in which the communities are located, or as measured by the statewide area median income if the area is not in a *Metropolitan Area*
- Areas with unemployment rates at least 1.5 times the national average
- Local areas designated for redevelopment by a governmental agency. Briefly describe, and indicate the factors leading to such designation:  
\_\_\_\_\_  
\_\_\_\_\_
- Federally designated Empowerment Zones, Enterprise Communities, or Renewal Communities
- SBA designated HUB Zones
- Areas designated as Native American or Alaskan Native areas, Hawaiian Homelands, or redevelopment areas by the appropriate Tribal or other authority
- Brownfields redevelopment areas

- Areas encompassed by a HOPE VI redevelopment plan
- CDFI Hot Zones
- Other (identify program and its objective):

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Discuss how the *Applicant* intends to specifically target these communities as part of its business strategy.

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### B. Economic Impacts

**TIP:** If an *Applicant* can quantify specific indicators of expected community development and economic impact in a *Low-Income Community*, it will assist the Fund in understanding the degree of impact derived from an *Applicant's* strategy. An *Applicant* that can provide a credible and detailed description of substantial impact will score well.

53. Complete Table 1 in Exhibit F. Provide narrative below to describe the basis for the projections in Table 1 in Exhibit F (e.g., historical levels of impact; assumptions based upon industry standards; assumptions based upon specific market research).

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54. Will the *Applicant's* products and services achieve one or more of the following impacts (check all that apply):

- Create or retain jobs for *Low-Income Persons* or residents of *Low-Income Communities*.
- Increase wages or incomes for *Low-Income Persons* or residents of *Low-Income Communities*.
- Finance or assist businesses owned by residents of, or otherwise committed to remain in, the *Low-Income Communities*.
- Finance or assist minority- or women-owned businesses, or businesses owned by *Low-Income Persons*.
- Finance or assist businesses (including non-profit organizations) or real estate projects that provide childcare, health care, educational or other benefits to *Low-Income Persons* or residents of *Low-Income Communities*.
- Facilitate wealth-creation or asset accumulation (such as home ownership) by *Low-Income Persons* or residents of *Low-Income Communities*.
- Provide goods and services to *Low-Income Persons* or residents of *Low-Income Communities*.

\_\_\_\_ Other (explain):

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For each item checked above: a) quantify the impacts that you hope to achieve (e.g., number of jobs created for *Low-Income Persons*), referencing data provided in Table 1 of Exhibit F and any specific projects identified in the application whenever appropriate; b) describe the methodologies used to derive your estimates; and c) discuss how data will be collected going forward.

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55. Discuss the *Applicant's* track record (or that of its key personnel) with respect to achieving the types of impacts identified in Question #54, and how this experience will aid the *Applicant* in achieving its desired impacts going forward.

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56. With respect to the impacts identified in Question #54, explain:

- The extent to which it is likely that these impacts would not be achieved without incentives provided by New Markets Tax Credits; and
- Whether the same result could be achieved at a lower cost using other sources, including federal programs.

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57. Does the *Applicant's* business strategy promote business recruitment and/or job creation in a market that has recently experienced severe or sudden economic downturns (e.g., due to plant closures)?  Yes  No

If yes, please explain:

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58. Discuss the extent to which the *Applicant's* proposed products or services are expected to encourage other investments in the *Low-Income Community* in which the products and services will be offered.

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## Exhibit A: Track Record of Activities

**Instructions for Exhibit A:** Applicants must complete the tables in Exhibit A for any QALICB activities for which the Applicant has a track record. An Applicant must provide information for the past five years or for as many years as the Applicant has been in operation if it has been in operation for fewer than five years. An Applicant that does not itself have such a track record (i.e., start-up institutions) may rely upon the track record of its Controlling Entity.

### TIPS for Exhibit A:

- 1) Only include amounts the Applicant (or Controlling Entity) has itself originated (e.g., do not include participation amounts that were originated by third-parties). The Applicant may separately discuss amounts it has leveraged or facilitated in the narrative to Questions #23-24, but should clearly distinguish these amounts and should not include them in the tables in Exhibit A.
- 2) Do not combine the activities of the Applicant and the Controlling Entity. If an Applicant would like to discuss the track record of both, the Applicant must choose one to present in the tables, and discuss both in the narrative to Questions #23-24. The narrative should clearly distinguish between the track record of each entity.
- 3) Tables 1-4 in Exhibit A should be mutually exclusive. Applicants should not enter the same data in more than one table in Exhibit A.
- 4) For the purposes of completing the Exhibit B, real estate QALICBs refers to the development of a specific real estate project or projects. Investments in real estate businesses (development, management or other) in support of their business operations, as opposed to a specific project or projects, are considered non-real estate QALICB transactions. Transactions with QALICBs that are involved in all other types of business activities should be classified as non-real estate QALICB transactions, regardless of: 1) how the business intends to use the proceeds of the transaction; or 2) whether the business intends to use any real estate owned as collateral. For example, if an Applicant provided a loan to a childcare provider for the purpose of purchasing the property where the childcare center would be housed, the Applicant would categorize this loan as a non-real estate QALICB transaction. However, if the CDE provided a loan to a development company for the purpose of building a childcare center, and the organization's primary business is the development of community facilities, this loan would be considered a real estate QALICB transaction.

