

Name of Applicant	
Date of Submission	

## NEW MARKETS VENTURE CAPITAL PROGRAM APPLICATION

# PART I, QUESTIONNAIRE

SBA Form 2184

Address	
Contact Person	
Telephone	
FAX	
Email	
Name of Person Submitting Application	

**NEW MARKETS VENTURE CAPITAL  
PROGRAM  
INVESTMENT DIVISION  
U. S. SMALL BUSINESS ADMINISTRATION**  
409 Third Street, SW Washington, DC 20416 Tel: (202) 205-6510

The SBA is collecting the information on this form for the purpose of determining whether the applicant should be selected as a New Markets Venture Capital Company (NMVCC). The information will be used in performing background investigations of the key personnel of the applicant. The information collected on this form is required in order for your business to receive SBA assistance. The estimated burden for completing this NMVCC Application (both SBA Form 2184, Part I, Questionnaire, and SBA Form 2185, Part II, Exhibits) is 240 hours. You are not required to respond to this form unless it displays a current Office of Management and Budget (OMB) control number. The information collected on this form will be kept confidential to the extent permitted by law. If you have questions or comments concerning this estimate or other aspects of this information collection, please contact the U.S. Small Business Administration, Chief, Administrative Information Branch, Washington, DC 20416 and/or Office of Management and Budget, Clearance Officer, Paperwork Reduction Project (3245-0332), Washington, DC 20503. **Please do not send forms to OMB.**

Name of Applicant	
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## DECLARATION OF PRINCIPALS AND CONTROL PERSONS

### *INSTRUCTIONS*

- (1) Be sure to fill in the header for this section.
- (2) This declaration is to be signed at the time of initial submission of an Application.
- (3) After submitting your Application, if you add any new principals or Control Persons (see 13 CFR §108.50) to the New Markets Venture Capital Company (NMVCC), you must immediately submit to SBA two signed originals of this declaration for each such new person.
- (4) After having received designation as a NMVCC, if you plan to add a new principal or Control Person to the NMVCC, you must submit to SBA two signed originals of this declaration **prior to adding such person** as a principal, officer, director, or managing member.

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### *DECLARATION*

1. We constitute all of the principals and Control Persons of the applicant and we certify that all information submitted in connection with SBA Forms 2184 and 2185 is true and correct to the best of the knowledge and belief of each one of us. We also certify that we are submitting this information for the purpose of receiving SBA's designation as a NMVCC, or SBA's approval of a change in the ownership or management of a NMVCC. We agree that all statements made in connection with the SBA Forms 2184 and 2185 are considered material for the purpose of inducing the SBA to finally approve the applicant, approve the management and ownership of the applicant, and to disburse SBA funds in reliance on such statements.
2. If this Application is approved, we will operate the NMVCC in full conformity with the Small Business Investment Act of 1958, as amended, and SBA regulations. We understand that if a Participation Agreement is signed on the basis of this Application, this Application will become an agreement with the SBA within the meaning of 13 CFR §108.507. Accordingly, nonperformance is a violation of §108.507.
3. We understand that knowingly making a false statement in connection with this Application is a violation of Federal law and is subject to criminal prosecution and civil penalties under 18 USC §§ 287, 371, 1001, and 1006; 15 USC §§ 645 and 687(f); and 31 USC § 3729.

Name of Applicant	
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4. We have not used and will not use, directly or indirectly, any funds advanced by any Small Business Investment Company (SBIC) or any NMVCC to any small business concern, or any funds available as a result of funds advanced by an SBIC or NMVCC to a small business concern, to purchase any securities of the NMVCC or to repay any obligation incurred in connection with the purchase of any securities of the NMVCC.

Name of Applicant	
<b>By</b> (entity authorized to sign on behalf of Applicant, e.g., general partner)	
<b>By</b> (signature of person authorized to sign)	
<b>Title</b>	<b>Date</b>

***INDIVIDUAL EXECUTION BY EACH PRINCIPAL AND EACH CONTROL PERSON***

Signature	
Printed Name	
Title	Date

Signature	
Printed Name	
Title	Date

Signature	
Printed Name	
Title	Date

Signature	
Printed Name	

Name of Applicant	
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Title		Date	
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## NMVCC APPLICATION INSTRUCTIONS (for SBA Forms 2184 and 2185)

### **STRUCTURE OF THE APPLICATION**

The entire NMVCC Application can be downloaded in Word format from SBA's Investment Division web site at:

[http://www.sba.gov/aboutsba/sbaprograms/inv/nmvc/INV\\_NMVC\\_FORMS.html](http://www.sba.gov/aboutsba/sbaprograms/inv/nmvc/INV_NMVC_FORMS.html). The NMVCC Application is divided into two parts:

- SBA Form 2184, Part I, Questionnaire.doc
- SBA Form 2185, Part II, Exhibits.doc

Completion of the entire NMVCC Application fulfills the requirement in 13 CFR §108.310(b) to submit a “comprehensive business plan.” Simply attaching a business plan but not completing the NMVCC Application itself, does not comply with the regulatory requirement.

