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Insurers Overview / California Organized Investment Network

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**CALIFORNIA ORGANIZED INVESTMENT NETWORK**

For the latest information about the COIN program visit our [COIN News webpage](#)

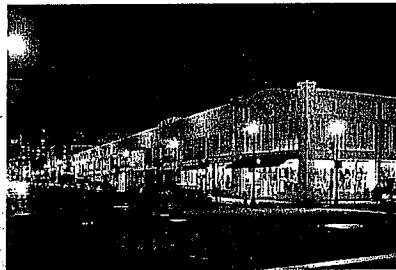
**Vision:**

The California Organized Investment Network (COIN) shall serve as a national model to provide leadership in increasing insurance industry investment in underserved and rural communities throughout California.

**Mission:**

To guide insurers on making safe and sound investments that yield environmental benefits throughout California and/or social benefits within the State's underserved communities.

Swans Market redevelopment project funded by Insurer Investments. Swans market created new jobs in low-to-moderate income neighborhoods, provided fresh foods market, and affordable low-income housing.



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**NEWS: 2013 PRESS RELEASE**

For Release: October 7, 2013  
Media Calls Only: 916-492-3566

**Commissioner Jones thanks Governor for signing bill to boost California's economy**

3,100 new jobs expected to be created

**SACRAMENTO, Calif.** - Insurance Commissioner Dave Jones today announced that the Governor's signing of AB 32 (Pérez) will provide a financial boost to California's economy of more than \$460 million between 2013 and 2016 through increased investment incentives and tax credits available to insurers that participate in the expanded California Organized Investment Network (COIN), which promotes insurer investment in California's low-income and underserved communities.

AB 32, sponsored by the California Department of Insurance, expands from \$2 million to \$10 million the annual tax credits available through COIN. In order to obtain the tax credit, investors (primarily insurance companies) must place five times the tax credit amount on deposit with a COIN-certified Community Development Financial Institution (CDFI) for five years. These funds are used in low-income and rural communities to fund affordable housing, business loans, and other important projects in communities that are underserved by traditional financial markets. The projected \$50 million in expected investments into COIN CDFIs allowed under the new law will create more than 3,100 new job opportunities and bring services to underserved and underprivileged communities.

"Insurance companies typically make investments in treasury bonds or hedge funds," said Insurance Commissioner Dave Jones. "This tax credit encourages insurance companies to make investments that low-income and rural communities need to improve their schools, build affordable housing and create jobs."

The CDFI tax credit program, expanded by AB 32, attracts and leverages private capital to fund investments that yield economic and social benefits for California's underserved markets as well as investments that yield environmental benefits. AB 32 places investment priority on affordable housing options for communities as well as veterans, and extends the programs sunset date from 2015 to 2017.

"I'd like to thank Speaker John Pérez for his leadership in authoring this bill and the Governor for his signature which will lead to a positive financial impact for California," said Jones.

After Jones took office in 2011, he called on insurance companies to rejuvenate the program, which had been underutilized. The program is now over-subscribed.

# # #

**Media Notes:**

Since the program's inception in 1997 more than \$145 million has been invested through COIN-certified CDFIs across the state. As of July 2013, COIN community development financial institutions tax credits have been fully allocated for the year.

The CDFIs use these qualified investment funds to fulfill their mission by providing loans or other support to small businesses and nonprofits that serve economically disadvantaged communities. This program attracts and leverages private capital to fund investments that yield economic and social benefits for California's underserved markets, as well as investments that generate a positive environmental impact.

###

The California Department of Insurance, established in 1868, is the largest consumer protection agency in California, regulating the \$123 billion insurance marketplace. In 2012 the California Department of Insurance received more than 160,000 calls from consumers and helped recover over \$64 million in claims and premiums. Please visit the Department of Insurance web site at [www.insurance.ca.gov](http://www.insurance.ca.gov). Non-media inquiries should be directed to the Consumer Hotline at 800.927.HELP. Out-of-state callers, please dial 213.897.8921. Telecommunications Devices for the Deaf (TDD), please dial 800.482.4833.