The Tables in Exhibit A reflect the activities of (check one):    \_\_\_ Applicant    \_\_\_ Controlling Entity

**Table A1: Track Record of Loans/Investments to Non-Real Estate Businesses**

Calendar Year(s)	1998	1999	2000	2001	2002	Totals (1998-2002)	Totals to Disadvantaged Communities (1998-2002)	Total Losses and/or Write-Offs (1998-2002)
1 Total # businesses financed								N/A
2 Total \$ amount of financing closed	\$	\$	\$	\$	\$	\$	\$	\$
3 \$ Amount of financing (debt)	\$	\$	\$	\$	\$	\$	\$	\$
4 \$ Amount of financing (equity)	\$	\$	\$	\$	\$	\$	\$	\$

**Table A2: Track Record of Loans/Investments to Real Estate Businesses**

Calendar Year(s)	1998	1999	2000	2001	2002	Totals (1998-2002)	Totals to Disadvantaged Business and Communities (1998-2002)	Total Losses and/or Write-Offs (1998-2002)
	1 Total # businesses financed							
2 Total \$ amount of financing	\$	\$	\$	\$	\$	\$	\$	\$
3 \$ Amount of financing (debt)	\$	\$	\$	\$	\$	\$	\$	\$
4 \$ Amount of financing (equity)	\$	\$	\$	\$	\$	\$	\$	\$

**TIP:** In Table A3, the term CDE also may include other similar community-based organizations that may meet CDE certification criteria.

**Table A3: Track Record of Loans/Investments to Other CDEs**

Calendar Year(s)	1998	1999	2000	2001	2002	Totals (1998-2002)	Totals to Disadvantaged Business and Communities (1998-2002)	Total Losses and/or Write-Offs (1998-2002)
	1 Total # businesses financed							
2 Total \$ amount of financing	\$	\$	\$	\$	\$	\$	\$	\$
3 \$ Amount of financing (debt)	\$	\$	\$	\$	\$	\$	\$	\$
4 \$ Amount of financing (equity)	\$	\$	\$	\$	\$	\$	\$	\$

**TIP:** In Table A4, the term CDE also may include other similar community-based organizations that may meet CDE certification criteria.

**Table A4: Track Record of Loan Purchases from Other CDEs**

Calendar Year(s)	1998	1999	2000	2001	2002	Totals (1998-2002)	Totals to Disadvantaged Business and Communities (1998-2002)	Total Losses and/or Write-Offs (1998-2002)
	1 Total # of loans purchased							
2 Total \$ amount of loans purchased	\$	\$	\$	\$	\$	\$	\$	\$

## Exhibit B: Projected Activities

**Instructions for Exhibit B:** All Applicants must complete the tables in Exhibit B based on the QLIC activities checked in Question #17.

### TIPS for Exhibit B:

- 1) If the Applicant intends to transfer all or part of its NMTC Allocation to its Subsidiaries, combine the activities of the Applicant and its Subsidiaries. Only include those activities to be carried out by the Applicant and its Subsidiaries relating to equity raised with NMTCs.
- 2) Only include amounts the Applicant (or its Subsidiaries) will itself originate (e.g., do not include participation amounts that will be originated by third-parties). The Applicant may separately discuss amounts it will leverage or facilitate in narrative to Question #27, but should clearly distinguish these amounts and should not include them in the tables in Exhibit B.
- 3) The data included in the tables in Exhibit B, in the aggregate, should not exceed the Applicant's total allocation request unless the Applicant intends to invest interest, dividends, or other profits received from QE/ proceeds into additional QLICs. If the Applicant is pursuing such a strategy of reinvestment, it should be further described in the narrative to Question #27, and listed separately in lines 5-8 of Tables B1, B2, and B4; lines 5-6 of Table B5; and line 4 of Table B7. **Do not consolidate reinvestment data into lines 1-4, where the Applicant should only discuss original QLICs.**
- 4) For the purposes of completing Exhibit B, real estate QALICBs refers to the development of a specific real estate project or projects. Investments in real estate businesses (development, management or other) in support of their business operations, as opposed to a specific project or projects, are considered non-real estate QALICB transactions. Transactions with QALICBs that are involved in all other types of business activities should be classified as non-real estate QALICB transactions, regardless of: 1) how the business intends to use the proceeds of the transaction; or 2) whether the business intends to use any real estate owned as collateral. For example, if an Applicant provided a loan to a childcare provider for the purpose of purchasing the property where the childcare center would be housed, the Applicant would categorize this loan as a non-real estate QALICB transaction. However, if the CDE provided a loan to a development company for the purpose of building a childcare center, and the organization's primary business is the development of community facilities, this loan would be considered a real estate QALICB transaction.
- 5) To the extent the Applicant intends to issue QE/Is and originate QLIC/Is in 2003 (in accordance with applicable IRS rulings regarding the issuance of QE/Is prior to notification of a NMTC Allocation), such QLIC/Is should be reported under activities in 2004.

**Table B1: Projected Loans/Investments to Non-Real Estate QALICBs (Estimated)**

Calendar Year(s)	2004	2005	2006	2007	2008	2009	Total
1 Total # transactions to be financed							
2 Total \$ amount of financing	\$	\$	\$	\$	\$	\$	\$
3 \$ Amount of financing (debt)	\$	\$	\$	\$	\$	\$	\$
4 \$ Amount of financing (equity)	\$	\$	\$	\$	\$	\$	\$
5 Total # of reinvestment transactions							
6 Total \$ amount of reinvested financing	\$	\$	\$	\$	\$	\$	\$
7 \$ Amount of reinvested financing (debt)	\$	\$	\$	\$	\$	\$	\$
8 \$ Amount of reinvested financing (equity)	\$	\$	\$	\$	\$	\$	\$

