



**Community
Development
Financial
Institutions
Fund**

nmtc program

New Markets Tax Credit

Allocation Application

2002 application

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

Community Development Financial Institutions Fund Application

OMB Approval No. 1559-0016

CDFI - 0020

Paperwork Reduction Act Notice.

This submission requirements package is provided to applicants for allocations of tax credits through the New Markets Tax Credit Program. Applicants are not required to respond to this collection of information unless it displays a currently valid OMB number. The estimated burden associated with this collection of information is 40 hours.

Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Office of Legal Counsel, Department of the Treasury, Community Development Financial Institutions Fund, 601 13th Street, NW, Suite 200 South, Washington, DC 20005.



Table of Contents

Applicant Instructions	iii
Assurances and Certifications	v
Applicant Information	1
Part I: Business Strategy	5
A. Products, Services, and Investment Criteria	5
B. Prior Performance	8
C. Prior Performance in Disadvantaged Communities or with Disadvantaged Businesses ..	9
D. Projected Business Activities	9
E. Investments in Unrelated Entities	10
Part II: Capitalization Strategy	11
A. Investor Commitments	11
B. Investor Strategy	12
C. Sources of Capital	13
D. Flow of Allocations	13
Part III: Management Capacity	14
A. Management Team	14
B. Experience Deploying Capital or Services	14
C. Experience Raising Capital	15
D. Asset Management and Risk Management Experience	15
E. Program Compliance	16
Part IV: Community Impact	18
A. Targeting the Use of QEI Proceeds within Low-Income Communities	18
B. Community Accountability	19
C. Economic Impacts	20
EXHIBIT A: Track Record	22
EXHIBIT B: Loans/Investments in Non-Real Estate QALICBs	25
EXHIBIT C: Real Estate Transactions	27





EXHIBIT D: Loans/Investments in CDEs28

EXHIBIT E: Purchase of Loans From Other CDEs30

EXHIBIT F: Financial Counseling and Other Services32

EXHIBIT G: Investor Identification33

EXHIBIT H: Sources and Uses of Funds35

EXHIBIT I: Transfer of Allocations36

EXHIBIT J: Identification of Management Team37

EXHIBIT K: Management Experience38

Glossary of Terms39

Applicant Instructions

- Read the relevant New Markets Tax Credit (NMTC) Program publications prior to completing the *Allocation Application*. For information on the 2002 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). For general information on the NMTC Program, read the Fund's General Guidance (66 Federal Register 21846, May 1, 2001). For information on *Community Development Entity (CDE)* certification, read the the Fund's *CDE Certification Guidance* (66 Federal Register 65806, December 20, 2001) and 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.
- Consult the Glossary of Terms (pages 39-44 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 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 July 25, 2002**. The *CDE Certification Application* is available on the Fund's website at www.cdfifund.gov. Organizations whose *CDE Certification Applications* are not received at BPD by **July 25, 2002** will be considered ineligible for *NMTC Allocations* in calendar year 2002. 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 on or before **5:00 pm, Eastern Time, on July 25, 2002**.

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).

- Carefully read the *Allocation Application* to determine whether the *Applicant* has the requisite eligibility, capacity, experience, and skills to compete for and administer a *NMTC Allocation*. Be sure to also carefully review the Assurances and Certifications provided in the *Applicant* Information section 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 v-viii.
- As the *Applicant* prepares the *Allocation Application*, assume the Fund's *Allocation Application* reviewers are learning about the organization and/or the industry for the first time, even if the organization has previously submitted an application to the Fund under any of the Fund's other 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 appropriate sections of the *Allocation Application*.
- 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.

DO NOT SUBMIT THIS ALLOCATION 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 not later than **July 17, 2002**. *Applicants* may access the online *Allocation Application* as soon as it is made available by creating a customized user account on the Fund's website at www.cdfifund.gov. The online *Allocation Application* must be received no later than **5:00 pm, Eastern Time, on August 29, 2002**. Complete instructions regarding the electronic submission requirements will be posted on the Fund's website at www.cdfifund.gov when the online *Allocation Application* is made available.
- The online *Allocation Application* is a web-based tool that requires an *Applicant* to have access to: (1) Internet Explorer 5.5 or higher or Netscape Navigator 6.0 or higher, and (2) at least a 56Kbps Internet connection. Any *Applicant* that cannot complete the online *Allocation Application* must notify the Fund that it intends to submit a paper application instead. Such notification must be submitted by e-mail, facsimile, or letter to the attention of the Fund's NMTC Program Manager, and must be received by the Fund no later than **5:00 pm, Eastern Time, on August 9, 2002** (the Fund's contact information is provided below). The notification should include an explanation of why the *Applicant* is not capable of submitting the online *Allocation Application*. 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 August 29, 2002**. Paper applications received after that date and time will not be accepted for consideration and will be returned to the sender.
- Each *Applicant* should expect that if it receives a *NMTC Allocation*, information provided in this *Allocation Application* shall be used to determine the terms of an *Allocation Agreement*.
- The contents of this *Allocation Application* are consistent with IRC §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 any questions about this *Allocation Application*, you may contact the Fund by mail at 601 13th Street, NW, Suite 200 South, Washington, DC 20005, by e-mail at 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.

Assurances and Certifications

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, 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 conflict 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* is 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 or any other person that *Controls* the *Applicant*: (a) have 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 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 indicted, charged with or 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; (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 10(a) and 10(b) of this certification; (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; and (e) 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* has never been delinquent on amounts due to the Internal Revenue Service or on any debts owed to Federal, State, or local government.
12. The *Applicant* has never filed for bankruptcy.

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

Instructions for Certification

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.arnet.gov/epl 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.



2002 NMTC ALLOCATION APPLICATION

Applicant Information

Request Total:

Total dollar amount of NMTC Allocation requested in this Allocation Application: \$ _____

TIP: The Fund is authorized to allocate to CDEs the authority to issue to their investors up to \$2.5 billion in equity as to which NMTCs may be claimed. An Applicant's NMTC Allocation request is the amount of Equity Investments the Applicant intends to obtain by offering NMTCs to investors. An Applicant cannot offer NMTCs in excess of its NMTC Allocation.

Indicate whether the Applicant will use the proceeds of its Qualified Equity Investments (QEIs) to (check one):

- Support a single project, business, or portfolio purchase
 Support multiple projects, businesses, or portfolio purchases

Applicant Information¹

1. Applicant Name: _____

Applicant Employer Identification Number: _____

2. Controlling Entity Name: _____ (if applicable)

Controlling Entity Employer Identification Number: _____ (if applicable)

3. Applicant Mailing Address:

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

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

¹ For the purposes of Questions #1 - #9 in this Applicant Information section, the term Applicant shall apply only to the entity applying for a NMTC Allocation, and not to Subsidiary entities who may receive a transfer of all or a part of a NMTC Allocation.



4. *Authorized Representative Information*

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

Telephone number: _____

Fax number: _____

E-mail address: _____

5. 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*: \$ _____

6. 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 No to Question #6 above, the *Applicant's CDE Certification Application* must be received by **5:00pm, Eastern Time, on July 25, 2002** to be considered for a *NMTC Allocation* in 2002. The *CDE Certification Application* is available on the Fund's website at 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 *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 on or before **5:00 pm, Eastern Time, on July 25, 2002**.

7. 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 *Subsidiaries* may collectively submit only one *Allocation Application* per year through the NMTC Program.**

8. If yes to Question #7 above, have these entities been formed or incorporated?

Yes No If yes, complete the following table.

Name of <i>Subsidiary</i> Entity	EIN	CDE Certification Control Number (if applicable)

9. Does the *Applicant* intend, at a later date, to form 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? _____

10. Describe the mission of the *Applicant* and provide a brief description/history of the *Applicant* (or *Controlling Entity*, if the *Applicant* is a start-up organization): _____

11. 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 areas (e.g., neighborhoods, cities, counties, or *Metropolitan Areas*) within a state or territory

TIP: An *Applicant* serving a multi-state *Metropolitan Area*, such as the greater Washington, DC or Philadelphia *Metropolitan Area*, should check “local service areas.”



12. Identify the particular geographical areas that the *Applicant* will serve (indicate census tract numbers to the extent the *Applicant* will focus only on specific NMTC-eligible census tracts within a county). An *Applicant* that is serving 7 or more states must identify the 7 states with the largest amount of projected activities:

States: _____
Counties: _____
Census tracts: _____ (if applicable)

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

___Urban ___Suburban ___Rural

14. Estimate how long this *Allocation Application* took to complete: _____ hours

By signing this *Allocation Application*, the *Applicant* makes the Assurances and Certifications, set forth in pages v- viii 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: _____

- How the proposed products or services respond to demand in the markets to which the products and services will be directed; and
- How the Applicant's strategy is designed to attract new or additional private sector investment capital to underserved markets.

TIP: If an *Applicant* intends to utilize its *NMTC Allocation* to engage solely in the provision of *Financial Counseling and Other Services*, and not in the purchase or origination of loans or equity, it should **skip Questions #17 - #22 below**.

17. Briefly describe the *Applicant's* proposed investment parameters for each of its principal loan, equity, or loan purchase products, including:

- The minimum and maximum dollar size of each transaction to be financed, if established;
- The expected percentage of the *Applicant's* loan or investment relative to the borrower/investee's total capitalization, including any co-investment requirements of the borrower/investee or third parties;
- The rates, terms, and 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.

18. Will the *Applicant* use underwriting criteria or other features specifically intended to increase or better target its transactions: a) to underserved borrowers/investees; or b) in particularly economically distressed areas?

Yes No

If yes, briefly describe: _____

19. Will the *Applicant* impose any other criteria that would limit its pool of borrowers or investees (e.g., it will only lend to *Affiliates* or members of a network; it will only focus on certain geographies; it will fund only a narrow range of projects, such as grocery stores)?

Yes No

If yes, briefly describe: _____

20. Will the *Applicant* offer *Financial Counseling and Other Services*, or other technical assistance, to its borrowers or investees?

Yes No

If yes, briefly describe: _____

21. Will the *Applicant* assist borrowers or investees in securing additional resources to leverage the investments or loans that the *Applicant* is providing?

Yes No

If yes, briefly describe: _____

22. For an *Applicant* that indicated under Question #15d above that it plans to purchase qualifying loans from other *CDEs*:

a. Will the *Applicant* impose any specific criteria for *CDEs* from which it will purchase loans?

Yes No N/A

If yes, briefly describe: _____

b. Will the *Applicant*, directly or through contract with another entity, service the loans that it purchases?

Yes No N/A

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

c. 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 other *Qualified Low-Income Community Investments (QLICs)*?

Yes No N/A

If yes, briefly describe the *Applicant's* policy: _____

23. For an *Applicant* that plans to engage exclusively in *Financial Counseling and Other Services*, and not in the purchase or origination of loans or equity, provide narrative indicating:

- 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);
- The extent to which it will assist its clients in securing capital from other sources;
- Its plan for marketing its services to clients, specific to each major product offering; and
- Any criteria that would limit its pool of customers or clients (e.g., will only provide services to *Affiliates* or members of a network, will only focus on certain geographic areas, will only focus on certain types of businesses).



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 *Financial Counseling and Other Services* similar to those that it intends to deploy with *Qualified Equity Investment (QEI)* proceeds will score well under this sub-section.

24. Does the *Applicant*, or its *Controlling Entity*, have a track record of successfully deploying debt or investment capital, or offering *Financial Counseling and Other Services*, to businesses or *CDEs* (or other similar community-based organizations)?

Yes No

If yes, briefly describe: _____

Complete Tables 1-4 in Exhibit A, as applicable for the types of activities in which the *Applicant* has engaged.

TIP: If an *Applicant* intends to utilize its *NMTC Allocation* to engage solely in the provision of *Financial Counseling and Other Services*, 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 under Question #24, the number of businesses/entrepreneurs to which the *Applicant* has provided counseling or other services in the last five years.

25. If yes to Question #24, does the *Applicant* intend to use *QEI* proceeds to support the same general types of activities in which it has been engaged in the past?

Yes No N/A

If no, please explain how the activities will differ going forward: _____

26. Indicate whether the *Applicant* intends to use its *NMTC Allocation* to (check all that apply):

- Expand the volume of its activities
- Expand the types of products and services that it offers
- Target its activities to areas of greater economic distress

Briefly describe. 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): _____

C. Prior Performance in Disadvantaged Communities or with Disadvantaged Businesses

(up to 5 priority points)

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* that has experience serving *Disadvantaged Businesses or Communities* will score favorably under this sub-section.

27. Does the *Applicant*, or its *Controlling Entity*, have a track record of having successfully deployed capital to *Disadvantaged Businesses or Communities*?

Yes No

If yes, briefly describe: _____

28. Does the *Applicant*, or its *Controlling Entity*, have a track record of having successfully provided *Financial Counseling and Other Services*, or other technical assistance, to *Disadvantaged Businesses or Communities*?

Yes No

If yes, briefly describe: _____

29. If the answer to Question #27 or Question #28 is yes, complete Table 5 in Exhibit A.

a. Are these the same products and services that the *Applicant* intends to offer, and the same *Low-Income Communities* that it intends to serve, with *QEI* proceeds?

Yes No NA

Briefly explain: _____

D. 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.

30. Complete Exhibits B - F, as applicable, according to the types of activities in which the *Applicant* intends to engage.

31. Briefly describe the information or data used to develop the projections in Exhibits B - F (e.g., historical levels of activity; letters of interest from borrowers; current referrals): _____



32. Briefly describe the *Applicant's* strategy for identifying potential borrowers, investees, or other customers: _____

33. Can the *Applicant* currently identify transactions (including execution of contracts to deliver *Financial Counseling and Other Services*) in *Low-Income Communities* that it intends to close before the end of calendar year 2003?

