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From: Momjian, Arthur J. <AJMomjian@duanemorris.com>
Sent: Sunday, February 05, 2012 11:45 AM
To: CDFIHELP
Cc: 'fender@raitft.com'; Moll, Daniel R.
Subject: Comments to Federal New Markets Tax Credit Program

Dear Mr. Ibanez,

The following are comments proposed by RAIT Community Development Fund, a certified community development entity to the Federal New Markets Tax Credit Program..

1. Allocation of New Markets Tax Credit Authority. The New Markets Tax Credit Program would be improved by the application for New Markets Tax Credit authority providing a point system made available to applicants pursuant to which an applicant would be made aware of the priority and goals of the CDFI Fund in connection with the allocation of New Markets Tax Credit Authority through a point scoring system.. An applicant could understand how its application would score under the point system provided by the CDFI Fund. This point system would be similar to the "qualified allocation plan" which each state is required to generate annually under Section 42 of the Code with respect to the allocation by each state housing finance agency of its allocation of Federal Low-Income Housing Tax Credits.
2. Limitations on Investor and CDE Fees. While applicants typically commit to the amount of the QEI which is funded as a QLICI to the QALICB, fees can be charged by the CDE and/or the Investor in ways not transparent to the CDFI Fund in the following ways::
 - (a) Fees can be charged above the QEI at the Investment Fund level and would not be known to the CDFI Fund;
 - (b) Fees could be charged to the QALICB post QLICI; and
 - (c) Portions of the forgivable B note may not be forgiven and become a fee to the CDE and/or the Investor.

We believe that the New Markets Tax Credit Program would be improved by:

- (a) Linking the compensation to be paid to the CDE to points the CDE would score on its application; and
- (b) Providing that "fees" would include all compensation paid to the CDE and/or investor and would include pre-QEI fees, portions of the B Note not forgiven and fees paid by the QALICB.

Thank you.

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