**Table B2: Projected Loans/Investments to Real Estate Businesses (Estimated)**

Calendar Year(s)	2004	2005	2006	2007	2008	2009	Total
1 Total # transactions to be financed							
2 Total \$ amount of financing	\$	\$	\$	\$	\$	\$	\$
3 \$ Amount of financing (debt)	\$	\$	\$	\$	\$	\$	\$
4 \$ Amount of financing (equity)	\$	\$	\$	\$	\$	\$	\$
5 Total # of reinvestment transactions							
6 Total \$ amount of reinvested financing	\$	\$	\$	\$	\$	\$	\$
7 \$ Amount of reinvested financing (debt)	\$	\$	\$	\$	\$	\$	\$
8 \$ Amount of reinvested financing (equity)	\$	\$	\$	\$	\$	\$	\$

**Table B3: Distribution of Loans/Investments to Real Estate Businesses From 2004 to 2009 (Estimated)**

Type of Project	Total Number of Projects	Total Dollar Amount of Debt Financing	Total Dollar Amount of Equity Financing	Total Financing
1 Office Space		\$	\$	\$
2 Industrial		\$	\$	\$
3 Retail		\$	\$	\$
4 Residential (for-sale)		\$	\$	\$
5 Mixed-used (housing + other)		\$	\$	\$
6 Community Facilities <sup>1</sup>		\$	\$	\$
7 Infrastructure		\$	\$	\$
8 Other (identify): _____		\$	\$	\$
9 Other (identify): _____		\$	\$	\$
10 Other (identify): _____		\$	\$	\$
11 <b>TOTAL</b>		\$	\$	\$

<sup>1</sup>A facility in which health care, childcare, educational, cultural or social services are provided. 12 CFR §1805.104(j).

<b>Table B4: Projected Loans/Investments in Other CDEs (Estimated)</b>									
<b>Calendar Year(s)</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Total</b>		
1 Total # transactions to be financed									
2 Total \$ amount of financing	\$	\$	\$	\$	\$	\$	\$		
3 \$ Amount of financing (debt)	\$	\$	\$	\$	\$	\$	\$		
4 \$ Amount of financing (equity)	\$	\$	\$	\$	\$	\$	\$		
5 Total # of reinvestment transactions									
6 Total \$ amount of reinvested financing	\$	\$	\$	\$	\$	\$	\$		
7 \$ Amount of reinvested financing (debt)	\$	\$	\$	\$	\$	\$	\$		
8 \$ Amount of reinvested financing (equity)	\$	\$	\$	\$	\$	\$	\$		

<b>Table B5: Projected Loan Purchases from Other CDEs (Estimated)</b>									
<b>Calendar Year(s)</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Total</b>		
1 Total # selling CDEs									
2 Total # of loan portfolios purchased									
3 Total # of loans purchased									
4 Total \$ amount of loan purchases	\$	\$	\$	\$	\$	\$	\$		
5 Total # of loans purchased via reinvested financing									
6 Total \$ amount of loans purchased via reinvested financing	\$	\$	\$	\$	\$	\$	\$		

<b>Table B6: Size and Type of Loans to be Purchased from Other CDEs from 2004 to 2009 (Estimated)</b>					
Type of Project	Percentage of Overall Purchased Loan Portfolio	Minimum Loan Size (if determined)	Maximum Loan Size (if determined)		
1 Loans to businesses (for-profit)		\$	\$		
2 Loans to businesses (non-profit)		\$	\$		
3 Mortgage loans on commercial office space		\$	\$		
4 Mortgage loans on industrial real estate		\$	\$		
5 Mortgage loans on retail real estate		\$	\$		
6 Mortgage loans on a facility (day care center)		\$	\$		
7 Mortgage loans on a facility (charter school)		\$	\$		
8 Mortgage loans on a facility (healthcare center)		\$	\$		
9 Mortgage loans on other facility (identify): _____		\$	\$		
10 Other (identify): _____		\$	\$		
11 Other (identify): _____		\$	\$		
12 Other (identify): _____		\$	\$		
13 <b>TOTAL</b>	<b>100%</b>	NA	NA		<b>NA</b>

<b>Table B7: Projected Financial Counseling and Other Services to Businesses and Entrepreneurs in Low-Income Communities (Estimated)</b>							
Calendar Year(s)	2004	2005	2006	2007	2008	2009	Total
1 Total # of businesses/entrepreneurs served through counseling or other services							
2 Total estimated hours spent counseling or providing other services per year							
3 Total \$ amount to be spent on counseling or providing other services	\$	\$	\$	\$	\$	\$	\$
4 Total \$ amount of reinvestment to be spent on counseling or providing other services	\$	\$	\$	\$	\$	\$	\$

## Exhibit C: Investor Strategy

### TIPS for Exhibit C:

- 1) Applicants completing Table C1 are required to submit, along with their applications, documentation demonstrating proof of investor interest (e.g., proof of QEI issuance; *Commitment letters*; *Letters of Interest/Intent*). For examples of acceptable documentation for the required information, refer to the Fund's NMTC Allocation Application Q&A Document. Be sure to follow the instructions on pages ii-iii for information regarding the submission of these documents.
- 2) An Applicant that received a NMTC Allocation in the 2002 round should not include in Tables 1-2 in Exhibit C investors that provided QEIs pursuant to the Applicant's 2002 NMTC Allocation unless such investors are providing new QEIs and/or Commitments above and beyond the QEIs or Commitments pertaining to the Applicant's 2002 NMTC Allocation.
- 3) If any of the investors listed in Tables 1-2 in Exhibit C are partnership entities, list the name of the partnership entity in the tables and discuss the relevant partnership and investment structure in narrative to Question #33.

