# Instructions for RD Form 4290-1

# *Form title Rural Business Investment Program (RBIP) Rural Business Investment Company (RBIC) Application, Part I, Management Assessment Questionnaire (MAQ)*

### Form Description This form is used to collect information for the purpose of determining whether the applicant should be selected as a Rural Business Investment Company (RBIC) in the Rural Business Investment Program. This form is also used to update RBIC information.

| Fld Name /Item No. | Instruction |
| --- | --- |
| Current Date: | Enter date form is being completed. |
| 101 name | Enter the full legal name of your Rural Business Investment Company. |
| 102 address | Enter the address where the main office of your RBIC is located. If your RBIC has branch offices, enter the address of each. Enter the URL of the RBIC. |
| 103 debenture leverage | Enter the amount of debenture leverage you are requesting from USDA and the amount of regulatory capital you are committing to raise. If you are applying for non-leveraged status, enter “N/A” in the space for the amount of debenture leverage being requested. |
| 104 – Principals | List each Principal for your RBIC and their corresponding title and function in the RBIC, summarizing key roles with emphasis on differences in duties. |
| 105 – Principal information | For each individual listed in Question 104 above, provide the following. |
| Full name | Enter First name, middle name and last name as well as a suffix if applicable. |
| Nickname | Enter any alternate names by which you are called, if none enter “N/A”. |
| Business Tel No. | Enter the publically listed landline of the business including area code. |
| Business Fax No. | Enter the primary fax number including area code. |
| Mobile Tel. No. | Enter the primary cell phone number including area code. |
| Business email | Enter you official business e-mail address. |
| Personal email | Enter your private e-mail address. |
| Business address | Enter the full publicly listed physical address. If a PO Box, you must list the physical address as well. |
| Home Address | Enter the full publicly listed physical address. If a PO Box, you must list the physical address as well. |
| RBIC Office where person will be located | Enter any address that is different from the Business address. If the same address, enter “same as business address”. |
| 106 –Arrangements for Principals not in same geographic location | Address any arrangements that will be made (Tele-work, relocation etc) that will address any geographic differences between the Principals after licensing. |
| 107 – Regulatory Capital | Regulatory Capital means Private Capital, excluding non-cash assets contributed to a RBIC or an Applicant unless such assets have been converted to cash or have been approved by the Secretary for inclusion in Regulatory Capital. For purposes of this definition, sales of contributed non-cash assets with recourse or borrowings against such assets shall not constitute a conversion to cash. |
| Table 107.1 - Current Status of Funding | Enter the dollar amounts of the different types of Investors that will contribute capital to the fund. |
| Table 107.2 – Anticipated Source of Regulatory Capital | Enter here the different entities that will be contributing capital, the amount you have requested, the amount actually committed and the date of that commitment or the estimate of the date. |
| Actual Name | Enter the legal name of the entity in full. |
| Amount requested | Enter the amount of the capital you requested from the source. |
| Amount Committed | Enter the amount that has been committed to the fund. |
| Estimated Date of Commitment | Enter the estimated or actual date of the commitment. |
| 108 – Closing Date | Enter the anticipated closing date of the commitments. This date must be within the 24 month period allowed to raise capital. |
| 109 – Management and Ownership Diversity | Enter you plan to achieve Management and Ownership Diversity. The requirement for Diversity is that no Person or group of Persons who are Affiliates of one another may own or control, directly or indirectly, more than 70 percent of your Regulatory Capital. In addition, At least 30 percent of your Regulatory Capital must be owned and controlled by Persons unaffiliated with your management and unaffiliated with each other, and whose investments are significant in dollar and percentage terms as determined by the USDA. Such Persons must not be your Associates (except for their status as your shareholders, limited partners or members) and must not Control, be Controlled by, or be under Common Control with any of your Associates. A single “acceptable” Institutional Investor may be substituted for two or three of the three investors who are otherwise required. The following Institutional Investors are “acceptable” for this purpose:(1) Entities whose overall activities are regulated and periodically examined by State, Federal or other governmental authorities satisfactory to the Secretary;(2) Entities listed on the New York Stock Exchange;(3) Entities that are publicly-traded and that meet both the minimum numerical listing standards and the corporate governance listing standards of the New York Stock Exchange;(4) Public or private employee pension funds;(5) Trusts, foundations, or endowments, but only if exempt from Federal income taxation; and(6) Other Institutional Investors satisfactory to the Secretary. |
| 110 – Structure and relationships | Enter information in this section only If you have not legally organized your RBIC. Structure and relationships addresses how your organization is set up according to your Articles of Incorporation, By-Laws, governing board and senior office holders.  |
| 110.1 Proposed organizational structure | Describe the proposed organizational structure of the RBIC and all individuals and entities that are Associates or Affiliates of the RBIC. |
| 110.2 Proposed legal structure | Enter the type of legal entity this will be, Chapter C or S Corporation, private partnership, Limited Liability Company etc. |
| 110.3 Proposed ownership structure | Enter the names and their percentage of ownership for all parties that have an ownership interest in the organization. Do not list shareholders whose investments are purely financial in nature.  |
| 110.4 Contractual relationships | Enter any existing or anticipated contractual relationships between the Persons described in the organization structure that are material relationships  |
| 110.5 Associate and Affiliate relationships | Enter any existing or proposed Associate or Affiliate relationship between any officer, director, general partner, or manager, or 10% owner of the RBIC. |
| 110.6 Conflicts of interests | Enter any potential conflicts of interest and the controls you will put in place to protect the interests of the USDA and the RBIC’s investors (see 7 CFR 4290.730). |
| 111 Associates of the RBIC | Enter “Yes” if the RBIC will be associated with another entity and “No” if not. If the answer was “Yes”, proceed to 111.1 through 111.8.  |
