

Due Diligence Process Fact Sheet

CHIPS Investment Process



Overview

All applicants who have requested funding under the CHIPS Notice of Funding Opportunity for Commercial Fabrication Facilities (“the NOFO”), and who have entered into a Preliminary Memorandum of Terms (“PMT”) with the Department, will enter into the due diligence process as set forth out in NOFO Section I.B.9. The purpose of due diligence is for the Department to validate material facts of the application, address critical risks identified in the previous merit review, and uncover any new information that may impact the size, nature, or timing of the proposed award. The outcome of the due diligence process will determine if the CHIPS Program Office (“CPO”) will advance the applicant to an award.

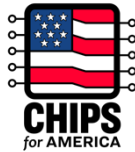
CPO acknowledges that applicants may have been engaged with the program for months and provided a significant amount of information during the merit review phase. During the due diligence process, CPO will work closely with applicants to gather and verify key information. It also offers the opportunity for CPO and applicants to begin collaborating on strategic commitments that align with CHIPS Act policy objectives, including, for example, economic and national security, [workforce development](#), supply chain resistance, creating inclusive opportunities for businesses, and community investments. CPO’s focus in the due diligence phase is to leverage previously provided information and only ask for incremental information where necessary to inform conclusions about key project risks.

CPO may request one or more visits to the project site to validate material application information. CPO may visit the site, for example, to confirm the applicant is on track with the proposed construction plan, to validate site policies and procedures related to operational security, and to ensure the site is compliant with all environmental requirements. CPO may also obtain information from external sources beyond the applicant in its due diligence review (e.g., public filings, public semiconductor / financial datasets, information from customers or other stakeholders).

Transaction Advisors

As described in the NOFO, CPO will engage outside advisors (including outside counsel) during the due diligence process as needed. Applicants will be responsible for paying the fees and expenses of CPO’s outside advisors. Applicants will be provided an estimate of outside advisor costs before CPO commences due diligence. Applicant will be required to enter into fee letters with CPO’s outside advisors before CPO commences due diligence.

One or more outside advisors may be engaged in conducting due diligence across multiple focus areas, such as financial, construction, commercial, technical, environmental, legal, or other diligence areas. CPO has assembled a diverse panel of firms with expertise and experience across these areas. CPO’s internal teams of experts will work closely with these outside advisors to conduct a thorough due diligence process for each application and ensure CPO is updated on any key risk factors prior to executing an award.



Award Documents and Award Approval

During the due diligence phase, CPO will prepare award documents based on the terms of the PMT and the results of CPO's due diligence. Where deemed appropriate by CPO, CPO may prepare and negotiate a Long-Form Term Sheet with an applicant in advance of preparing award documents. For applications requesting direct funding awards, the principal award document will be a Direct Funding Agreement. For applications requesting direct funding awards and loans, the principal award documents will be a Direct Funding Agreement and a Loan Guarantee Agreement. Where appropriate, award documents may include ancillary documents such as guarantees and security documents. Once CPO's award document negotiations with an applicant are substantially complete and CPO's due diligence is substantially complete, CPO may recommend the application to the Department's Transaction Review Committee for approval. If the Transaction Review Committee approves the application, the Department will finalize the award documents in accordance with the terms of the Transaction Review Committee's approval and issue the CHIPS Incentives awards.