



Identifying and Pursuing Non-Traditional Equity Sources in NMTC Transactions

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Equity for NMTC transactions

- Where we have been (2009 Progress Report)
 - Banks
 - Unregulated financial services
 - Corporation
 - Other
 - Insurance Company
 - Individual



Equity for NMTC transactions(continued)

- Issues in the marketplace
 - Supply / demand factors
 - Pricing issues
 - Competition from other credits



Equity for NMTC transactions(continued)

- Options going forward
 - AMT / carry-back
 - Secondary market liquidity
 - New entrants into the market
 - » Additional corporate investors
 - » Small bank consortiums
 - » Individuals



Equity for NMTC transactions(continued)

- Drilling down on individuals
 - IRC section 469 / passive activity (regular, substantial and continuous)
 - NMTC platform and the portfolio credit
 - Income characterization – interest, dividends, annuities, and royalties not earned in the ordinary course of a trade or business of lending money
 - C-corps vs. partnerships / LLCs
 - Debt vs. equity QLICs
 - Request for clarification



Equity for NMTC transactions(continued)

- Pros and cons of tapping the individual marketplace
 - Diversification of the investor marketplace
 - Ability to focus on high-net worth individuals from deal to deal
 - Challenging intermediation
 - Uncertainty from deal to deal
 - Uncertainty of the magnitude of tax liability
 - Illiquid secondary market