| 111.1 Association with another entity | Enter the nature of what business the associated entity is involved with, (Banking, Private Equity, Insurance, etc). |
| 111.2 Contact information | Enter the contact information of the Associated Entity. |
| Name of Entity | Enter the full legal name of the business or the name it is doing business as. |
| Address | Enter the full publicly listed physical address of the entity. If a PO Box, you must list the physical address as well. |
| Key Contact | Enter the primary contact person. |
| Direct Phone | Enter the primary phone number including area code of the key contact. |
| Email Address | Enter either the official business e-mail address or your private e-mail address of the key contact. |
| Fax | Enter the primary fax number including area code of the key contact. |
| 111.3 Associated entity business | Enter the business of the associated entity (Commercial banking, Insurance etc). |
| 111.4 Economic and/or community development involvement | Economic or Community Development would include both for profit and non- profit investments, technical assistance, in kind contributions etc.  |
| 111.5 Description of economic/community development involvement | If the answer to 111.4 was “yes” describe in detail the activities. You will also need to attach to the form the most recent audited financial statement. |
| 111.6 Associated entity source of capital | Enter here the source of capital of the associated entity and include percentages by class. |
| 111.7 Associated entity contribution of regulatory capital to RBIC | If the answer to this question is “Yes”, you must enter the amount. |
| 111.8 Working relationship with RBIC | Describe, in detail, any proposed working relationship between the RBIC and this associated entity (e.g., OA services provided, personnel provided, charges for such personnel, overhead absorption, etc.). |
| 112.1 and 112.2Counsel and consultants | This section requires completion if you have selected your law firm and accounting firm, consultant and placement agent. You will enter N/A if will not have either a consultant or a placement agent assist you in obtaining a license. If you have not selected either your law firm or accounting form, enter “Not yet selected”.  |
| Law Firm | Enter the legal name of the firm, its physical address, the key contact person, the phone and fax numbers with area code and the email address of the key contact person. |
| Accounting Firm | Enter the legal name of the firm, its physical address, the key contact person, the phone and fax numbers with area code and the email address of the key contact person. |
| Consultant | Enter the legal name of the firm, its physical address, the key contact person, the phone and fax numbers with area code and the email address of the key contact person. |
| Placement Agent | Enter the legal name of the firm, its physical address, the key contact person, the phone and fax numbers with area code and the email address of the key contact person. |
| 112.3 Placement agreements | If you entered contact information for the placement agent, Briefly describe the duties called for by any placement agreements. State who will be responsible for payment of placement agent compensation, the basis for compensation, and how and when such compensation will be paid. |
| 113 Nature of Affiliations and Associations | Enter any affiliations or associations that the law firm, accounting firm, consultant or placement agent has or will have with the RBIC. These would be outside the contractual arrangement for services and would be legal in nature. |
| 114 Organizational and Management Expenses | Summarize the projected and/or incurred organizational expenses and Management Expenses (see 7 CFR 4290.520) you propose to incur up to your anticipated closing date for equity commitments. These figures would be for the period of time in which you raise your capital. You will need to break out the figures into amounts that have already been paid, amounts accrued but not yet paid and the total projected.  |
| Legal | Enter all legal fees paid, accrued and the total projected. |
| Accounting | Enter all accounting fees paid, accrued and the total projected. |
| Consulting | Enter all consulting fees paid, accrued and the total projected. |
| Placement | Enter all placement fees paid, accrued and the total projected. |
| Organizational | Enter all operating expenses, accrued and the total projected. |
| Management | Enter all management expenses, accrued and the total projected. |
| Other | Enter any items not covered in organizational or management. |
| Totals | Enter the totals of all categories by amounts already paid, amounts accrued and total projected. |
| Grand Total | Add up all of the totals to arrive at a final figure. |
| 115 Regulated Public Entity | Enter if you intend on becoming a regulated public entity prior to the issuing of the license. You would make an X after yes if yes and an X for No if the answer is no. |
| 116 Experience working together | This section relates to all of the Principals of the RBIC that you have previously listed in Question 105 of this Form. Use Table 16, Example to help fill out Table 116.1. |
| Table 116.1Experience together in a private equity fund | List every Principal on both the vertical and horizontal columns labeled Person. Put an X in the cell where the same Principal officer appears in the both the row and column. List the date for each relationship as to when they began working with each other. The date can be open ended in cases where the relationship is current and ongoing. These dates are specific to involvement in private equity funds. If there are no overlapping dates between two principals, leave that cell blank. |
| Table 116.2 Experience Together  | Complete this table the same as described for Table 116.1 but keep the relationships to other types of companies that are not specifically private equity concerns. |
| Company name and business of entity | Enter the full legal name of the business and its primary business (commercial banking, Insurance etc). |
| Persons (second column) | List the Principals here, the same as described in Table 116.1.  |
| Persons (third column) | Enter the Principal that has overlapping dates with the Principal identified in the second column.  |
| Overlapping dates | Enter the dates that the experience working together overlap. |
| Table 116.3 Other Experience Working Together | Complete this table the same as described for Table 116.1 but keep the relationships to other types of companies that are not specifically private equity concerns or other types of businesses as detailed in Table 116.2. These experiences could be jointly being on a board for a local non-profit etc.  |
| Nature of Interaction | Describe the nature of the interaction. |
| Person (second column) | List the Principals here, the same as described in Table 116.1.  |
