

From: Barney Deasy [mailto:bdeasy@merrittcap.org]
Sent: Friday, June 07, 2013 1:53 PM
To: Director - FASB
Subject: RE: Accounting for LIHTC investments

Merritt Community Capital Corp. (Merritt) is a private non-profit mission driven syndicator of Low-Income Housing Tax Credits formed in 1989 by the City of Oakland, CA. To date Merritt has raised \$550 million of investor equity to purchase LIHTC investments in California that represent almost 80 partnerships that have helped to meet the critical need for decent affordable rental housing. We are also a member of the National Association of State and Local Equity Funds (NASLEF) which has 14 members nationally and has raised over \$8.3 billion in equity for housing tax credits.

We are aware that the current equity method of accounting required by all investors except those in guaranteed funds raises concerns among potential investors, impacting their interest/decision to invest in Low-Income Housing Tax Credits.

These concerns need to be addressed.

We agree that the proposed change to the effective yield method is indeed an appropriate method of accounting, whereby investors will be permitted to report the costs, along with the housing tax credits, on the tax line.

We agree that the proposed change will be an improvement in the accounting options available to investors – making the accounting clearer and more neutral – which will help to make these investments more understandable to the investment community.

We fully expect that such a change as proposed under EITF 13-B will attract more investment capital to affordable housing.

This change will help in meeting the continued shortage, and demand, for quality affordable housing to the community. Over the years Merritt's investments have served diverse populations not only of race, but also seniors, families, persons with disabilities, and those requiring special needs. More investor capital will only help us to continue to achieve our mission.

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