**Instructions for Table C1:** In Table C1, Applicants should list any investors that have provided *Equity Investments* (in accordance with applicable IRS rulings regarding the issuance of QEIs prior to notification of an allocation), *Commitments*, or *Letters of Interest/Intent* in connection with a potential NMTC Allocation. Only list the name of actual or prospective investors in Table C1. If an Applicant plans to engage an investment broker (or other third party) to raise equity capital on the Applicant's behalf, do not include such broker organizations in this table.

**Table C1: Identification of Investments and Investor Commitments**

Name of Investor	Type of Investor <sup>1</sup>	Unrelated Entity?	Previous Investor? <sup>2</sup>	Total Funding Provided from 1998-2002 (if previous investor)	Dollar Amount of NMTC Equity Sought	Status of Request <sup>3</sup>	Estimated or Actual Date for Receipt of Funds
1		Yes/No	Yes/No	\$	\$		
2		Yes/No	Yes/No	\$	\$		
3		Yes/No	Yes/No	\$	\$		
4		Yes/No	Yes/No	\$	\$		
5	<b>TOTAL</b>	<b>N/A</b>	<b>N/A</b>	<b>\$</b>	<b>\$</b>	<b>N/A</b>	<b>N/A</b>

<sup>1</sup> Individual investor, foundation or other philanthropic organization, pension fund, bank or other regulated financial institution, real estate developer or investment company, venture fund, investment bank, insurance company, utility company, other type of corporate investor, other type of investor.

<sup>2</sup> A previous investor is any investor that has invested in the Applicant, its Controlling Entity, or any Subsidiary entities since 1998.

<sup>3</sup> Funds have been received; investor provided Commitment; investor generated Letter of Interest/Intent.

**Instructions for Table C2:** In Table C2, an *Applicant* should list all investors that it intends to approach for QEs, but that have not yet provided investment funds, commitments or letters of interest/intent. Investors listed on Table C1 should only appear in Table C2 if the investor will be providing equity above and beyond that which is already described in Table C1.

**Table C2: Identification of Potential NMTC Investors**

Name of Investor	Type of Investor <sup>1</sup>	Unrelated Entity?	Previous Investor? <sup>2</sup>	Total Funding Provided from 1998-2002 (if previous investor)	Total Anticipated NMTC Request to Investor from 2003 to 2008
1		Yes/No	Yes/No	\$	\$
2		Yes/No	Yes/No	\$	\$
3		Yes/No	Yes/No	\$	\$
4		Yes/No	Yes/No	\$	\$
5 <b>TOTAL</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>\$</b>	<b>\$</b>

<sup>1</sup> Individual investor, foundation or other philanthropic organization, pension fund, bank or other regulated financial institution, real estate developer or investment company, venture fund, investment bank, insurance company, utility company, other type of corporate investor, other type of investor.

<sup>2</sup> A previous investor is any investor that has invested in the *Applicant*, its *Controlling Entity*, or any *Subsidiary* entities since 1998.

**Instructions for Table C3:** Any *Applicant* that has a track record of raising capital from investors must complete Table C3. An *Applicant* must provide information for the past five years or for as many years as the *Applicant* has been in operation if it has been in operation for fewer than five years. An *Applicant* that does not itself have such a track record (i.e., a start up institution) may rely on the track record of its *Controlling Entity*.

**Table C3: Track Record of Raising Capital from Investors**

This table reflect the activities of (check one):		<u>Applicant</u>					<u>Controlling Entity</u>		
Calendar Year(s)		1998	1999	2000	2001	2002	Total		
1	Total # of investments								
2	Total \$ amount of investments	\$	\$	\$	\$	\$	\$		
3	Total # of grants <sup>1</sup>								
4	Total \$ amount of grants <sup>2</sup>	\$	\$	\$	\$	\$	\$		
5	Total # of below market rate loans <sup>1</sup>								
6	Total \$ amount of below market rate loans <sup>2</sup>	\$	\$	\$	\$	\$	\$		
7	Total # of market rate loans <sup>1</sup>								
8	Total \$ amount of market rate loans <sup>2</sup>	\$	\$	\$	\$	\$	\$		
9	Total # of <i>Equity Investments</i> <sup>1</sup>								
10	Total \$ amount of <i>Equity Investments</i> <sup>2</sup>	\$	\$	\$	\$	\$	\$		

<sup>1</sup> Values should be a subset of Line 1.

<sup>2</sup> Values should be a subset of Line 2.

## Exhibit D: Flow of Allocations

**Instructions for Table D1:** All Applicants must complete Table D1.

### TIPs for Exhibit D:

- 1) If the Applicant intends to transfer all or part of its NMTC Allocation to Subsidiaries, the Applicant should combine the activities of the Applicant and its Subsidiaries. Applicants receiving NMTC Allocations will be held to the schedule identified in Exhibit D, Table 1, and such requirement will be a term of their Allocation Agreements.
- 2) To the extent the Applicant intends to issue QEIs and originate QLICs in 2003 (in accordance with applicable IRS rulings regarding the issuance of QEIs prior to notification of a NMTC Allocation), such QEIs should be reported under activities in 2004.

**Table D1: Schedule for Issuing QEIs (Estimated)**

Calendar Year (s)	2004	2005	2006	2007	2008	Total
1 Total \$ amount of QEIs to be Issued	\$	\$	\$	\$	\$	\$
2 Percent of total NMTC Allocation	%	%	%	%	%	100%

**Instructions for Table D2:** Table D2 must be completed by any Applicant that intends to transfer all or part of its NMTC Allocation to its Subsidiaries.

