# M E M O R A N D U M

**TO:** Low Income Housing Tax Credit Awardees

**FROM:** Ryan Fleming, Director, Office of Housing Finance

## RE: Certification of the 10% Test

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The certification of the 10% test electronic forms will be available on the Department of Community Affairs (DCA) Office of Affordable Housing Tax Credit Program website at [http://www.dca.ga.gov/housing/HousingDevelopment/programs/housingTaxCredit.asp.](http://www.dca.ga.gov/housing/HousingDevelopment/programs/housingTaxCredit.asp) I hope this will make the completion of the certification easier for you. If you are unable to open the attached forms or download them from the web site, please contact us.

***Awardees must complete the attached Excel spreadsheet and electronically submit the information required below in a virus-free USB flash drive able to be accessed. Awardees must also submit individual PDF scanned copies of all information with required signatures. All documentation is due to DCA within one year after the date of the carryover allocation (the date the carryover was executed by DCA). This deadline will be strictly enforced. Please note that your carryover allocation is contingent upon the satisfaction of the 10% test and the timely submission thereof to DCA. Submissions must be enclosed in a protective zippered pencil case sleeve within a padded mailing envelope. A backup flash drive containing identical copies of all documents is required to be included as well.***

The Certification package must include the following:

* Flash drive containing the accurately completed electronic *OAH Form – 10% Test*
* Certification Checklist
* General Project Information
* Owner Certification of Property Ownership (including evidence of ownership)
* Settlement Statement
* Exhibit A: Legal Description of Property
* Development Agreement
* Independent Auditor’s Report
* 10% Test: Computation and Certification of Basis Expenditure
* For USDA/FmHA projects only:
  + Mortgage Obligation – Funds Analysis
  + Estimate and Certification of Actual Cost

Please label the submission with the following information on a label affixed to the pencil case sleeve as well as in the cover sheet enclosed with the sleeve:

1. Certification of The 10% Test
2. Project Name and Number
3. Contact Name, Phone Number, Fax Number, and Email Address

Please label the flash drives with DCA Project Number and “10% Test”. Include the project name if space allows. The label must not interfere with the operation of the flash drive casing.

All submissions should be sent to: Office of Housing Finance

Georgia Department of Community Affairs 60 Executive Park South, NE

Atlanta, GA 30329

Attn: Ryan Fleming, Director, Office of Housing Finance Enclosures: 10% Test Documentation

Please note that you must submit a Final Allocation application to DCA to request for issuance of Form(s) 8609 (please refer to your carryover allocation for the applicable deadline). The electronic final allocation application form is available at the DCA website above.

If you have any questions regarding the certification of the 10% test, please contact me at (404) 596-2626.

**Certification of The 10% Test Directions for Automated Application Program**

***IMPORTANT NOTE***: The Certification of The 10% Test computer program is written in Microsoft Excel 2007.

# Before attempting to complete the Certification of the 10% Test, please read all directions carefully.

1. Please fill in only the areas shaded in green. Non-green cells are not for applicant use.
2. In general, cells with black-font characters are formula or text cells that should not be changed by the applicant.
3. In general, cells with color-font characters are formula or text cells that may be changed by the applicant. However, please exercise caution when making any changes.
4. Please do not create new cell references, either to other cells in the application or to other spreadsheets that you may be using. Such new references may cause errors, circular references, or other problems that may render the electronic application useless. Do not delete existing tabs in this Excel workbook. Do not transfer tabs from external workbooks into this workbook.
5. This computer program has been designed so that certain pieces of information, such as the project name and address, need only be entered once. In order to take advantage of this feature, please enter information in the order in which it appears in the program.
6. Cells with red shading in the upper right-hand corner contain additional cell-specific instructions. These instructions may be accessed by placing the cursor over the cell.

## The following sections must be completed prior to submission to DCA.

**Certification Checklist (p. 1)**

This section is included at the beginning of the computer worksheet.

## General Project Information and Owner Certification of Property Ownership (pp. 2-3)

Complete all information on page 2.

Please complete the Owner Certification of Property Ownership on page 3; submit evidence of property ownership and the settlement statement to DCA.

Please note that if there is any change to the project concept (such as unit mix, # of BINs), the owner must submit a separate written request to DCA and obtain DCA’s approval before it takes effect.

## Computation and Certification of Basis Expenditure – 10% Test (pp. 4-6; Accountant’s Letter)

*This form* ***must*** *be completed and signed by an independent Certified Public Accountant.*

This spreadsheet has been designed to perform the 10% test: it will determine whether or not the 10% test has been met.

The “Total Cost” column should include **all** projected development costs. The “Accumulated Basis” column should include, on a line item basis, the amount of funds **expended** to date. Under no circumstances should the amounts in the “Accumulated Basis” column exceed the amounts the “Total Cost” column. All applicable line items must be completed. Any costs that are shown as “Other” must be specifically identified.

The “Reasonably Expected Basis in the Project” can be found in the carryover allocation document for your project. Please enter such amount in the specified cell. After all the above information has been entered, the computer program will determine what percentage of Reasonably Expected has been expended.

The amount required to be expended is **more than** 10 percent of the “taxpayer’s reasonably expected basis” in the project.

In determining reasonably expected basis and whether or not the project meets the 10% requirement for Carryover Allocation, Applicants should **not** consider any increase in eligible basis due to the project’s location in a qualified census tract or difficult development area.

## Independent Auditor’s Report

The *Independent Auditor’s Report* is for your auditor’s use. It must be printed on the letterhead of an accounting firm. The exact language in the *Independent Auditor’s Report* must be used. An exception can be made when a modification to the Report is required specific to the project, such as the audit opinion or accounting method.