

**INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY**  
**THIRTY PERCENT (30%) LETTER**

**Independent Auditors' Report**

Date: [REDACTED]

To: Indiana Housing and Community Development Authority  
30 South Meridian Street, Suite 1000  
Indianapolis, IN 46204

And

[REDACTED] (the "Owner")  
[REDACTED] (Street)  
[REDACTED] (City, State, Zip Code)

RE: BIN: [REDACTED]

We have audited the accompanying Certification of Costs Incurred ("Exhibit [REDACTED]") of the Owner for [REDACTED] (the "Development") as of [REDACTED], 20[REDACTED]. Exhibit [REDACTED] is the responsibility of the Owner's management. Our responsibility is to express an opinion on Exhibit [REDACTED] 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 Exhibit [REDACTED] is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in Exhibit [REDACTED]. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of Exhibit [REDACTED]. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Exhibit [REDACTED] was prepared in conformity with the accounting practices prescribed by the Internal Revenue Service under the accrual method of accounting and by the Indiana Housing and Community Development Authority (the "Authority"), which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, Exhibit [REDACTED] referred to above presents fairly, in all material respects, costs incurred for the Development as of [REDACTED], 20[REDACTED], on the basis of accounting described above.

In addition to auditing Exhibit [REDACTED] we have, at your request, performed certain agreed-upon procedures, as enumerated below, with respect to the Development.

These procedures, which were agreed to by the Owner and the Authority, were performed to assist you in determining whether the Development has met the 30% test in accordance with the U.S. Treasury Interim Final Rule, 31 CFR Part 32.1 (published in the Federal Register on August 31, 2009) 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 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 Development's total reasonably expected basis, as defined in Treasury Regulation Section 1.42-6, to be \$ [REDACTED] as of [REDACTED], 20 [REDACTED]. (Figure 1.)
- We calculated the reasonably expected basis incurred by the Owner as of [REDACTED], 20 [REDACTED] to be \$ [REDACTED]. (Figure 2.)
- We calculated the percentage of the development fee incurred by the Owner as of [REDACTED], 20 [REDACTED] to be [REDACTED] % of the total development fee. (Figure 3.)
- We compared the reasonably expected basis incurred as of [REDACTED], 20 [REDACTED] (Figure 2.) to the total reasonably expected basis of the Development ("Figure 1.), and calculated that [REDACTED] % had been incurred as of [REDACTED], 20 [REDACTED].
- 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.
- Based on the amount of total reasonably expected basis listed above (Figure 1.), for the Owner to meet the 30% test in accordance with U.S. Treasury Interim Final Rule, 31 CFR Part 32.1 (published in the Federal Register on August 31, 2009) and Treasury Regulation Section 1.42-6, we calculated that the Development needed to incur at least \$ [REDACTED] of costs prior to December 31, 2010. As of [REDACTED], 20 [REDACTED], costs of at least \$ [REDACTED] had been incurred, which is approximately [REDACTED] % of the total reasonably expected basis of the Development.

We were not engaged to, and did not; perform an audit of the Owner's financial statements or of the Development'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 management of the Owner and for filing with the Authority 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.

City, State  
[REDACTED], 20 [REDACTED]

Very truly yours,

(Name of CPA Firm)

By: \_\_\_\_\_  
Its Duly Authorized Representative



**INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY  
SECTION 1602 EXCHANGE PROGRAM**

**OWNER/TAXPAYER CERTIFICATION OF 30% EXPENDITURE  
CALCULATION OF 30% EXPENDITURE  
(as of \_\_\_\_\_, 20\_\_\_\_)**

**EXHIBIT A**

	Reasonably Expected Basis <sup>1</sup>	Accumulated Basis <sup>2</sup>
<b>1. Acquisition Costs</b>		
i. Land Purchase		
ii. Existing Building		
iii. Title Insurance		
iv. Survey Costs		
v. Reporting Fees		
vi. _____		
<b>Acquisition Total</b>		
<b>2. Construction/Rehabilitation</b>		
i. Excavation		
ii. Off-Site Improvements		
iii. Foundations		
iv. Construction Labor		
v. _____% of Builder's Overhead/Profit		
iv. _____		
<b>Construction/Rehab Total</b>		
<b>3. Construction Materials</b>		
i. Installed		
ii. Stored On-Site		
iii. _____		
_____		



