**10 PERCENT LETTER**

**MHDC FORM 3343**

**INDEPENDENT AUDITORS’ REPORT**

Date: Month day, year

To: Missouri Housing Development Commission

 LIHTC Department

 920 Main Street Suite 1400

 Kansas City, MO 64105

 and

 **Ownership name** (the “Owner”)

 **Street Address**

 **City**, **State**, **Zip**

Re: MHDC # **LIHTC Number**

We have examined the accompanying Certification of Costs Incurred Form 3342 Exhibit B LOW-INCOME HOUSING TAX CREDIT CARRYOVER ALLOCATION OWNER CERTIFICATION 10% REQUIREMENT of Reasonably Expected Basis and Costs Incurred (“3342 Exhibit B”) of the Owner for **Development name** (the “Development”) as of **Date**. 3342 Exhibit B is the responsibility of the Owner and Owner’s management. Our responsibility is to express an opinion on 3342 Exhibit B 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 3342 Exhibit B 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 3342 Exhibit B was prepared in conformity with accounting practices prescribed by the Internal Revenue Service under the accrual method of accounting and by Missouri Housing Development Commission, 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 Regulation 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, 3342 Exhibit B referred to above presents fairly, in all material respects, costs incurred for the Development as of **Date**, on the basis of accounting described above.

In addition to auditing 3342 Exhibit B, 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 Missouri Housing Development Commission, 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 **Date**.
* We calculated the reasonably expected basis incurred by the Owner as of **Date** to be $.
* We calculated the percentage of development fee incurred by the Owner as of **Date** to be **Percent**% of the total development fee.
* We compared the reasonably expected basis incurred as of **Date** to the total reasonably expected basis of the Development, and recalculated that **Percent**% had been incurred as of **Date**.
* 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, 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 **Date**, costs of at least $ had been incurred, which is approximately **Percent**% 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. 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. 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 Missouri Housing Development Commission 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.

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**Name, Title**

**City**, **State**

**Date**

This document may be submitted electronically to MHDC via email. If submitted as such, the undersigned agrees that the signature thereon is to be treated as an original signature and the document is to be treated as an original document with the same effect and enforceability.