**Table D2: Transfer of Allocations to Subsidiary Entities**

Name of Entity	Certified as a CDE?	EIN (if available)	Total QEIs to be Issued by Entity	Anticipated Date of First QEI	Anticipated Date of Final QEI
1 Applicant:	Yes / No		\$		
2 Subsidiary 1:	Yes / No		\$		
3 Subsidiary 2:	Yes / No		\$		
4 Subsidiary 3:	Yes / No		\$		
5 Subsidiary 4:	Yes / No		\$		
6 Subsidiary 5:	Yes / No		\$		
7 TOTAL	N/A	N/A	\$	N/A	N/A

## Exhibit E: Staff and Board Qualifications

**Instructions for Table E1:** All Applicants must complete Table E1. An Applicant may list personnel and board members that also appear in Tables E2-E4, but be sure that this chart describes the individuals' specific qualifications, experience, and track record as it pertains to their role with the Applicant in deploying capital or Financial Counseling and Other Services. In Table E1, an Applicant may include any consultants that will assist in deploying capital or services. Such Applicants must name the particular individual who will assist the Applicant; identify the firm the consultant is employed by; clearly describe what this his/her role will be with the Applicant; and describe his/her experience in such a role. Additionally, in the responsibilities column, the Applicant should discuss the terms and/or current status of the consultant's contract for services.

Table E1: Experience Deploying Capital or Financial Counseling and Other Services							
Name	Firm	Title at Firm	Yrs. with (or years providing services to) the Applicant	Role with Applicant	Description of Responsibilities with Applicant in Deploying Capital or Services	Hrs. per week with Applicant in this Capacity	Description of Individual's Qualifications
				<ul style="list-style-type: none"> <li>• Governing board (GB) chair</li> <li>• GB member on loan/investment committee</li> <li>• Other GB member</li> <li>• Advisory board member</li> <li>• ED or equivalent</li> <li>• CFO or equivalent</li> <li>• Dir. of lending/investing or equivalent</li> <li>• Other key management</li> <li>• Loan/investment officer or equivalent</li> <li>• Compliance officer</li> <li>• Other finance staff</li> <li>• Contracted consultant</li> <li>• Other (specify): _____</li> </ul>			

**Instructions for Table E2:** All *Applicants* must complete Table E2. An *Applicant* may list personnel and board members that also appear in Tables E1, E3, and E4, but be sure that this chart describes the individuals' specific qualifications, experience, and track record as it pertains to their role with the *Applicant* in raising capital. In Table E2, an *Applicant* may include any consultants or third-party investment brokers that will assist in raising capital. Such *Applicants* must name the particular individual who will assist the *Applicant*; identify the firm the consultant is employed by; clearly describe what this his/her role will be with the *Applicant*; and describe his/her experience in such a role. Additionally, in the responsibilities column, the *Applicant* should discuss the terms and/or current status of the consultant's contract for services.

**Table E2: Experience Raising Capital**

Name	Firm	Title at Firm	Yrs. with (or years providing services to) the <i>Applicant</i>	Role with <i>Applicant</i>	Description of Responsibilities with <i>Applicant</i> in Raising Capital	Hrs. per week with <i>Applicant</i> in this Capacity	Relevant Experience Raising Capital (check all that apply)	Description of Individual's Qualifications	Total Amount of Capital Raised in Past Five Years (\$\$)
				<ul style="list-style-type: none"> <li>Governing board (GB) chair</li> <li>GB member on loan/investment committee</li> <li>Other GB member</li> <li>Advisory board member</li> <li>ED or equivalent</li> <li>CFO or equivalent</li> <li>Dir. of lending/investing or equivalent</li> <li>Other key management</li> <li>Loan/investment officer or equivalent</li> <li>Compliance officer</li> <li>Other finance staff</li> <li>Contracted consultant</li> <li>Other (specify):</li> </ul>			<ul style="list-style-type: none"> <li>Profit-motivated investors</li> <li>Non-profit or governmental entities</li> <li>Using tax credits as an incentive</li> <li>Not applicable</li> </ul>		

**Instructions for Table E3:** All *Applicants* must complete Table E3. An *Applicant* may list personnel and board members that also appear in Tables E1, E2, and E4, but be sure that this chart describes the individuals' specific qualifications, experience, and track record as it pertains to their role with the *Applicant* in asset and risk management. In Table E3, an *Applicant* may include any consultants that will assist in managing assets and risk. Such *Applicants* must name the particular individual who will assist the *Applicant*; identify the firm the consultant is employed by; clearly describe what this his/her role will be with the *Applicant*; and describe his/her experience in such a role. Additionally, in the responsibilities column, the *Applicant* should discuss the terms and/or current status of the consultant's contract for services.

