

§ 689b. Establishment

In accordance with this part, the Administrator shall establish a New Markets Venture Capital Program, under which the Administrator may—

- (1) enter into participation agreements with companies granted final approval under section 689c(e) of this title for the purposes set forth in section 689a of this title;
- (2) guarantee the debentures issued by New Markets Venture Capital companies as provided in section 689d of this title; and
- (3) make grants to New Markets Venture Capital companies, and to other entities, under section 689g of this title.

(Pub. L. 85-699, title III, §353, as added Pub. L. 106-554, §1(a)(8) [§1(b)(3)], Dec. 21, 2000, 114 Stat. 2763, 2763A-655.)

§ 689c. Selection of New Markets Venture Capital companies**(a) Eligibility**

A company shall be eligible to apply to participate, as a New Markets Venture Capital company, in the program established under this part if—

- (1) the company is a newly formed for-profit entity or a newly formed for-profit subsidiary of an existing entity;
- (2) the company has a management team with experience in community development financing or relevant venture capital financing; and
- (3) the company has a primary objective of economic development of low-income geographic areas.

(b) Application

To participate, as a New Markets Venture Capital company, in the program established under this part a company meeting the eligibility requirements set forth in subsection (a) of this section shall submit an application to the Administrator that includes—

- (1) a business plan describing how the company intends to make successful developmental venture capital investments in identified low-income geographic areas;
- (2) information regarding the community development finance or relevant venture capital qualifications and general reputation of the company's management;
- (3) a description of how the company intends to work with community organizations and to seek to address the unmet capital needs of the communities served;
- (4) a proposal describing how the company intends to use the grant funds provided under this part to provide operational assistance to smaller enterprises financed by the company, including information regarding whether the company intends to use licensed professionals, when necessary, on the company's staff or from an outside entity;
- (5) with respect to binding commitments to be made to the company under this part, an estimate of the ratio of cash to in-kind contributions;
- (6) a description of the criteria to be used to evaluate whether and to what extent the com-

pany meets the objectives of the program established under this part;

(7) information regarding the management and financial strength of any parent firm, affiliated firm, or any other firm essential to the success of the company's business plan; and

(8) such other information as the Administrator may require.

(c) Conditional approval**(1) In general**

From among companies submitting applications under subsection (b) of this section, the Administrator shall, in accordance with this subsection, conditionally approval¹ companies to participate in the New Markets Venture Capital Program.

(2) Selection criteria

In selecting companies under paragraph (1), the Administrator shall consider the following:

- (A) The likelihood that the company will meet the goal of its business plan.
- (B) The experience and background of the company's management team.
- (C) The need for developmental venture capital investments in the geographic areas in which the company intends to invest.
- (D) The extent to which the company will concentrate its activities on serving the geographic areas in which it intends to invest.
- (E) The likelihood that the company will be able to satisfy the conditions under subsection (d) of this section.
- (F) The extent to which the activities proposed by the company will expand economic opportunities in the geographic areas in which the company intends to invest.
- (G) The strength of the company's proposal to provide operational assistance under this part as the proposal relates to the ability of the applicant to meet applicable cash requirements and properly utilize in-kind contributions, including the use of resources for the services of licensed professionals, when necessary, whether provided by persons on the company's staff or by persons outside of the company.
- (H) Any other factors deemed appropriate by the Administrator.

(3) Nationwide distribution

The Administrator shall select companies under paragraph (1) in such a way that promotes investment nationwide.

(d) Requirements to be met for final approval

The Administrator shall grant each conditionally approved company a period of time, not to exceed 2 years, to satisfy the following requirements:

(1) Capital requirement

Each conditionally approved company shall raise not less than \$5,000,000 of private capital or binding capital commitments from one or more investors (other than agencies or departments of the Federal Government) who met criteria established by the Administrator.

¹ So in original. Probably should be "approve".