___ Yes ___ No

If yes, complete this table:

Name of Transaction that will Close by 12/31/03	Projected Dollar Amount of Transaction	Projected Closing Date	Location of Investment		
			State	County	Census Tract

TIP: The Fund recognizes that since 2000 U.S. census data may not be available in sufficient detail prior to the time that an *Applicant* submits its *Allocation Application* to the Fund, some *Applicants* may obtain investor commitments for potential NMTC investments in *Low-Income Communities* using 1990 census data. An *Applicant* may use 1990 census data for any proposed *QLICI* that is: (i) closed (meaning all parties are legally committed to funding the investment) by the *Applicant* by December 31, 2002; or (ii) specifically identified in the above table and closed by the *Applicant* by December 31, 2003. If an *Applicant* uses 1990 census data for a *QLICI*, it must use 1990 census data for the entire period the *Applicant* holds the specified investment. Other than in such cases as outlined above, all *QLICIs* must be made using 2000 census data.

E. 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 5 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.**

34. Does the *Applicant* intend to use substantially all of the proceeds of its *QEIs* to make *QLICIs* 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 Commitments

TIP: An *Applicant* that demonstrates a high level of investor commitment will score well under this sub-section. 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 *QLICIs*. As the NMTC Program legislation seeks to bring private sector capital to underserved markets, an *Applicant* will score well if it can identify how existing investors will increase their investments or how new investors will be brought into such investments. An *Applicant* will score well if it has embarked on a strategy to locate such investors.

35. The *Temporary and Proposed Income Tax Regulations* permit a *CDE* to utilize a *NMTC Allocation* with respect to certain *Equity Investments* in the *CDE* that are made on or after April 20, 2001 but prior to the receipt of a *NMTC Allocation*. Is it the *Applicant's* intention to utilize its *NMTC Allocation* in this manner?

Yes No

If yes, complete Table 1 in Exhibit G.

TIP: For purposes of this "look-back" period, the investor's 7-year credit period begins on the date in which the *CDE* enters into an *Allocation Agreement* with the Fund. The *CDE* is required to invest substantially all of the investor's *QEI* proceeds in *QLICIs* within one year of the date on which the *CDE* enters into an *Allocation Agreement* with the Fund.

36. Are there additional investors from which the *Applicant* has already received commitments (conditional or otherwise) or letters of interest/intent?

Yes No

If Yes, complete Table 2 in Exhibit G.

Briefly discuss the timeline for obtaining commitments from investors that have signed letters of interest/intent: _____

37. If the *Applicant* indicated under Question #35 that it has obtained investor dollars, or has indicated under Question #36 that it has obtained investor commitments or letters of interest/intent, describe any parameters or investment criteria required by investors not already described in Part I: _____

B. Investor Strategy

TIP: If an *Applicant* is seeking additional investors, it will score well to the extent it has a reasonable strategy for obtaining commitments. If the *Applicant* has obtained or plans to obtain investments from organizations that also will identify or originate transactions for the *Applicant*, it will score well if: a) the *Applicant's* transactions are more targeted in some way to particularly economically distressed communities, rather than to the marketplace 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.

38. Complete Table 3 in Exhibit G, if applicable, to identify investors or potential investors that have previously invested in the *Applicant* or its *Controlling Entity*.

- If the *Applicant* intends to seek additional investors not otherwise identified in Tables 1 and 2 in Exhibit G, describe the *Applicant's* strategy for securing investments and the progress it has made to date in implementing this strategy. Identify specific investor and dollar amounts if applicable: _____

39. Describe any efforts the *Applicant* is making to either attract investors that have not previously made community development related investments, or to increase the investments of those investors already investing in community development: _____

40. 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

41. If yes to Question #40, provide narrative detailing:

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

42. Complete Table 4 in Exhibit G.

C. Sources 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 *QEI* proceeds. An *Applicant* that intends to invest more than 85 percent of *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.

43. Complete Tables 1 and 2 in Exhibit H.

44. Briefly describe the *Applicant's* plan to use *QEI* proceeds in conjunction with other sources of capital to finance its intended activities (refer to information provided in Tables 1 and 2 in Exhibit H, as appropriate): _____

45. Will more than 85 percent of the *QEI* proceeds be invested in *QLICs*?

___ Yes ___ No

If yes, please describe how the *Applicant's* costs of operations will be funded. If an *Affiliate* or other entity will cover or reimburse such costs, please describe:

D. Flow of Allocations

TIP: *Applicants* have 5 years from the date in which they enter into an *Allocation Agreement* with the Fund to issue *QEIs*. An *Applicant* that is likely to issue *QEIs* early in this 5 year period will score well under this sub-section.

46. Describe the *Applicant's* timeline for issuing *QEIs* to its investors: _____

Complete Table 1 in Exhibit I.

47. If the *Applicant* intends to transfer any portion of its *NMTC Allocation* to one or more *Subsidiaries*, briefly describe the strategy for transferring its *NMTC Allocation* and the timeline for making the transfer: _____

Complete Table 2 in Exhibit I.

48. Is there a minimum *NMTC Allocation* below which the *Applicant* would not be interested in participating in the *NMTC Program*?

___ Yes \$ _____ ___ No

Briefly explain: _____



Part III: Management Capacity

Total Maximum Points for Part III: 25 points

A. Management Team

TIP: An *Applicant* that has identified the core of its management team and other essential personnel will score well under this sub-section, if such personnel have the experience needed to successfully deploy *QEI* proceeds, raise capital, manage the NMTC Program, and provide services in *Low-Income Communities*.

49. Complete Tables 1 and 2 in Exhibit J.

50. Identify any key vacancies (current or anticipated) on the *Applicant's* board or management team, and discuss the *Applicant's* plans for filling these vacancies: _____

51. For those *Applicants* proposing to invest in real estate transactions, indicate whether members of the proposed real estate investment's development team (e.g., architects, engineers, project managers) have worked as a team before, and whether they have successfully completed similar work: _____

52. Attach resumes for all key individuals listed in Exhibit J.

53. Attach organizational charts for the *Applicant* and any *Subsidiaries*.

B. Experience Deploying Capital or Services

TIP: The *Applicant* should highlight the skills of its senior management and relate these skills to the *Applicant's* track record of making successful investments in *Low-Income Communities*. In addition, the *Applicant* should augment the information provided in Part I by focusing more directly on the role of specific personnel in carrying out the *Applicant's* business strategy. 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 performance in deploying capital or related services. An *Applicant* that can also demonstrate that its personnel have experience working in *Low-Income Communities* will score particularly well under this sub-section.

54. Do members of the *Applicant's* board have the backgrounds and broad experience necessary to provide guidance in setting the development goals that meet the needs of the targeted communities and to exercise effective financial oversight? Briefly describe: _____

55. Describe the role of key *Applicant* personnel in locating, underwriting, and approving investments, and/or in providing *Financial Counseling and Other Services*: _____

56. To the extent it is not clear from their resumes, briefly indicate the experience of key *Applicant* personnel in providing capital or *Financial Counseling and Other Services* in *Low-*

Income Communities. Also indicate whether the communities in which they have provided such assistance are the same type of *Low-Income Communities* that the *Applicant* intends to serve with its *NMTC Allocation*: _____

C. Experience Raising Capital

TIP: The *Applicant* should highlight the skills of its management team with respect to raising equity from third party investors, and should distinguish profit-motivated investors from government or philanthropic sources of capital. The *Applicant* should augment the information provided under Part II by focusing on the role of specific personnel in carrying out the *Applicant's* capitalization strategy. An *Applicant* whose staff has experience raising capital from profit-motivated investors will score particularly well in this sub-section. An *Applicant* that has secured relatively few investor commitments, in particular, must demonstrate, through the experience and expertise of its staff, that it has the ability to raise investor capital.

