

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 November 4, 2011. _____ 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 4, 2011, 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.

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, 2012.
(Dollar Amount)
- We calculated the reasonably expected basis incurred by the Owner as of November 4, 2011, to be \$ _____.
(Dollar Amount)
- We compared the reasonably expected basis incurred as of November 4, 2011 to the total reasonably expected basis of the Development as of December 31, 2012, and calculated that _____ had been incurred as of November 4, 2011.
(Percentage)

City, State
[Date]

Contact Person Name, Telephone and Email

State Agency			
10% Test: Taxpayer's Basis Schedule			
Development Name and Information			
Date			
Cost Category	Total Development Cost	Reasonably Expected Basis	Eligible 10% Test Expenditures Incurred
Purchase of Land and Buildings			
Land	125,000	125,000	125,000
Existing Structures	1,518,241	1,518,241	1,518,241
<i>Total Purchase</i>	<i>1,643,241</i>	<i>1,643,241</i>	<i>1,643,241</i>
Site Work	<i>218,091</i>	<i>218,091</i>	-
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	-
<i>Total Construction</i>	<i>1,447,434</i>	<i>1,447,434</i>	-
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	-
<i>Total Other Fees</i>	<i>45,000</i>	<i>45,000</i>	<i>17,000</i>
Interim Costs			
Construction Insurance	16,309	16,309	-
Construction Interest	64,120	64,120	-
Construction Loan Origination Fee	14,962	14,962	-
<i>Total Financing Costs</i>	<i>95,391</i>	<i>95,391</i>	-
Financing Fees and Expenses			
Title and Recording	3,600	-	-
Counsel's Fee	10,000	10,000	-
<i>Total Financing Fees and Expenses</i>	<i>13,600</i>	<i>10,000</i>	-
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	-
<i>Total Soft Costs</i>	<i>79,785</i>	<i>42,500</i>	-
Syndication Costs			
Partnership Organization	6,000	-	-
Tax Opinion	17,000	17,000	-
Accounting Fees	10,000	10,000	-
<i>Total Syndication Costs</i>	<i>33,000</i>	<i>27,000</i>	-
Developer Fee			
Acquisition	70,000	70,000	14,000
Rehabilitation	312,500	312,500	62,500
<i>Total Developer Overhead & Fee</i>	<i>382,500</i>	<i>382,500</i>	<i>76,500</i>
Development Reserves			
Rent-up Reserve	3,357	-	-
Operating Reserve	110,643	-	-
Replacement Reserve/Rent-up Expenses	40,000	-	-
<i>Total Development Reserves</i>	<i>154,000</i>	-	-
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%	