

Awardee Name: _____
Award Number: _____

EXPLANATION OF NONCOMPLIANCE

If the Awardee fails to meet any of its performance goals and measures or financial soundness covenants, the Awardee must respond to the following questions and submit the responses to the Fund as part of its Annual Report. The Fund will use the Awardee's responses to the Explanation of Noncompliance, its past performance toward meeting the performance benchmark(s), its overall activity levels, and any other information deemed appropriate by the Fund to determine whether the Awardee is in default of its Assistance Agreement for this instance(s) of noncompliance.

Performance Goals and Measures:

1. Why did the Awardee fail to meet the Performance Measure(s)?
2. What actions are being taken to ensure that the Awardee meets the Performance Measure(s) in the future?
3. Does the Awardee expect to meet the Performance Measure(s) during the next reporting period? If no, explain why.
4. Will the Awardee require a modification of a Performance Goal(s) or Measure(s)? If so, explain the modification, including a justification and recommendation for revised language and/or benchmarks.
5. Does the Awardee's failure to meet the Performance Goal and/or Measure(s) place the Awardee in violation of any agreement or covenant with any of its other lenders, funders or investors?

Financial Soundness Covenant(s)/Financial Soundness Performance Measure(s):

1. Did the Awardee's annual budget for the most recently completed fiscal year, as approved by the Awardee's Board of Directors, anticipate not meeting the financial soundness covenant(s)/measure(s)?
2. How does not meeting the financial soundness covenant(s)/measure(s) affect the Awardee's financial condition?
3. Does the Awardee's failure to meet the financial soundness covenant(s)/measure(s) violate the Awardee's financial management policies? If yes, explain how.
4. Does the Awardee's inability to meet the financial soundness covenant(s)/measure(s) adversely affect the Awardee's ability or plans to leverage other funding sources? If yes, explain how.
5. Does the Awardee expect to meet the financial soundness covenant(s)/measure(s) during the next reporting period? If no, explain why.
6. Will the Awardee require a modification of its financial soundness covenant(s)/measure(s)? If so, explain the modification, including a justification and recommendation for revised language and/or benchmarks.

Questions specific to Technical Assistance award:

1. What component(s) (consulting, training, technology, or other) of the Technical Assistance award (see Schedule 5-A, Authorized Uses of TA) have yet to be completed?
2. When does the Awardee expect to complete the component(s)?
3. If the Awardee does not expect to complete the component(s), how does the Awardee propose to use the Technical Assistance allocated to that component(s) prior to the termination date of the award? Please note that the Fund reserves the right to request the return of any unused funds upon the termination of the Assistance Agreement.
4. Does the Awardee expect to re-allocate any unused funds for another use? If the amount expected to be re-allocated exceeds 20 percent of the category, please explain; such uses must be approved by the Fund.