



First Southern Capital Development Corporation

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Mr. Matthew Josephs
NMTC Programs Manager
Community Development Financial Institutions Fund
U.S. Department of the Treasury
601 13th Street, NW, Suite 200 South
Washington, DC 20005

Via email: cdfihelp@cdfi.treas.gov

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Dear Mr. Josephs,

First Southern Capital (FSC) is please to respond to the request for comments published in the Federal Register on August 3, 2009 regarding the April 2009 Government Accountability Office released report titled: "New Market Tax Credit: Minority Entitles Are Less Successful in Obtaining Awards than Non-Minority Entitles".

FSC is a *de novo* minority (African-American) owned and controlled certified Community Development Entity (CDE)¹ and mortgage bank with license *pending* within the State of Louisiana Office of Financial Institutions and currently licensed by the California Department of Corporation as a Finance Lender (CFL) that is dedicated to providing education, employment, financial services, mortgages lending and business lending to economically distressed inter-city communities throughout Louisiana, California, North Carolina and Florida. Through prior entitles the founders of FSC have over 30 years of providing affordable financial products and services to more than 7,000 individuals for over \$500 million in non-traditional mortgage credit and over \$100 million in affordable insurance products to economically distressed underserved communities throughout America.

On April 8, 2009 FSC submitted its 2009 NMTC Allocation Application (32452) for a general allowance of NMTCs and in preparing that application our comments are as follows;

- a) Similar to other government grants and sponsored programs the CDFI Fund must embrace the concept of Congress intervention to amend the program to provide NMTC

capitalization planning along with NMTC fund raising strategies and technical support directed towards minority CDEs and CDFIs and/or set aside a pool of NMTCs exclusively for minority applicants; or

- b) Require a larger percent of awardees to direct investment activities into pre-existing minority CDEs without an allocation and/or make direct investments into QALICBs in lieu of creating QLICI Funds which mostly acquire depressed inter-city real estate assets for future appreciation benefits and also create their own (non-minority) inter-city business entities driving out the pre-existing minority QALICBs.
- c) In our opinion the NMTC Program must start with community awareness first and then supported by providing to the targeted benefactors the tools, technical support and access to information on a first hand bases with a very plain vanilla approach.

Just a note of information for sharing; we ourselves completely misunderstood the NMTC Program and how to apply it to our own business model until after we had completed and transmitted the 2009 NMTC Allocation Application after which we loss faith in the idea and concept of receiving an award.

After understanding the program we did secure a QEI offer from a major bank investor for one of our own projects which meant without an allocation award we would expense up to ten percent (10%) of the investment to a (non-minority) sub CDE that already has an allocation.ⁱⁱ

Putting minority CDEs and CDFIs on a level playing field within the program should be the CDFI Funds first priority and is a viable equal opportunity plan which would bring about tractable realistic statistics.

I commend the NMTC Program for the fore site of the request for comments on this subject and am grateful for the opportunity to comment on it.

Respectfully,

/s/

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i We were not one of the minority CDEs interviewed by the GAO.

ii After many months of investing our time and our own capital neither leverage lender nor direct investor has come forth to date.