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February 3, 2014

U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549

Re: JOBS Act, Proposed Rule for Title III Crowdfunding

Dear Rulemaking Staff:

The Jumpstart Our Business Startups (JOBS) Act was passed with an explicit goal to “increase American job creation and economic growth.” I write as someone who has worked with Community Development Financial Institutions (CDFIs) for almost forty years to urge the Securities and Exchange Commission to implement rules for Crowdfunding that will promote this goal and allow domestic mission-driven capital efficiently and safely to reach the low-income, low-wealth communities that were the most severely impacted by the recent Recession and where job creation and economic growth are needed most.

The SEC should avoid placing unnecessary burdens or costs on either issuers or Funding Portals that operate with a focus in the domestic community development finance sector. The proposed rules, as I understand them, would add over Forty Thousand Dollars to the cost of a Crowdfunded transaction. This cost cannot be supported by transactions in the community development finance sector. This sector operates with low margins – indeed most entities operating in the sector rely on various sources of subsidy to do the hard work of strengthening poor neighborhoods and low-wealth households. Any additional costs of operating a Funding Portal or posting an issuance will be passed on to the issuer. I anticipate that much mission investment will consist of low-yield debt offerings. I strongly believe that additional costs not anticipated in the JOBS Act will render Crowdfunding difficult, if not impossible, to use in our sector and significantly constrain access to capital.

I encourage the SEC to author final rules for Crowdfunding that allow the many CDFIs across the country to efficiently access this new source of capital with its great potential for underserved neighborhoods. CDFIs are U.S. Treasury-certified, mission-driven financial institutions with proven track records of providing responsible, affordable financing that creates jobs and drives economic development in underinvested communities throughout the country. CDFIs and the communities they serve need more patient, flexible, mission-driven capital. The evident strong supply of individuals seeking mission-investing opportunities demonstrates a missing marketplace for local community- and impact-focused finance. If done appropriately, the rules will allow CDFIs and the communities they serve to

utilize Crowdfunding to raise much-needed capital while introducing supplementary investor protections, creating a fair and robust Crowdfunding market.

The SEC is charged with fulfilling the intended goals of the JOBS Act, and I urge the SEC to author rules that are inclusive of and sensitive to CDFI lending, leading to more capital formation in underinvested neighborhoods, strengthening investor protections, and creating a fair and orderly market.

Sincerely,

George P. Surgeon  
President and CEO