57. Indicate whether the *Applicant's* key personnel have experience:

- a. Raising capital from profit-motivated investors Yes No
- b. Raising capital from non-profit or governmental entities Yes No
- c. Using tax credits to attract capital investors Yes No

If yes to any of these items, briefly describe the qualifications of the individual(s) (refer to sections of their resumes as applicable): _____

58. Describe the expected role of the *Applicant's* key personnel responsible for raising equity capital with a *NMTC Allocation*: _____

D. Asset Management and Risk Management Experience

TIP: Each *Applicant* must demonstrate 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.

59. Describe the *Applicant's* infrastructure relating to asset and/or risk management, including whether it has written policies for managing and mitigating asset risk through identifying, tracking, and resolving problem or non-performing assets: _____

60. Describe the experience of the *Applicant's* personnel who are responsible for asset and risk management (refer to sections of their resumes as applicable): _____

61. Complete Table 1 in Exhibit K (unless the *Applicant* is engaged exclusively in the provision of *Financial Counseling and Other Services*).



62. If the *Applicant* has been operating for 12 months or longer, please answer the following:

- a. Have the most recent financial statements been audited? Yes No
- b. Have any auditor's reports of the *Applicant* 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, indicate the fiscal years of the occurrences and describe the circumstances and corrective action being taken: _____

- c. What is the *Applicant's* total equity (or if a non-profit, net assets) as shown in its most recent financial statements? \$ _____
- d. What is the *Applicant's* retained earnings as shown in its most recent financial statements? \$ _____
- e. Have the *Applicant'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: _____

E. Program Compliance

TIP: Each *Allocatee* must have the capacity to remain in compliance with NMTC Program requirements. An *Applicant* will score well under this sub-section 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 period.

63. Do any of the *Applicant's* key personnel have a track record of fulfilling compliance requirements for tax credit programs or other governmental programs?

- a. Other Tax Credit Programs Yes No
- b. Other Governmental Programs Yes No

If Yes to "a" or "b" above, complete Table 2 in Exhibit K.

64. 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 *QLICs* 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 *QALICBs*, 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 *QLICs*?
- Payments of, or for, capital, equity, or principal by its borrowers or investees are re-invested into *QLICs* 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 *Financial Counseling and Other Services*, the nature of such services is consistent with activities permitted under the *Temporary and Proposed Income Tax Regulations*.

65. *CDFI* Fund Award Status:

___ *Applicant* and/or *Affiliates* have not previously received an award from the *CDFI* Fund (under any of the Fund's programs)

___ *Applicant* and/or *Affiliates* have previously received award(s) from the *CDFI* Fund (under any of the Fund's programs):

Name of awardee/recipient: _____

Award control number: _____

Total award amount: _____ Award type: _____

TIP: Receipt of a prior award through any of the Fund's other programs will not improve an *Applicant's* chance of receiving a *NMTC Allocation*. Rather, the Fund will examine the compliance status of *Applicants* (or their *Affiliates*) that have previously received Fund awards. The Fund reserves the right to reject any *Allocation Application* in the case of an *Applicant* (or its *Affiliates*) that has failed to comply with the terms and conditions of its previous or existing assistance or award agreement(s) with the Fund.



Part IV: Community Impact

Total Maximum Points for Part IV: 25 points

TIP: The Fund will gauge 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) the *Low-Income Community* representatives on its governing or advisory boards play an active role in designing or implementing its business plan; b) it is working in particularly economically distressed or otherwise underserved communities; c) it is working in concert with Federal, state, or local government or community economic development plans; and d) 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*.

66. Will the investments or activities of the *Applicant* be targeted principally to communities using one or more of the programs, or meeting one or more other criteria, listed below?

Yes No

If yes, check all that apply:

TIP: If the *Applicant* knows its investments will be targeted principally to certain designated areas or in conjunction with programs targeted to particularly economically distressed communities, it will assist the Fund in understanding the degree of impact the *Applicant* may have in underserved areas. 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.

- Local areas designated for redevelopment by a governmental agency
- Federally designated Empowerment Zones, Enterprise Communities, or Renewal Communities
- SBA designated HUB Zones
- Areas designated as Native American, Native Hawaiian, or Alaskan Native redevelopment areas by the appropriate Tribal or other authority
- Brownfields redevelopment areas
- Areas encompassed by a HOPE VI redevelopment plan
- Other (identify program and its objective) _____

Briefly discuss how the Applicant's use of QEI proceeds will further these program objectives. If the Applicant indicated above that it is serving a local area that has been designated for redevelopment by a governmental agency, indicate the factors leading to such designation(s): _____

67. Will the *Applicant's* investments or activities be targeted principally to communities with higher levels of distress than the minimum poverty/income criteria required by the NMTC Program?

Yes No

If yes, 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

If yes, briefly describe any other indicators of distress in the communities in which the *Applicant* will invest: _____

68. Is either the *Applicant* or its *Controlling Entity* a NMVCC, CDFI, or SSBIC?

Yes No

If yes, briefly describe how the *Applicant* will use its *QEI* proceeds to meet the unique mission objectives of such entities: _____

B. 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.

69. Describe how and the extent to which the *Applicant* intends to involve *Low-Income Community* residents in support of its business strategy: _____

70. Describe how and the extent to which the *Applicant* intends to involve *Low-Income Community* organizations in support of its business strategy: _____

71. Discuss 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: _____

72. Briefly 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): _____

C. 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 to understand the degree of impact from an *Applicant's* strategy. An *Applicant* that can provide a credible and detailed description of robust impact will score well.

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

- Creating jobs for residents of the eligible census tract in which the products or services are offered
- Creating jobs for *Low-Income Persons* in the eligible census tract in which the products or services are offered
- Increasing wages or incomes for residents of the eligible census tract in which the products or services are offered
- Increasing wages or incomes for *Low-Income Persons* in the eligible census tract in which the products or services are offered
- Targeting job creation to areas of high unemployment within the eligible census tract in which the products or services are offered
- Financing or assisting businesses committed to remain in the eligible census tract in which the products or services are offered
- Financing or assisting businesses owned by residents of the eligible census tract in which products or services are offered
- Financing or assisting minority or women-owned businesses located in the eligible census tract in which the products or services are offered
- Financing or assisting businesses or non-profit organizations that provide child-care, health care, or educational services to residents of eligible census tracts
- Facilitating wealth-creation or asset accumulation by residents in eligible census tracts, such as business or home ownership
- Increasing the tax base in the eligible census tracts
- Other _____

For each item checked explain: a) the extent to which it is likely the anticipated impact of the *Applicant's* products and services would not be provided without New Markets

Tax Credits; and b) whether the same products or services could be provided at a lower total cost using other sources, including federal programs: _____