### **BEFORE STARTING**

Prior to answering any question in this Application, you will need to read and become familiar with:

- All of the NMVC program regulations found in 13 CFR Part 108. This information can be downloaded from SBA's Investment Division web site at <http://www.sba.gov/INV/NMVC/regulations.html>.
- The Notice of Funds Availability (NOFA) and information referenced within the NOFA, which can be downloaded from SBA's Investment Division web site at <http://www.sba.gov/INV/NMVC/guidance.html>.
- The definitions of Small Business and Smaller Enterprise found in 13 CFR §108.50, and the small business size standards found in 13 CFR Part 121, §121.101 through §121.103. Part 121 can be downloaded from SBA's web site at <http://www.sba.gov/size>.
- The Office of Management and Budget (OMB) Circular A-110 (2 CFR §215), which can be downloaded from SBA's web site at <http://www.sba.gov/INV/NMVC/guidance.html>.

### **IMPORTANT INFORMATION**

1. Note that you are required to submit **two original sets** of your Application. Keep this in mind when preparing documents for signatures and/or obtaining fingerprint cards.
2. Some of the questions within the Application refer to specific sections of the regulations. You should read and become familiar with those sections before answering those questions. In addition, some of the terms used within the Application, such as Associate or Developmental Venture Capital, have specific definitions in relation to the NMVC program. Definitions can be found in §108.50 of the regulations and in OMB Circular A-110 (2 CFR §215),.
3. Additionally, the following terms are used within the Application (not defined in the regulations) and have specific meanings in the context of the Application:
  - You – refers to the Applicant NMVCC, not any individual manager or principal, unless specified elsewhere.

*SBA Form 2184 (7/02) Previous edition is obsolete*

- NMVCC – refers to the Applicant’s proposed NMVCC, if the Company has not been formed, or the actual Company seeking designation as a NMVCC, if the Company has been formed, and in some cases the NMVCC finally approved by SBA under §108.380(a).
  - Principal – refers to anyone who engages in the management of the relevant entity. This customarily includes officers and directors of a corporation, general partners of a partnership, and managers of a limited liability company. Whether one qualifies as a principal is based upon authority, responsibility, and actions. Title is not determinative.
  - Performance Goal – means a target level of performance expressed as a tangible, measurable objective, against which actual achievement will be compared, including a goal expressed as a quantitative standard, value, or rate.
4. In answering questions where you have not had actual experience, how you respond is particularly important. If you have not managed a fund previously as a team, these responses are especially significant in our evaluation of the answers. It is not length of the response that counts; rather it is the *internal integrity, consistency, coherence, and clarity* of the content as it relates to your strategy and to your experience.
  5. If SBA designates you as a NMVCC, you will receive a multi-year commitment of financial assistance in the form of a grant and Leverage. However, in order to continue to receive such assistance, your NMVCC must remain in regulatory compliance and adhere to the general investment and Operational Assistance plans set forth in your Application. Keep this in mind when answering the questions in the Application.
  6. Answer all Questions and provide all Exhibits unless the instructions specifically advise you that you may submit information at a later date. Failure to provide all requested information may result in SBA not accepting your Application for consideration.

### **FILLING OUT THE APPLICATION QUESTIONNAIRE**

1. Substitute the NMVCC’s name for [Name of Applicant] in the header.
2. Substitute the actual MM/DD/YY for [Date of Submission] in the header.
3. Insert your answer following each question with a blank line both before and after the answer.
4. If “not applicable”, write “N/A.”
5. If the information requested may be found in an Exhibit, write “See Exhibit [*insert exhibit letter*].”
6. Insure that narrative responses are in Times New Roman or Times Roman, size 12 font.
7. Expand tables and information boxes as necessary to include all information requested.
8. Delete instruction pages 4-6 of the Questionnaire.
9. Ensure that tables and information boxes do not break across pages, unless unavoidable due to size.
10. Ensure that each of the five Questionnaire sections begin at the top of a new page.

If you wish to provide supplemental information for a particular question, you may attach it in Exhibit L. In Exhibit L, be sure to identify the question being addressed.

### **PREPARING THE SUBMISSION**

1. Submit SBA Form 2184 (the Questionnaire) and SBA Form 2185 (the Exhibits) in Word format, except Exhibit N (Model Forecast), which must be submitted in Excel format, all on standard IBM readable 3½" diskettes or CD Rom. The electronic versions of these documents must be identical to the hard copies you also submit.
2. **Submit two (2) complete, original hard copy sets** of the Questionnaire and Exhibits. Place each of the two original sets in a large 3-ring binder. Label the binders with the NMVCC's name.
3. **Submit one (1) complete hard copy** of the Questionnaire and Exhibits. It must be unbound and suitable for photocopying (i.e., no hole punches, staples, paper clips, tabs or binders).
4. Ensure that the Declaration of Applicant (on pages 2-3 of the Application) is signed by:
  - The individual general partners, or all officers of the entity general partner, of a limited partnership NMVCC
  - All officers of a corporate NMVCC
  - All managers of a limited liability company NMVCC.
5. Ensure that all required signatures appear on all Exhibits requiring a signature.
6. You must accompany your application with a grant issuance fee of \$5,000, in accordance with 13 CFR 108.330.

