NOVOGRADAC & COMPANY LLP®

CERTIFIED PUBLIC ACCOUNTANTS

LAYING A FOUNDATION FOR AFFORDABLE HOUSING

Knowledge Service Experience

A tradition of supporting clients in reaching their goals through a focus on the intricacies of the low-income housing tax credit.

About the Firm

We at Novogradac & Company LLP work extensively in the low-income housing tax credit (LIHTC) industry, assisting owners of affordable housing projects by providing them with tax, accounting, auditing, consulting, and market study and valuation services. Our expertise in guiding clients though the underlying tax, structuring and business issues of this tax credit program is a source of pride and positions us to provide clients with unparalleled service.

Our fundamental mission at Novogradac & Company is to focus on clients' business objectives. We provide them with comprehensive and high-value services, offer creative solutions to complicated transactions and meet their needs for direction as they navigate the intricacies of their LIHTC transactions.

Novogradac & Company has encountered and resolved many challenges in its 21 years as a leader in the LIHTC industry. These challenges have provided our professionals with an extraordinary understanding of both government and industry requirements. We are particularly proud of our reputation as an affordable housing leader, which allows us to exercise notable influence in advocating for the preservation and expansion of the LIHTC program.

The firm's skilled professionals specialize in helping clients with all aspects of developing, investing, selling and other technical and practical issues that relate to an LIHTC project. Although Section 42 might be a small part of the Internal Revenue Code, it is essential to have knowledgeable advisors to aid in understanding the complexities of this program.

The Muses Apartment Homes, New Orlean, La.
Photo: Kim Pearson

Transaction/ Compliance Consulting

Novogradac and Company LLP provides services to developers, syndicators, investors, lenders and a host of other unique clients. Our services are based on comprehensive knowledge and broad experience. Those services generally include:

- Accounting services
- Transaction services/ Tax consulting
- Investor services and consulting
- Compliance services
- Valuation and appraisal services

Accounting services

The firm offers cost-effective accounting services to clients and takes care to understand fully the nature of the client's business. The firm's professionals can provide tax and accounting advice as needed throughout the process. Our expertise in the LIHTC industry is unparalleled and will aid our clients with the following specific accounting services:

- Annual audits of financial statements
- Annual tax return preparation

The Landings at Winding Walk, Chula Vista, Calif.
Photo: Lynn Schmid

- 10% test reports
- 50% test reports
- Good cost/bad cost analysis
- Tenant file testing
- Final cost certifications
- Eligible basis certifications
- LIHTC applications
- Placed-in-service packages
- Debt service coverage ratio analyses
- Developer experience reports
- General partner experience reports
- Loan staff engagements
- Valuation consulting
- Litigation support and expert witness testimonies
- Solar panel basis certifications
- Section 1602 30% tests
- TCAP construction draws reports

Transaction services/ Tax consulting

Although LIHTC projects can be a challenge to structure, the appropriate guidance from our professionals can mitigate a potential stressful experience. We address and resolve complex business and tax issues and aid our clients throughout the entire structuring, financing and application process. Our specific services in this area include:

- Financial forecasts and analyses
- Arbitrage calculations
- Qualified contract calculations
- Tax capital basis analyses
- Quarterly tax estimates
- BRAC consulting
- Cost segregation analysis

Investor services and consulting

LIHTC projects would not be feasible without investors who play an important role in the financing of LIHTC deals. Our engagement team can provide investors with value-added services that will put them at ease when contemplating whether or not to invest in an LIHTC project. We also provide services that monitor partnership activities throughout the compliance period to help ensure the tax credit investment is free of problems and potential recapture. Our investor services include:

- Financial forecasts and analysis of return on investment
- Due diligence reviews
- 704(b) capital account analysis
- Capital adjuster calculations
- Break-even and debt service coverage ratio calculations
- Property compliance reports
- Forensic accounting
- Valuation and appraisal
  - Market analysis
  - Portfolio performance and analysis

La Entrada, San Diego, Calif.
Photo: Global Premiere Development

Compliance services

LIHTC properties are required to adhere to extensive compliance requirements. It is extremely important that these properties conform to the Internal Revenue Code Section 42 requirements. We can assist owners and property managers in setting up complete tenant files ensuring compliance requirements are met. We can also review all of a project's tenant files and report any deficiencies, increasing the likelihood that a client's files will pass reviews that are conducted by state agencies. Our compliance services also aid our clients when they are acquiring an acquisition/rehabilitation project or purchasing a general partner interest in an existing partnership that owns an LIHTC project. Due diligence in these types of transactions is a key component to ensure there will be no issues down the road.