<b>Table E3: Asset and Risk Management Experience</b>								
<b>Name</b>	<b>Firm</b>	<b>Title at Firm</b>	<b>Yrs. with (or years providing services to) the Applicant</b>	<b>Role with Applicant</b>	<b>Description of Responsibilities with Applicant in Managing Assets and Risk</b>	<b>Hrs. per week with Applicant in this Capacity</b>	<b>Description of Individual's Qualifications</b>	<b>Total Assets Under Management in Past Five Years (\$\$)</b>
				<ul style="list-style-type: none"> <li>• Governing board (GB) chair</li> <li>• GB member on loan/investment committee</li> <li>• Other GB member</li> <li>• Advisory board member</li> <li>• ED or equivalent</li> <li>• CFO or equivalent</li> <li>• Dir. of lending/investing or equivalent</li> <li>• Other key management</li> <li>• Loan/investment officer or equivalent</li> <li>• Compliance officer</li> <li>• Other finance staff</li> <li>• Contracted consultant</li> <li>• Other (specify): _____</li> </ul>				

**Instructions for Table E4:** All *Applicants* must complete Table E4. An *Applicant* may list personnel and board members that also appear in Tables E1-E3, but be sure that this chart describes the individuals' specific qualifications, experience, and track record as it pertains to their role with the *Applicant* in managing NMTC Program compliance. In Table E4, an *Applicant* may include any consultants that will assist in program compliance. Such *Applicants* must name the particular individual who will assist the *Applicant*; identify the firm the consultant is employed by; clearly describe what this his/her role will be with the *Applicant*; and describe his/her experience in such a role. Additionally, in the responsibilities column, the *Applicant* should discuss the terms and/or current status of the consultant's contract for services.

<b>Table E4: Program Compliance Experience</b>								
Name	Firm	Title at Firm	Yrs. with (or years providing services to) the <i>Applicant</i>	Role with <i>Applicant</i>	Description of Responsibilities with <i>Applicant</i> in NMTC Program Compliance	Hrs. per week with <i>Applicant</i> in this Capacity	Relevant Experience Monitoring Compliance (check all that apply)	Description of Individual's Qualifications
				<ul style="list-style-type: none"> <li>Governing board (GB) chair</li> <li>GB member on loan/investment committee</li> <li>Other GB member</li> <li>Advisory board member</li> <li>ED or equivalent</li> <li>CFO or equivalent</li> <li>Dir. of lending/investing or equivalent</li> <li>Other key management</li> <li>Loan/investment officer or equivalent</li> <li>Compliance officer</li> <li>Other finance staff</li> <li>Contracted consultant</li> <li>Other (specify): _____</li> </ul>			<ul style="list-style-type: none"> <li>NMTC Program</li> <li>Other tax credit programs</li> <li>Other governmental programs</li> <li>Foundation</li> <li>Other (specify): _____</li> <li>Not applicable</li> </ul>	

**Instructions for Table E5:** All Applicants must complete Table E5. An Applicant should list each Low-Income Community representative on its Governing or Advisory Board. An Applicant should not list all board members – only those that represent Low-Income Communities. Responses should be consistent with the data provided in the Applicant's CDE Certification Accountability Chart. However, an Applicant may include any new members have that joined the board since the time of submission of the Applicant's CDE Certification Application.

<b>Table E5: Low-Income Community Representatives on the Applicant's Board</b>						
<b>Board Member Name</b>	<b>Firm</b>	<b>Title at Firm</b>	<b>Advisory or Governing Board Member?</b>	<b>Yrs. on Board</b>	<b>Hrs. per Week with Applicant</b>	<b>How is S/he Representative of Low-Income Communities?</b>
			<ul style="list-style-type: none"> <li>• Advisory</li> <li>• Governing</li> </ul>			<ul style="list-style-type: none"> <li>• Resident</li> <li>• Small business owner</li> <li>• Employee or board member of a non-Affiliated community-based or charitable organization</li> <li>• Religious leader whose congregation is based in a Low-Income Community</li> <li>• Employee of a governmental agency or department that principally serves Low-Income Communities</li> <li>• An elected official (or works for one) whose constituency is comprised principally of residents of Low-Income Communities</li> <li>• Other (specify): _____</li> </ul>

# Exhibit F: Community Impact Projections

**Instructions for Table F1:** All Applicants must complete Table F1 for impacts that the Applicant anticipates generating pursuant to its NMTC activities.

**Table F1: Projected Community Impacts (cumulative 2003-2008)**

	# of projects	\$ Amount of NMTC Financing	Permanent <sup>1</sup> FTE <sup>2</sup> Jobs Created or Retained <sup>3</sup>	Pre-development or Construction <sup>1</sup> FTE <sup>2</sup> Jobs Created or Retained <sup>3</sup>	Square Feet of Space Developed or Rehabilitated	# of Housing Units Developed or Rehabilitated	# of Clients Served
1	Non-Real Estate QALICBs	\$		N/A	N/A	N/A	N/A
2	Real Estate QALICBs (total)	\$					N/A
2a	Office facilities	\$				N/A	N/A
2b	Industrial facilities	\$				N/A	N/A
2c	Retail facilities	\$				N/A	N/A
2d	For-sale housing	\$					N/A
2e	Mixed-use (housing + other)	\$					N/A
2f	Community facilities <sup>4</sup>	\$				N/A	
2g	Infrastructure	\$			N/A	N/A	N/A
3	Loans/Investments in CDEs <sup>5</sup>	\$					
4	Purchase of loans from CDEs <sup>6</sup>	\$					
5	FCOS	\$	N/A	N/A	N/A	N/A	

<sup>1</sup> A permanent job is one that is at least 24 months in duration. Pre-development or construction jobs are short-term jobs (i.e., under 24 months in duration) that result from real estate projects or financing.

<sup>2</sup> A full time equivalent (FTE) is at least a 35-hour workweek.

<sup>3</sup> A retained job is a job that exists at the business at the time the business was financed.

<sup>4</sup> A facility in which health care, childcare, educational, cultural or social services are provided. 12 CFR §1805.104(j).