74. The Fund will evaluate the impact that an *Allocatee's* activities have in the *Low-Income Communities* in its service area after the activities have been completed, and over the 7- year credit period. The Fund recognizes that the nature of the impact of an *Allocatee's* activities may vary with the type of activities in which the *Allocatee* engages. To the extent possible, describe the impact the *Applicant* expects to have in the *Low-Income Communities* in which it invests. In addition, explain: a) the extent to which it is likely that these impacts would not be achieved without incentives provided by New Markets Tax Credits; and b) whether the same result could be achieved at a lower cost using other sources, including federal programs. To the extent the *Applicant's* answers can be quantified, please do so: _____

75. Briefly describe the primary beneficiaries of the *Applicant's* activities, and discuss whether the activities in which the *Applicant* will engage will primarily benefit the immediate neighborhood and/or its residents, the *Low-Income Community* in which the activities are undertaken, or the *Metropolitan Area*: _____

76. Briefly discuss the extent to which the *Applicant's* proposed products or services are expected to catalyze other investments in the *Low-Income Community* in which the products and services will be offered: _____

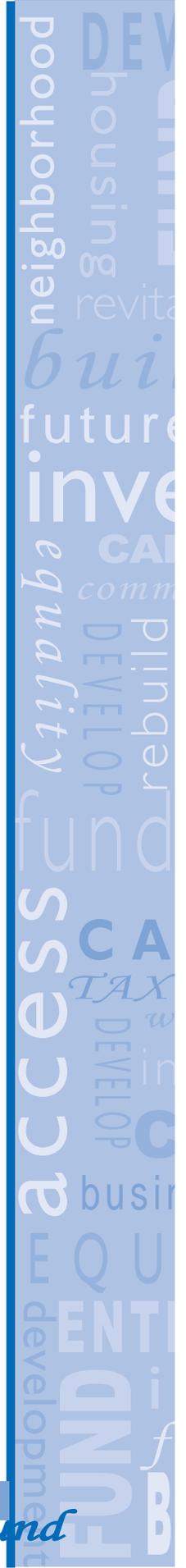


EXHIBIT A: Track Record

Table A1 must be completed by any *Applicant* having a track record of providing loans to or investments in non-real estate businesses. An *Applicant* must provide information for the past 5 years or for as many years as the *Applicant* has been in operation if it has been in operation for fewer than 5 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*.

TABLE A1: Track Record of Loans/Investments to Businesses

This table reflects activities of the (check one): *Applicant* *Controlling Entity*

	1997	1998	1999	2000	2001	TOTAL
# businesses financed						
\$ amount of financing (total)	\$	\$	\$	\$	\$	\$
\$ amount of financing (debt)	\$	\$	\$	\$	\$	\$
\$ amount of financing (equity)	\$	\$	\$	\$	\$	\$
Total # of loans or investments written off or in non-performing status ¹						
Total \$ amount of loans or investments written off or in non-performing status ¹	\$	\$	\$	\$	\$	\$
Total # of loans or investments recovered ¹						
Total \$ amount of loans or investments recovered ¹	\$	\$	\$	\$	\$	\$

¹ Values entered in these cells may be from investments made in prior years.

Table A2 must be completed by any *Applicant* having a track record of providing loans to or investments in businesses that develop or rehabilitate real estate. An *Applicant* must provide information for the past 5 years or for as many years as the *Applicant* has been in operation if it has been in operation for fewer than 5 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*.

TABLE A2: Track Record of Real Estate Transactions

This table reflects activities of the (check one): *Applicant* *Controlling Entity*

	1997	1998	1999	2000	2001	TOTAL
# projects financed						
\$ amount of financing (total)	\$	\$	\$	\$	\$	\$
\$ amount of financing (debt)	\$	\$	\$	\$	\$	\$
\$ amount of financing (equity)	\$	\$	\$	\$	\$	\$
Total # of loans or investments written off or in non-performing status ¹						
Total \$ amount of loans or investments written off or in non-performing status ¹	\$	\$	\$	\$	\$	\$
Total # of loans or investments recovered ¹						
Total \$ amount of loans or investments recovered ¹	\$	\$	\$	\$	\$	\$

¹ Values entered in these cells may be from investments made in prior years.

access
ing
capital
development
INVESTMENT
neighborhood
future
EDIT
future
RISE
rest
ure
LD
CDEI
fund

Table A3 must be completed by any *Applicant* having a track record of originating loans to or investments in *CDEs*. An *Applicant* must provide information for the past 5 years or for as many years as the *Applicant* has been in operation if it has been in operation for fewer than 5 years. Any *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*.

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 CDEs

This table reflects activities of the (check one): *Applicant* *Controlling Entity*

	1997	1998	1999	2000	2001	TOTAL
# of <i>CDEs</i> financed						
\$ amount of loans or investments (total)	\$	\$	\$	\$	\$	\$
\$ amount of financing (debt)	\$	\$	\$	\$	\$	\$
\$ amount of financing (equity)	\$	\$	\$	\$	\$	\$
Total # of loans or investments written off or in non-performing status ¹						
Total \$ amount of loans or investments written off or in non-performing status ¹	\$	\$	\$	\$	\$	\$
Total # of loans or investments recovered ¹						
Total \$ amount of loans or investments recovered ¹	\$	\$	\$	\$	\$	\$

¹ Values entered in these cells may be from investments made in prior years.

Table A4 must be completed by any *Applicant* having a track record of purchasing business loans from other entities. An *Applicant* must provide information for the past 5 years or for as many years as the *Applicant* has been in operation if it has been in operation for fewer than 5 years. Any *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*.

TABLE A4: Track Record of Loan Purchases

This table reflects activities of the (check one): *Applicant* *Controlling Entity*

	1997	1998	1999	2000	2001	TOTAL
# loans purchased						
\$ amount of loans purchased	\$	\$	\$	\$	\$	\$
Total # of loans written off or in non-performing status ¹						
Total \$ amount of loans written off or in non-performing status ¹	\$	\$	\$	\$	\$	\$
Total # of loans sold or paid in full ¹						
Total \$ amount of loans sold or paid in full ¹	\$	\$	\$	\$	\$	\$

¹ Values entered in these cells may be from investments made in prior years.

neighborhood
 housing
 revital
 bui
 future
 inve
 equal
 comm
 plin
 DEVEL
 SS
 CA
 TAX
 DEVELOP
 busin
 ENT
 FUND
 development

Table A5 must be completed by any *Applicant* having a track record of successfully deploying capital or technical assistance to *Disadvantaged Businesses or Communities*. An *Applicant* must provide information for the past 5 years or for as many years as the *Applicant* has been in operation if it has been in operation for fewer than 5 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*. The activities presented in Table A5 must be a subset of the activities presented in Tables A1- A4.

TABLE A5: Track Record of Successfully Deploying Capital or Technical Assistance to Disadvantaged Communities or Businesses

This table reflects activities of the (check one): *Applicant* *Controlling Entity*

	1997	1998	1999	2000	2001	TOTAL
Total # of loans/investments						
Total # of loans/investments to <i>Disadvantaged Businesses or Communities</i> ¹						
Total \$ amount of loans/investments	\$	\$	\$	\$	\$	\$
Total \$ amount of loans/investments to <i>Disadvantaged Businesses or Communities</i> ¹	\$	\$	\$	\$	\$	\$
Total # of businesses that received technical assistance						
Total # of <i>Disadvantaged Businesses</i> , or businesses serving <i>Disadvantaged Communities</i> , that received technical assistance ¹						
\$ amount of such loans/investments written off or non-performing ²	\$	\$	\$	\$	\$	\$
\$ amount of such loans/investments recovered ²	\$	\$	\$	\$	\$	\$

¹ Values entered in these rows should be a subset of the row above.

² Values entered in these cells may be from investments made in prior years.

access
ing
capital
development
INVESTMENT
development
future
LD
CDEI
fund

EXHIBIT B: Loans/Investments in Non-Real Estate QALICBs

The tables in Exhibit B must be completed by any *Applicant* that intends to provide investments in or loans to non-real estate QALICBs.

TIP: 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*. Be sure to include in the tables the entirety of activities expected to be carried out by the *Applicant* and its *Subsidiaries* - not just those activities relating to equity raised through NMTCs.

TABLE B1: Annual Activity Levels (Estimated)

	2002	2003	2004	2005	2006	2007	TOTAL
# transactions to be financed							
\$ amount of financing (total)	\$	\$	\$	\$	\$	\$	\$
\$ amount of financing (debt)	\$	\$	\$	\$	\$	\$	\$
\$ amount of financing (equity)	\$	\$	\$	\$	\$	\$	\$

TABLE B2: Investment Life Cycle of Borrowers/Investees (Estimated)

Life Cycle of Business at Time of Investment	Percentage of Portfolio	Minimum Investment (if determined)	Maximum Investment (if determined)
Seed Stage ¹		\$	\$
Early Stage ²		\$	\$
Expansion/Later Stage ³		\$	\$
Turnaround Stage ⁴		\$	\$
TOTAL	100%	N/A	N/A

¹ Seed Stage: Businesses that have a business concept, but no product yet for sale. The business may or may not be operational.

² Early Stage: Businesses that are in the early stage of developing or piloting products and services. The business is operational, but may or may not be generating revenue.

³ Expansion/Later Stage: Businesses that have a developed product or service, but require additional capital to expand product and service offerings or reach new markets.

⁴ Turnaround Stage: Businesses that need capital to address developmental, operational, or financial difficulties.



TABLE B3: Distribution of Loans and Investments From 2002 to 2007 (Estimated)

Gross Annual Revenue of QALICB at Time of Initial Financing	Number of QALICBs	Total Dollar Amount of Debt Financing	Total Dollar Amount of Equity Financing
< \$50,000		\$	\$
\$50,000 -- \$99,999		\$	\$
\$100,000 -- \$249,999		\$	\$
\$250,000 -- \$499,999		\$	\$
\$500,000 -- \$999,999		\$	\$
\$1,000,000 -- \$1,999,999		\$	\$
\$2,000,000 -- \$4,999,999		\$	\$
\$5,000,000 -- \$9,999,999		\$	\$
\$10 million or greater		\$	\$
TOTAL		\$	\$

EXHIBIT C: Real Estate Transactions

The tables in Exhibit C must be completed by any *Applicant* that intends to provide investments in or loans to *QALICBs* for the purpose of developing or rehabilitating real estate.

TIP: 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*. Be sure to include in the tables the entirety of activities expected to be carried out by the *Applicant* and its *Subsidiaries* - not just those activities relating to equity raised through NMTCs.

TABLE C1: Annual Activity Levels (Estimated)

	2002	2003	2004	2005	2006	2007	TOTAL
# transactions to be financed							
\$ amount of financing (total)	\$	\$	\$	\$	\$	\$	\$
\$ amount of financing (debt)	\$	\$	\$	\$	\$	\$	\$
\$ amount of financing (equity)	\$	\$	\$	\$	\$	\$	\$

TABLE C2: Distribution of Loans and Investments From 2002 to 2007 (Estimated)

Type of Project	Total Number of Projects	Total Dollar Amount of Debt Financing	Total Dollar Amount of Equity Financing
Office space		\$	\$
Industrial		\$	\$
Retail		\$	\$
Residential (for-sale housing)		\$	\$
Mixed-use (housing + other)		\$	\$
Community facilities ¹		\$	\$
Infrastructure		\$	\$
Other (identify): _____		\$	\$
TOTAL		\$	\$

¹ Includes charter schools, day care facilities, health care facilities, etc., that are not eligible for Low-Income Housing Tax Credits.



EXHIBIT D: Loans/Investments in CDEs

The tables in Exhibit D must be completed by any *Applicant* that intends to provide investments in or loans to other *CDEs*.

TIP: 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*. Be sure to include in the tables the entirety of activities expected to be carried out by the *Applicant* and its *Subsidiaries* -- not just those activities relating to equity raised through NMTCs.

TABLE D1: Annual Activity Levels (Estimated)

	2002	2003	2004	2005	2006	2007	TOTAL
# CDEs to be financed							
\$ amount of financing (total)	\$	\$	\$	\$	\$	\$	\$
\$ amount of financing (debt)	\$	\$	\$	\$	\$	\$	\$
\$ amount of financing (equity)	\$	\$	\$	\$	\$	\$	\$

TABLE D2: Type of CDE Borrowers/Investees from 2002 to 2007 (Estimated)

Type of CDE	Percentage of Portfolio	Minimum Investment (if determined)	Maximum Investment (if determined)
Insured depository institutions		\$	\$
Venture capital funds		\$	\$
Business loan funds		\$	\$
Real estate loan funds		\$	\$
Real estate investment funds		\$	\$
Other (identify): _____		\$	\$
Other (identify): _____		\$	\$
TOTAL	100%	N/A	N/A

neighborhood
housing
revita
bui
future
inve
equa
quality
SS
CA
TAX
DEVELOP
busin
FUND
development

TABLE D3: Distribution of Loans and Investments From 2002 to 2007 (Estimated)

Total Assets of CDE at Time of Initial Financing	Number of CDEs	Total Dollar Amount of Debt Financing	Total Dollar Amount of Equity Financing
< \$250,000		\$	\$
\$250,000 -- \$499,999		\$	\$
\$500,000 -- \$999,999		\$	\$
\$1,000,000 -- \$4,999,999		\$	\$
\$5,000,000 -- \$9,999,999		\$	\$
\$10,000,000 -- \$19,999,999		\$	\$
\$20,000,000 -- \$49,999,999		\$	\$
\$50,000,000 -- \$99,999,999		\$	\$
\$100 million or greater		\$	\$
TOTAL		\$	\$

EXHIBIT E: Purchase of Loans From Other CDEs

The tables in Exhibit E must be completed by any *Applicant* that intends to purchase loans from other *CDEs*.

TIP: 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*. Be sure to include in the tables the entirety of activities expected to be carried out by the *Applicant* and its *Subsidiaries* - not just those activities relating to equity raised through NMTCs.

