

Tennessee Housing Development Agency
2019 Low-Income Housing Tax Credit Program
Accountant's Certification of Carryover Qualification Test
(submit on CPA's letterhead)

To _____, the General Partner of **(owner)**
_____, Limited Partnership:

We have audited the accompanying Owner's Certification of Carryover Qualification Test for _____ **(owner)** as of _____ **(date)** for _____ **(project)**. The Owner's Certification of Carryover Qualification Test is the responsibility of _____ **(owner)**. Our responsibility is to express an opinion as to the authenticity of the eligible costs that have been expended to qualify for a Carryover Allocation for Low-Income Housing Tax Credits.

We conducted an audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Owner's Certification of Carryover Qualification Test is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Owner's Certification of Carryover Qualification Test. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Owner's Certification of Carryover Qualification Test. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Owner's Certification of Carryover Qualification Test was prepared in conformity with the accounting practices prescribed by the Internal Revenue Service under the accrual method of accounting and by the Tennessee Housing Development Agency ("THDA"), which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the Owner's Certification of Carryover Qualification Test referred to above presents fairly, in all material respects, the costs incurred for the _____ **(project)** as of _____ **(date)**, on the basis of account described above.

In addition to auditing the Owner's Certification of Carryover Qualification Test, we have, at your request, performed certain agreed upon procedures, as enumerated below, with respect to the Project. These procedures, which were agree to by the Owner and THDA, were performed to assist you in determining whether the Project has met the 10% test in accordance with Internal Revenue Code Section 42(h)(1)(E) and Treasury Regulation Section 1.42-6. These agreed upon procedures were performed in accordance with standards established by the American Institutes of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representations regarding the sufficiency of the procedures below either for the purpose for which this report has been requested or for any other purpose.

We performed the following procedures:

- We calculated, based on estimates of total development costs provided by the Owner, the Project's total reasonably expected basis, as defined in Treasury Regulation Section 1.42-6, to be \$ _____ **(amount)** as of _____ **(date)**.
- We calculated the reasonably expected basis incurred by the Owner as of _____ **(date)** to be \$ _____ **(amount)**.
- We calculated the percentage of the development fee incurred by the Owner as of _____ **(date)** to be _____ % **(percentage)** of the total development fee.
- We compared the reasonably expected basis incurred as of _____ **(date)** to the total reasonably expected basis of the Project, and calculated that _____ % **(percentage%)** had been incurred as of _____ **(date)**.
- We determined that the Owner uses the accrual method of accounting, and has not included in construction costs in carryover allocation basis that have not been properly accrued.
- Based on the amount of total reasonably expected basis listed above, for the Owner to meet the 10% test in accordance with Internal Revenue Code Section 42(h)(1)(E) and Treasury Regulation Section 1.42-6, we calculated that the Project needed to incur at least \$ _____ **(amount)** of costs prior to

December 31, _____ **(year)**. As of _____ **(date)**, costs of at least \$ _____ **(amount)** had been incurred, which is approximately _____% **(percentage)** of the total reasonably expected basis of the Project.

We were not engaged to, and did not, perform an audit of the Owner's financial statements or of the Project's total reasonably expected basis. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Owner and the Owner's management and for filing with THDA and should not be used by those who have not agreed to the procedures and take responsibility for the sufficiency of the procedures for their purposes.

CPA

(City), (State)

(Date)

**Tennessee Housing Development Agency
2019 Low-Income Housing Tax Credit Program
Owner's Certification of Carryover Qualification Test**

Development Name: _____ No. bldgs.: _____

Address: _____

City / State / Zip: _____

_____ (owner) hereby certifies under penalty of perjury that: _____ (owner) is the owner of the real property (the "Development" referred to above) which is expected to be part of the Development and has (have) incurred more than ten percent (10%) of the reasonably expected basis in the Development (land and depreciable basis). _____ (owner) has (have) attached if applicable, a copy of the recorded deed pursuant to which it acquired legal title to the property together with a Certified Public Accountant's written certification.

(Sample listing - not all-inclusive)	Column A Current Basis	Column B Anticipated Basis @ 12-31-2021
1. Land	_____	_____
<i>Items of depreciable basis</i>	_____	_____
2. Building acquisition	_____	_____
3. Structures (New Construction Hard Cost)	_____	_____
4. Structures (Rehabilitation Hard Cost)	_____	_____
5. Land improvement	_____	_____
6. Builder's general overhead	_____	_____
7. Builder's profit	_____	_____
8. Builder's bond premium, letter of credit cost	_____	_____
9. Building permit fee	_____	_____
10. Architect's design fee	_____	_____
11. Architect's inspection fee	_____	_____
12. Legal fees	_____	_____
13. Title insurance fee	_____	_____
14. Recording fee	_____	_____
15. Cost certification fee	_____	_____
16. Property survey fee	_____	_____
17. Property appraisal fee	_____	_____
18. Engineering fee	_____	_____
19. Other (specify)	_____	_____
20. TOTAL (lines 1 through 18)	_____	_____
21. Carryover Qualification Test	<u>Line 19 Column A</u>	
	Line 19 Column B = _____%	

* Include only eligible cost or portion of eligible cost attributable to residential rental property for the Development. Consult your tax attorney to determine those eligible line items which may be included in the 10% for Carryover Qualification which are eligible under Section 42 of the IRS Code, as amended.

Owner

Date: _____

By: _____

Its: _____