



INCITE CO-INVESTMENT FUND

QUALIFIED BUSINESS USE OF PROCEEDS CERTIFICATION

These assurances are referenced by Section 3005(e)(7) and Section 3011(c)(2) of the Small Business Jobs Act of 2010.

Legal name of Qualified Business ("Qualified Business"): _____

As a condition to an INCITE Co-Investment Fund investment by Tennessee Technology Development Corporation d/b/a Launch Tennessee ("LaunchTN") in the Qualified Business, the Qualified Business hereby certifies to LaunchTN as follows:

1. The investment proceeds will be used for a business purpose.

For purposes of this certification, a "business purposes" includes, but is not limited to, start up costs, working capital, business procurement, franchise fees, equipment, inventory, and the purchase, construction, or renovation, or tenant improvements for, an eligible place of business that is not for passive real estate investment purposes. For purposes of this certification, the term "business purposes" does not include activities that relate to acquiring or holding passive investments (such as commercial real estate ownership and the purchase of securities) or lobbying activities (as defined in Section 3(7) of the Lobbying Disclosure Act of 1995, P.L. 104-65, as amended).
2. The investment proceeds will not be used to:
 - (a) repay delinquent federal or state income taxes, unless the Qualified Business has a payment plan in place with the relevant taxing authority;
 - (b) repay taxes held in trust or escrow (e.g., payroll or sales taxes);
 - (c) reimburse funds owed to any owner, including any equity injection or injection of capital for the continuance of the Qualified Business;
 - (d) to purchase any portion of the ownership interest of any owner of the Qualified Business;
 - (e) effect a change not designed for the long-term benefit of the Qualified Business;
 - (f) refinance existing debt where the lender is in a position to sustain a loss and the government (state or federal) would take over that loss; or
 - (g) conduct basic or discovery research that is traditionally federally-funded (which, for purposes of this certification, does not include general product development research).
3. The Qualified Business is not:
 - (a) an executive officer, director, or principal shareholder of LaunchTN;

- (b) a member of the immediate family of an executive officer, director, or principal shareholder of LaunchTN; or
- (c) a related interest of an such executive officer, director, principal shareholder, or immediate family member.

For purposes of this certification, the terms “executive officer,” “director,” “principal shareholder,” “immediate family,” and “related interest” refer to the same relationship to LaunchTN as the relationship described in Part 215 of Title 12 of the Code of Federal Regulations, or any successor to such part.

4. The Qualified Business is not:

- (a) a business engaged in speculative activities that develop profits from fluctuations in price rather than through normal course of trade, such as wildcatting for oil and dealing in commodities futures, unless those activities are incidental to the regular activities of the Qualified Business and part of a legitimate risk management strategy to guard against price fluctuations related to the regular activities of the Qualified Business;
- (b) engaged in the business of insurance, banking, or lending;
- (c) a business engaged in pyramid sales, where a participant’s primary incentive is based on the sales made by an ever-increasing number of participants;
- (d) a business engaged in activities that are prohibited by federal law or applicable law in the jurisdiction where the business is located or the activities are conducted (included in these activities is the production, servicing, or distribution of otherwise legal products that are to be used in connection with an illegal activity, such as selling drug paraphernalia or operating a motel that knowingly permits illegal prostitution);
- (e) a business engaged in gambling enterprises, unless the Qualified Business earns less than 33% of its annual net revenue from lottery sales;
- (f) engaged in a business involving (i) real estate, real estate development, or leasing; (ii) professional services provided by a lawyer, accountant, registered investment advisor, or physician; (iii) oil and gas exploration or mining; (iv) construction; (v) the production or distribution of motion pictures, television shows, or sound recordings; or (vi) accommodation and food services establishments; or
- (g) engaged in a business involving retail establishments, except when the primary purpose of the business is the development or support of electronic commerce using the Internet.

Legal Name: _____

By: _____

Print: _____

Title: _____

Date: _____