## QUESTIONNAIRE

### SECTION 1. GENERAL INFORMATION

*Answer all questions in this Section 1 in their entirety when initially submitting this application. Limit your narrative responses to each question or sub-question to 8 lines, 12 pt. Times Roman, using the pre-set margins. Please do not exceed the designated size limits unless otherwise instructed.*

- 101. Full legal name of NMVCC.
  
- 102. Address of main office and any branch offices, plus the URL of your web page, if any.
  
- 103. What is the primary mission of the NMVCC (see §108.120)?
  
- 104. NMVCC total resources (see §§108.50, 108.310(a) and 108.380(a)).

	Capital	Operational Assistance
Amount of Debenture Leverage requested from SBA	\$	
Amount of Regulatory Capital you are committing to raise	\$	
Amount of Operational Assistance grant requested		\$
Amount of Operational Assistance grant matching resources you are committing to raise		\$
<b>Total</b>	<b>\$</b>	<b>\$</b>

- 105. List each principal for your NMVCC and their corresponding title and function in the NMVCC.

Name	Title and Function

- 106. For each individual listed in question 105 above, provide the following:

Full Name		Nickname (if any)	
Business Tel. No.		Home Tel. No.	
Business Fax. No.		Home Fax No.	
Business Email		Home Email	
Business Address		Home Address	
NMVCC Office Where Person Will be Located			

Full Name		Nickname (if any)	
Business Tel. No.		Home Tel. No.	
Business Fax. No.		Home Fax No.	
Business Email		Home Email	
Business Address		Home Address	
NMVCC Office Where Person Will be Located			

Full Name		Nickname (if any)	
Business Tel. No.		Home Tel. No.	
Business Fax. No.		Home Fax No.	
Business Email		Home Email	
Business Address		Home Address	
NMVCC Office Where Person Will be Located			

Full Name		Nickname (if any)	
Business Tel. No.		Home Tel. No.	
Business Fax. No.		Home Fax No.	
Business Email		Home Email	
Business Address		Home Address	
NMVCC Office Where Person Will be Located			

107. Regulatory Capital (see §§108.50 and 108.230).

107.1 Anticipated sources of Regulatory Capital

Actual Name and/or Class of Source (e.g., banks, foundations, pension funds, individuals, etc.)	Amount Requested	Amount Committed	Estimated Date of Commitment
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	

107.2 What is your anticipated closing date for equity commitments?

108. Matching resources for Operational Assistance (OA) grant (see §108.50).

108.1 Anticipated sources of Cash Contributions (see OMB Circular A-110, ¶12(f)) [2 CFR §215(f)].

Actual Name and/or Class of Source (e.g., banks, foundations, pension funds, individuals, etc.)	Amount Requested	Amount Committed	Estimated Date of Commitment
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	

108.2 Do you intend to utilize an annuity to fund your required matching resources (see §108.2030(c)(2)(iv))?

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
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108.3 If “yes” describe the anticipated annuity, amount, and insurer expected to issue the annuity.

108.4 Anticipated sources of Third Party In-Kind Contributions (see OMB Circular A-110, ¶12(kk)) [2 CFR §215(kk)].

Actual Name and/or Class of Source (e.g., banks, foundations, pension funds, individuals, etc.)	Type of In-Kind Contribution	Amount Requested	Amount Committed	Estimated Date of Commitment
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	

108.5 Anticipated ratio of Cash Contributions to Third Party In-Kind Contributions in total matching resources (see §108.2030(c)(1)).

Total Matching Resources for Operational Assistance Grant	\$	100%
Cash Contributions Amount	\$	%
In-Kind Contributions Amount	\$	%

109. Describe how you intend to achieve Management and Ownership Diversity (see §108.150). Specific questions you must answer include (a) how many total investors do you contemplate, and (b) what percentage do you anticipate would be held by investors who are not principals or not Associates or Affiliates of principals.

110. Structure and relationships. If you have not legally organized your NMVCC, respond to this Question 110. If you have, complete Section 5 of this Questionnaire instead.

110.1 Describe the proposed organizational structure of the NMVCC and all individuals and entities that are Associates or Affiliates (see §108.50) of the NMVCC. Your description of the organizational structure should include the items listed in this question 110. In Exhibit K, include organization charts that comply with the instructions in Exhibit K.

110.2 Describe the proposed legal structure.

110.3 Describe the proposed ownership structure of the NMVCC and ALL related entities shown in the organization chart in Exhibit K, including percentage of ownership by each of the principals, investors with control and Control Persons (see §108.50). (In this section, do not list any shareholders whose investments are proposed to be solely financial, and who are not proposed to be controlling shareholders.)

110.4 Describe all existing or anticipated contractual relationships between the persons and entities described in the organization structure. (You may omit non-material items which arise in the ordinary course of business for an entity, e.g., normal commercial banking relationships.)

110.5 Describe any existing or proposed Associate or Affiliate relationship between any officer, director, general partner, or manager, or 10% owner of the NMVCC and any other NMVCC or Small Business Investment Company (SBIC).

110.6 Describe any potential conflicts of interest and the controls you will put in place to protect the interests of the SBA and the NMVCC’s investors (see §108.730).

111. Associates.

111.1 Will the NMVCC be associated with another entity?

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
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If “yes”, answer the following questions.

