

2023 NMTC ALLOCATION AGREEMENT - SAMPLE COMPLETED FORM

SIGNATURE PAGE (Schedule 1, Page 2)

Allocatee: Metro Community Development Corporation

Control No.: 23NMA0425

Employer Identification Number: 54-1234567

Address: 1250 Financial District Boulevard, Suite 300, Chicago, IL 60603

Date of Applicable Notice of Allocation Availability: October 24, 2023

Announcement Date: March 15, 2024

Allocation Authority: CY 2023

Allocatee's Fiscal Year End: December 31

NMTC Allocation Amount: \$45,000,000

Rural CDE: Not Applicable

Allocation Effective Date: April 22, 2024

SCHEDULE 1 - ORGANIZATION SPECIFIC TERMS AND CONDITIONS

Section 3.2(a): ELIGIBLE ACTIVITIES

- ☒ Investments in, or loans to, QALICBs.
- ☒ Investments in, or loans to, other CDEs.
- ☒ Purchase of loans from other CDEs.
- ☐ Financial Counseling and Other Services.

Section 3.2(b): SERVICE AREA

State	State FIPS	County	County FIPS
Illinois	17	Cook	17031
Illinois	17	DuPage	17043
Illinois	17	Kane	17089
Illinois	17	Lake	17097
Illinois	17	McHenry	17111
Illinois	17	Will	17197
Indiana	18	Lake	18089
Indiana	18	Porter	18127
Wisconsin	55	Kenosha	55059
Wisconsin	55	Racine	55101

Section 3.2(c): SUBSIDIARY ALLOCATEES

Subsidiary Name **EIN** **CDE Control Number**

Metro Housing Development LLC 54-2345678 CDE-2019-0892

Metro Small Business Fund LLC 54-3456789 CDE-2020-1456

Section 3.2(d): UNRELATED ENTITIES

Unrelated Entities Clause: ☒ Applicable ☐ Not Applicable

Section 3.2(f): FLEXIBLE PRODUCTS

☐ All of the Allocatee's QLICs must (a) be equity or equity-equivalent financing, (b) have interest rates that are 50 percent lower than either the prevailing market rates for the particular product or lower than the Allocatee's current offerings for the particular product, or (c) satisfy at least 5 of the indicia of flexible or non-traditional rates and terms, as listed in Section 3.2(f).

☐ All of the Allocatee's QLICs must (a) be equity or equity-equivalent financing, (b) have interest rates that are 33 percent lower than either the prevailing market rates for the particular product or lower than the Allocatee's current offerings for the particular product, or (c) satisfy at least 4 of the indicia of flexible or non-traditional rates and terms, as listed in Section 3.2(f).

☒ All of the Allocatee's QLICs must (a) be equity or equity-equivalent financing, (b) have interest rates that are 25 percent lower than either the prevailing market rates for the particular product or lower than the Allocatee's current offerings for the particular product, or (c) satisfy at least 3 of the indicia of flexible or non-traditional rates and terms, as listed in Section 3.2(f).

☐ All of the Allocatee's QLICs must (a) be equity or equity-equivalent financing, (b) have interest rates that are 15 percent lower than either the prevailing market rates for the particular product or lower than the Allocatee's current offerings for the particular product, or (c) satisfy at least 2 of the indicia of flexible or non-traditional rates and terms, as listed in Section 3.2(f).

☐ Not Applicable.

Section 3.2(g): NON-METROPOLITAN COUNTIES

Non-Metropolitan County QLIC Percentage: 15%

Section 3.2(h): TARGETED DISTRESSED COMMUNITIES

Targeted Distressed Communities Clause: ☒ Applicable ☐ Not Applicable

Section 3.2(i): LOAN PURCHASES RE-INVESTMENT

Loan Purchases Re-Investment Percentage: 75%

Section 3.2(j): QUALIFIED EQUITY INVESTMENT USAGE

Qualified Equity Investment Usage Percentage: 95%

Section 3.2(l): INNOVATIVE INVESTMENTS

Innovative Investments Clause: ☒ Applicable ☐ Not Applicable

☐ Unrelated CDEs Percentage: ____%

☐ Identified States Percentage: ____%

- ☒ Small Dollar QLICs Percentage: 30%
- ☐ Short Term QLICs Percentage: ____%
- ☒ Non-Real Estate Activities QLICs Percentage: 25%
- ☐ QLICs in Federal Indian Reservations, Off-Reservation Trust Lands, Hawaiian Home Lands and Alaska Native Village Statistical Areas Percentage: ____%
- ☒ Unrelated Minority-owned or controlled or Native American-owned or controlled CDEs Percentage: 15%