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## NEWS: 2012 PRESS RELEASE

For Release: July 3, 2012  
Media Calls Only: 916-492-3566

### **Insurance Commissioner Dave Jones Announces Major Community Development Investments from Insurers**

Insurance Commissioner Dave Jones today announced \$7.25 million in new investments from insurance companies and banks to benefit underserved communities across California.

The investments—\$2.8 million from United Health Care Insurance Company, \$1 million from Blue Shield of California Life & Health Insurance Company, \$1.25 million from CUNA Mutual Group, \$500,000 from CSE Insurance Group, and almost \$2 million from banks—were made to several community development financial institutions operating in California.

"Last year insurance companies helped me revitalize this program with millions in investments to benefit under-served and rural communities," said Insurance Commissioner Dave Jones. "Today we thank UnitedHealthCare, Blue Shield of California, CUNA Mutual Group, and CSE for stepping up to the plate and making major community development investments."

Each year, the California Department of Insurance's California Organized Investment Network (COIN) allocates \$2 million in tax credits to support \$10 million in community development investments. Under the COIN CDFI tax credit program, investors invest a minimum of \$50,000 as equity or a zero interest loan with a Community Development Financial Institution (CDFI) for 60 months. In exchange, the investor receives a 20 percent state tax credit. The CDFIs use these funds to fulfill their mission, by providing loans or other support to small businesses and non-profits that serve economically disadvantaged communities. CDFIs help bridge the growing gap between the loans and services available to the economic mainstream and those offered to low-income people and communities. They provide access to credit in economically disadvantaged communities by providing development services or technical assistance along with the loans and investments they make.

Since the program's inception in 1997, \$132.3 million has been put to work in California's most under-served communities, funding important projects like:

- A mortgage loan for a nonprofit residential alcohol treatment facility;
- Micro-loans of \$500 to \$5,000 to self-employed business owners;
- Loans for six childcare centers to serve 500 low-income children;
- Pre-development loans to Habitat for Humanity to construct affordable homes;
- A loan to a church to build a child care center for lower income residents;
- A loan for 953 water hook-ups in two small, rural communities; and
- A short-term loan to close escrow on housing for low-income foster youth.

Applications for the remaining \$553,295 in tax credits (to support \$2.76 million in community investments) will be accepted between July 1 and September 30, 2012.

Additional information about the [COIN CDFI Tax Credit Program](#) is available to the public.

###

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## NEWS: 2012 PRESS RELEASE

For Release: March 22, 2012  
Media Calls Only: 916-492-3566

### Insurance Commissioner Dave Jones Names COIN Advisory Board Members

New Members Will Be Introduced at Today's Meeting of The COIN Advisory Board

Insurance Commissioner Dave Jones today announced the appointments to the California Organized Investment Network (COIN) Advisory Board.

The California Organized Investment Network (COIN) guides insurer capital into socially responsible, environmentally sustainable and community financial investments. COIN's team of investment officers lead two funds unlike any other in the nation: the Qualified Investment Platform and the CDFI Tax Credit program. COIN's Qualified Investment Platform screens investment deals across asset classes for their risk, rates of return and provision of tangible benefits to California's undercapitalized communities and/or environment. From 1996 through 2008, insurers invested more than \$19 billion through COIN's Qualified Investment Platform. COIN's Community Development Financial Institution (CDFI) Tax Credit Program provides a 20 percent State tax credit on a \$50,000 minimum investment, loan or deposit into a COIN-certified CDFI for 60 months. Each year, \$2 million in tax credits are available on a total of \$10 million of invested capital. To date, \$125 million in CDFI deposits have generated \$25 million in State tax credits.

"The COIN program has proven to be a highly successful effort in providing funding for important projects in underserved communities throughout the state, and I am confident our new board members are up to the task of furthering the success of this initiative," said Commissioner Jones. "Without question, their work on the COIN Advisory Board will be especially important given these difficult economic times."

The following individuals were appointed to the COIN Advisory Board:

**Vanessa Rodriguez** is a Senior Vice President of Mercury Public Affairs. She is responsible for crafting and implementing public affairs and government relations strategies which support clients' needs. Ms. Rodriguez also serves as a member of the Board of Directors of the Skid Row Housing Trust in Los Angeles, and as a member of the Los Angeles Advisory Council for Running Start.

**Tony Tomich** serves as Consultant to the CFO of the Finance Transformation Group at Zurich Financial. In the past, he has served as Board Member of Impact Community Capital, an organization formed by eight insurers that has facilitated over \$1 billion in community investments in numerous US states, with a focus on California. Mr. Tomich holds a BBA and an MPP from the College of William and Mary.

**Sukh Singh** is the General Secretary of the Indus Valley Chamber of Commerce. Mr. Singh is active in many community groups, including serving as President of the Indo Canadian Cultural Association. He has been recognized by several government entities for his decades of public service. Mr. Singh holds an MA in Political Science and an MPE from Ottawa University.

**Stefan Dobrus** serves as CFO and Senior VP at CSE Insurance Group in Walnut Creek. Prior to joining CSE, he was Director of Actuarial and Financial Services for CAMICO Mutual Insurance Company. Mr. Dobrus holds an MBA from UC Berkeley and a BS in Industrial and Systems Engineering from the University of Southern California.

**Ralph Lippmann** has been the director of the California Community Economic Development Association since 1997. Dr. Lippman currently sits on the board of the California Association for Local Economic Development and the United Way of Los Angeles Cabinet. Dr. Lippmann earned his Doctorate in Public Administration from the University of Southern California.

**Patricia GoPaul** is a Senior Vice President and Corporate Secretary with Impact Community Capital LLC, which structures socially responsible investments for insurance companies. She is on the board of directors of the Northern California Community Loan Fund. Ms. GoPaul earned a JD from Columbia University and a BA in Economics from Harvard University.

**Martin Erwin** has worked in the Corporate Law Department at State Farm Insurance Companies since 1979. He has served on the COIN Board in prior years. Mr. Erwin holds a JD from the Indiana University School of Law, Bloomington and a BS in Economics from Indiana University at South Bend.

**Jerry Rioux** has been executive director of the San Luis Obispo County Housing Trust Fund (HTF) since 2003. He has worked in the affordable housing and community development fields since 1972. Mr. Rioux holds a BA from CSU Los Angeles and a Master of Planning from the University of Southern California.

**Jeff Westerman** regularly serves as a moderator or speaker for programs on complex litigation, developments in class action practice, settlements, the Sarbanes-Oxley Corporate Responsibility Act, shareholder derivative actions, and trends in business litigation. He is a member of the Los Angeles County and Federal Bar Associations.

**Michael Hickey** serves as Government Relations Counsel at MetLife in Washington, D.C. He also serves on the Guaranty Boards of Arkansas, California, Louisiana, Maryland, New Mexico, and Oklahoma. He holds a JD from the University of Baltimore and a BS from the University of Maryland, College Park.

**Alan Fisher** is the Executive Director of the California Reinvestment Coalition and has served on the COIN Board in prior years. Mr. Fisher is on the Board of Directors of the National Community Reinvestment Coalition, and Centro del Pueblo. He earned an M.B.A. from the University of California at Los Angeles and a B.A. from the University of California at Santa Cruz.

**Arthur Fatum** serves as CFO and EVP of Capital Markets at the Low Income Investment Fund, where he handles all financial, accounting, information technology, human resources, and fundraising tasks. In 2008, he was recognized as the San Francisco Bay Area CFO of the Year for Community Service. Mr. Fatum holds a BS in Mathematics with High Honors from the State University of New York, Cortland.

**Douglas Bystry** is the President and CEO of the Clearinghouse CDFI, a for-profit community development financial institution. Mr. Bystry is considered an expert in affordable housing, community development and New Markets Tax Credit lending. He holds a BA in Political Science from UCLA.

**Darrell Teat** is Associate Vice President at Nehemiah Community Reinvestment Enterprises. Mr. Teat also serves on a variety of community based boards and commissions. He earned his Bachelor of Arts Degree in Communications from Santa Clara University and is a current MBA Candidate at Drexel University, LeBow College of Business.

**Andrew Gross** is a Principal and President of the Development Co. of Thomas Safran & Associates. He is experienced in all aspects of affordable and market rate development, including

site acquisition, finance, government agency negotiations, planning, design and construction. Mr. Gross holds a JD/MBA from Emory University and a BA from UCSD.

**Beth Sirull** became the Executive Director of Pacific Community Ventures in 2009. In the past several years, her work has focused increasingly on corporate social responsibility and socially responsible investing. Ms. Sirull was voted by Forbes Magazine as one of the top 30 Social Entrepreneurs in America. She earned a B.A from Brandeis University, an MBA at Boston University and an MPP at UC Berkeley.

These positions are not compensated, other than for travel reimbursements.

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## NEWS: 2011 PRESS RELEASE

For Release: October 4, 2011  
Media Calls Only: 916-492-3566

### **Insurance Commissioner Dave Jones Announces Governor Brown Signs Bill To Extend "COIN" Tax Credit Program**

Investments Help Underserved Communities Throughout State

Insurance Commissioner Dave Jones today announced that Governor Jerry Brown signed legislation that would extend the sunset date on the California Organized Investment Network's (COIN) Tax Credit Program. It was set to expire at the end of this year.

AB 624, sponsored by Insurance Commissioner Dave Jones and jointly authored by Assembly Speaker John A. Pérez (D-Los Angeles) and Assembly Budget Committee Chair Bob Blumenfeld (D-San Fernando Valley), will keep the COIN program going until January 1, 2015.

"Extending the COIN program ensures that this successful partnership between insurance companies and community based organizations can continue to provide funding for important projects in underserved communities throughout the state," said Commissioner Jones. "This effort is especially important in these difficult economic times."

"I would like to thank the Governor for signing AB 624 and taking into account the benefits this important program brings," Speaker Pérez said. "This collaborative effort illustrates how creative solutions can bring genuine, real world benefits to our underserved communities. While California continues to pull itself out of the recession, programs like COIN are vital to facilitating that momentum by providing new capital for small businesses throughout the state, spurring growth in our neighborhoods, and most importantly, creating more badly needed jobs for Californians."

Under the COIN tax credit program, investors invest a minimum of \$50,000 in zero interest loans with a Community Development Financial Institution (CDFI) for 60 months. In exchange, the investor receives a 20% state tax credit, which is about a 4.3% annual percentage rate of return. CDFIs have made notable investments across the state, including nearly one thousand water hook-ups in two small rural communities; loans for six child care centers to serve 500 low-income children, and several micro-loans to self-employed business owners, among many other programs throughout California.

"I strongly believe community development investment is good business," said Commissioner Jones. "These investments can provide solid financial returns while bringing much needed capital to low-income communities," said Commissioner Jones.

AB 624 also authorizes the Insurance Commissioner to appoint a COIN Advisory Board to come up with the best ways of increasing insurance industry participation and sound investments while providing fair returns to investors and social benefits to low-income and rural communities.

For more information about the COIN CDFI Tax Credit Program, please visit [www.insurance.ca.gov/COIN](http://www.insurance.ca.gov/COIN).

###

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Holmes, James

From: Lane, Linda

Sent: Friday, September 09, 2011 3:37 PM

Subject: Insurance Commissioner Dave Jones Announces Passage Of Bill To Extend COIN Tax Credit Program

FOR IMMEDIATE RELEASE: September 9, 2011

MEDIA INQUIRIES ONLY: Pat McConahay 916-492.3566 (#120)

**NEWS RELEASE**

**INSURANCE COMMISSIONER DAVE JONES ANNOUNCES PASSAGE OF BILL TO EXTEND COIN TAX CREDIT PROGRAM**

*Commissioner Urges Governor to Sign AB 624 into Law*

Insurance Commissioner Dave Jones today announced that the California State Legislature passed AB 624 which would extend the sunset date on the California Organized Investment Network's (COIN) Tax Credit Program. It was set to expire at the end of this year. The bill, sponsored by the California Department of Insurance and jointly authored by Assembly Speaker John A. Pérez (D-Los Angeles) and Assembly Budget Committee Chair Bob Blumenfield (D-San Fernando Valley), will keep the program going until January 1, 2015. It would also allow the Insurance Commissioner to appoint a COIN Advisory Board to come up with the best ways of increasing insurance industry participation, and sound investments, while providing fair returns to investors and social benefits to underserved communities.

"Earlier this year, I called on insurance companies to help rejuvenate the COIN tax credit program, which was underused in recent years, and insurers answered that call," said Commissioner Jones. "That's why it is so important to extend its life. Through this program, millions of dollars are put to good use in low-income and rural communities throughout the state.

Under the COIN tax credit program, investors invest a minimum of \$50,000 in zero interest loans with a Community Development Financial Institution (CDFI) for 60 months. In exchange, the investor receives a 20% state tax credit, which is about a 4.3% annual percentage rate of return. CDFIs have invested, through the COIN program, more than \$100 million into California's underserved communities.

Recently, CDFIs across the state have made notable investments through this program, including:

- A mortgage loan for a nonprofit residential alcohol treatment facility;
- Micro-loans of \$500 to \$5,000 to self-employed business owners;
- A loan for 953 water hook-ups in two small, rural communities; and
- Loans for six child care centers to serve 500 low-income children.

"The COIN program is a tremendous example of how businesses and nonprofit organizations can successfully work together to improve the quality of life for deserving people throughout California," said Commissioner Jones. "It's important to keep the positive momentum going."

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Holmes, James

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**From:** Lucas, Jayne

**Sent:** Thursday, July 28, 2011 2:55 PM

**Subject:** Commissioner Jones Announces Community Investment Tax Credit Program Now a Success

**FOR IMMEDIATE RELEASE:** July 28, 2011

**MEDIA INQUIRIES ONLY:** Pat McConahay 916.492.3566

(#099)

**NEWS RELEASE**

**COMMISSIONER JONES ANNOUNCES COMMUNITY INVESTMENT TAX  
CREDIT PROGRAM NOW A SUCCESS**

*Insurance companies responded to request to do more*

Insurance Commissioner Dave Jones announced today that since he took office in January, insurance companies and other investors have made \$23.6 million in investments in underserved communities. Commissioner Jones sent a letter in February to insurance company CEOs encouraging them to make these types of investments and noting the availability of tax credits for such investments through the California Organized Investment Network (COIN), administered by the California Department of Insurance (CDI).

"I recently called on insurance companies to help rejuvenate the COIN tax credit program, which had been underused in recent years, and I am pleased that insurers have answered that call," Commissioner Jones said. "Through this program, nearly \$24 million will be put to use in low-income and rural communities to provide important loans that financial institutions traditionally will not make."

Each year, the California Department of Insurance allocates \$2 million in tax credits to support \$10 million in community development investments. Since companies haven't taken advantage of this program in the last few years, in 2011 CDI's COIN had \$4.7 million in tax credits available to support \$23.6 million in community development investments.

Jones announced today that all of the tax credits have been allocated and the program is closed to new applications until January 1, 2012. Insurance company investors comprised 85% of the 2011 investments in the program – a marked improvement from recent years.