111.2 Contact information:

Name of Entity		Address	
Key Contact		Direct Phone	
Email Address		Fax	

111.3 What is the business of the associated entity?

111.4 Is this entity involved in economic and/or community development?

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
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111.5 If "yes," describe its activities. Also provide the most recent audited financial statement and annual report for this entity in Exhibit L.

111.6 What is the source of capital of the associated entity? Provide percentages by class of sources (e.g., banks, foundations, pension funds, individuals, etc.).

111.7 Will this entity be providing Regulatory Capital to the NMVCC?

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
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111.8 If "yes", how much money?

111.9 Will this entity be providing Operational Assistance grant matching resources to the NMVCC?

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
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111.10 If "yes", how much in cash and/or in-kind?

111.11 Describe, in detail, any proposed working relationship between the NMVCC and this associated entity (for example services provided, personnel provided, charges for such personnel, overhead absorption, etc.)

112. Counsel and consultants.

Law Firm			
Firm Name/Address			
Name of Attorney		Direct Ph. No.	
Email Address		Fax Number	

Independent Public Accountant			
Firm Name/Address			
Name of Accountant		Direct Phone No.	
Email Address		Fax Number	

Consultants			
Firm Name/Address			
Name of Consultant		Direct Phone No.	
Email Address		Fax Number	

113. Summarize the projected and/or incurred organizational expenses and Management Expenses (see §108.520) you propose to incur up to your anticipated closing date for equity commitments.

Source	Amount Accrued	Total Amount Projected
Management	\$	\$
Legal	\$	\$
Accounting	\$	\$
Consulting	\$	\$
Other Organizational Expenses	\$	\$
Total	\$	\$

114. Are you proposing to be a regulated public entity (for example, a company registered under the Investment Company Act of 1940 or the Small Business Investment Incentive Act of 1980), either at the time of initial application submission or at some foreseeable time in the future? If so, please complete Exhibit U.

Yes  No

115. New Markets Tax Credit program.

115.1 Address if, and to what extent, you intend to conform your activities to the New Markets Tax Credit program (see §108.50).

115.2 If you plan to seek New Markets Tax Credits, state the amount of tax credit allocation you intend to seek.

\$

## **SECTION 2. INVESTMENT AND OPERATIONAL ASSISTANCE ACTIVITIES**

*Answer all questions in this Section 2 in their entirety when initially submitting this application. Limit your narrative response to each question or sub-question to 8 lines, 12 pt. Times Roman, using the pre-set margins. Please do not exceed the designated size limits unless otherwise instructed.*

201. Identification of targeted geographic area.

201.1 Describe the Low-Income Geographic Areas (LI Areas) (see §108.50) in which you intend to target your investment and Operational Assistance activities.

201.2 Provide in Exhibit W a visual representation of the LI Areas in which you intend to target your activities and a breakdown of the specific criteria under which each of these areas qualifies as a LI Area.

202. Market analysis of targeted LI Areas.

202.1 Describe the extent of the economic distress in your targeted LI Areas.

202.2 Discuss the extent of demand for Developmental Venture Capital (see §108.50) in your targeted LI Areas and how you plan to meet this demand. If possible, quantify the size of the demand for such capital, and provide the basis for such estimates (e.g. customer inquiries, results of a survey, etc.)

202.3 Discuss any factors or trends that may affect your ability to make effective Developmental Venture Capital investments in your targeted LI Areas.

202.4 List and describe other providers of Equity Capital Investments (see §108.50) in your targeted LI Areas. Discuss the extent to which your proposed investment area and strategy compete with those of such existing providers.

202.5 Describe the leading business activities, if any, that are characteristic of your targeted LI Areas.

202.6 Provide any other market information and analysis, not already provided in this Question 202, that demonstrates your understanding of the market and unmet capital needs in your targeted LI Areas and of how your activities will have a positive economic impact on those areas.

203. Describe the industry preferences you have, if any, and why you have these preferences.

204. What are the biggest hurdles to overcome in your investing strategy in relation to your targeted LI Areas and the types of companies in which you plan to invest? For example, you may want to discuss any particular risks in your exit strategies or from having a specific geographic concentration. (Do not discuss the universal risks of venture investing such as management.)

205. State the ratio of investing you anticipate doing in urban vs. rural areas.

<u>Urban</u> (Any area within a Metropolitan Area as that term is used by the Bureau of the Census of the U.S. Department of Commerce.)	%	<u>Rural</u> (Any area not within a Metropolitan Area.)	%
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206. Impact of your investment and Operational Assistance (OA) activities.

When answering this Question 206, keep in mind that SBA will use the information in your answers both to consider whether to grant you conditional approval, and to assess your performance as an NMVCC if you become a finally approved NMVCC. You may take up to one-half of a page to answer each sub-part of this Question 206.

206.1 Specific benefits to be created.

Describe the specific social, economic, and community development benefits that you expect your investment and OA activities will create within your targeted LI Areas. (For example, you might describe how you expect your activities to create new living-wage jobs in LI Areas.)

206.2 Identification of specific Performance Goals.

Identify several specific objectives towards which you will direct your investment and Operational Assistance activities (Performance Goals), in order to create the benefits you described in Question 206.1 above. (For example, one of your Performance Goals might be “living-wage job creation in LI Areas.”) Discuss why your NMVCC’s strategy, structure, business plan, or other characteristics make the goals you have identified particularly well suited to your NMVCC.

