



IMPACT SEVEN, INC.

A WISCONSIN DEVELOPMENT CORPORATION

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"This institution is an equal opportunity provider."

July 6, 2007

NMTC Program Manager
CDFI Fund
US Department of Treasury
601 13th Street, NW Suite 200 S
Washington DC 20005

I am writing on behalf of Impact Seven, Inc. to submit comments on the Request for Public Comment dated May 22, 2007 which requests guidance on how to ensure that non-metropolitan counties receive a proportional allocation of Qualified Equity Investments (QEIs).

Impact Seven, Inc., a certified CDFI and certified CDE, appreciates the opportunity to submit comments on the guidance. We would like to commend the CDFI Fund for seeking a mechanism that allows non-metropolitan counties to fully participate in the New Markets Tax Credit program.

1. Allocation of QEIs

a. Location of investors

- i. Comment: The location of the investors does not necessarily translate into the location of the QEI. In reality, it is oftentimes larger, metropolitan based investors that are able to fund non-metropolitan QEIs due to larger lending limit and heightened knowledge of the program. Therefore, Impact Seven does not support requiring investors to be located in non-metropolitan areas.

b. Location of allocatees

- i. Comment: As noted earlier in the Fund's comments many allocatees are headquartered in both metro and non-metro areas and fund in statewide, multi-state and national areas – the location of the CDE is not indicative of where the actual QEI or QLICI will be funded – so it does not appear that this solution will drive QEIs into non-metropolitan counties per se – at least there is no logical connection that would require this to happen.. Therefore, Impact

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Seven does not support requiring allocatees to be located in non-metropolitan areas.

b. Principal service area of allocatees

- i. Comment: While this moves in the direction of proportionally, it does not require the QEIs to be utilized in these counties – it simply funds CDEs who “principally serve” non-metropolitan areas. Therefore, Impact Seven does not support requiring the service area of allocatees to be non-metropolitan.

c. Location of QLICIs

- i. Comment: This alternative seems to provide the most rationale. A CDE that commits to providing a percentage of its QEIs in non-metropolitan counties should be given more consideration. The location of its headquarters or primary service area should not weigh into this decision, rather the demonstration of a non-metropolitan pipeline, business strategy targeting non-metropolitan counties and community accountability should provide the CDFI Fund the ability to weigh the scoring the applications. In sum, the capacity to work in non-metropolitan counties should be the key component with a requirement to perform, if allocated.

2. Proportionality

- a. **With respect to 1(a) and 1(b) above, should the Fund define the term “proportional” to mean: (i) the proportion of the U.S. population that resides in non-metropolitan areas; (ii) the proportion of low-income communities that are located in non-metropolitan areas; or (iii) another calculation?**

- i. Comment: With respect to 1(a) and 1(b) above, Impact Seven does not support an allocation of QEIs based on the location of the investors or the location of the allocatees therefore does not provide a comment.

- b. **With respect to 1(c) and 1(d) above, should the proportion be based upon: (i) the total applicant pool for a given NMTC allocation round or (ii) that portion of the applicant pool that, after the first phase of application review and scoring, met or exceeded the minimum scoring threshold to be eligible for NMTC allocation?**

- i. Comment: With respect to 1(c) and 1(d) above, Impact Seven supports a proportion based on the total applicant pool for a given NMTC allocation round. We would recommend a minimum of 25 percent of the allocation be set-aside for non-metropolitan areas.

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- c. **Should the percentage of QLICIs made in Low-Income Communities be based upon the total number of QLICI's made by a CDE or the total dollar amount of those QLICI's?**
 - i. Comment: Impact Seven feels that the percentage of QLICIs made in Low-Income Communities should be based on total dollar amount of those QLICI's. In doing so, this will ensure that the desired 'proportionality' is truly achieved.

3. Review Process

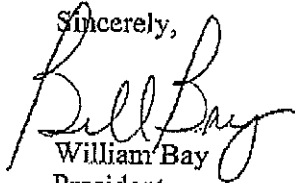
- a. **Priority Points: Should the Fund adopt priority points based on: (i) The CDE's track record of serving non-metropolitan areas; (ii) a forward-looking commitment to serving non-metropolitan areas; or (iii) both the track record and the forward-looking commitments?**
 - i. Comment: To promote investments in underserved non-metropolitan areas, Impact Seven supports both the track record and the forward-looking commitments for the basis of priority points.
- b. **Re-ranking of applicants: Should the Fund consider advancing lower scoring applicants that predominantly serve non-metropolitan areas over higher scoring applicants so that the desired proportionality is achieved?**
 - i. Comment: Impact Seven supports advancing lower scoring applicants to ensure that at least 25 percent of the allocation is proportionally allocated to non-metropolitan areas.

4. Compliance

- a. **Should the Fund require that applicants specify in their applications the percentage of their QEI proceeds that they will use to make investments in non-metropolitan areas and then be held to those percentages as a condition of their allocation agreements?**
 - i. Comment: Impact Seven supports the use of compliance methods to ensure that the percentage of the QEI proceeds that are specified in the CDE application is a condition of the allocation agreement.

Thank you again for the opportunity to provide the above comments. If you would like any clarifications or have any questions, please do not hesitate to contact me at (715) 357-3334 or by e-mail at wby@impactseven.org.

Sincerely,


William Bay
President