

reduce the recommended amount of an *NMTC Allocation* as appropriate, or deny the *Applicant* an *NMTC Allocation* entirely. Please see the third Note in Part I, Section A of the *Allocation Application* for certain CDFI Fund eligibility requirements and to ensure that your business strategy falls within those guidelines.

56) What types of due diligence should the *Applicant* address in Q.18 and Q.29(c)? In response to Q. 18, can the *Applicant* refer to other parts of the *Allocation Application* if the information is provided elsewhere? How is the information provided in Q. 18 different from the information requested in Q. 29?

In Q. 18, the *Applicant* should identify the documents reviewed and the analyses performed as part of its due diligence, prior to making a *QLICI*, in determining *QALICBs*' ability to remain financially viable and operational, including but not limited to: 1) financial considerations of the borrower or investee (i.e. *QALICB Affiliate*); 2) the likelihood of project completion related to the asset(s) financed with NMTC; 3) management team's ability to effectively undertake and manage the *QALICB*; and 4) analysis of market demand for the *QALICB*'s products or services.

The *Applicant* should be sure to explain how the selection criteria described in Q. 17 informs due diligence performed prior to making a *QLICI*. The *Applicant* should also explain how the analyses performed are documented. The *Applicant* should not refer to other parts of the *Allocation Application* in its response to Q. 18.

In Q. 29(a), the *Applicant* is asked to identify the individual(s) involved in conducting due diligence and documenting the analyses conducted, as well as the individual(s) responsible for evaluating the analyses and approving the *QELs*.

In Q. 29(c), the *Applicant* is asked to describe the due diligence conducted on its past loans and/or equity investments listed in Exhibit B. If Exhibit B, includes loans or equity investments using non-NMTC funding (e.g. SBA 504, CDFI loan funds, bank deposits, etc.), Q. 29(c) should include a description of the *Applicant's* (or *Controlling Entity's*) track record of such due diligence.

If Exhibit B only includes NMTC loans and/or equity investments, the *Applicant* may refer to Q. 18 if proposed *QLICIs* (business types, activity type, financial products) are the same as its past *QLICIs*.

57) If an *Applicant* commits in Question 19 to invest in *Unrelated CDEs* or *Unrelated Minority-owned or controlled* or *Native American-owned or controlled CDEs* that do not have *NMTC Allocations*, how would it determine if a *CDE* is eligible to receive a *QLICI* under this commitment?

In order for an *Applicant* to make a *QLICI* in an *Unrelated CDE* and qualify to meet the innovative investment requirements, the *CDE* receiving the *QLICI* must not have received an *NMTC Allocation* in the CY 2018, CY 2019, or CY 2020 rounds. To determine which *CDEs* received such allocations, the *Applicant* may consult the CDFI Fund's award database: <https://www.cdfifund.gov/awards/state-awards>. See also the definitions of *Unrelated*, *Minority-owned or controlled*, and *Native American-owned or controlled* in the *Allocation Application* Glossary of Terms.

The *Unrelated CDE(s)* that would receive the *QLICI(s)* may apply for a CY 2022 *NMTC Allocation*. Should the *Unrelated CDE(s)* and the *Applicant* be awarded a CY 2022 *NMTC Allocation*, the