206.3 How performance results will be measured.

Describe the criteria, values, or characteristics you will use to measure the results you achieve as you work toward each of your Performance Goals. (For example, you might use the values of “aggregate number of living-wage jobs created per year by portfolio companies located in LI Areas,” and “annual/hourly salary of at least X dollars in order for the job to qualify as a living-wage job,” to measure progress toward a Performance Goal of “living-wage job creation in LI Areas.”)

206.4 Basis for tabulating performance results.

Describe the specific units or measures (expressed either quantitatively or qualitatively) that you will use to tabulate your activities toward accomplishment of each of your Performance Goals. Also, identify the amounts of those measures that you will consider to constitute the successful accomplishment of each of your Performance Goals. (For example, you might use the measure of “10 living-wage jobs per year” to indicate what you consider to be acceptable progress toward a Performance Goal of “living-wage job creation in LI Areas.”) Discuss how you will acquire the data necessary to substantiate your results.

(For example, you might annually survey your portfolio companies located in LI Areas requesting information about the number of new jobs that they have created and whether those jobs pay at least the wage you have specified as a living wage. Your methodology also might provide that only living-wage jobs that remain in existence for more than one year will be counted.)

206.5 Performance Goals table.

Select at least two and no more than four of your most significant Performance Goals (using the Performance Goals identified in Question 206.2 above), against which you want your performance as an NMVCC to be assessed in accomplishing the objectives of the NMVC program. Complete the table below for each such Performance Goal, providing units or measures (as discussed in Question 206.4 above) for the first 10 years of operation as an NMVCC.

The information concerning “Total Market” is sought in order to provide context for each Performance Goal you set forth as it relates to your anticipated overall performance as an NMVCC. However, SBA will assess your performance toward accomplishment of NMVC program objectives using the indicators and measures set forth in the “Target Market” column.

Performance Goal			Performance Goal		
[Name of Performance Goal 1]			[Name of Performance Goal 2]		
Years	Total Market (all investments/ assistance)	Target Market (LI Areas)	Years	Total Market (all investments/ assistance)	Target Market (LI Areas)
1-3			1-3		
4-6			4-6		
7-9			7-9		
10			10		

  

Performance Goal			Performance Goal		
[Name of Performance Goal 3]			[Name of Performance Goal 4]		
Years	Total Market (all investments/ assistance)	Target Market (LI Areas)	Years	Total Market (all investments/ assistance)	Target Market (LI Areas)
1-3			1-3		
4-6			4-6		
7-9			7-9		
10			10		

207. Presence in targeted LI Areas.

207.1 Describe how you intend to work with economic and community development organizations, community leaders, and/or residents in your targeted LI Areas to solicit deals and to provide capital and Operational Assistance.

207.2 Name some of the organizations with which you expect to work, including contact names, addresses and phone numbers. Very briefly, describe the types of organizations they are, the geographic areas they serve, and their purpose.

208. How will the Operational Assistance resources that you will have available to assist Smaller Enterprises affect the economic success of the NMVCC?

209. Anticipated distribution of investments.

209.1 In the table below, outline the anticipated distribution of investments by life cycle stage of the portfolio company at the time of initial investment (follow-on investments of initial seed and early stage investments would still be classified as “seed” or “early stage”).

Seed	Early Stage	Development	Growth	Expansion	Turnaround
%	%	%	%	%	%

209.2 Discuss the anticipated holding periods for your investments.

210. Describe the types/characteristics of securities you will utilize to satisfy the 80% Low-Income Investments requirement (see §108.710).

211. State, by revenue, by cash flow, by pre-tax, or by after-tax profits, the sizes of businesses you are most likely to consider financing.

212. Based on your projected time when you will be “fully invested,” are you planning to hold part of your fund in reserve for contingencies? As a percentage of the total fund, including both Regulatory Capital and Leverage, what is the percentage of the fund that you anticipate holding in reserve? Show the dollar split of this reserve between Regulatory Capital and unused Leverage capacity.

213. Projected investment and Operational Assistance cycle.

213.1 Indicate the number of Financings that you expect to make and the estimated amount of investment and Operational Assistance (OA) resources you expect to expend, by year (based on the life and total size of the NMVCC, including Leverage and OA grant requested from SBA).

Year	1	2	3	4	5	6	7	8	9	10
# Financings										
\$ Invested										
\$ OA Provided										

213.2 Discuss the percentage of Regulatory Capital plus Leverage that you propose to invest in Smaller Enterprises located in your targeted LI Areas, as compared to the amount that you propose to invest in Small Businesses outside of LI Areas (see §108.710).

213.3 Indicate the total number of portfolio companies (not Financings) anticipated, and, picking the midpoint of various ranges of financing sizes, indicate how you would expect to have your investments distributed by total amount per company, starting with the smallest first and the largest last.

Total Number of Portfolio Companies Anticipated					
\$ Financing Range	\$ - \$	\$ - \$	\$ - \$	\$ - \$	\$ - \$
# Companies					

Total \$ Amount	\$	\$	\$	\$	\$
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214. Describe your policies on reinvestment of profits or original investment amounts realized during the life of the NMVCC.