| Person (third column) | Enter the Principal that has overlapping dates with the Principal identified in the second column.  |
| Overlapping Dates | Enter the dates that the experience working together overlap. |
| 116.4 Nature of Working Relationships | For the entities described in Table 116.3, describe the nature of the working relationships (for example, being on the same board of a non-profit). |
| 117 Percentage of Time Devote to RBIC | Complete this chart for all principals of the RBIC. |
| Principal | Enter the names of each Principal. This should be the same list as from section 104 and section 116. |
| 90 days | Enter the percentage of time that will be devoted to the RBIC after being licensed for 90 days. |
| 18 months | Enter the percentage of time that will be devoted to the RBIC after being licensed for 180 days. |
| Subsequent years | Enter the percentage of time that will be devoted to the RBIC after being licensed after four years. |
| 118 Carried Interest | This section related to carried interest. Carried interest is a share of the profits of an investment or investment fund that is paid to the investment manager in excess of the amount that the manager contributes to the partnership.Generally, in order to receive carried interest, the manager must first return all capital contributed by the investors, and, in certain cases, the fund must also return a previously agreed-upon rate of return (the "hurdle rate" or "preferred return") to investors. Private equity funds only distribute carried interest to the manager upon successfully exiting an investment, which may take years. The customary hurdle rate in private equity is 7-8% per annum.In private equity, the standard carried-interest allocation historically has been 20% for funds making buyout and venture investments. |
| Carried Interest - Managing Principals | Enter the names of the managing principals that have carried interest in the profits of the RBIC. Provide the full first, middle and last name with any suffices (Jr. Sr. etc).  |
| Carried Interest - Points | Points refer to the percentage of carried interest. |
| Total Points in Carry – Other | Add up the total carry points and enter it here. |
| Total Points in Carry - Points | Insert the grand total here. |
| Totals | Provide the separate totals for managing principals and others. |
| 201 RBICs focus | Summarize the focus of the RBIC and explain why this is your focus.  |
| 202 Percentage Mix | Input percentages of sole investor, lead investor and co-investor. All three percentages should total to 100. |
| 203 Investment Strategy | This section deals with the distribution of your investments among different categories.  |
| Table 203.1Technology | Enter the percentage of the investment that will be dedicated to the Technology category at the completion of the investing cycle.  |
| Life Sciences | Enter the percentage of the investment that will be dedicated to the Life Sciences category at the completion of the investing cycle. |
| HealthCare | Enter the percentage of the investment that will be dedicated to the Health Care category at the completion of the investing cycle. |
| Manufacturing | Enter the percentage of the investment that will be dedicated to the Manufacturing at the completion of the investing cycle. |
| Distribution | Enter the percentage of the investment that will be dedicated to the Distribution category at the completion of the investing cycle. |
| Service | Enter the percentage of the investment that will be dedicated to the Service category at the completion of the investing cycle. |
| Consumer Products and Retail | Enter the percentage of the investment that will be dedicated to the Consumer Products and Retail category at the completion of the investing cycle. |
| Other | Enter the percentage of the investment that will be dedicated to a category not covered by any of the prior categories at the completion of the investing cycle. |
| Total | The total sum of the percentages must equal 100%.  |
| 203.2 Investment strategy approach | You need to create a narrative statement that addresses the investment strategy and its rationale. |
| 203.3 Industry preferences | List here your industry preferences and why they are preferences. |
| 203.4 Industry sectors | List and industry sectors the RBIC would not invest in (housing etc). If you do not plan on having any exclusions, you can put “N/A” here. |
| 203.5 Unique elements of investment strategy | Unique elements would cover parts of the investment strategy that reduces risk.  |
| 204 Life Cycle | This section deals with the anticipated distribution of investment dollars among different categories in the investment life cycle. The total percentages must equal 100. |
| Table 4.1Seed | Enter the percentage that is anticipated to be invested in seed money.  |
| Early Stage | Enter the percentage that is anticipated to be invested in early stages. |
| Expansion | Enter the percentage that is anticipated to be invested in business expansion. |
| Later Stage | Enter the percentage that is anticipated to be invested in late stages. |
| Change of Control | Enter the percentage that is anticipated to be invested in change of control. |
| Turn-around | Enter the percentage that is anticipated to be invested in turn around. |
| 204.2 Size of businesses to be financed | Enter the range from low to high of the size of businesses you will most likely fund. The number should reflect revenue figures as well as EBITDA (earnings before interest, taxes, depreciation, and amortization). |
| 205 Market analysis of targeted rural area | This section discusses your analysis of the market potential of the areas covered in the RBIC.  |
| 205.1 Demand for development venture capital | Provide the extent of demand for Developmental Venture Capital in your targeted Rural Areas and how you plan to meet this demand. You will need to cite the backup data that you are using for the justification of your assumptions (your own market research, research done by others) and if possible, quantify this.  |
| 205.2 Factors or trends affecting ability | Factors could be demographics, economic data etc. |
| 205.3 Other equity capital providers | Discuss other sources of Equity Capital in the target area and how of if those other sources will compete with yours.  |
| 205.4 Leading business activities | Describe the leading business activities, if any, that are characteristic of your targeted Rural Areas. If there aren’t any leading business activities, enter “N/A”. |
| 205.5 Other market information and analysis | Provide any miscellaneous information that was not previously covered any of the sections in 205. |
| 206 Reserved |
| 207 Identification of Rural Areas | This section references the geographical footprint of the RBIC. |
| 207.1 Targeted rural area description | Enter a list of counties, states, or regions in which the fund will be lending. |
| 207.2 Rural area visual representation | Include a map of the areas that will be covered and highlight the areas covered as separate from those not covered on the map. |