TABLE E1: Annual Activity Levels (Estimated)

	2002	2003	2004	2005	2006	2007	TOTAL
# selling <i>CDEs</i>							
# loans purchased							
\$ amount of loan purchases	\$	\$	\$	\$	\$	\$	\$

TABLE E2: Size and Type of Loans to be Purchased (Estimated)

Type of Loans Purchased	Percentage of Overall Portfolio	Minimum Loan Size (if determined)	Maximum Loan Size (if determined)
Loans to businesses (for-profit)		\$	\$
Loans to businesses (non-profit)		\$	\$
Mortgage loans on commercial office space		\$	\$
Mortgage loans on industrial real estate		\$	\$
Mortgage loans on retail real estate		\$	\$
Mortgage loans on a facility (day care center)		\$	\$
Mortgage loans on a facility (charter school)		\$	\$
Mortgage loans on a facility (health care center)		\$	\$
Other (identify): _____		\$	\$
Other (identify): _____		\$	\$
TOTAL	100%	N/A	N/A

**TABLE E3: Distribution of Loans and Investments From 2002 to 2007
(Estimated)**

Total Assets of Seller CDE at Time of Loan Purchase	Number of Seller CDEs	Total Dollar Amount of Loans Purchased
< \$250,000		\$
\$250,000 -- \$499,999		\$
\$500,000 -- \$999,999		\$
\$1,000,000 -- \$4,999,999		\$
\$5,000,000 -- \$9,999,999		\$
\$10,000,000 -- \$19,999,999		\$
\$20,000,000 -- \$49,999,999		\$
\$50,000,000 -- \$99,999,999		\$
\$100 million or greater		\$
TOTAL		\$



EXHIBIT F: *Financial Counseling and Other Services*

The tables in Exhibit F must be completed by any *Applicant* that intends to engage solely in the provision of *Financial Counseling and Other Services*, and not in the purchase or origination of loans or equity.

TIP: 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*. Be sure to include in the tables the entirety of activities expected to be carried out by the *Applicant* and its *Subsidiaries* – not just those activities relating to equity raised through NMTCs.

TABLE F1: *Counseling to Businesses and Entrepreneurs in Low-Income Communities (Estimated)*

	2002	2003	2004	2005	2006	2007	TOTAL
# businesses/entrepreneurs to be counseled							
Avg. hours per week of counseling provided to each business/entrepreneur							

TABLE F2: *Projected Size of Businesses to be Counseled From 2002 to 2007 (Estimated)*

Gross Annual Revenue of Businesses at Time of Initial Counseling	Number of Businesses	Percentage of Total <i>Applicant</i> Staff Time to be Spent Counseling
< \$50,000		
\$50,000 -- \$99,999		
\$100,000 -- \$249,999		
\$250,000 -- \$499,999		
\$500,000 -- \$999,999		
\$1,000,000 -- \$1,999,999		
\$2,000,000 -- \$4,999,999		
\$5,000,000 -- \$9,999,999		
\$10 million or greater		
TOTAL		100%

access
ing
development
INVESTMENT
development
future
CREDIT
future
LDCDFI
fund

EXHIBIT G: Investor Identification

Table G1 must be completed by any *Applicant* that intends to offer NMTCs to current investors that have invested in the *Applicant* on or after April 20, 2001.

TABLE G1: Current Investors that will be Offered NMTCs

Name of Investor	Unrelated Entity? (Y/N)	Type of Investor ¹	Dollar Amount of Equity Investment	Date Investment in Applicant was Made ²	Date of First QLICI (if applicable)
			\$		
			\$		
			\$		
			\$		
			\$		
			\$		
TOTAL	N/A	N/A	\$	N/A	N/A

¹ Bank, insurance company, utility company, corporation, individual investor, or other.

² Investments must have been made on or after April 20, 2001 (see Question #35).

Table G2 must be completed by any *Applicant* that has received commitments (conditionally or otherwise) or letters of interest/intent from potential investors. Investors included under Table G1 should not be included in this table unless they have committed additional investment dollars.

TABLE G2: Identification of Potential NMTC Investors

Name of Investor	Unrelated Entity? (Y/N)	Type of Investor ¹	Dollar Amount of Equity Sought	Status of Request ²	Estimated Date for Receipt of Funds
			\$		
			\$		
			\$		
			\$		
			\$		
			\$		
TOTAL	N/A	N/A	\$	N/A	N/A

¹ Bank, insurance company, utility company, corporation, individual investor, or other.

² Funds are committed; funds are conditionally committed; letter of interest has been generated by investor.



Table G3 must be completed by any *Applicant* that has approached, or intends to approach, investors that have invested in the *Applicant* or its *Controlling Entity* since 1997. Investors identified under Table G1 should be identified in this table. Investors identified under Table G2 must be listed in this table if they have previously invested in the *Applicant* or its *Controlling Entity* since 1997.

TABLE G3: Identification of Previous Investors

Name of Investor	Unrelated Entity? (Y/N)	Type of Investor ¹	Total Funding Provided by Investor From 1997 to 2001	Total Anticipated Request to Investor From 2002 to 2007
			\$	\$
			\$	\$
			\$	\$
			\$	\$
			\$	\$
			\$	\$
			\$	\$
TOTAL	N/A		\$	\$

¹ Bank, insurance company, utility company, corporation, individual investor, or other.

Table G4 must be completed by any *Applicant* that has a track record of raising capital from investors. An *Applicant* must provide information for the past 5 years or for as many years as the *Applicant* has been in operation if it has been in operation for fewer than 5 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 G4: Track Record of Raising Capital from Investors

This table reflects activities of the (check one): *Applicant* *Controlling Entity*

	1997	1998	1999	2000	2001	TOTAL
Total # of investments						
Total \$ amount of investments	\$	\$	\$	\$	\$	\$
Total # of investments attributable to grants or other funding with non-market return expectations (e.g., no interest loans) ¹						
Total \$ amount of investments attributable to grants or other funding with non-market return expectations (e.g., no interest loans) ²	\$	\$	\$	\$	\$	\$
Total # of investments with market or near market repayment terms ¹						
Total \$ amount of investments with market or near market repayment terms ²	\$	\$	\$	\$	\$	\$

¹ Values entered in these rows should be a subset of row #1.

² Values entered in these rows should be a subset of row #2.

EXHIBIT H: Sources and Uses of Funds

Tables H1 and H2 must be completed by all *Applicants*.

TIP: Table H1 must reflect the combined amount of capital to be raised from all sources (NMTC-related investments and others) for use in funding the *Applicant* and each *Subsidiary* to which a transfer of a *NMTC Allocation* will be made.

TABLE H1: Anticipated Sources of Funds

Source of Capital	Type of Funding (Equity, Debt, or Grant)	Expected Dollar Amount	Estimated Date for Receipt of All Funds
NMTC investments	Equity	\$	
Other equity investments	Equity	\$	
Government grants	Grant	\$	
Government debt	Debt	\$	
Philanthropic grants	Grant	\$	
Philanthropic debt	Debt	\$	
Bank debt	Debt	\$	
Other lender debt	Debt	\$	
Sponsor contribution		\$	
Other (identify): _____		\$	
TOTAL	N/A	\$	N/A

TIP: Table H2 must reflect a consolidated use of funds for the *Applicant* and each *Subsidiary* to which a transfer of a *NMTC Allocation* will be made.

TABLE H2: Anticipated Uses of Funds

Use of Dollars	Total Dollars	NMTC Investor Dollars
<i>QLICs</i>		
Real estate loans/investments	\$	\$
Business loans/investments	\$	\$
Loans/investments to <i>CDEs</i>	\$	\$
Purchase of loans from <i>CDEs</i>	\$	\$
<i>Financial Counseling and Other Services</i>	\$	\$
Reserves	\$	\$
Operating and administrative costs	\$	\$
Fees charged by the <i>Applicant</i>	\$	\$
Third party expenses	\$	\$
Other (identify): _____	\$	\$
TOTAL	\$	\$

neighborhood
housing
revita
bui
future
inve
equa
comm
plunber
DEVELOP
un
SS
CA
TAX
DEVELOP
busin
FUND
ENT
development

EXHIBIT I: Transfer of Allocations

Table I1 must be completed by all *Applicants*.

TIP: 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*.

TABLE I1: Schedule for Issuing QEIs (Estimated)

Fiscal Year(s)	2002	2003	2004	2005	2006	2007	TOTAL
QEIs to be issued	\$	\$	\$	\$	\$	\$	\$
Percent of total NMTC Allocation	%	%	%	%	%	%	100%

Table I2 must be completed by any *Applicant* intending to transfer all or part of its *NMTC Allocation* to its *Subsidiaries*.

TABLE I2: Distribution of NMTC Allocation to Subsidiaries

Name of Entity	EIN (if available)	Date of Certification as CDE (anticipated or actual)	Total QEIs to be Issued by Entity ¹	Anticipated Date of First QEI	Anticipated Date of Final QEI
Applicant: _____			\$		
Subsidiary 1: _____			\$		
Subsidiary 2: _____			\$		
Subsidiary 3: _____			\$		
Subsidiary 4: _____			\$		
Subsidiary 5: _____			\$		
TOTAL	N/A	N/A	\$	N/A	N/A

¹ The "Total" row in this column should equal the *Applicant's* "Request Total" on page 1 of this *Allocation Application*.

EXHIBIT J: Identification of Management Team

In Table J1, list each member of the *Applicant's* governing board (or, if shared, the governing board of the *Controlling Entity*); members of the *Applicant's* governing or advisory board(s) who were deemed by the Fund to be representative of *Low-Income Communities*; and any other advisory board members who will play key roles in the *Applicant's* operations (e.g., board members that serve on the *Applicant's* investment committee, loan officers, portfolio managers).

TABLE J1: Governing Board and Advisory Board Members

Name	Title	Firm	Governing or Advisory Board	Hours per Week	Date of Appointment	Community Representative ¹
			GOV/ADV			YES / NO
			GOV/ADV			YES / NO
			GOV/ADV			YES / NO
			GOV/ADV			YES / NO

¹ Information provided in this column must correspond to information provided in the *Applicant's* Accountability Chart in its *CDE Certification Application* (not applicable to *CDFIs* and *SSBICs*).

In Table J2, list the *Applicant's* principals or other essential staff who will play material roles in its operations. Include key consultants or persons who are not staff members of the *Applicant* (e.g., accountants, attorneys, financial advisors, contractual partners, community partners, or staff of an *Affiliate*).

TABLE J2: Principals and Key Staff

Name	Title	Firm	Role with Applicant	Hours per Week	Date of Hire



EXHIBIT K: Management Experience

Table K1 must be completed for all staff and personnel of the *Applicant* that have experience managing assets and the risk of these assets. *Applicants* engaged solely in *Financial Counseling and Other Services* do not need to complete Table K1.

TABLE K1: Asset Management Experience

Name of <i>Applicant</i> Staff Person	Name(s) of Fund(s)	Position Held	Years Employed in that Position	Loans/Investments Under His/Her Management (#)	Assets Under His/Her Management (\$)

Table K2 must be completed for all staff and personnel of the *Applicant* who have experience managing compliance with tax credit or other government programs.

TABLE K2: Monitoring and Compliance Experience

Name of <i>Applicant</i> Staff Person	Name of Program and Agency	Number of Years Experience	Any History of Program Non-Compliance? ¹
			YES / NO

¹ If yes, provide a narrative describing the cause of non-compliance, the date(s) of non-compliance, and, if applicable, how the issue was resolved: _____

access
ing
capital
development
INVESTMENT
development
TAL
CREDIT
future
L D C D E I
fund

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 <i>Applicant</i> which may receive a transfer of all or part of a <i>NMTC Allocation</i> from the <i>Applicant</i> .
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> .
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> .
Community Development Entity (CDE)	<p>Under IRC §45D(c)(1), any domestic corporation or partnership if:</p> <ol style="list-style-type: none">(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>;(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(3) The entity is certified by the Fund as a <i>CDE</i>. <p><i>Specialized Small Business Investment Companies (SSBICs)</i> and <i>Community Development Financial Institutions (CDFIs)</i> are deemed to be <i>CDEs</i> in the manner set forth in</p>



Guidance published by the Fund (66 Federal Register 65806, December 20, 2001).

**Community Development
Financial Institution (CDFI)**

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.

Control

Control is defined as:

- (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;
- (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
- (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.

Controlling Entity

An entity that *Controls* an *Applicant*.

Disadvantaged Business

A business that is (a) located in a *Low-Income Community*; or (b) is owned by a *Low-Income Person*; or (c) a business that has inadequate access to investment capital.

Disadvantaged Community

This term has the same meaning as a *Low-Income Community*.

Equity Investment

Under IRC §45D(b)(6) and the *Temporary and Proposed Income Tax Regulations*, 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 *CDE* relating to the organization or operation of a trade or business. See 26 CFR 1.45D-1T(d)(7).



Low-Income Community

Under IRC §45D(e)(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.

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.

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.

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 Availability (NOAA)

A document published by the Fund in the Federal Register that provides specific guidance on how a *CDE* may apply for a *NMTC Allocation*, 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 2002 *Allocation Application* will only apply to the 2002 allocation year.

NMTC Allocation

An allocation of tax credit authority pursuant to the New Markets Tax Credit Program.

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.

Qualified Equity Investment (QEI)

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 *QLICIs*; 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 Proposed Income Tax Regulations* at 26 CFR 1.45-1T(c) for more information.

Qualified Low-Income Community Investment (QLICI)

Under IRC §45D(d)(1), a QLICI is:

- (1) Any capital or *Equity Investment* in, or loan to, any *QALICB* (as defined in IRC§45D(d)(2));
- (2) The purchase from a *CDE* of any loan made by such entity that is a QLICI;
- (3) *Financial Counseling and Other Services* to businesses located in, and residents of, *Low-Income Communities*; and



(4) Any *Equity Investment* in, or loan to, any *CDE*.

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

An entity defined in IRC §1044(c)(3).

Specialized Small Business Investment Company (SSBIC)

Subsidiary

Any legal entity that is owned or *Controlled* directly or indirectly by an *Applicant*. This term includes series funds, which are separate investment funds *Controlled* by an *Applicant*.

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).