215. How many years do you expect that it will take you to be fully invested (except for some reserves for fund overhead or follow-on investments)?

Years
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216. From the standpoint of your proposed investment and Operational Assistance activities, discuss from what sources you anticipate the value of your portfolio to derive, and the magnitude. For example, do you anticipate that your portfolio companies will increase in value due to growth in sales, greater efficiencies, gross margin improvements, improved capitalization, improved management, or p/e multiple expansion (see Question 212 above)?

217. Deal flow.

217.1 Ideally, how many business plan submissions or qualified requests for financing would you consider to constitute an "adequate" annual deal flow?

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217.2 Discuss your marketing strategies for how you plan to achieve this level of deal flow and identify all significant sources of deal flow, either existing or prospective.

217.3 If the principals are now operating a fund in a LI Area, of all of the business plans or qualified requests for financing the fund has received in what percentage has the fund invested?

%		"X" if No Fund →	
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217.4 Who will have primary responsibility for deal generation?

218. Pricing a deal.

218.1 When you are pricing a deal, what is your targeted internal rate of return (IRR)? If you have different targets for different types of financing, so indicate.

218.2 Discuss how you price a deal where the company has earnings. Use an example to clarify your methodology.

218.3 Discuss how you price a deal without positive earnings. Use an example to clarify your methodology.

219. Internal rate of return (IRR).

219.1 What is the IRR or IRR range that you are "selling" to your potential investors (excluding any tax benefits but including the benefit of Leverage)?

IRR Range Before Carry		IRR Range After Carry	
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219.2 Account for the difference between the IRR (before carry) and the IRR at which you price deals.

219.3 What is the impact of tax benefits on the net IRR to investors?

220. Will the fund be a lead investor, co-investor, or sole investor? What mix is anticipated?

221. Seed or early stage investing (see Question 209.1).

Check if not applicable →	<input type="checkbox"/>
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221.1 In the table below, show the most typical progression of each financing round, indicating total size and your share of each round.

Round Number	1 <sup>st</sup> Round	2 <sup>nd</sup> Round	3 <sup>rd</sup> Round	4 <sup>th</sup> & 5 <sup>th</sup> Rounds	Total
Round Size	\$	\$	\$	\$	\$
Your %	%	%	%	%	%
Your \$	\$	\$	\$	\$	\$

222. Corporate governance.

222.1 How active will the principals be in your portfolio companies?

222.2 Discuss to what extent principals or other representatives of the NMVCC will seek board seats and board committees versus observer rights.

223. Exiting investments.

223. 1 Discuss the types of exit strategies you contemplate for your investments, how you would expect them to be proportionally divided, and why you feel that the chosen exit strategies are appropriate for your investment strategies.

223.2 Indicate by percentages of the total number of portfolio companies, the distribution of exit mechanisms you project.

Sales/ Mergers	IPOs	Recaps Incl. Puts	MBOs	ESOPs	Distress Exits
%	%	%	%	%	%

224. How do you anticipate meeting the cash requirements for payment of interest on your SBA Debentures, beginning five years after you issue your first SBA Debenture as an NMVCC?

**SECTION 3. OPERATIONAL ASSISTANCE (OA) GRANT**

Answer all questions in this Section 3 in their entirety when initially submitting the application. Limit your narrative response to each question or sub-question to 8 lines, 12 pt. Times Roman, using the pre-set margins. Please do not exceed the designated size limits unless otherwise instructed.

301. State the term (in years) of the Operational Assistance grant you seek from SBA (see §108.2030 and question 213.1 of this application).

302. Discuss the relevance of this time period to your investment cycle and strategy.

303. Describe the need for Operational Assistance in the LI Areas targeted by your NMVCC.

304. Discuss the types of Operational Assistance you propose to provide and describe how you will provide Operational Assistance to Smaller Enterprises in which you will make or expect to make Developmental Venture Capital investments.

305. Indicate in percentages a breakdown of how you anticipate using your Operational Assistance grant resources.

Operational Assistance used to prepare potential investments for Developmental Venture Capital financing.	%	Operational Assistance used to improve the performance of portfolio companies after initial investment.	%
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306. Indicate the percentage of Operational Assistance resources for Smaller Enterprises that you propose to expend (see §108.2010):

Inside LI Areas	%	Outside LI Areas	%
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307. Discuss whether and to what extent you intend to provide Operational Assistance directly through your staff or through outside entities and how you plan to provide Operational Assistance through the use of licensed professionals when necessary. To the extent known, identify all such outside entities and professionals.

308. Discuss any partnerships, strategic alliances and/or contractual agreements with third parties to provide Operational Assistance, and how they will fit into your investment and Operational Assistance activities in your targeted LI Areas.

309. Compliance with Operational Assistance rules and regulations.

309.1 Who will be the project director for your grant from SBA, i.e., the person having primary responsibility for administering, reporting and ensuring compliance with all applicable rules and regulations governing the grant?

309.2 Will the project director be a full-time or part-time employee?

309.3 Will the project director also be a principal in the NMVCC? (If so, complete Exhibits C through H for this person.)

309.4 What procedures do you intend to use to ensure that the structure and terms of each use of grant resources (both SBA Federal funds and your grant matching resources) complies with all applicable rules and regulations?

310. Provide a narrative (take up to one page) to correspond to your proposed grant budget (see Exhibit X), briefly describing how you will use your grant resources (both SBA Federal funds and your matching resources) and justifying the amounts proposed in each cost category.

## SECTION 4. OPERATIONS, DECISION-MAKING AND INVESTMENT OVERSIGHT

Answer all questions in this Section 4 in their entirety when initially submitting the application. Limit your narrative response to each question or sub-question to 8 lines, 12 pt. Times Roman, using the pre-set margins. Please do not exceed the designated size limits unless otherwise instructed.

401. State the percentage of time that each of the principals will devote to the NMVCC (A) during the first year, and (B) during years subsequent to the first year.

Name of Principal	Year 1	Subsequent Years
	%	%
	%	%
	%	%
	%	%

402. Will you employ a full-time or part-time Chief Financial Officer (CFO)? (If so, complete Exhibit E for this person.) Will this person be a principal? (If so, complete Exhibits C through H for this person.)

403. Compliance with regulations.

404.1 Who will have primary responsibility for reporting and regulatory compliance?

404.2 What procedures do you intend to use to ensure that the structure and terms of each Financing comply with SBA regulations?

404. If you plan to utilize advisors as part of the investment or oversight process, please describe their roles, duties, responsibilities and compensation structure. If you have identified such advisors, please provide a brief description of their backgrounds and why you have selected them as an advisor.

405. For investment committee members and other important advisors who are not also principals and are not otherwise required to complete Exhibit F, describe each person's Community Development Finance or Relevant Venture Capital Finance qualifications (see §108.50).

406. Describe, in detail, your proposed procedures to log deal flow. Do you intend to maintain a computerized deal log? If so, will you maintain your deal log on a database program or another type of program? Identify any software you will use for tracking investments and/or other aspects of your NMVCC's management.

407. Describe, in detail, your proposed internal procedures for reviewing deals that are sent to you. Topics covered should include:

- (a) who reads each plan;
- (b) how you decide with whom to meet;
- (c) how long it normally takes you to respond to the entrepreneur, indicating your potential interest;
- (d) how many principals and/or associates meet with the prospect;
- (e) whether you have a preference for where the first meeting takes place;
- (f) how the decision to proceed is made, giving the criteria used; and
- (g) how the entrepreneur is notified of the go/no-go decision.

408. Describe your due diligence procedures, specifically indicating the type and extent of your inquiries and research. Indicate how you will allocate this responsibility among principals, staff, committees, personnel from affiliated organizations, and outside consultants. (In Exhibit P, include any checklists, questionnaires, internal reports or financial models, and investment committee documents that you plan to utilize. Also include two or more representative term sheets.) For this question, your response may be up to a page in length.

409. Decision-making. For this question, your response may be up to a page in length.

409.1 Describe how you will perform the decision-making process (both buy and sell), indicating the role of each principal in the process, and specifying the voting provisions. (For example, will votes be made through majority, super-majority, or unanimity?)

409.2 Will you use advisory or other committees related to the investment/divestment process and, if so, what roles will such committees play?

409.3 Will some committees or individuals have more voting power than others, or special rights?

410. Internal oversight mechanisms.

410.1 What types of reports do you intend to require from your portfolio companies and with what frequency?

410.2 Describe your monitoring procedures and which principals and employees have responsibility, including how the oversight emphasis may vary for the different principals and employees.

411. Fully describe the criteria and process you will use for deciding whether to make follow-on investments.

412. What are your criteria for termination or disposition of portfolio investments, under different circumstances, e.g., success, loss, "living dead."

**SECTION 5. LEGAL AND FINANCIAL PROVISIONS OF THE NMVCC**

*Answer questions in this section at the time of initial application submission to the extent that information is available. If not answered at that time, you must supply answers by a later date specified by SBA. Limit your narrative response to each question or sub-question to 8 lines, 12 pt. Times Roman, using the pre-set margins. Please do not exceed the designated size limits unless otherwise instructed.*

*All questions must be answered to SBA's satisfaction prior to the signing of the Participation Agreement.*

**501. Structure and relationships.**

501.1 Describe the organizational structure of the NMVCC and identify all individuals and entities that are Associates or Affiliates (see §108.50) of the NMVCC. Your description of the organizational structure should include the items listed in this Question 501. In Exhibit K, include organization charts that comply with the instructions in Exhibit K.

501.2 State the date and jurisdiction of formation for each entity specified above.

501.3 EIN of each entity, if issued.

501.4 State the initial life of the NMVCC and provisions for extending the term.

501.5 Describe the final ownership structure of the NMVCC and **ALL** related entities shown in the organization chart in Exhibit K, including percentage of ownership by each of the principals, investors with control and Control Persons (see §108.50). (In this section, do not list any investors whose investments are solely financial, and who are not controlling investors. Such persons should be shown solely in Exhibit M, NMVCC Capital Certificate.)

501.6 Describe all actual or anticipated contractual relationships between the persons and entities described in the organization structure. (You may omit non-material items which arise in the ordinary course of business for an entity, e.g., normal commercial banking relationships.)

501.7 Describe any Associate or Affiliate (see §108.50) relationship between any officer, director, general partner, manager, or 10% owner of the NMVCC and any other NMVCC or SBIC.

501.8 Describe any potential conflicts of interest and the controls in place to protect the interests of the SBA and the NMVCC's investors (see §108.730).

502. Management.

502.1 Using one line per name in the table below, identify the roles of each individual or entity listed in Exhibit B, Table B1. In addition, list and identify the role of any other persons or entities that will participate in making management and/or investment decisions, specifically including any that are not included in the description of the NMVCC's organizational structure.

Name	Role

502.2 Boards and committees.

- (a) List all corporate, advisory or governance boards or committees you will utilize.
- (b) Provide descriptions of the roles and responsibilities of any such boards or committees in the investment decision process, specifically discussing whether they will have any veto power over investment or other decisions.
- (c) Identify all persons on any such board or committee, and list their names and affiliations and provide brief biographies.
- (d) Describe how and why you will select the members of any such boards or committees.
- (e) Describe the amount and source of any compensation you plan to pay members of such corporate, advisory, or governance boards or committees.

502.3 What is your plan for providing management succession over the life of the NMVCC?

502.4 Describe any provisions regarding the termination (or material alteration) of any managing entity's management activity with respect to the NMVCC (e.g., general partner and management company). Include descriptions of the circumstances under which a termination can occur and any persons that have right to cause a termination.

502.5 Describe any participation by the NMVCC's investors in either the investment process or the governance of the NMVCC, especially provisions for terminating the NMVCC and removal or replacement of the NMVCC's management.

502.6 Describe any provisions regarding the termination (or material alteration) of the compensation or other economic participation of a managing entity of the NMVCC. Include descriptions of the circumstances under which a termination can occur, any persons that have right to cause a termination, and the economic effect of a termination.

502.7 Describe any provisions for adding a new managing entity to the NMVCC. Include descriptions of any right to add (or veto or consent to the addition of) a new managing entity.

502.8 Describe any provisions regarding how the compensation and economic participation of a new managing entity in the NMVCC will be established.

503. Principals.

503.1 For each principal, describe the NMVCC's (or managing entity's) carried interest provisions. Your description of how you will allocate the carried interest must identify all principals, employees, future participants, and other persons or entities that will participate in the carried interest (either directly or through bonus or profit sharing plans), and the formula or other basis for such allocations. Also, discuss any other economic participation plans related to the NMVCC (e.g., consulting or other fees, or share ownership in a managing entity).

503.2 Discuss vesting provisions for both principals and non-principals. Describe any provisions regarding a material alteration (or termination) of the compensation or other economic participation of a NMVCC principal or managing entity. Include descriptions of the circumstances under which a material alteration (or termination) of compensation or other economic participation can occur, identifying any persons who have right to cause such a termination.

503.3 Describe any provisions regarding the termination (or material alteration) of any principal's management activity with respect to a managing entity or the NMVCC. Include descriptions of the circumstances under which a termination could occur, and any persons that have right to cause (or veto or consent to) a termination.

503.4 Describe any provisions for adding new principals to the NMVCC or a managing entity. Include descriptions of any right to add (or veto or consent to the addition of) a new principal.

503.5 Describe any provisions regarding the compensation and economic participation of a new principal in the NMVCC or managing entity.

503.6 Describe all direct and indirect investments by each principal in the NMVCC and in any managing entity. Include a description of the amount and terms of each such investment.

504. Expenses and allocations.

504.1 Describe the profit and loss allocations (including bonus plans or profit sharing plans) between the investors, the managing entities, and any other persons or entities.

504.2 Describe your plans concerning details on distribution or reinvestment of proceeds.

504.3 Describe any provisions for preferential or early distributions.

504.4 Detail the management fees, including formulas for determining such fees (see §108.520). Discuss the allocation of expenses to the NMVCC versus a management entity and/or general partner, e.g. overhead, legal fees, due

diligence costs, etc. Where the same management company is serving multiple entities, fully describe your policy and/or formulas for allocation of management fees between entities. Please note any provisions that address expenses during the termination phase of the NMVCC.

504.5 Describe your policies regarding whether you anticipate charging fees, such as transaction fees, investment banking fees, monitoring fees, directors' fees, etc., and if so, how you will allocate such fees between the NMVCC and any management or other entities (see §108.900).

505. Discuss your office arrangements. For each location, describe your office facilities, including whether urban, suburban, or rural, overall office size, number of employees, and with whom you will share space. (You may wish to respond to this question by describing the current status and the situation at full staffing whenever reached.)

506. Describe your policies regarding personal investments by investors, principals and/or other employees in your portfolio companies. (Some examples: they may not be permitted to co-invest, they may only invest in deals in which they are the principals, at their option, or they must co-invest in every deal in which they are the principals.)

507. Provide details regarding any Associates (see §108.50) that are likely to want to participate in NMVCC investments, including the nature of the association and the ownership structure of the associated entity.

508. Provide details regarding whether you plan to use placement agent(s). Please indicate who will be responsible for payment of placement agent compensation, the basis for compensation, and how and when such compensation will be paid.

509. Describe the nature of any affiliations between placement agent(s) and principals of the NMVCC.

510. What are the penalty provisions, if any, you will impose on investors for failures to fulfill capital commitments calls?

*[End of Questionnaire]*