<sup>5</sup> Entities making loans/investments in other CDEs should calculate the impacts that will be obtained by the QALICB that ultimately receives the financing.

<sup>6</sup> Entities purchasing loans from other CDEs should calculate the impacts that will be obtained via the investment of QLIC/ proceeds by the selling CDE.

## Glossary of Terms

Affiliate	Any legal entity that <i>Controls</i> , is <i>Controlled</i> by, or is under common <i>Control</i> with, the <i>Applicant</i> .
Allocatee	An <i>Applicant</i> that receives a <i>NMTC Allocation</i> .
Allocation Agreement	An agreement to be entered into by the Fund and a <i>CDE</i> , relating to the <i>NMTC Allocation</i> , pursuant to IRC §45D(f)(2).
Applicant	Any legal entity that is applying to the Fund for the receipt of a <i>NMTC Allocation</i> . This term includes any <i>Subsidiary</i> of the applicant, which may receive a transfer of all or part of a <i>NMTC Allocation</i> from the applicant.
Allocation Application	The application form, issued by the Fund pursuant to a <i>Notice of Allocation Availability (NOAA)</i> , to be completed and submitted by an <i>Applicant</i> in order to be considered for a <i>NMTC Allocation</i> .
Assistance Agreement	A written agreement between the Fund and an entity receiving assistance under the <i>CDFI</i> Program and Native American <i>CDFI</i> Development (NACD) Program specifying the terms and conditions of assistance including, without limitation, performance and financial soundness goals, if applicable. See 12 CFR §1805.104(e).
Authorized Representative	An officer, or other individual, who has the actual authority to sign for and make representations on behalf of the <i>Applicant</i> .
CDE Certification Application	The application form, issued by the Fund, to be completed and submitted by an entity in order to be certified as a <i>CDE</i> .
Commitment	A document in which an investor commits to make an investment in the <i>Applicant</i> in a specified amount and on specified terms.

Community Development Entity (CDE)	<p>Under IRC §45D(c)(1), any domestic corporation or partnership if:</p> <ol style="list-style-type: none"> <li>(1) The primary mission of the entity is serving, or providing investment capital for, <i>Low-Income Communities</i> or <i>Low-Income Persons</i>;</li> <li>(2) The entity maintains accountability to residents of <i>Low-Income Communities</i> through their representation on any governing board of the entity or on any advisory board to the entity; and</li> <li>(3) The entity is certified by the Fund as a CDE. <i>Specialized Small Business Investment Companies (SSBICs)</i> and <i>Community Development Financial Institutions (CDFIs)</i> are deemed to be CDEs in the manner set forth in Guidance published by the Fund (66 Federal Register 65806, December 20, 2001).</li> </ol>
Community Development Financial Institution (CDFI)	<p>An entity that has been certified by the Fund as meeting the criteria set forth in section 103 of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4702). For further details, refer to the CDFI Program regulations set forth at 12 CFR 1805.201.</p>
Control	<p>Control is defined as:</p> <ol style="list-style-type: none"> <li>(1) Ownership, control, or power to vote more than 50 percent of the outstanding shares of any class of voting securities of any entity, directly or indirectly or acting through one or more other persons;</li> <li>(2) Control in any manner over the election of a majority of the directors, trustees, or general partners (or individuals exercising similar functions) of any other entity; or</li> <li>(3) Power to exercise, directly or indirectly, a controlling influence over the management policies or investment decisions of another entity, as determined by the Fund.</li> </ol>
Controlling Entity	<p>An entity that Controls an <i>Applicant</i>.</p>
Disadvantaged Business	<p>A business that is (a) located in a <i>Low-Income Community</i>; or (b) is owned by a <i>Low-Income Person</i>; or (c) a business that has inadequate access to investment capital.</p>
Disadvantaged Community	<p>This term has the same meaning as a <i>Low-Income Community</i>.</p>

Equity Equivalent	A loan that has certain equity-like provisions, including required principal and interest payments only from cash flow and a flexible maturity date. Note that the definition of this term under the <i>CDFI</i> Program and NMTC Program is more flexible than the definition of the same term under the Bank Enterprise Award (BEA) Program.
Equity Investment	Under IRC §45D(b)(6) and the <i>Temporary and Proposed Income Tax Regulations</i> , Equity Investment means any stock (other than nonqualified preferred stock as defined in IRC §351(g)(2)) in an entity that is a corporation and any capital interest in an entity that is a partnership.
Financial Counseling and Other Services	Advice provided by a <i>CDE</i> relating to the organization or operation of a trade or business. See 26 CFR 1.45D-1T(d)(7).
Letter of Interest/Intent	A document in which an investor expresses a preliminary interest in making an investment in the <i>Applicant</i> .

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Low-Income Community

Under IRC §45D(1), any population census tract if:

- (1) The poverty rate for such tract is at least 20 percent, or
- (2) (a) In the case of a tract not located within a *Metropolitan Area*, the median family income for such tract does not exceed 80 percent of statewide median family income, or (b) in the case of a tract located within a *Metropolitan Area*, the median family income for such tract does not exceed 80 percent of the greater of statewide median family income or the *Metropolitan Area* median family income.

With respect to IRC §45D(e)(1)(B), possession-wide median family income shall be used (in lieu of statewide income) in assessing the status of census tracts located within a possession of the United States.

Upon an entity's application for certification as a *CDE*, the Fund may designate under IRC §45D(e)(2) an area within a census tract as a *Low-Income Community* if:

- (1) The boundary of the area is continuous;
- (2) The area would otherwise meet the definition of a Low-Income Community under IRC §45D(e)(1) if it were a census tract; and
- (3) There is inadequate access to investment capital in the area (as demonstrated by studies, surveys, or other analysis provided by the *Applicant*).