<b>Construction Materials Total</b>		
<b>4. Accounting/Legal Fees</b>		
i. Attorney		
ii. Accountant		
<b>Accounting/Legal Fees Total</b>		
<b>5. Architectural &amp; Other Professional Fees</b>		
i. Architect Fees		
ii. Engineering Services		
iii. Environmental Services		
iv. Appraisal Fees		
v. Market Study Fees		
<b>Architectural/Prof. Fees Total</b>		
<b>6. Construction Financing</b>		
i. Land Financing		
ii. Construction Loan		
iii. <input type="text"/>		
<b>Construction Financing Total</b>		
<b>7. Development Fees Categories</b>		
i. <input type="text"/>		
ii. <input type="text"/>		
iii. <input type="text"/>		
iv. <input type="text"/>		
v. <input type="text"/>		
<b>8. Other</b>		
i. <input type="text"/>		
<b>Development Fees Total</b>		
<b>GRAND TOTAL:</b>	<b>(A)</b>	<b>(B)</b>

<sup>1</sup>As of the end of the second calendar year succeeding the allocation year. "Basis" means the adjusted basis of land and depreciable property, whether or not such amounts are included in the eligible basis.

<sup>2</sup>Owner/Taxpayer estimated incurred basis in the Development as of , 20

**30% Basis Calculation:**

(B) divided by (A) x 100 = %

(Accumulated Basis) (Reasonably Expected Basis)



**OWNER/TAXPAYER CERTIFICATION**

DEVELOPMENT NAME: \_\_\_\_\_

BIN# \_\_\_\_\_

The undersigned \_\_\_\_\_, (the "Owner/Taxpayer") hereby certifies to the Indiana Housing and Community Development Authority (the "Authority") that the amounts shown in the Worksheet for Calculation of 30% Expenditure section above and the documentation submitted in verification thereof are true and correct, and that the Owner/Taxpayer anticipates expending more than 30% of the Owner/Taxpayer's reasonably expected basis in the above project, as required by U.S. Treasury Interim Final Rule, 31 CFR Part 32.1 (published in the Federal Register on August 31, 2009) and the applicable Treasury Regulations promulgated thereunder (the "Regulations").

I UNDERSTAND THAT REVIEW AND APPROVAL BY THE AUTHORITY OF THE CERTIFICATION OF 30% EXPENDITURE IS NOT BINDING UPON THE INTERNAL REVENUE SERVICE AND DOES NOT CONSTITUTE A REPRESENTATION OR WARRANTY FROM THE AUTHORITY TO THE OWNER/TAXPAYER THAT THE 30% REQUIREMENT HAS BEEN OR WILL BE MET OR THAT ALL BASIS ITEMS HAVE BEEN PROPERLY INCLUDED FOR FEDERAL TAX PURPOSES, AND THAT THE BURDEN OF COMPLIANCE WITH THE CODE AND THE REGULATIONS IS THE RESPONSIBILITY OF THE OWNER/TAXPAYER.

The undersigned represents and warrants that he/she has the power to execute, deliver and accept the terms of this Agreement, to enter into the transactions contemplated by this Agreement, and that the acceptance and performance of this Agreement have been duly authorized by all necessary and proper corporate and other action.

OWNER/TAXPAYER: \_\_\_\_\_

BY: \_\_\_\_\_

Signature

\_\_\_\_\_

Type/Print Name & Title

Date: \_\_\_\_\_, 20\_\_\_\_.

<b>IHCDA Use Only</b>
Date:

