**FEDERAL LOW-INCOME HOUSING TAX CREDIT CARRYOVER ALLOCATION CERTIFICATION OF CARRYOVER-ALLOCATION BASIS**

**FOR 2022 AWARDED DEVELOPMENTS**

## (Development) by

(Owner)

The undersigned hereby certifies that more than ten percent (10%) of the reasonably expected basis in which is classified as new construction, existing buildings, and/or rehabilitation, has been expended/incurred by June 30, 2022, hereby continuing qualification of the Owner for the December 2020 Carryover-Allocation from the State of Arkansas 2020 state ceiling, the December 2021 Carryover Allocation from the State of Arkansas 2021 ceiling, and the December 2022 Carryover Allocation from the State of Arkansas 2022 ceiling. The Owner acknowledges that in order to retain its allocation(s), the Development must be completed and must be placed in service by December 31, 2023.

The Owner further acknowledges that in order to continue to receive the 2020, 2021, and 2022 Carryover-Allocation the following attachments must accompany this Certification of Carryover-Allocation Basis:

1. Verification of ownership/leasehold of the land or depreciable real property. Furnish one of the following documents: (**1)** Written Legal Opinion; **(2)** Copy of Warranty Deed(s); (**3)** Copy of Title Commitment;

**(4)** 99-year Leasehold; and

1. Written certification from an attorney or a certified public accountant that he/she has examined all eligible costs and it is his/her belief that the Owner has incurred by June 30, 2021 more than ten percent (10%) of its reasonably expected basis in the Development as of December 31, 2023. The attorney or certified public accountant must use the format attached or similar format containing all information requested in the attached form.

By: Its:

By: Name:

Title:

STATE OF )

COUNTY OF )

On this day of , 21 , before me a Notary Public within and for said County and State, personally appeared , to me known to be the person described herein and who, being by me first duly sworn, .executed the foregoing **“CERTIFICATION OF CARRYOVER-ALLOCATION BASIS”** and acknowledged that he/she executed the same as his/her free act and deed and stated that the information and certifications contained therein are true and correct.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this day of , 21 .

Notary Public My commission expires:

*Federal Low-Income Housing Tax Credit Carryover Allocation Certification of Carryover-Allocation Basis for 2019 Developments*

# INDEPENDENT ACCOUNTANTS REPORT

to accompany

Federal Low-Income Housing Tax Credit Carryover Allocation Certification of Carryover Allocation Basis

for

To:

Arkansas Development Finance Authority c/o Multi-Family Programs Manager

P.O. Box 8023

Little Rock, Arkansas 72203-8023 And

(“the Owner”)

Re: (“the Development”)

We have examined the column entitled Eligible 10% Test Expenditures Incurred, as shown on the accompanying 10% Test: Taxpayer’s Basis Schedule related to the development of

as of June 30, 2022.

is responsible for the 10% Test: Taxpayer’s Basis Schedule. Our responsibility is to express an opinion based on our examination.

We have not examined or reviewed the columns Total Development Cost or Reasonably Expected Basis, as shown on the accompanying 10% Test: Taxpayer’s Basis Schedule and therefore express no opinion or any other form of assurance on them.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining on a test basis, evidence supporting the information presented in the column entitled Eligible 10% Test Expenditures Incurred as shown on the 10% Test: Taxpayer’s Basis Schedule and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the column entitled Eligible 10% Test Expenditures Incurred referred to above presents, in all material respects, the Development’s Eligible 10% Test Expenditures Incurred as of November 25, 2021, using the accrual method of accounting, in accordance with Internal Revenue Code (IRC) Section 461 and also the 10% carryover rules in accordance with IRC Section 42(h)(1)(E) and Treasury Regulation Section 1.42-6.

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At the request of the General Partner of the Owner, we have performed certain procedures as stated below agreed to by the General Partner of the Owner with respect to the documents supplied to us. These procedures were performed solely to assist you in determining that appropriate items and amounts were included in the computation of the 10 percent carryover rule in accordance with Internal Revenue Code (IRC) Section 42(h)(1)(E) and Treasury Regulation Section 1.42-6 (the “Computation”). Management of the Owner is responsible for the Computation. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Owner and the Arkansas Development Finance Authority. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purposes for which this report has been requested or for any other purpose.

The following procedures were performed:

* 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 $ as of December 31, 2023.

(Dollar Amount)

* We calculated the reasonably expected basis incurred by the Owner as of June 30, 2022, to be $ .

(Dollar Amount)

* We compared the reasonably expected basis incurred as of June 30, 2022 to the total reasonably expected basis of the Development as of December 31, 2023, and calculated that had been incurred as of June 30, 2022.

(Percentage)

City, State [Date]

Contact Person xxx-xxx-xxxx

### State Agency

**10% Test: Taxpayer's Basis Schedule**

**Development Name and Information**

**Date**

**Cost Category**

#### Purchase of Land and Buildings

**Total**

**Development Cost**

**Reasonably Expected Basis**

**Eligible 10% Test**

**Expenditures Incurred**

Land 125,000 125,000 125,000



Existing Structures 1,518,241 1,518,241 1,518,241

*Total Purchase 1,643,241 1,643,241 1,643,241*

***Site Work*** *218,091 218,091 -*

#### Rehab/New Construction

Rehabilitation 912,595 912,595 -

General Requirements 75,351 75,351 -

Contractor Overhead 25,428 25,428 -

Contractor Profit 75,073 75,073 -

Contractor Bond Fee 30,181 30,181 -

Construction Contingency 146,230 146,230 -

Relocation Expense/FFE 182,576 182,576 -

*Total Construction 1,447,434 1,447,434 -*

#### Other Fees

Architect Fee - Design 17,000 17,000 17,000

Architect Fee - Supervision 8,000 8,000 -

Real Estate Attorney 15,000 15,000 -

Survey 5,000 5,000 -

*Total Other Fees 45,000 45,000 17,000*

#### Interim Costs

Construction Insurance 16,309 16,309 -

Construction Interest 64,120 64,120 -

Construction Loan Origination Fee 14,962 14,962 -

*Total Financing Costs 95,391 95,391 -*

#### Financing Fees and Expenses

Title and Recording 3,600 - -

Counsel's Fee 10,000 10,000 -

*Total Financing Fees and Expenses 13,600 10,000 -*

#### Soft Costs

Appraisal 8,000 8,000 -

Market Study 4,500 4,500 -

Environmental Review 5,000 5,000 -

Tax Credit Application Fee 37,285 - -

Tax Attorney Fees 15,000 15,000 -

Accounting 10,000 10,000 -

*Total Soft Costs 79,785 42,500 -*

#### Syndication Costs

Partnership Organization 6,000 - -

Tax Opinion 17,000 17,000 -

Accounting Fees 10,000 10,000 -

*Total Syndication Costs 33,000 27,000 -*

#### Developer Fee

Acquisition 70,000 70,000 14,000

Rehabilitation 312,500 312,500 62,500

*Total Developer Overhead & Fee 382,500 382,500 76,500*

#### Development Reserves

Rent-up Reserve 3,357 - -

Operating Reserve 110,643 - - Replacement Reserve/Rent-up Expenses 40,000 - - *Total Development Reserves 154,000 - -*

#### Total Development Costs 4,112,042 3,911,157 1,736,741

**10% Test Calculation**

Total Reasonably Expected Basis 3,911,157

Costs Incurred as of 3/20/06 1,736,741

Costs Required to pass 10% Test 391,116

Percentage of costs incurred/REB ***44.40%***