Under IRC §45D(e)(3), in the case of an area that is not tracted for population census tracts, the equivalent county divisions (as defined by the Bureau of the Census for purposes of determining poverty areas) shall be used for purposes of defining poverty rates and median family incomes.

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Low-Income Person

Any individual having an income of not more than:

- (1) For non-*Metropolitan Areas*, 80 percent of the statewide median family income; and
- (2) For *Metropolitan Areas*, the greater of (a) 80 percent of the statewide median family income or (b) 80 percent of the *Metropolitan Area* median family income.

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Metropolitan Area

An area designated as such by the Office of Management and Budget pursuant to 44 U.S.C. §3504(e) and 31 U.S.C. §1104(d) and Executive Order 10253 (3 CFR 1949-1953 Comp., p. 758), as amended.

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New Markets Venture Capital Company (NMVCC)	An entity designated as a NMVCC by the Small Business Administration under the New Markets Venture Capital Company Program. See 13 CFR 108.10 for more information.
Notice of Allocation	Notification to the <i>Allocatee</i> from the Fund which informs the <i>Allocatee</i> of its receipt of a <i>NMTC Allocation</i> subject to the terms and conditions set forth in the notice (see applicable NOAA).
Notice of Allocation Availability (NOAA)	A document published by the Fund in the <u>Federal Register</u> that provides specific guidance on how a <i>CDE</i> may apply for a <i>NMTC Allocation</i> , the competitive procedure through which such allocations will be made, and the actions that will be taken by the Fund to ensure that proper allocations are made to appropriate entities. The NOAA published in conjunction with the 2003 <i>Allocation Application</i> will only apply to the 2003 allocation year.
NMTC Allocation	An allocation of tax credit authority pursuant to the New Markets Tax Credit Program.
Primary Metropolitan Statistical Area	An area designated as such by the Office of Management and Budget pursuant to 44 U.S.C. §3504(e) and 31 U.S.C. §1104(d) and Executive Order 10253 (3 CFR 1949-1953 Comp., p.758), as amended.

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Qualified Active Low-Income  
Community Business  
(QALICB)

Under IRC §45D(d)(2), any corporation (including a non-profit corporation) or partnership if for such taxable year:

- (1) At least 50 percent of total gross income of such entity is derived from the active conduct of a qualified business within any *Low-Income Community*;
- (2) A substantial portion of the use of the tangible property of such entity (whether owned or leased) is within any *Low-Income Community*;
- (3) A substantial portion of the services performed for such entity by its employees are performed in any *Low-Income Community*;
- (4) Less than 5 percent of the average of the aggregate unadjusted bases of the property of such entity is attributable to collectibles (as defined in IRC §408(m)(2)) other than collectibles that are held primarily for sale to customers in the ordinary course of such business; and
- (5) Less than 5 percent of the average of the aggregate unadjusted bases of the property of such entity is attributable to nonqualified financial property (as defined in IRC §1397C(e)).

Please refer to the *Temporary and Proposed Income Tax Regulations* at 26 CFR 1.45-1T(d)(4) for more information.

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Qualified Equity Investment

Under IRC §45D(b)(1), any *Equity Investment* in a *CDE* if:

- (1) Such investment is acquired by the investor at its original issue (directly or through an underwriter) solely in exchange for cash;
- (2) Substantially all of such cash is used by the *CDE* to make *QLICs*; and
- (3) The investment is designated for purposes of IRC §45D by the *CDE* as a QEI. QEI also includes an *Equity Investment* purchased from a prior holder, to the extent provided in IRC §45D(b)(4).

QEI does not include any *Equity Investment* issued by a *CDE* more than five years after the date the *CDE* receives a *NMTC Allocation*. Please refer to the *Temporary and Proposed Income Tax Regulations* at 26 CFR 1.45-1T(c) and related Internal Revenue Service notices for more information.

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Qualified Low-Income Community Investments	<p>Under IRC §45D(d)(1), a QLICI is:</p> <ol style="list-style-type: none"> <li>(1) Any capital or <i>Equity Investment</i> in, or loan to, any <i>QALICB</i> (as defined in IRC§45D(d)(2));</li> <li>(2) The purchase from a <i>CDE</i> of any loan made by such entity that is a QLICI;</li> <li>(3) <i>Financial Counseling and Other Services</i> to businesses located in, and residents of, <i>Low-Income Communities</i>; and</li> <li>(4) Any <i>Equity Investment</i> in, or loan to, any <i>CDE</i>.</li> </ol> <p>Please refer to the <i>Temporary and Proposed Income Tax Regulations</i> at 26 CFR 1.45D-1T(d)(1) for more information.</p>
Small Business Investment Company (SBIC)	An entity defined in 15 USC 662(3).
Specialized Small Business Investment Company (SSBIC)	An entity defined in IRC §1044(c)(3).
Subsidiary	Any legal entity that is owned or <i>Controlled</i> directly or indirectly by an <i>Applicant</i> . This term includes series funds, which are separate investment funds <i>Controlled</i> by an <i>Applicant</i> .
Temporary and Proposed Income Tax Regulations	The temporary and proposed regulations promulgated by the Internal Revenue Service which provide guidance for taxpayers claiming the New Markets Tax Credit under IRC §45D. See 26 CFR 1.45D-1T for more information.
Unrelated	Persons who are not related within the meaning of IRC §267(b) or IRC §707(b)(1).