| 208 Risk factors for targeted rural areas | Describe the risks specific to the targeted geographic region. |
| 209 Rate of return | This section deals with the proposed rate of return for the RBIC. |
| 209.1 leveraged RBICs | This section is for leveraged RBIC’s only. For non leveraged applicants, section 209.1 should be completed as “N/A”. |
| IRR Range before carry | Enter the rate of return before carry. |
| After carry | Enter the rate of return after carry. |
| Not identifying a range | Enter information here if you are not identifying a range. |
| 209.2 Non-leveraged RBICs | Leveraged applicants would put “N/A”. For non leveraged applicants, enter the rate of return that has been communicated with potential investors.  |
| IRR Range | Enter the range of rate of return. If you are not identifying a range, enter “N/A”. |
| Not identifying a range | Enter an X if you are not identifying a range here. |
| 210 Sources of anticipated increases in portfolio | Discuss from where you anticipate the increases in the value of your Portfolio will derive. |
| 211 Anticipated holding periods | Enter the anticipated holding period for your investments in years. |
| 212 Pricing a deal | This section relates to pricing strategies of the RBIC. |
| 212.1 what is your targeted IRR | Enter your targeted Internal rate of return. |
| 212.2 Pricing deals where the company has earnings | Enter the methodology you would use to price a deal with earnings.  |
| 212.3 Pricing deals without positive earnings | Enter the methodology you would use to price a deal without earnings. |
| 212.4 Milestone financing | Enter Yes if you intend on doing milestone financing, no if not. If yes, you need to state the key types of criteria to establish the milestones. |
| 212.5 Subsequent financing rounds | Enter if you intend on doing subsequent rounds of funding as a yes or no answer. If you answer yes, include either a percentage or a dollar figure for the first round. If you intend on only funding first round, enter “see 218”.  |
| 213 Typical financing structure | Enter the structure of finance for your typical deal with interest rate ranges, fees and security. |
| 214 Anticipated allocation of types of financings | This section asks a breakdown by percentage of the types of financing intended in the RBIC. They should add up to 100% for non leveraged applicants and 200% for leveraged. |
| Table 214 |  |
| Equity securities | Enter the proposed percentage of fund allocation as Equity Securities. |
| Debt securities | Enter the proposed percentage of fund allocation as Debt Securities. |
| Loan | Enter the proposed percentage of fund allocation as Loans. |
| 215 Projected fund level | For leveraged status Applicants, complete this section based on the full 200% Leverage. For non-leveraged status Applicants, complete this section based on the allocation of funds as reflected in your business model. |
| 215.1 Number of portfolio concerns | Enter numerical figures that show how you expect to have your investments distributed by *total* amount per company. Give a table with the smallest first and the largest last. |
| Table 215.1 |  |
| $ Size range | Provide a range from small to large. |
| # of companies | Enter the total number of companies. |
| Total $ amount | Enter the total dollar amount. |
| 215.2 Projected Distribution of Financings | This section asks for a breakout of the first five years of operations after licensing of the number of financings anticipated. |
| # financings | Enter the number of anticipated financings. |
| $ invested | Enter the dollar amount anticipated of the financings. |
| $ OA provided | Enter the amount of OA provided. |
| 216 Holding portion of RBIC’s combined capital in reserve | This section requires a yes or a no answer. If yes, you will need to complete the 216 table. If no, enter “N/A” and skip the table.  |
| Table 216 Reserves |  |
| Private capital basis $ | This amount is the same as the amount of Regulatory Capital asked in section 103. |
| Private capital $ | Enter the amount of private capital. |
| Leverage $ | Enter the amount of Leverage; if you are a non-leveraged applicant, enter 0. |
| % of total funds in reserve | Enter the total as a percentage of the Private Capital Base. |
| Private capital % | Enter the total as a percentage of the Private Capital.  |
| Leverage % | Enter the total as a percentage of the Leverage. If non leverage applicant the percentage should be 0. |
| 217 Seed and early-stage investing | This section is to be completed only if the fund intends on providing seed capital. If it does not, enter “N/A” for all sections in 217 and proceed to section 218. |
| 217.1 Intend to seed or early stage invest? | This section is to be completed only if the fund intends on providing seed capital. If it does not, enter “N/A” for all sections in 217 and proceed to section 218. If this is the case, you will have needed to have zero percent entered as seed capital from section 203. |
| Table 217.2 Typical progression of financing rounds | In this table, enter the most *typical* progression of each Financing round, indicating total size and your share of each round. |
| Round Size | Enter the dollar amount for each round expressed as the total amount. |
| Your % | Enter the percentage of your share of each round. |
| Your $ | Multiply the round size by your percentage to achieve the dollar figure for your money. |
| 217.3 Funding to Positive Cash Flow or Exit | This section relates to the funding stages up to the point of positive cash flow and the funds strategies to exit after this is achieved. |
| 217.4 Investing in a round where angel investors predominate | Describe your plan for investing in a round where angel investors predominate. |
| 217.5 Syndication – biases for participation | In a syndication, indicate whether you have any biases towards participating predominantly either with very large venture funds or with smaller to medium-sized funds. Provide an explanation of your views. |
| 217.6 Dilution of earlier stage investors by other venture capitalists | Explain how you plan to deal with the venture industry practice where, in later Financing rounds, other venture capitalists dilute earlier stage investors. |
| 218 Forecasted exits | This section requires that you break out as a percentage the types of exits from an investment. The total percentages need to add up to 100. |
| Table 218 |  |
| Sales/Mergers | Enter the percentage of forecasted exit from investments as a result of sales and mergers. |
| Initial Public Offerings | Enter the percentage of forecasted exit from investments as a result of initial public offerings. |
| Recaps and Management Buyouts | Enter the percentage of forecasted exit from investments as a result of management buyouts. |
| Distress exits | Enter the percentage of forecasted exit from investments as a result of distress exits. |
| Loan payback | Enter the percentage of forecasted exit from investments as a result of loan paybacks. |
