

Deputy Director of Policy and Programs  
CDFI Fund  
U.S. Department of the Treasury  
601 13th Street, NW  
Suite 200 South  
Washington, DC 20005

RE: Request for Comment on Capital Magnet Fund Program

Dear Mr. Josephs,

On behalf of my organization Homewise, Inc. I appreciate the opportunity to comment on the CDFI Fund's Request for Comments published in the Federal Register on March 6, 2009 regarding the Capital Magnet Fund Program.

The mission of Homewise is to help working New Mexicans become successful homeowners in order to achieve financial security, strengthen families and increase the economic and social vitality of our communities.

Homewise knows a home of your own is more than the wood, tile and stucco that go into it. It's a place to raise a family, be a part of a community, and build wealth through home equity. Buying a home can be one of the most rewarding experiences in your lifetime. By providing opportunities for successful homeownership through home purchase, home repair and education, Homewise helps New Mexican families realize their dreams of owning a home.

Since its founding, in 1986, Homewise has helped

- \* over 1,800 people purchase homes
- \* over 1,450 people keep their homes by providing financial and technical assistance for home repair
- \* trained and counseled more than 7,000 people toward successful homeownership
- \* built over 400 affordable, energy-efficient homes
- \* loaned over \$170,250,000 for home purchase and home repairs

Homewise maximizes value for its customers by providing all the services necessary to create homeowners who can successfully manage their real-estate asset to increase their household wealth.

Homewise services are available in English and Spanish.

Your request for comments is quite extensive. Opportunity Finance Network (OFN) addressed all questions posed by the CDFI Fund regarding the Capital Magnet Fund Program and I encourage you to follow the guidance provided by OFN.

In general, I strongly urge the CDFI Fund to use definitions and criteria from existing programs and regulations, such as its own CDFI Program (financial assistance and technical assistance), when possible. Where no program, regulation, or statute is referenced, OFN's comments draw on the understanding of organizations like mine that have decades of experience providing services to low-income communities.

OFN along with Members of Congress created the concept for this program based on the experience of the various subsidy programs at the U.S. Department of Housing and Urban Development (HUD) and the CDFI Program. Congress decided to house the Capital Magnet Fund Program at the CDFI Fund rather than HUD because of the CDFI Fund's approach to providing institutional-based rather than project-based funding. The core concept underlying the Capital Magnet Fund Program is to provide capital at the institutional level rather than directly into real estate projects. This successful approach allows federal grants to be deployed more effectively and flexibly to leverage private capital and to achieve larger-scale impact.

The Capital Magnet Fund Program is not a block grant or project-based program. The Capital Magnet Fund Program capitalizes on what CDFIs and nonprofit affordable housing developers do best, which is to leverage a small federal investment with other funding. This is essential to the success of the Capital Magnet Fund Program. Again, I stress that the concept for the Capital Magnet Fund Program was based on the CDFI Program and regulations should closely follow the guidance of this program where ever possible. The New Markets Tax Credit Program is not an appropriate model for the Capital Magnet Fund Program. I would also like to emphasize the following points that Opportunity Finance Network made in its comment letter:

\* For the purpose of leverage and leverage reporting, non-Capital Magnet Fund financing sources should include both federal and non-federal sources of capital.

\* Capital Magnet Fund grants should not be limited to areas of economic distress since the priorities of the program are extremely low-, very low-, and low-income families.

\* Achieving leverage is not a requirement of awarding a grant, but rather a reporting function.

Opportunity Finance Network addressed all questions posed by the CDFI Fund regarding the Capital Magnet Fund Program, and again, I urge you to refer to OFN's comment letter to provide guidance.

The Capital Magnet Fund Program, which provides enough flexible funding to support a wide variety of housing and community revitalization options and encourages significant leveraging of federal dollars, is likely to be one of the best tools available to help our lowest-income people and neighborhoods survive our current economic crisis. I encourage you to finalize regulations for this program as soon as possible.

Thank you for the opportunity to comment. Please do not hesitate to contact me at 50-5.955.7020 or [cderringer@homewise.org](mailto:cderringer@homewise.org) if you have questions or need additional clarification.

Sincerely,

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