Renaissance River Lofts, Denver, Colo.
Photo: Colorado Coalition for the Homeless

Compass Veterans Center – Renton, Renton, Wash..
Photo: ProImage Photography courtesy of Baylis Architects

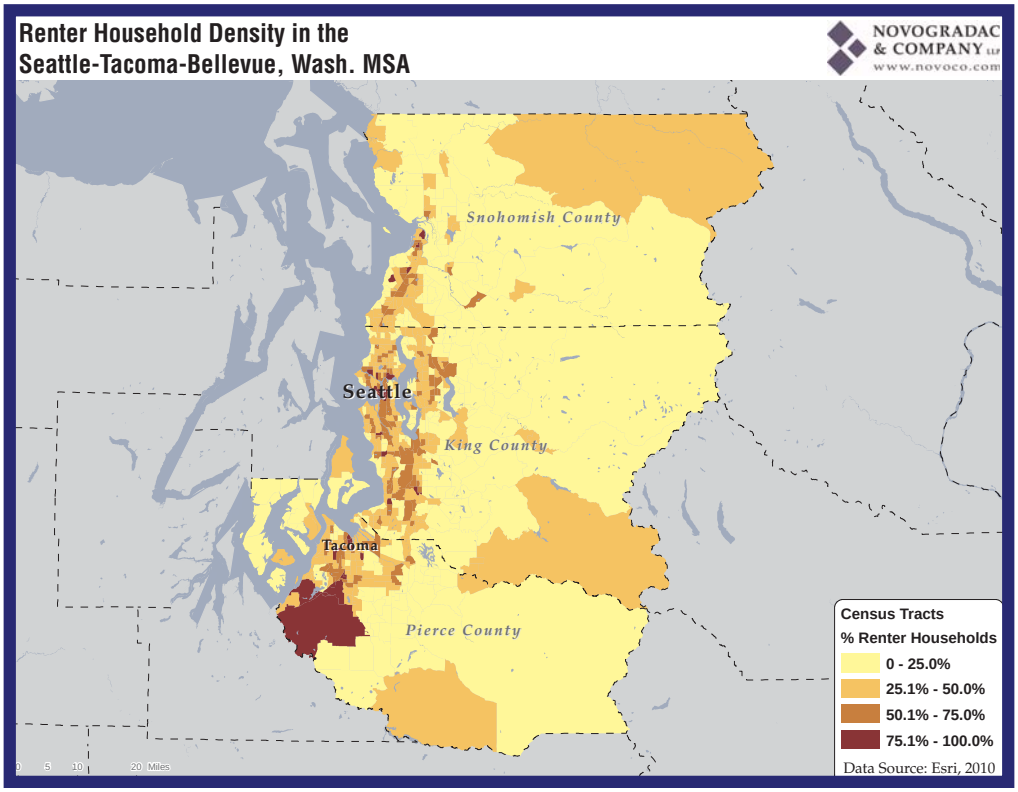
Valuation and appraisal services

Novogradac & Company's GoVal Group specializes in providing high quality market research, and market rate and affordable housing development support. The complexities of today's marketplace require a thorough understanding of a wide variety of housing programs and how local markets affect their success. Novogradac & Company takes great pride in its blending of primary research with available demographic and secondary data to help determine the viability of a proposed project. The GoVal Group completes nearly 1,200 market studies and appraisals each year throughout the United States and its several territories. The purpose of these studies is to assess the market feasibility and/or, in the case of affordable projects, determine the value of LIHTC developments. Our expertise extends to additional subsidy overlays such as public housing, HOPE VI, HUD Multifamily Accelerated Processing (MAP), rural development (Section 515, 538), Section 8, Section 236 and Section 202 housing.

Novogradac & Company also offers the housing and community development industries the benefits of CompsMART+®, Go-Val's comparable market analysis and research tool, that combines demographic information and mapping capabilities with our national property database. This online tool was designed for housing professionals who are looking for timely and accurate rental market and demographic information.

Novogradac & Company is a licensed user of the ESRI Business Analyst GIS software. The software allows us to do in-house GIS and data analysis of locations nationwide. With this ArcView compatible software, we can analyze any spatial area — our system contains all U.S. political boundaries, census tracts, block groups and blocks. We can also input custom boundaries to focus our analysis on customer defined areas such as by a specified radius from an identified point or custom-drawn polygon.