| Total | The total percentages must add up to 100%. |
| 218.1 Appropriateness of exit strategies | Enter why you think that the chosen exit strategies are appropriate for your investment strategies.  |
| 219 Overline limitations | The overline limit is the maximum limit of investment in any single company which by regulation is 10%. You need to explain how you will be able to work within this limitation. |
| 220 Reserved |  |
| 221 Operating within redemption provisions | RBIP Regulation states that in general, a Portfolio Concern cannot be required to redeem Equity Securities earlier than one year from the date of the first closing. This section requires how you plan on working within this limitation. |
| 222 Impact of your activities and OA activities | When answering this Question, keep in mind that USDA will use the information in your answers both to consider whether to select you, and to assess your performance, as a RBIC if you receive a license. |
| 222.1 Specific benefits to be created | Enter both measurable performance and non measurable. Measurable could be number of businesses assisted, number of jobs created and saved, how many jobs at or above prevailing wage etc.  |
| 222.2 Identification of specific performance goals | These goals should be attainable and measurable. Link the goals to the structure of the RBIC.  |
| 222.3 Measurement of performance results | Enter the methodology of measurement of the performance goals.  |
| 222.4 Basis for tabulating performance results | Enter the units of measurement and your methods to accumulate the data. |
| 222.5 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 222.2 above), against which you want your performance as a RBIC to be assessed in accomplishing the objectives of the RBIC program. |
| Performance goal name | The name of the performance goal as listed in 222.2. |
| Total Market – all investments | Enter the total market for the performance goal. |
| Target Marker – Rural Areas | Enter the target market for specifically rural areas.  |
| 223 Working with Rural Area community based organizations | This section deals with working relationships with local community based organizations in the proposed geographic area of the RBIC.  |
| 223.1 How to work with community based organizations and local entities | Enter your plan to work with community based organizations (holding round tables etc). |
| 223.2 Organization identification | Enter specific names of community organizations. Include the full legal name of the organization, key contact person, the physical address and phone numbers with area code. |
| 224 OA Resources affect on RBIC success | For leveraged status Applicants only. Enter how the OA resources that you will have available to assist Smaller Enterprises will affect the economic success of the RBIC. For non leveraged applicants, enter “N/A”. |
| 225 Ratio of investing in Smaller Enterprises vs. other Enterprises | Enter the anticipated percentage you intend on investing in Smaller Enterprises. The combined percentage should be 100. |
| 301 Years for OA grant | Enter the number of years of the grant request. OA refers to Operational Assistance which is defined as management, marketing, and other technical assistance that assists a Smaller Enterprise with its business development. For non leveraged applications, enter “N/A”. |
| 302 Relevance of OA grant time period to investment cycle and strategy | Enter how the requested term of the grant matches your investment cycle. For non leveraged applicants, enter “N/A”. |
| 303 Need for OA in targeted rural areas | Describe the need for OA in the Rural Areas targeted by your RBIC. |
| 304 Types of OA and Smaller Enterprises | Enter the types of OA you intent to provide. |
| 305 Usage of OA grant resources | Enter the percentage of you proposed OA to prepare potential investments for financing and separately the percentage to improve performance after closing as a percentage of your OA budget. Both numbers should add up to 100. |
| 306 Delivery of OA to staff and outside entities | Enter your staffing plan to deliver OA, either from internal staff or contact hiring. If you intend on hiring outside contractors, enter their names if known.  |
| 307 Compliance with OA rules and regulations | This section relates to the RBIC’s compliance with the programs Operational Assistance Rules and Regulation. If you applying as a non-leveraged RBIC, this section does not apply. |
| 307.1 Project director information | Enter the name of the person who will oversee compliance with OA rules and regulations. If not an employee, you must also name the contracting firm that they work for. If you do not know yet who will be the director for OA, enter Not Yet Known. |
| 307.2 Full or part time project director | Enter whether the director will be full or part time employee. For this definition, use 35 hours per week as the measurement. If the intent is to work equal or less than 35 hours per week, they are considered part time. If over 35 hours per week, they are considered full time.  |
| 307.3 Will project director by a Principal in the RBIC | Enter a Yes or No answer as to whether the project director is also a Principal. If the answer is yes, their names and contact information must be included in sections 104 and 105. |
| 307.4 Procedures to ensure compliance | Enter the internal controls you intend on instituting that will ensure that grant funds follow all applicable rules and regulations. For a non leveraged applicant, enter “N/A”. |
| 308 Proposed grant budget | Enter description of each line item in your proposed grant budget and explain and justify the type and amounts. For non leveraged applicants, enter “N/A”. |
| 401 Business plan submissions or presentations | Enter the number of business plans you expect to receive after your first year of operations. |
| 402 Approximate level of business plans | Enter the amount of business plans you are currently receiving. Enter none if you are not receiving any. |
| Current flow | Enter the specific number in current flow or put an X if you are not receiving any.  |
| 403 Fund investment in business plans | Enter an amount invested in any business plans received by Principals who are currently operating a venture fund. Enter the percentage of the fund invested and the time period in number of years. If no current fund, enter an X. |
| 404 Marketing programs and strategies | Enter your primary marketing programs or strategies. Discuss market targeting, reach, penetration and methods. |
| 405 Seeking companies in specific industries | If No, enter No. If Yes, expand on the answer by entering the methods you will use to pro-actively target a specific industry. |
| 406 Expected changes in deal flow | Enter the impact on you application flow as a result of obtaining a license. |
| 407 Allocation of deal generation | Enter who will be responsible of the Principals for deal generation and how this work will be distributed. |
