



Bank

America's Most Convenient Bank®

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Cost of Investing in LIHTC

cost of capital

leverage requirements

cost of purchased funds

funding mis-match

transaction costs

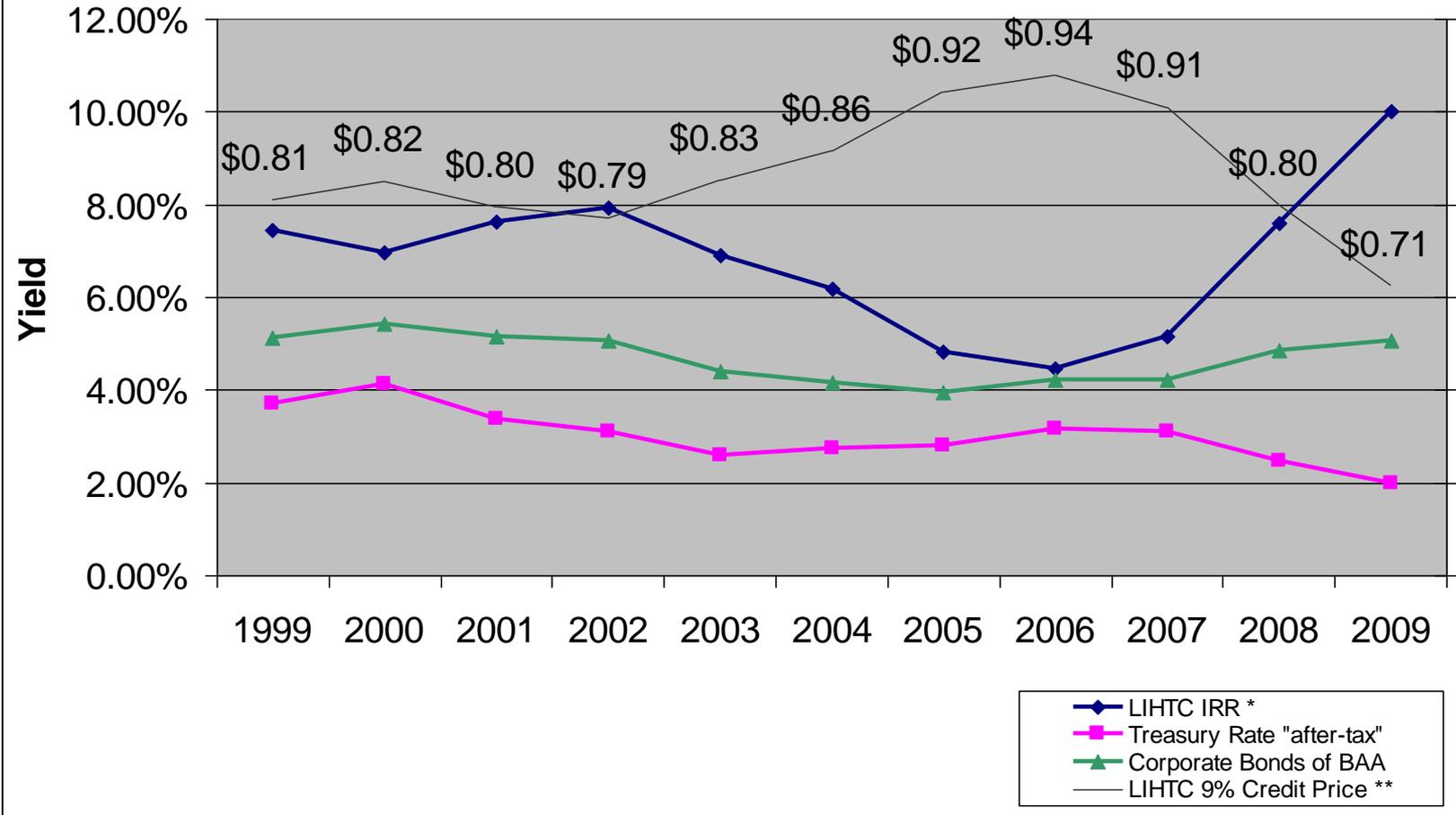
hedging costs & capital requirements

regulation (CRA)

investment risk

tax room risk (business cycle risk)