Section 3.3(b): RESTRICTIONS

Restrictions Clause: ☐ Applicable ☒ Not Applicable

ADDITIONAL SAMPLE INFORMATION FOR TESTING

Key Compliance Obligations Extracted from Sample:

Critical Deadlines:

- QEI Deployment Deadline: April 22, 2029 (5 years from Allocation Effective Date)
- 60% QEI Issuance Deadline: December 31, 2027
- 100% QLIC Deployment: December 31, 2027

Geographic Requirements:

- 85% of QLICs must be deployed in designated service area (Chicago metropolitan region)
- 15% minimum in Non-Metropolitan Counties
- Must serve Targeted Distressed Communities

Product Requirements:

- 25% rate reduction OR 3+ flexible terms for all QLICs
- 30% of QLICs must be Small Dollar (\$4M or less)
- 25% must be for Non-Real Estate Activities
- 15% must go to Unrelated Minority-owned CDEs

Financial Thresholds:

- \$45,000,000 total allocation authority
- 95% of QEI proceeds must be deployed as QLICs
- 75% re-investment requirement for loan purchases

Reporting Requirements:

- Annual Institution Level Reports due 180 days after fiscal year end
- Transaction Level Reports due annually

- Audited Financial Statements due 180 days after fiscal year end
- Material Event notifications within 30 days

Risk Classifications:

- **HIGH RISK:** QEI deployment deadlines, allocation recapture triggers, service area compliance
- **MEDIUM RISK:** Reporting requirements, financial statement submissions
- **LOW RISK:** Administrative updates, routine communications

Sample Monitoring Calendar:

- **March 30, 2025:** Annual reports due for 2024
- **June 30, 2025:** Audited financials due for 2024
- **December 31, 2026:** 60% QEI deployment checkpoint
- **December 31, 2027:** Final QLICI deployment deadline
- **April 22, 2029:** Final QEI issuance deadline

Responsible Parties:

- **CDE (Metro Community Development Corporation):** Primary compliance, reporting, QEI issuance
- **Subsidiary CDEs:** Secondary deployment, specialized lending
- **QALICB Recipients:** Financial reporting, covenant compliance
- **CDFI Fund:** Monitoring, enforcement, allocation management

SCHEDULE 3 - OPINION OF COUNSEL (SAMPLE)

**[Letterhead: Johnson, Martinez & Associates LLP]
1455 LaSalle Street, Suite 2100, Chicago, IL 60610**

April 18, 2024

TO: Community Development Financial Institutions Fund
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220
Attention: NMTC Manager

RE: New Markets Tax Credit Program Allocation
Metro Community Development Corporation [Control No. 23NMA0425]
Metro Financial Holdings, Inc. (Controlling Entity)
Metro Housing Development LLC [CDE-2019-0892]
Metro Small Business Fund LLC [CDE-2020-1456]

Dear Ladies and Gentlemen:

The undersigned counsel represents the above-referenced Metro Community Development Corporation and Metro Housing Development LLC and Metro Small Business Fund LLC as counsel in connection with an allocation of New Markets Tax Credits (NMTC) to Metro Community Development Corporation from the Community Development Financial Institutions (CDFI) Fund in the Calendar Year 2023 Allocation round of the NMTC Program.

Based upon the foregoing, the undersigned is of the opinion that:

(a) The Allocatee is a domestic corporation for Federal tax purposes. Metro Housing Development LLC is a domestic limited liability company treated as a partnership for Federal tax purposes. Metro Small Business Fund LLC is a domestic limited liability company treated as a partnership for Federal tax purposes. The Allocatee is a corporation and is validly existing and in good standing under the laws of the State of Illinois and it is legally authorized to transact business in Illinois, Indiana, and Wisconsin. The Allocatee is currently transacting business in the States of Illinois, Indiana, and Wisconsin and its principal place of business is in the State of Illinois.