Under the COIN tax credit program, investors invest a minimum of \$50,000 in zero interest loans with a Community Development Financial Institution (CDFI) for 60 months. In exchange, the investor receives a 20% state tax credit, which is approximately a 4.3% annual percentage rate of return.

CDFIs use these funds to bridge the growing gap between the loans and services available to the economic mainstream and those offered to low-income people and communities. These CDFIs include community development loan funds, credit unions, banks, microenterprise funds, corporation-based lenders and venture funds. Recently, CDFIs across the state have made notable investments, including:

- A mortgage loan for a nonprofit residential alcohol treatment facility;
- Micro-loans of \$500 to \$5,000 to self-employed business owners;
- Loans for six child care centers to serve 500 low-income children;
- Pre-development loans to Habitat for Humanity to construct affordable homes;
- A loan to a church to build a child care center for low income residents;
- A loan for 953 water hook-ups in two small, rural communities; and
- A short-term loan to close escrow on housing for low-income foster youth.

Assembly Bill 624, by Assembly Speaker John A. Pérez, would extend the law authorizing the CDFI Tax Credit Program, which is set to expire at the end of 2011.

For more information about the COIN CDFI Tax Credit Program, visit [www.insurance.ca.gov/COIN](http://www.insurance.ca.gov/COIN).

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C C A P A R C 20 11

**Holmes, James**

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**From:** Lane, Linda on behalf of CDI Communications

**Sent:** Tuesday, May 03, 2011 10:02 AM

**Subject:** Insurance Commissioner Jones and Speaker Pérez Announce Major Community Development Investments

**FOR IMMEDIATE RELEASE:** May 3, 2011

**MEDIA INQUIRIES ONLY:** Ioannis Kazanis 916.492.3566

#066

Shannon Murphy 916.319.2408

### NEWS RELEASE

## **INSURANCE COMMISSIONER JONES AND SPEAKER PÉREZ ANNOUNCE MAJOR COMMUNITY DEVELOPMENT INVESTMENTS FROM THREE INSURERS**

### *Leaders Highlight Legislation to Extend Life of Community Development Program*

Insurance Commissioner Dave Jones and Speaker John A. Pérez today announced \$11 million in new insurance company investments to benefit underserved communities across California. Commissioner Jones sent a letter in February to insurance company CEOs encouraging them to make these types of investments and noting the availability of tax credits for such investments through the California Organized Investment Network (COIN), administered by the California Department of Insurance (CDI).

The investments – \$7 million from Farmers Insurance Exchange, \$2 million from Pacific Life Insurance Company, and \$2 million from State Farm Mutual Automobile Insurance Company – were made to community development financial institutions of Impact Community Capital LLC of San Francisco. In exchange for an \$11 million, zero interest, five-year loan to benefit underserved communities, the insurance companies will receive a 20% tax credit of \$2.2 million.

"A couple of months ago, I called on insurance companies to help rejuvenate the COIN tax credit program, which had been sorely underutilized in recent times, and I am pleased that Farmers, State Farm and Pacific Life have emphatically answered that call," Commissioner Jones said. "COIN is an avenue for the insurance industry to help empower underserved communities, and I sincerely hope we see other insurers follow suit."

Pérez has authored Assembly Bill 624 to extend the sunset on the COIN program, which is set to sunset in 2012. The collaborative effort between the California Department of Insurance, the insurance industry, community affordable housing and economic development organizations, and community advocates is a voluntary program that facilitates insurance industry investments that provide solid returns to investors and economic and social benefits to California's underserved urban and rural communities.

"In just the past few years, we've seen a number of examples of the positive impact the program can have in local communities," Pérez said. "At a time when California is just beginning to gain momentum in our economic recovery, I believe that programs like COIN help facilitate that momentum. This program underscores how creative solutions and partnerships between the public sector and the private sector can have genuine, real world benefits."

Each year, the California Department of Insurance allocates \$2 million in tax credits to support \$10 million in community development investments. Because this program has been underutilized in recent

years, CDI's COIN currently has \$4.67 million in tax credits available to support \$23.7 million in community development investments. Insurers have an exclusive window until July 1, 2011 to place investments in the program. After that date, the program is open to other investors as well.

"This investment allows Impact to further its mission of providing scalable, prudent capital for community development. We will use the capital received from Farmers, Pacific Life and State Farm to make federally insured deposits with potentially 22 community banks and credit unions so they can expand their community lending activities, thus effectively and efficiently deploying the funds to support economic development in underserved areas." said Dan Sheehy, President and CEO of Impact Community Capital LLC.

"Impact investors have worked together for over a decade to facilitate community development investments. Two multifamily affordable housing securitization products were brought to the public markets by investors in 2001 and 2010. Other notable investment successes range from core multifamily affordable housing assets, to cutting edge New Market Tax Credit healthcare, childcare and economic development investments. Farmers looks forward to working with Impact in the future to find innovative and creative solutions to community development investment opportunities," stated Laszlo Heredy, Farmers' Chief Investment Officer.

Under the COIN tax credit program, investors invest a minimum of \$50,000 as equity of a zero interest loan with a Community Development Financial Institution (CDFI) for 60 months. In exchange, the investor receives a 20% state tax credit, with an approximately 4.3% annual percentage rate of return.

The CDFIs use these funds to fulfill their mission, by providing loans or other support to small businesses and non-profits that serve economically disadvantaged communities. CDFIs help bridge the growing gap between the loans and services available to the economic mainstream and those offered to low-income people and communities. They provide access to credit in economically disadvantaged communities by providing development services or technical assistance along with the loans and investments they make.

These CDFIs include community development loan funds, credit unions, banks, microenterprise funds, corporation-based lenders and venture funds. There are 81 CDFIs certified by COIN and eligible to participate in the tax-credit program. Through the CDFI Tax Credit Program these CDFIs have invested more than \$100 million into some of California's most under-served communities from 1997 through 2009. In the recent past, CDFIs across the state have made notable investments, including:

- A mortgage loan for a nonprofit residential alcohol treatment facility;
- Micro-loans of \$500 to \$5,000 to self-employed business owners;
- Loans for six childcare centers to serve 500 low-income children;
- Pre-development loans to Habitat for Humanity to construct affordable homes;
- A loan to a church to build a child care center for lower income residents;
- A loan for 953 water hook-ups in two small, rural communities; and
- A short-term loan to close escrow on housing for low-income foster youth.

#### **About Impact Community Capital LLC**

Impact Community Capital LLC ([www.impactcapital.net](http://www.impactcapital.net)) is a for-profit corporation founded by leading insurers to promote socially responsible investments in underserved communities, particularly in California. Impact focuses on financing affordable housing and community facilities to benefit lower income individuals, families and communities while also meeting insurer requirements for the prudent management of policyholder funds. Impact has pioneered the pooling and securitization of community investment portfolios and the use of federal New Markets Tax Credits to finance community childcare and healthcare facilities. Impact also provides equity funding for workforce and in-fill housing, as well as to grow small businesses. Impact investments and investment commitments currently exceed \$1 billion. Key investors in Impact are Allstate Insurance Company, Farmers Insurance Companies, Nationwide Mutual Insurance Companies, Pacific Life Insurance Company, Safeco Insurance (Liberty Mutual



Group), State Farm Insurance Companies, Teachers Insurance and Annuity Association, and 21st Century Insurance Company (Farmers Insurance Group).

**###**

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**DEPARTMENT OF INSURANCE**

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**COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION (CDFI)  
TAX CREDIT PROGRAM**

The CDFI Tax Credit Program attracts and leverages private capital to fund investments that yield economic and social benefits for California's underserved markets, as well as investments that yield environmental benefits. Established in 1997, the CDFI Tax Credit Program is administered by COIN for the purpose of increasing the amount of private capital available to CDFIs for community development. COIN allocates a state tax credit of 20% on qualified investments of \$50,000 or more. Every \$1 of tax credit yields \$5 of private investment, with the total tax credit allocation of \$2 million generating up to \$10 million of private investment in COIN-Certified CDFIs.

