

Christopher J. Stever  
Certification and Training Program Manager  
CDFI Fund  
601 13<sup>th</sup> St, NW, Suite 200 South  
Washington, DC, 20005

Dear Christopher:

Opportunity Finance Network appreciates the opportunity to comment on the New Markets Tax Credit Community Development Entity Certification Application (74 FR 20780). Opportunity Finance Network is itself a certified community development entity (CDE); we are a founding Board member of the New Markets Tax Credit Coalition; and our network of community development financial institutions (CDFIs) includes many CDEs and their affiliates. We share with the Fund a desire to see the NMTC program stimulate investment in emerging domestic markets and to ensure that CDEs are committed to fostering that investment. We have been pleased to see community development financial institution (CDFI) participation in the NMTC program increase in the most recent round.

#### **CDE Certification Procedures**

Opportunity Finance and its Members appreciate the streamlined online certification available to certified CDFIs. CDFIs have already proven their commitment to communities targeted by the NMTC, and the CDFI certification requirements for accountability meet or exceed those for CDEs. In our 2006 comment letter to Pamela Williams, we strongly encouraged the Fund to maintain this simple "registration" form of certification. We reiterate our support of this simplified certification process for certified CDFIs.

#### **Certification Requirements: Accountability**

Opportunity Financial Network believes that NMTC is best directed to low-income people and communities—to effect deals that, absent the incentive of the NMTC, would not otherwise happen. To that end, we believe that the Fund must certify CDEs with a strong commitment to those markets.

The request for comment solicits input on the certification process for CDEs. In our earlier comment letter, we expressed our support for strengthening the accountability requirements in order to prevent financing deals that would have happened without the credit, and to ensure that the allocations are financing mission-driven transactions that benefit people and communities outside the reach of conventional finance. These accountability requirements have a direct bearing on CDE certification.

The CDFI Fund requires that certified CDFIs demonstrate accountability to all Target Markets they purport to serve. A CDFI that serves both an Investment Area and a Low-Income Population must include provisions to be accountable to both. CDEs using New Markets Tax Credits should be subject to equally rigorous accountability standards. The CDFI Fund should use a process similar to the "Certification of Material Event" form it requires from certified CDFIs that change mission or target market.

Requiring accountability means nothing if it is only "on paper." The CDFI Fund must put teeth into its accountability requirements, ensuring that advisory boards are truly advisory and focus



the CDEs on putting new money into new markets. Opportunity Finance Network believes that 20% of Board or Advisory Board Members is insufficient to ensure true accountability to target markets. The CDFI Fund should maintain the minimum of 20% of Board members representing a target market, but increase the threshold to 50% if a CDE chooses to maintain accountability through an advisory board.

### **Certification Requirements: Additional Suggestions**

Along with strengthening the accountability requirements, the CDFI Fund should consider options to further streamline the application process. The collection of information about CDEs is an important part of the agency's commitment to keep the NMTC applicants focused on their mission, and also to track investments and outcomes from the allocations.

The CDFI Fund should consider an online certification application for all CDEs. An automated system with all forms available as downloads and that would allow CDEs to track the status of their certification application would reduce the burden of collecting information on paper, and allow both the agency and the applicant access to faster feedback and improved recordkeeping.

A recent GAO report<sup>1</sup> indicates that CDFIs (or CDEs affiliated with CDFIs) more than tripled their portion of the NMTC allocations in the FY2008 funding round. We hope this trend continues, and we urge the Fund to use an application and allocation process that recognizes the track record and success of mission-driven organizations meeting the NMTC program's goals. We encourage the Fund to pursue outreach and training opportunities that will ensure minority institutions are aware of the New Markets Tax Credit Program, in response to the GAO's findings, and to closely track the participation of minority CDEs.

### **Conclusion**

Thank you for the opportunity to comment and your consideration of our views. Opportunity Finance Network knows that the CDFI Fund is committed to stimulating investment in underserved communities and recognizes the value of the NMTC for doing so. We look forward to a continued partnership to make the NMTC the most useful tool it can be, and in helping the Fund focus the NMTC on its mission of financing deals that truly need its subsidy and bring new investment to emerging markets. Please do not hesitate to contact me if you have questions or would like additional information.

Sincerely,

Mark Pinsky  
President and CEO

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<sup>1</sup> Government Accountability Office (GAO), "New Markets Tax Credits