**Example of Annual Compliance Certificate**

[CDE Address]

During the terms of the QLICI Loans:

### the Borrower currently engages, and will throughout the term of the Loans, continue to be engaged, in business which constitutes a Qualified Business;

### the Borrower has not entered into, and will not enter into or permit, any lease or sublease with respect to any portion of the Project to any tenant whose business does not constitute a Tenant Qualified Business;

### with respect to any advance of QLICI Loan, the Borrower reasonably expects to expend the proceeds of such advance on the Qualified Business within twelve (12) months of such advance;

**Note:** If any of the percentage requirements discussed in paragraphs (d) through (i) are not satisfied, they can easily be satisfied with by creating a so-called “portion of business,” which maintains separate books and records similar to a division. These books and records are used solely for the NMTC Financing and does not affect how the Borrower otherwise provides financial and tax reporting.

### with respect to the current taxable year, at least fifty percent (50%) of the total gross income of the Qualified Business is and will be derived from the active conduct of a Qualified Business within the Low-Income Community;

### with respect to the current taxable year, at least fifty percent (50%) of the use of the tangible property attributable to the Qualified Business (whether owned or leased) is and will be within the Low-Income Community (for purposes of this representation, the percentage of tangible property owned or leased by the Borrower for the Qualified Business during the taxable year in the Low-Income Community shall be determined based on a fraction (i) the numerator of which is the Average Value of the tangible property owned or leased by the Borrower for the Qualified Business and used by the Qualified Business within the Low-Income Community during the taxable year, and (ii) the denominator of which is the Average Value of all of the tangible property owned or leased by the Borrower for the Qualified Business and used by the Qualified Business during the taxable year); provided, however, that for any taxable year in which the Qualified Business has no employees, at least eighty-five percent (85%) of the use of the tangible property of the Qualified Business (whether owned or leased) will be within the Low-Income Community;

### if any property is used by the Qualified Business outside of the Low-Income Community, the Borrower shall provide the cost basis of all property owned by the Borrower for the Qualified Business, the estimated value of any leased property and the basis of such estimate, and the business hours of usage of the Qualified Business property within and without the Low-Income Community. the Borrower shall retain records of the foregoing throughout the term of the QLICI Loans.

### with respect to the current taxable year and each taxable year in which the Borrower, or any affiliate of the Borrower that is primarily engaged in providing services to the Qualified Business, has one or more employees providing services with respect to the Qualified Business, at least fifty percent (50%) of the services performed for the Qualified Business by the Borrower’s employees is and will be within the Low-Income Community (for purposes of this representation, this percentage is determined based on a fraction (i) the numerator of which is the total amount paid by the Qualified Business for employee services performed in the Low-Income Community during the taxable year, and (ii) the denominator of which is the total amount paid by the Qualified Business for employee services during the taxable year). the Borrower has provided to the CDE a true, correct and complete list of such employees, if any, providing services that includes a general description of services provided and the location where services were performed, and, if applicable, compensation paid for services rendered within and without the Low-Income Community. the Borrower shall retain records of the foregoing throughout the term of the Loans to the extent the Qualified Business has any employees;

### with respect to the current taxable year, less than five percent (5%) of the aggregate unadjusted basis of the Qualified Business property is and will be attributable to Collectibles. the Borrower has provided the CDE a true and correct listing of any Collectibles owned or held by the Qualified Business, including therein, the unadjusted basis of such property

### with respect to the current taxable year, less than five percent (5%) of the average of the unadjusted basis of the Qualified Business property is and will be attributable to Nonqualified Financial Property. the Borrower has provided to the CDE a true, correct, and complete listing of any Nonqualified Financial Property owned by the Qualified Business, including the unadjusted basis of such property. the Borrower shall maintain records thereof throughout the term of the QLICI Loans;

### the Project does not constitute Residential Rental Property and at no time shall the Project be used as, or converted into, Residential Rental Property;

### the Borrower does not have or use low-income housing tax credits, as described in Section 42 of the Code;

### the trade or business of the Qualified Business does not include more than 50% in the development or holding of intangibles for sale or license; and

### the trade or business of the Qualified Business does not include farming;

### the Borrower has established and shall maintain separate bank accounts and does not and shall not commingle the assets of the Borrower with any individual or entity;

### the Borrower’s assets are not listed as assets on the books and records of any other individual or entity, except to the extent that such assets are consolidated with another individual’s or entity’s assets for financial reporting purposes;

### the Borrower does not and shall not possess or use assets of any other individual or entity, and does not and shall not permit any other individual or entity to possess or use its assets, unless in either case such assets are rented, leased, or otherwise provided for use on an arms-length basis pursuant to a lease or services agreement or similar agreement with such individual or entity;

### any services performed for or on behalf of the Borrower by employees of any other individual or entity are and shall be performed on an arms-length basis pursuant to a services agreement or similar agreement with such individual or entity;

### there have been no material irregularities or illegal acts on the transactions contemplated by the NMTC Financing, there has been no fraud involving (i) management or employees of the Borrower or its affiliates who have significant roles in the internal control structure of the Borrower and (ii) other employees of the Borrower or its affiliates that could have a material effect on the matter described herein;

### there have been no communications from the CDFI Fund or other regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the mattery described herein;

### neither the Borrower nor any affiliate thereof is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency, as such terms are defined in Executive Order 12549, nor is any such action pending or proposed; and

### the Borrower has not knowingly entered into the NMTC Financing, or any other transaction or understandings (whether written or oral), with a principal purpose of entering into a transaction or series of transactions (i) to achieve a result that is inconsistent with the NMTC Program, and/or (ii) to avoid or evade federal income tax.

**The undersigned certifies the information set forth in this Annual Compliance Certificate is correct, complete and accurate to the best of my knowledge.**

IN WITNESS WHEREOF, the undersigned have executed this certificate as of the \_\_ day of \_\_\_\_\_\_\_\_.

By:

Name:

Title: