

**INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
TEN PERCENT (10%) LETTER**

Independent Auditors' Report

Date: [REDACTED]

To: Indiana Housing and Community Development Authority
30 South Meridian Street, Suite 900
Indianapolis, IN 46204

And

(the "Owner")
(Street)
(City, State, Zip Code)

RE: BIN: [REDACTED]

We have audited the accompanying Certification of Costs Incurred ("Exhibit [REDACTED]") of the Owner for (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.

Also, in the process of our audit, we have received a copy of and we are familiar with:

1. The completed Application for a Conditional Reservation of 20 [REDACTED] Credits and related package dated [REDACTED], 20 [REDACTED] (the "Initial Application"), submitted to the Indiana Housing and Community Development Authority (the "IHCDA") for the purpose of requesting, in connection with the captioned development (the "Development"), a reservation of rental housing tax credits ("Credits") available under Section 42 of the Internal Revenue Code of 1986, as amended.

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 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 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 10% test in accordance with Internal Revenue Code Section 42(h)(1)(E) and Treasury Regulation Section 1.42-6, we calculated that the Development needed to incur at least \$ [REDACTED] of costs prior to [REDACTED], 20 [REDACTED]. 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
RENTAL HOUSING TAX CREDIT (RHTC) PROGRAM**

**OWNER/TAXPAYER CERTIFICATION OF 10% EXPENDITURE
CALCULATION OF 10% EXPENDITURE
(as of _____, 20____)**

EXHIBIT A

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

Construction Materials Total		

4. Accounting/Legal Fees		
i. Attorney		
ii. Accountant		
Accounting/Legal Fees Total		
5. Architectural & Other Professional Fees		
i. Architect Fees		
ii. Engineering Services		
iii. Environmental Services		
iv. Appraisal Fees		
v. Market Study Fees		
Architectural/Prof. Fees Total		
6. Construction Financing		
i. Land Financing		
ii. Construction Loan		
iii. _____		
Construction Financing Total		
7. Development Fees Categories		
i. _____		
ii. _____		
iii. _____		
iv. _____		
v. _____		
8. Other		
i. _____		
Development Fees Total		
GRAND TOTAL:	(A)	(B)

¹As 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.

²Owner/Taxpayer estimated incurred basis in the Development as of _____, 20____ (but in any event no later than 6 months from the execution date of the Carryover Agreement).

10% Basis Calculation:

$$(B) \text{ divided by } (A) \times 100 = \text{____}\%$$

(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 10% Expenditure section above and the documentation submitted in verification thereof are true and correct, and that the Owner/Taxpayer anticipates expending more than 10% of the Owner/Taxpayer's reasonably expected basis in the above project, as required by Section 42 of the Internal Revenue Code (the "Code") and the applicable Treasury Regulations promulgated thereunder (the "Regulations").

I UNDERSTAND THAT REVIEW AND APPROVAL BY THE AUTHORITY OF THE CERTIFICATION OF 10% 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 10% 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 .

IHCDA Use Only
Date: