

**CDFI Fund Updates 2015 Application and Application Q&A**

Today, the CDFI Fund issued an updated version of the 2015 NMTC application and Application Q&A document.

* [Updated NMTC Application](https://www.cdfifund.gov/Documents/2015%20NMTC%20Application%20FINAL.pdf) (online version also available)
* [Updated Application Q&A](https://www.cdfifund.gov/Documents/2015%20NMTC%20Application%20QA%20FINAL.pdf)(note that this is a different document from the Compliance FAQ updated two weeks ago)

The modified Q&A addresses a widespread concern that the application required CDEs to describe all potential pipeline projects in full detail in Question 17. That requirement that would have proven difficult for CDEs with a large pipeline (given the question's character limit). Below is full update on Question 17:

**How many sample projects should an Applicant include in its response to Question 17?**

The TIP associated with Question 17 states that the Applicant must provide detailed sample transactions with total QLICI needs of the QALICB/project sponsor equivalent to the Applicant’s NMTC Allocation request in Question 1. Total QLICI needs of the QALICB/project sponsor include any QLICIs anticipated to be provided by the Applicant. For example, if the Applicant requests $75MM in NMTCs it would need to provide sample transactions for $75MM in total QLICI needs.

If the Applicant anticipates providing a QLICI to create a loan or equity pool to finance smaller dollar QLICIs and/or revolving QLICIs, the CDFI Fund does not expect the Applicant to describe each individual transaction. In this context, the Applicant should describe, as a group, the total QLICIs to be used for this purpose and the business types to be financed and/or uses (e.g. equipment, facility improvements). For example, if the Applicant planned to use $10MM of allocation to create a small business loan fund, then it should describe that $10MM loan fund as one “sample transaction.”

Applicants must describe the following for each sample pipeline transaction: total project costs, total QEI and QLICI to be provided by the Applicant, underwriting status, projected closing date, and planned uses of financing. Q.17 should not include discussion of any community outcomes expected to be generated from its pipeline transactions. Community outcomes should be discussed specifically in Q.25(a). The CDFI Fund recognizes that Applicants may need more than 10,000 characters to fully answer this question and has updated the 2015 NMTC Allocation Application to allow up to 12,000 characters for Q.17.

Other revisions in the Q&A can be found on pages i-iv of the updated document. The additional questions include the following changes and clarifications:

1. Additional guidance on Exhibit B4 (track record), which in the past was called "non-QLICI activities". This category is reserved for Restricted NMTC Activities, loans and/or Equity Investments in NMTC investment funds or non-CDE financial institutions, personal or consumer loans, residential mortgages, and other types of loans and/or Equity Investments.
2. More information on how an applicant can qualify for five priority points by committing to using substantially all of its QEI proceeds to make investments in one or more businesses in which persons Unrelated to the Applicant and the Subsidiary CDE making the QLICI (if any) hold the majority equity interest (“Unrelated Entities”).
3. Clarification on how job training centers fit into the job creation metrics
4. "Flexible lease rates" can only be selected in Question 25(a) if favorable lease terms are offered to a third party and not an affiliate.
5. Stimulating "additional private investment" in Question 27 "does not include additional local, state, or federal subsidies (bond financing, tax-increment financing, historic tax credits, etc.)."