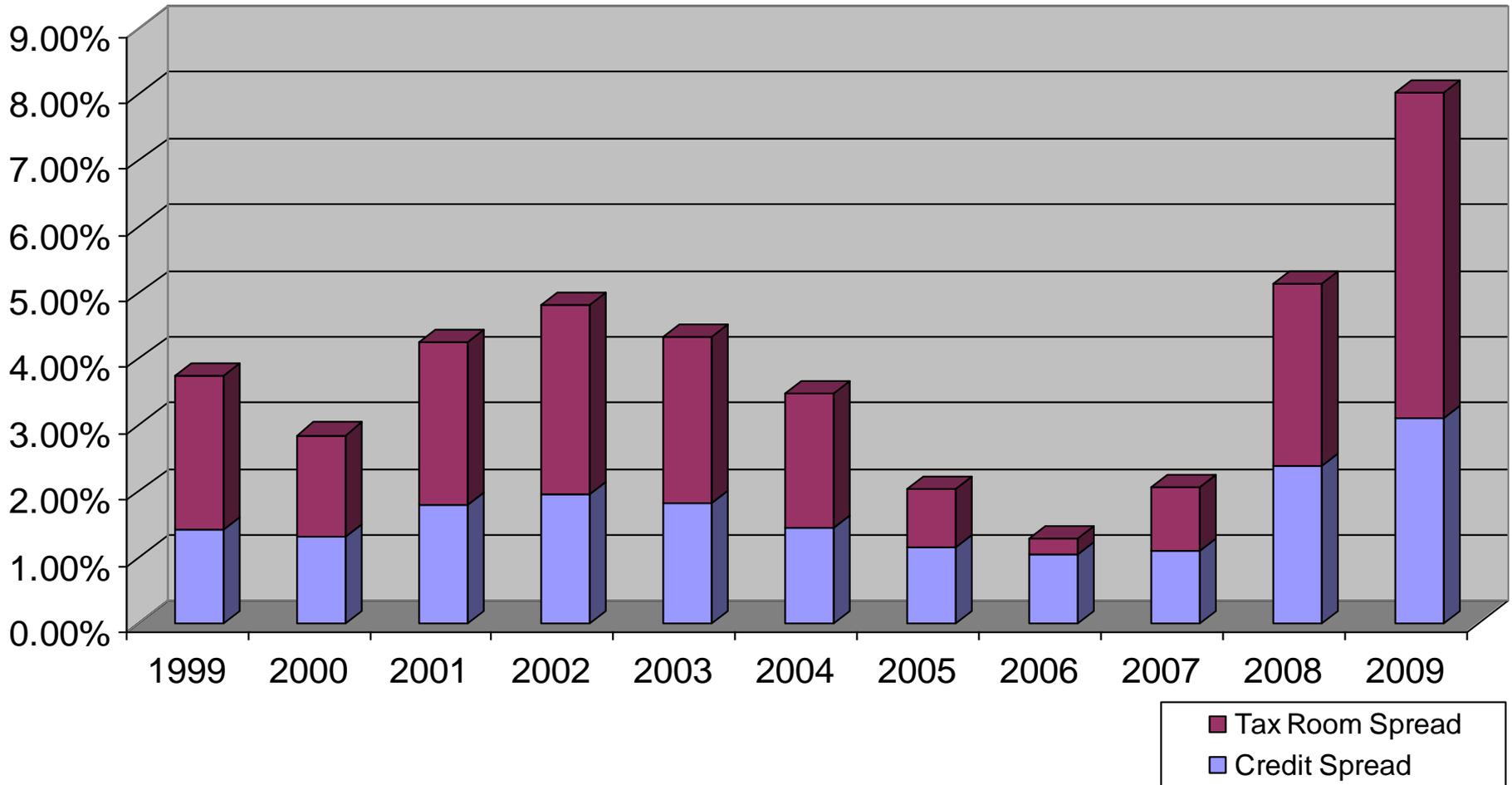
LIHTC IRR & Price Trend



* 2009 is an estimate

** figure is derived as a PV of the IRR

LIHTC Risk Spread & Components



Impediments to Innovation

economic uncertainty

program uncertainty

counterparty risk

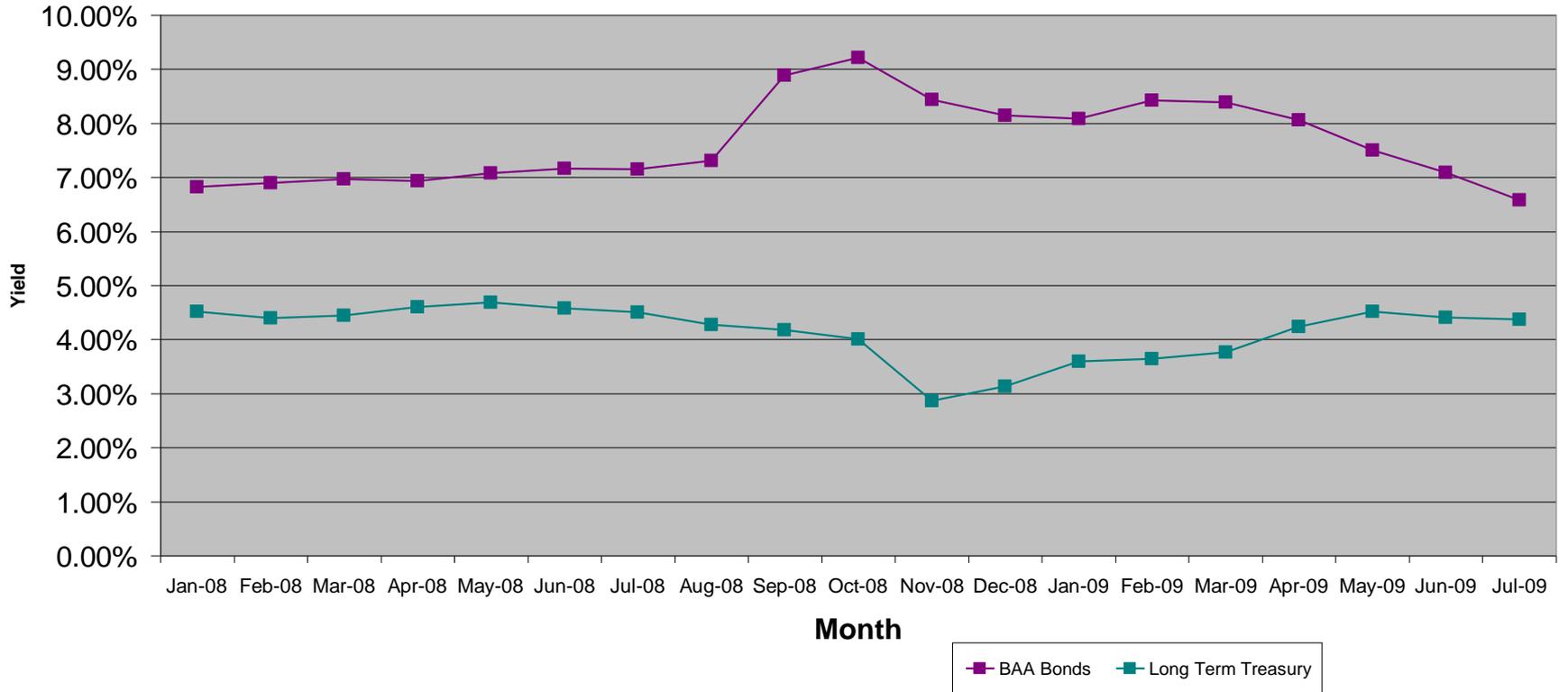
"weak" syndicators

"fixed" credit factor of 9.00%

"TCAP" and "Exchange"

large firm dominance

Recent Interest Rate Trends (pre-tax)



Strategies for Raising the Credit Price

maintain deal quality

reduce CRA geographic limitations

develop thoughtful investment structures

encourage syndicators to take "first loss" risk

support syndicators who expand liquidity

encourage banks to sponsor guaranteed funds

public policy that avoids episodic subsidization