

NEW MARKETS TAX CREDIT COALITION

April 8, 2013

Robert Mulderig
Program Manager
Certification, Compliance, Monitoring and Evaluation
Community Development Financial Institutions Fund
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Mr. Mulderig

I am writing of behalf of the New Markets Tax Credit (NMTC) Coalition to comment on the Community Development Financial Institution (CDFI) certification and recertification process initiated by the CDFI Fund in February, 2013.

We are concerned that the recertification process, as we understand it, does not alert an organization if its CDFI status is in question or provide an opportunity to appeal a decision before CDFI status is revoked. Unless a CDFI is made aware of a weakness or flaw in a recertification application and given an opportunity to respond in a timely manner, I fear we could see strong, mission-aligned, CDFIs losing their CDFI status based on an application that misinterpreted or lacked sufficient documentation of distress or accountability. Truly mission-aligned organizations will want to understand the Fund's rationale for questioning its CDFI status and have an opportunity to address any shortcomings.

Putting an organization's CDFI status at risk would have a direct and dire impact on the NMTC program as many organizations were deemed to be Community Development Entities (CDEs) based on their CDFI status (IRC Section 45D(c)(2)) and if such an organization were to lose its CDFI status it would also lose status as a CDE. Such an action would trigger a NMTC recapture event and require the CDE's investor(s) to repay all credits taken to date with interest. There is no cure period provided under current IRS rules for a CDE that loses its status as a CDE. The recapture event is immediate and the repercussions severe.

We encourage the Fund to put a process in place to notify a CDFI applicant of a weakness or missing element in a recertification application and grant the CDFI time to remedy the issue before any action is taken to revoke CDFI certification.

We would be happy to discuss our concerns directly with you or others at the Fund.

Sincerely,



Robert A. Rapoza

CC: Donna Gambrell, Director
Christopher Stever Associate Program Manager (Certification)
Jeffrey Berg, Legal Counsel