

DEPARTMENT OF INSURANCE

CALIFORNIA ORGANIZED INVESTMENT NETWORK (COIN)
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**CDFI Tax Credit Application**Purpose

The CDFI shall use the proceeds of the Tax Credit investment for a purpose that is consistent with the community development mission of the CDFI and directly benefits low-income people in California.

What to Include in Your Application

Please provide a cover letter for the tax credit investment that includes the following information.

1. Investment
 - a. Amount
 - b. Date investment was made
 - c. Receipt of funds invested: wire transfer, bank statement, or check copy
 - d. Duration and Maturity Date
 - e. Terms of the investment
 - f. Return on investment
2. Investor
 - a. Contact information
 - b. Taxpayer identification number
3. Explanation and Documentation of the Direct Benefit to Low-Income Persons

When to Apply

The CDFI Tax Credit program statute requires that the entire amount of the investment must be received by the CDFI before an application may be submitted to COIN. The second round of Tax Credit applications is due September 30, 2012.

Terms and Definitions

All parties should be aware of the following information, which must be included in the application.

1. Duration:

During the 60-month period, the CDFI shall have full use and control of the proceeds of the entire amount of the investment as well as any earnings on the investment for its community development purposes.
2. Tax Recapture:

If a "Qualified Investment" is *withdrawn* before the end of the 60th month and not redeposited or reinvested in another CDFI within 60 days, there shall be added to the "net tax" or "tax" as defined in R&TC Section 17039, Section 23036, or Section 28 of Article XIII of the California Constitution, for the taxable or income year in which the withdrawal occurs, the entire amount of any credit previously allowed under R&TC Sections 17053.57 or 23657, (requiring the CDFI to notify COIN *and* the Franchise Tax Board), and Section 12209, (requiring the CDFI to notify COIN *and* the Board of Equalization).

3. If a "Qualified Investment" is *reduced* before the end of the 60th month, but not below fifty thousand dollars (\$50,000), there shall be added to the "net tax" as defined in Section 17039, Section 23036, or Section 28 of Article XIII of the California Constitution, for the taxable or income year in which the reduction occurs, an amount equal to 20 percent of the total reduction for the taxable or income year. Sections 17053.57 and 23657 require the CDFI to notify COIN *and* the Franchise Tax Board of the reduction, and Section 12209 requires the CDFI to notify COIN *and* the Board of Equalization.

Questions

Please direct your inquiries regarding the CDFI Tax Credit or the application process to the California Organized Investment Network (COIN) at 916.492.3