

**TEN PERCENT LETTER FOR CARRYOVER ALLOCATION**

Independent Auditor's Report

Date:

To: Idaho Housing and Finance Association  
565 West Myrtle  
P.O. Box 7899  
Boise, ID 83707-1899

And

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (the "Owner")  
Address  
City, State Zip

Re: \_\_\_\_\_  
(Development name, development number)

We have examined the accompanying Certification of Costs Incurred (the "Certification") of the Owner for \_\_\_\_\_ (the "Development") as of \_\_\_\_\_, 20\_\_\_\_. The Certification is the responsibility of the Owner and the Owner's management. Our responsibility is to express an opinion on the Certification based on our examination.

Our examination was conducted 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 Certification and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

The accompanying Certification was prepared in conformity with the accounting practices prescribed by the Internal Revenue Service under the accrual method of accounting and by Idaho Housing and Finance Association ("IHFA"), which is a comprehensive basis of accounting other than generally accepted accounting principles.

The 10% Test includes an estimate prepared by the Owner of total development costs and reasonably expected basis, as defined in Treasury Section 1.42-6. We have not examined or performed any procedures in connection with such estimated total development costs and reasonably expected basis and, accordingly, we do not express any opinion or any other form of assurance on such estimates. Furthermore, even if the Development is developed and completed there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

In our opinion, the Certification referred to above presents fairly, in all material respects, costs incurred for the Development as of \_\_\_\_\_, 20\_\_\_\_, on the basis of accounting described above.

In addition to examining the Certification, 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 IHFA, 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 \$\_\_\_\_\_ as of \_\_\_\_\_, 20\_\_.
- We calculated the reasonably expected basis incurred by the Owner as of \_\_\_\_\_, 20\_\_ to be \$\_\_\_\_\_.
- We calculated the percentage of the development fee incurred by the Owner as of \_\_\_\_\_ to be \_\_\_\_\_% of the total development fee.
- We compared the reasonably expected basis incurred by Owner as of \_\_\_\_\_, 20\_\_ to the total reasonably expected basis of the Development as of the end of the second year following the year in which this carryover allocation is received, and calculated the \_\_\_\_\_% had been incurred as of \_\_\_\_\_, 20\_\_.
- We determined that the Owner uses the accrual method of accounting, and has not included any construction costs in said basis that have not been properly accrued.
- Based on the amount of total reasonably expected basis listed above, 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 \$\_\_\_\_\_ of costs prior to December 31, 20\_\_. As of \_\_\_\_\_, 20\_\_, costs of at least \$\_\_\_\_\_ had been incurred, which is approximately \_\_\_\_\_% 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 Owner and the Owner's management and for filing with IHFA 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

Date