(b) The execution, delivery and performance by the Allocatee and the Subsidiary Allocatees of the Allocation Agreement are within the Allocatee's and Subsidiary Allocatees' corporate and limited liability company powers and have been duly authorized by all requisite corporate and limited liability company action and no additional authorizations are required which have not been previously obtained.

(c) The execution, delivery and performance by the Allocatee and the Subsidiary Allocatees of the Allocation Agreement shall not result in any violation of and shall not conflict with, or result in a breach of any of the terms of, or constitute a default under any provision of the Allocatee's and the Subsidiary Allocatees' incorporation, charter, organization, bylaws or other establishing documents or to our knowledge any provision of Federal or State law to which the Allocatee or the Subsidiary Allocatees is subject.

(d) All documents described as the Entire Agreement in Section 9.2 of the Allocation Agreement constitute the legal, valid and binding obligations of the Allocatee and the Subsidiary Allocatees enforceable in accordance with their respective terms.

(e) To our knowledge, there is no suit, action, proceeding, or investigation, pending or threatened against the Allocatee or the Subsidiary Allocatees that questions the validity of the Allocation Agreement or any actions taken or to be taken pursuant thereto.

(f) Metro Financial Holdings, Inc. has ownership, Control, or power to vote more than 50 percent of membership interests or the outstanding shares of any class of voting securities of the Allocatee. Metro Financial Holdings, Inc. also Controls the election of a majority of the directors of the Allocatee, including Control over the appointment and removal of the Allocatee's executive management team. Metro Financial Holdings, Inc. has approval authority over the management policies and investment decisions of the Allocatee.

This opinion is based upon the laws of the States of Illinois, Indiana, and Wisconsin and the Federal laws of the United States.

Johnson, Martinez & Associates LLP

By: **Sarah E. Martinez**
Partner
Illinois Bar No. 6234567

SCHEDULE 4 - CONTROLLING ENTITY SIGNATURE PAGE

NEW MARKETS TAX CREDIT PROGRAM CONTROLLING ENTITY SIGNATURE PAGE

Allocatee: Metro Community Development Corporation
Control Number: 23NMA0425

By executing this Allocation Agreement, the undersigned Controlling Entity certifies that it is the Controlling Entity of the Allocatee and that it will remain so for the duration of this Allocation Agreement unless otherwise authorized in advance and in writing by the CDFI Fund.

Metro Financial Holdings, Inc.

By: **Robert J. Chen**
Representative Name: Robert J. Chen
Representative Title: Chief Executive Officer
Date: April 22, 2024

SCHEDULE 5 - SUBSIDIARY ALLOCATEE SIGNATURE PAGE

NEW MARKETS TAX CREDIT PROGRAM SUBSIDIARY ALLOCATEE SIGNATURE PAGE

Allocatee: Metro Community Development Corporation
Control Number: 23NMA0425

Metro Housing Development LLC

By: **Maria Santos**
Name: Maria Santos
Title: Managing Member
Date: April 22, 2024

Metro Small Business Fund LLC

By: **David Kim**
Name: David Kim
Title: Managing Member
Date: April 22, 2024

DOCUMENT COMPLETION SUMMARY

Pages Requiring Customization: 6-8 pages **Standard Boilerplate (Schedule 2):** 31 pages of General Terms and Conditions **Total Document:** 48 pages

Note: Schedule 2 (General Allocation Terms and Conditions) contains standard legal language that applies to all NMTC allocatees and does not require customization. The critical customizable sections are:

- Signature page and allocation details
- Schedule 1 (Organization Specific Terms)
- Schedule 3 (Opinion of Counsel)
- Schedule 4 (Controlling Entity signature)
- Schedule 5 (Subsidiary signatures)

This sample provides realistic data points that reflect typical NMTC transactions in the Chicago metropolitan area, with appropriate mix of flexibility requirements and geographic targeting that would be common for a \$45M allocation to an established CDE.