| 408 Procedures to log deal flow | Enter how you will log and track deals that come in. List software if you intend on using a computer. This can be either your existing procedures or proposed ones. |
| 409 Procedures for processing proposals | Enter your existing or proposed procedures for the processing of proposals. Include who reads each plan at different stages in the evaluation process and how you arrive at a decision to meet them. Indicate the turn time expected and who among the Principals will meet with the prospect. Indicate if you have a preference for where the first meeting takes place and how the decision to proceed is made and what the criteria is. You also need to enter how you will notify the prospect either way.  |
| 410 Activities and span of attention | This section relates the Portfolio Activities with actions of the Principals.  |
| 410.1 Portfolio concerns invested in | Enter the amount of Portfolio Concerns you believe will be invested in at the peak and also enter the total number. |
| 410.2 Principals level of activity in Portfolio concerns | Discuss the level of involvement of the Principals in Portfolio Concerns, specific to the seeking of board seats or observer rights.  |
| 410.3 Portfolio concerns per principal | Using the number in 410.1, express the average of board seats per Principal and the average of Portfolio Concerns per Principal for oversight.  |
| 410.4 Board seats occupied by principals | Enter the amount of board seats currently occupied by every Principal in the RBIC and show what drop of in any there will and in what length of time. |
| 411 Consulting services and active management | Enter any consulting or active management activities you intend on providing that was not covered under Operation Assistance in section 307. If you list any activities, you will need to express whether you will charge for these services and further show the rates for these services. If you do not intend on any activities, enter none. If you list activities but will not charge for them, enter “no fees”.  |
| 412 Chief Financial Officer information | Enter whether or not you will employ a Chief Financial Officer of the RBIC. If No enter No. If yes, not if full or part time (using 35 hours or above as full time). If yes, you will also need to express if they will also be a Principal. If you have an already picked person and they will be a Principal, you need to include their information in section 103 and 104.  |
| 413 Staffing of the management entity of RBIC | Enter the staffing needs of the RBIC after 18 months of operations after receiving a license. |
| Name and Title | Enter the name and title of the position. |
| Salary, Bonus, and Duties | Enter the total compensation and a brief description of the duties. |
| No. | Enter the number of each position that will be filled. |
| H | Enter an X here if they are already hired. |
| ID | Enter an X here if they have been identified but not yet hired. |
| Loc | Enter the geographic location using a number that references a location key to be completed below. |
| Totals | Enter the totals for each column.  |
| Location Key | Enter the city and state for each location after each number. Add numbers if more than two. |
| 414 Affiliated entity services – types and extent | Enter any services that will be provided by an entity or affiliate other than the Investment Advisor/Manager. Discuss the types and extent of services performed for the RBIC by any affiliated entity and the compensation arrangements. If there aren’t any, enter ‘N/A”.  |
| 415 Advisors | This section addresses Advisors to the RBIC. |
| 415.1 Corporate, advisory, and governance boards and committees | List all corporate, advisory or governance boards or committees to be utilized by the RBIC, and describe their contemplated roles, duties, and responsibilities. Describe how and why the members of any such boards or committees are selected. |
| 415.2 Qualifications of investment committee members and other advisors | Enter information in this section for any member of the investment committee who is not a Principal. State their relevant experience. Enter N/A if there is no such person.  |
| 415.3 Advisor compensation and fund income payments | Enter the compensation of persons mentioned in 415.2 or put N/A if nobody. |
| 415.4 Committee and board person information | For persons in 415.2, enter names, affiliations and their biographies/resume  |
| 416 Office space information | Enter the total square footage of office space you will occupy 18 months after being licensed, its cost expressed per square foot and if you will have any office sharing arrangements. If you will have sharing, approximate how much square feet will be shared.  |
| 417 Due diligence procedures | Enter the specific due diligence procedures for prospective investments, separate from areas already discussed in the application and focused on actions, not philosophy. |
| 418 Use of outside consultants | Enter information in this section of you intend on using outside consultants. If you do not intend to use outside consultants, enter “N/A” and proceed to 419. |
| Table 418 | Fill out a separate Table 418 for each consultant. If you intend to use more than two consultants, copy the page as needed. |
| Firm Name | Enter the name of the consulting firm. |
| Key Contact | Enter the key contact at the consulting firm. |
| Direct Ph. No. | Enter the landline phone of the consulting firm including area code.  |
| Area of Expertise | Enter the area of expertise of the consulting firm. |
| Address | Enter the home office physical address of the consulting firm. Include a PO Box if they have one. |
| Avg. Cost/Co., Person, or Engagement | Provide a pro-rated cost amount per project. |
| Avg. Times/Yr Utilized | Enter the average number of times each year you intend to use the consulting firm.  |
| Number of time used in the past | Enter the number of times this consulting firm has been used in the past. If you have never used this firm, enter “0”. |
| No. Years this covers | Enter total number of years that you have used this firm. If you have never used this firm, enter “N/A”. |
| 419 Scoring system and checklists for potential investments | Enter an X in either Yes or No to this question. If Yes, include a copy of the forms you will use.  |
| 420 Follow-on investment criteria | If you answered Yes to 419, also include here the criteria used to score and prescreen applicants. If you answered No, enter “N/A”. |
| 421 Termination and disposition of portfolio criteria | Enter the criteria for termination or disposition (sale) of Portfolio Concerns, under different circumstances including but not limited to success, loss, “living dead”. Relay how the length of time that an investment has been in your Portfolio may affect your decision, if it does.  |
| 422 Decision making process | This section discusses the decision making process for applications for funding. |
