

## INDEPENDENT AUDITOR'S REPORT

To: New Jersey Housing and Mortgage Finance Agency  
637 South Clinton Avenue  
P.O. Box 18550  
Trenton, NJ 08650-2085

And

**XXXX (the "Owner")**  
**Street**  
**City, State, Zip**

Re: LITC# **09XX**

We have audited the accompanying Carryover Schedule of Costs and Basis ("Carryover Schedule") of the Owner for **XXXXX ("the Project")** as of **Month, Day, Year**. The Carryover Schedule is the responsibility of the Owner and the Owner's management. Our responsibility is to express an opinion on the Carryover Schedule based on our audit.

We conducted our 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 Carryover Schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts of disclosures in the Carryover Schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Carryover Schedule. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Carryover Schedule was prepared in conformity with the accounting practices prescribed by the Internal Revenue Service under the accrual method of accounting and by the New Jersey Housing and Mortgage Finance Agency ("NJHMFA"), which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the Carryover Schedule referred to above presents fairly, in all material respects, costs incurred for the Project as of **(Month, Day, Year)** on the basis of accounting described above. Such date is within the timeframe specified by the Housing and Economic Recovery Act of 2008 (H.R 3221).

In addition to auditing the Carryover Schedule, we have, at your request, performed certain agreed upon procedures, as enumerated below, with respect to the Project. These Procedures, which were agreed to by the Owner and NJHMFA, 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 Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified user 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 **\$XX,XXX,XXX** as of **Month, Year**.
- We calculated the reasonably expected basis incurred by the Owner as of **Month, Day, Year** to be **\$X,XXX,XXX**.
- We compared the reasonably expected basis incurred as of **Month, Day, Year** to the total reasonably expected basis of the Project, and calculated that **XX%** has been incurred as of **Month, Day, Year**.
- We determined that the Owner uses the accrual method of accounting, and has not included any construction costs in carryover allocation basis that have not been properly accrued.
- We determined that the portion of Developer Fee applied toward meeting the 10% test has been incurred or paid pursuant to the attached Development Agreement. (If applicable)

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 NJHMFA and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

We have agreed with our client that the financial books and records on which the attached Carryover Schedule was prepared may be made available to NJHMFA. Furthermore, we know that NJHMFA intends to rely upon the attached Carryover Schedule when verifying conformance with Internal Revenue Code Section 42(h)(1)(E) and when performing the needs evaluation pursuant to Internal Revenue Code Section 42(m)(2)(C)(i)(II). The undersigned holds NJHMFA harmless from any action taken by NJHMFA based upon its reliance on this report.

**Auditor or Company Name**  
**City, State**  
**Month, Day, Year**