**TAX CREDIT CERTIFICATION PROCESS**

Each year, up to \$2 million in tax credits can be awarded by COIN for investment in certain Qualified Investments.

A "Qualified Investment" means:

- 1) A deposit or loan that does not earn interest;
- 2) an equity investment; or
- 3) an equity-like debt instrument.

In 2011, AB 624 (Perez) extended the COIN CDFI tax credit program and modified its certification process. Prior to the passage of this bill, investments certified only on a first-come-first-served basis. Under AB 624, if the Commissioner determines that demand will outstrip the supply of tax credits, COIN shall grant priority to certain applications as follows:

**1. Direct Benefit to Low-Income Persons**

A primary intent of the COIN CDFI Tax Credit program is to benefit economically disadvantaged communities and low-income people in California. Therefore, investments that will benefit this demographic in a tangible, immediate manner will receive priority.

**2. Investments Made by Insurance Companies**

Through the COIN program, insurers make prudent investments that yield social and/or environmental benefits. As part of the COIN program, the CDFI Tax Credit encourages insurers to invest in community development. To that end, investments made by insurers will receive priority over investors from other fields, in order to give the intended recipients first consideration.

**Applications that satisfy both of the above criteria will receive a higher priority.**

(continued)

## COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION (CDFI)

### TAX CREDIT PROGRAM

#### 3. Housing

Of those applications that involve housing-related projects, COIN must prioritize rental housing, mortgages for community-based residential programs, and self-help housing ahead of single family housing.

Note that this statute does not establish a specific priority for housing, but only a comparative ranking for housing applications.

#### INVESTMENT STRUCTURE

To qualify for the 20% tax credit, all Qualified Investments must equal or exceed \$50,000 in amount and must be invested for no fewer than 60 consecutive months. The total tax credit amount available through the program annually is \$2 million, on a total investment maximum of \$10 million.

#### EARLY WITHDRAWAL PROVISION

If a Qualified Investment is *withdrawn* before the end of the 60th month and not re-deposited or reinvested in another CDFI within 60 days, there shall be added to the "net tax" or "tax" (as defined in Revenue and Tax Code 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 Revenue and Tax Code Sections 17053.57 or 23657, and Section 12209. Additionally, under Section 17053.57, the CDFI is required to notify COIN and the Franchise Tax Board; and under, 12209, the CDFI is required to notify COIN and the Board of Equalization.

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 Revenue and Tax Code Section 17039, Section 23036, or in 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.

#### APPLICATION CYCLE

Based upon the number of inquiries received to date, the Insurance Commissioner has determined that total Qualified Investments for 2013 will exceed the total amount of tax credits available.

Applications will be received and evaluated throughout the year, in semi-annual cycles, in order to enable both required and continuous processing and prioritization.

- Applications are due by the last day of the first quarter of each semi-annual cycle.
- First semi-annual cycle are due by March 31<sup>st</sup> and by September 30<sup>th</sup> for the second semi-annual cycle.
- COIN will notify applicants of their certification status in the last month of each semi-annual cycle (either June or December of the six month cycle).
- Applications that meet the minimum qualifications, but were not certified for a tax credit, may reapply. Reapplications within a calendar year are required to submit only that information which has changed since prior application was submitted.

#### Note:

The Insurance Commissioner reserves the right to issue certificates to taxpayers in the total amount of \$2 million during the first semi-annual cycle if sufficient qualified applications are received.

**DEPARTMENT OF INSURANCE**

CALIFORNIA ORGANIZED INVESTMENT NETWORK (COIN)

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(916) 492-3525

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[www.insurance.ca.gov/COIN](http://www.insurance.ca.gov/COIN)**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