Liberty at St. Clair, Cleveland, Ohio
Photo: Weese, Langley, Weese Architects, Ltd.



Novogradac & Company LLP

LIHTC resources

- 4 annual national LIHTC conferences
- 4 annual LIHTC basics workshops
- 4 annual LIHTC property compliance workshops
- 3 annual advanced LIHTC financing workshops
- LIHTC Working Group: www.lihtcworkinggroup.com
- Webinars and Podcasts: www.novoco.com/podcast

Novogradac & Company LLP publications, periodicals, and software

- Low-income Housing Tax Credit Handbook
- Low-income Housing Tax-Exempt Bond Handbook
- LIHTC Property Management Book
- New Markets Tax Credit Handbook
- Renewable Energy Tax Credit Handbook
- Historic Rehabilitation Handbook
- GAAP Accounting for Tax Credit Investments
- Tax Credit Application Manual
- Novogradac Journal of Tax Credits
- LIHTC Financial Forecasting Model on CD-ROM
- Rent & Income Limit Calculator©

Studio Fifteen, San Diego, Calif.
Photo: Christian Costea

Novogradac & Company LLP's LIHTC Team Leaders

Michael Novogradac
San Francisco, Calif.
415.356.8000
michael.novogradac@novoco.com

Bill Letsinger
Long Beach, Calif.
562.432.9482
bill.letsinger@novoco.com

Bentley Stanton
Atlanta, Ga.
678.867.2333
bentley.stanton@novoco.com

George Littlejohn
Austin, Texas
512.340.0420
george.littlejohn@novoco.com

Blair Kincer
Washington, D.C.
240.235.1701
blair.kincer@novoco.com

Renee Beaver
Cleveland, Ohio
216.298.9000
renee.beaver@novoco.com

David Conway
Dover, Ohio
330.365.5400
david.conway@novoco.com

Jim McGowan
Boston, Mass.
617.330.1920
jim.mcgowan@novoco.com

NOVOGRADAC & COMPANY LLP®

CERTIFIED PUBLIC ACCOUNTANTS

Office Locations

San Francisco, Calif.

U.S. Mail Address:
P.O. Box 7833
San Francisco, CA 94102-7833

Physical & Delivery Address:
246 First Street, 5th Floor
San Francisco, CA 94105
Telephone: 415.356.8000
Facsimile: 415.356.8001

Long Beach, Calif.

249 E. Ocean Blvd., Suite 900
Long Beach, CA 90802
Telephone: 562.432.9482
Facsimile: 562.432.9483

New York, NY

130 W. 42nd St., 14th Floor
New York, NY 10036-7902
Telephone: 212.354.6305
Facsimile: 212.354.6307

Atlanta, Ga. Metro Office

2325 Lakeview Parkway, Suite 450
Alpharetta, GA 30009
Telephone: 678.867.2333
Facsimile: 678.867.2366

Austin, Texas

11044 Research Boulevard,
Suite 400, Bldg. C
Austin, TX 78759
Telephone: 512.340.0420
Facsimile: 512.340.0421

Washington, D.C. Metro Office

4520 East-West Highway, Suite 615
Bethesda, MD 20814
Telephone: 240.235.1701
Facsimile: 240.235.1702

Kansas City, Mo. Metro Office

7227 Metcalf Avenue, Suite 250
Overland Park, KS 66204
Telephone: 913.262.3500
Facsimile: 913.262.3501

Cleveland, Ohio

1100 Superior Avenue, Suite 900
Cleveland, OH 44114
Telephone: 216.298.9000
Facsimile: 216.298.9025

Columbus, Ohio

4449 Easton Way, Suite 2090
Columbus, OH 43219
Telephone: 614.937.9040
Facsimile: 866.669.3821

Dover, Ohio

303 W. Third Street
Dover, OH 44622
Telephone: 330.365.5400
Facsimile: 330.602.5401

Boston, Mass.

101 Arch St., Suite 1000
Boston, MA 02110
Telephone: 617.330.1920
Facsimile: 617.330.1922

Portland, Ore.

121 SW Morrison, Suite 350
Portland, OR 97204
Telephone: 503.241.6499
Facsimile: 503.241.7180

Detroit, Mich.

2000 Town Center, Suite 1900
Southfield, MI 48075
Telephone: 248.351.4801
Facsimile: 248.351.2699

www.novoco.com ◆ www.taxcredithousing.com