

Non-substantive Change Justification Memo
Community Development Financial Institutions Fund
New Markets Tax Credit Program 2011 Application
OMB Paperwork Reduction Act No.1559-0016

The Community Development Financial Institutions Fund (CDFI Fund) requests prompt PRA approval of the non-substantive, non-material changes to the New Markets Tax Credit application for the 2011 round. The agency plans to release this application to the public on May 25, 2011.

The PRA number for this application was renewed on April 29, 2011 with an expiration date of March 31, 2014. This approval was based on the 2010 version of the application. Each year, the CDFI Fund updates the application to reflect updated deadlines and data collection periods, clarifies question wording and “tips”, and repositions questions if sensible.

The application includes forty-eight questions and incorporates several exhibits. Applicants submit this application via an electronic form so that the CDFI Fund can evaluate applicants for New Market Tax Credit allocation awards. The CDFI Fund collects this information once per funding round.

The annual requirements for completing the application and updated deadlines are communicated via a Notice of Allocation Availability published in the Federal Register and through various agency outreach materials posted on the CDFI Fund website. The NOAA will remain largely the same for 2011 as it was for 2010, with dates and times updated for the new Round schedule, with the following notable exception:

1. **Controlling Entity signature.** A second signature line for a Controlling Entity Representative. This will ensure that the Controlling Entity approves of the Applicant’s application and agrees to being designated as the Controlling Entity.

2011 NMTC Allocation Application: Summary of Major Changes

Global Changes:

1. **Number of Questions Reduced.** The total number of questions has been reduced from 49 to 48, with certain questions dropped and others merged or repositioned.
2. **Controlling Entity Representative Certifications and Assurances Signature Required.** This change will allow the agency to confirm that the Controlling Entity approves of the Applicant's application and agrees to being designated as the Controlling Entity.

SECTION CHANGES

Applicant Information:

1. **Name of Federal Regulator.** Questions 2 and 3 ask for the primary regulator and control number for the Applicant or Controlling Entity, if either is a federally regulated financial institution.
2. **Public Contact Person.** Question 5 asks the Applicant to provide a public contact person whose information will be published in the Award Materials and monthly agency reports. This information is optionally reported.
3. **Service Area.** Question 6 asks Applicants to indicate whether they have a service area amendment pending in relation to the Application.
4. **Executive Summary and Applicant Profile.** The Executive Summary (Q. 11) has been moved from the Business Strategy section to the Applicant Information section. A sub-question asking an Applicant to provide a brief profile has been eliminated.

Business Strategy:

1. **Distribution of Subsidy from Tax Credit.** Question 16 asks Applicants to estimate the percentage of the original investment in projects will remain invested at the end of the compliance period.
2. **Prior Performance.** Part (c) of Question 18 has been removed as the information appears duplicative.
3. **Projected Business Activities.** Questions 20-22 were consolidated into Question 20.

4. **Non-metropolitan Counties.** Previously appearing as Question 24 (now Question 22), sub-questions (d) and (e) were modified to reduce the scope of the information collected.

Community Impact:

1. **Targeting the Use of QLICs.** Question 28 from the 2010 Application has been revised and split into two different questions - Questions 25(b) and 27.
2. **Community Involvement.** Question 27 replaces aspects of previous Question 35 and Question 28 in the 2010 Application.

Management Capacity:

1. **Asset and Risk Management Experience.** Question 31, previously Question 33, was modified. This information had previously been requested in 40(d) of the 2010 Application.
2. **Low-Income Community Representation.** Question 33, previously Question 35, has been refined. Questions on the involvement of community stakeholders in specific investments have been moved to the Community Impact section in Question 27.
3. **Financial health of Applicant (or Controlling Entity).** Question 35, previously Question 37, includes one additional conditional sub-question.
4. **Previous Allocation Awards.** Questions 38 to 41 were moved to their own section, Part V.
5. **Exhibit D.** A line has been altered in Table D1 so that the Applicant will report its annual delinquency rate as a percentage.

Capitalization Strategy:

1. **Investment Strategy.** Question 39 was added. This question was inadvertently left off the 2010 Application, so it is being restored.
2. **Compensation & Profits.** For Question 43, previously Question 48, a new sub-question is asked regarding fees. A sub-question asking Applicants to articulate how they will use funds not used for operations has been eliminated.