| 422.1 Internal steps for putting an investment prospect to a vote | Enter the process continuing from Question 408 regarding the logging in of prospects. This section requires a narrative that takes the application from log in to it being considered for a vote in committee. |
| 422.2 Reports | Enter the type of report made before an investment, the depth of its coverage and length. It may be ok to refer to attachments in Exhibit P. |
| 422.3 Meetings | Enter if meeting will be held periodically or only as needed. Discuss how the agenda will be determined and if all Principals must be physically present at the meeting of via alternate method, tele-conference etc.  |
| 422.4 Decision making process | Enter the voting procedures for the decision making process. Include persons who have veto or more powers than other, how many votes constitutes a decision (simple majority, super majority, unanimity etc).  |
| 422.5 Closing investment memo | Enter if you intend on having a closing investment memo. If the answer is “yes” include the subjects it will cover. If “no”, discuss why you will not. |
| 422.6 Tracking changes in investment agreements | Enter any system you will have in place to track changes in your investment agreement. |
| 423 Cross references to Exhibits O and Q | Indicate here if any items addresses in 415 through 422 are also in your legal documents as Exhibit O. |
| 424 Reports from Portfolio Concerns | Enter the types of reports you will require from Portfolio Concerns (annual Audits, yearly profit and loss, site visit etc) and their frequency (monthly, quarterly, semi-annually or annually.)  |
| 425 Watch list of non-performing loans and investments | Enter if you intend on having a watch list for non performing borrowers. Enter “N/A” if you do not. If you intend on having one, indicate the criteria to meet inclusion on the list, any remedial measures and also list any that have been on your watch list the past ten years. |
| 426 Computerized techniques for oversight | Enter any non e-mail derived systems you will be using for oversight. If computer driven, list the software. |
| 427 Monitoring responsibilities | Enter the person or persons who will do the monitoring.  |
| 428 USDA reporting responsibility | Enter the person who will provide the required reporting to USDA |
| 429 Compliance of financing with USDA regulations | Enter the measures you will have that will ensure with compliance with USDA reporting. |
| 430 Review of questions | Enter a yes or a no. Ensure that you have met the requirements for length of answers and in the correct font. |
| 501 Allocations | This section relates to the allocation of carried interest, bonus and profit sharing plans and vesting of the RBIC. |
| 501.1 Formulas for carried interest allocations | Provide a description of any formulas for carried interest allocations to be made directly or through bonus or profit sharing plans.  |
| 501.2 Profit and loss allocations | Enter any bonus or profit sharing plans between the investors, employees or affiliated entities. |
| 501.3 Vesting | Enter the vesting provisions for carried interest including the vesting schedules. |
| 501.4 Preferential distributions and clawback provisions | Enter any provisions for preferential distributions to any partners. Enter ant clawback provisions between the Principals and limited partners. |
| 502 Expenses | This section addresses the expenses of the RBIC. |
| 502.1 Fee calculations | Enter the formula for calculating the fees to be paid to the Investment Advisor/Manager. Show the allocation of expenses among the RBIC, the Investment Advisor/Manager and the general partner or managing member, including allocation of overhead, legal fees, due diligence costs, etc. If the Investment Advisor/Manager provides services to multiple venture funds, fully describe your policy and/or formulas for allocation of management fees among funds. Particularly note any wind-down provisions regarding expenses in any of the funds. |
| 502.2 Fee allocation policies | Enter your policies regarding the allocation of fees, such as transaction fees, investment banking fees, monitoring fees, directors' fees, etc. between the RBIC and any management or other affiliated entities. For additional guidance, see USDA’s regulation that covers this 7 CFR4190.900  |
| 503 Drop down fund | Answer “yes” if the RBIC will be a drop down fund; answer “no” if it is not. |
| 503.1  | If you answered Yes to 503 complete Table 503.1. If you answered No, leave Table 503.1 blank. |
| Table 503.1 Parent Fund Data | Complete this table if you answered Yes to Question 503. |
| Name of Parent Fund | Enter the full legal name of the parent fund. |
| Address | Enter the physical address of the parent fund. |
| Key Contact | Enter the primary contact person at the parent fund. |
| Direct Ph. No. | Enter the landline phone number of the parent fund including area code. |
| Email Address | Enter the e-mail address of the key contact person. |
| Fax Number | Enter the fax number of the parent fund with the area code. |
| Current Private Capital of Parent Fund | Enter the dollar amount of the Current private capital parent fund. |
| Amount Currently Invested | Enter the amount currently invested. |
| Amount to be Dropped Down into RBIC | Enter the amount the amount that will be dropped down into the RBIC. |
| Anticipated Final Private Capital of Parent Fund | Enter the anticipated final private capital of the parent fund. |
| Amount of Unfunded Commitments | Enter the amount of unfunded commitments. |
| Amount to remain in Parent Fund | Enter the amount to remain in the parent fund. |
| 503.2 Types of current investments | Enter the types of investments made by the parent and discuss their similarities and differences from the RBIC’s investment strategy. |
| 503.3 Geographic area similarities and differences | Enter any similarities or differences in the geographic areas in which the parent and the RBIC will invest. |
| 503.4 Co-investing with the parent? | If you plan on co-investing with a parent, put an X for yes or an X for no if you do not intend on co-investing with a parent.  |
| 503.5 Handling of Co-Investments | If you answered “yes” discuss how investments will be handled following USDA regulation, specifically 7 CFR 4290.73 and 7 CFR 4290.50. If you answered no enter “N/A”. |
| 503.6 Investor commitments for drop down RBICs | Check an X for either yes, no or maybe, if you anticipate any issues arising from USDA asking the drop down parent fund to be added as Class B limited partners. |
| 503.7 Potential problems | If you checked yes or maybe, enter the potential problems you foresee. If you answered no, leave blank. |
| 504 Structure and relationships | This section discusses the organizational structure of the RBIC. |
| 504.1 Organizational Structure and Associates and Affiliates | Enter a narrative version of your RBIC’s organizational chart which is included as Exhibit K. For each individual or entity that is part of the organization you will need to include information addressed specifically in sections 504.2 through 504.8. |
| 504.2 Date and jurisdiction of formation | If an entity is listed on the organizational structure, list the date of its formation and where it was formed. |
| 504.3 Employer Identification Number | If an entity is listed on the organizational structure, list the Employer Identification Number. |
| 504.4 Initial life of RBIC and provisions for extending term | Enter the initial life of the RBIC and provisions for extending the term.  |
| 504.5 Final ownership structure | Describe the final ownership structure of the RBIC 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. |
| 504.6 Contractual relationships  | Describe all actual or anticipated contractual relationships between the Persons and entities described in the organization structure.  |
| 504.7 Associate and affiliate relationships | Describe any Associate or Affiliate relationship between any officer, director, general partner, manager, or 10% owner of the RBIC and any other RBIC, NMVCC, or SBIC. |
| 504.8 Conflicts of interest | Describe any potential conflicts of interest and the controls in place to protect the interests of the USDA and the RBIC’s investors. |
| 505 Managements | This section provides details about the RBIC’s management. |
| 505.1 Roles of individuals and entities identified in Table B1 of Exhibit B | Look up the names from Exhibit B Table B1 and enter the individual or entity’s name and role. Also add in any other names not contained in that table that will be included in management or investment decisions, especially if they are not in the description of the RBIC’s organizational structure. |
| 505.2 Boards and Committees | This section deals with Boards and Committees that the RBIC plans on using. |
| 505.2(a) | Provide a list all corporate, advisory or governance boards or committees you will use.  |
| 505.2(b) roles and responsibilities | From the list provided in response to Question 505.2(a), describe the roles and responsibilities of any of these entities regarding the investment decision process. Be sure to discuss whether or not the entity will have any veto power over investment and other decisions. |
| 505.2(c) person on such boards | For each board and committee identified in 505.2(a), identify each person on such board or committee by listing their full name. In addition, identify the affiliation and provide a brief biography of each person identified. |
| 505.2(d) Member selection procedure | Describe the process you used (how and why) to select each person identified in response to Question 505.2(c). |
| 505.2(e) Compensation | Enter the amount of compensation, if any, of the persons listed in 505.2(c). For each person that will not receive any compensation, indicate “none”.  |
| 505.3 Management succession plan | Provide the succession plan for management over the life of the RBIC. |
| 505.4 Provisions for terminating or changing RBIC management activity | Enter the provisions put in place that allow for termination of any managing entity. Describe how a termination can occur and to whom.  |
| 505.5 RBIC Investor participation in investment process and governance of the RBIC | Describe any participation by the RBIC’s investors in either the investment process or the governance of the RBIC, especially provisions for terminating the RBIC and removal or replacement of the RBIC’s management. |
| 505.6 Provisions for terminating or changing compensation and other economic participation | Describe any provisions regarding the termination (or material alteration) of the compensation or other economic participation of a managing entity of the RBIC. 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. |
| 505.7 Provisions for adding new management entity | Enter any provision to add a new managing entity to the RBIC. |
| 505.8 Provisions for establishing compensation and economic participation of new managing entities | Enter guidance as to compensation for any managers added. |
| 506 Principals | This section details information about Principals. |
| 506.1 Carried interest provisions and other economic participation plans | This section related to carried interest. Carried interest is a share of the profits of an investment or investment fund that is paid to the investment manager in excess of the amount that the manager contributes to the partnership. You must describe the carries interest provision for every Principal as well as every other individual who will participate in carried interest. You must include the formula for calculating carried interest for each person listed.  |
| 506.2 Vesting provisions, compensation changes | This section deals with vesting provisions for both Principals and non-Principals. You must provided a description for any provision regarding a material alteration (or termination) of the compensation or other economic participation of a RBIC Principal or managing entity as well as the circumstances that would cause their occurrence.  |
| 506.3 Provision for terminating and changing a principal’s management activity | Enter any provisions regarding the termination (or material alteration) of any Principal’s management activity relating to the RBIC and include the circumstances that would cause a termination. You will also need to list anyone that has the right to cause (or veto or consent to) a termination. |
| 506.4 Provisions for adding new principals | Enter how to add a new Principal to the RBIC and who has the right to veto or consent to the addition. |
| 506.5 Compensation and economic participation for new principals | Enter the compensation provisions for any addition. |
| 506.6 Principal’s investments | Describe all direct and indirect investments by each Principal in the RBIC and in any managing entity. Include a description of the amount and terms of each such investment. |
| 507 Coinvesting | This section concerns with co-investing by Principals or employees of the RBIC. |
| 507.1 Policies regarding personal investments in portfolio concerns | Enter the policies that will govern co-investing in Portfolio Concerns by Principals. The question gives examples that are lettered. It is ok to highlight one of these and include a more detailed description of the policies for that option. If it will not be permitted under any circumstances, simply state this answer. |
| 507.2 Hard vs soft dollars | If the RBIC will allow co-investing, discuss whether it will be in either cash or in kind contributions. If it is not allowed, enter N/A |
| 507.3 Affiliates and Associates participation in RBIC investments | Enter any Affiliates or Associates of the RBIC that are likely to participate in an RBIC investment. List the nature of their affiliation as well. |
| 508 Reinvestment | Enter the RBIC’s policy regarding the reinvestment of the proceeds from realized Portfolio liquidity events, including early realizations. |
| 509 Penalties | List any penalty provisions to be imposed on investors for failure to make capital contributions when called.  |