

MEMORANDUM

TO: Section 1602 Exchange Program Awardees
FROM: Fenice Taylor, Tax Credit Program Manager
RE: **Section 1602 Program
Certification of the 30% Test**

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Please find the electronic forms for the certification of the 30% test attached. The forms will also be available on the Department of Community Affairs (DCA) website at <http://www.dca.state.ga.us>. 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 submit the information in a CD. Awardees must also submit a paper copy of all information with required signatures by December 31, 2010. This deadline will be strictly enforced.

The Certification package must include the following:

- CD containing the completed electronic *OAH Form – 30% 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
- 30% Test: Computation and Certification of Basis Expenditure
- Copy of Last Application for Payment (Draw Request)

Please label the submission with the following information on the cover sheet:

- (i) Certification of the 30% Test
- (ii) Project Name and Number
- (iii) Contact Name, Phone Number, Fax Number, and Email Address

All submissions should be sent to:

Office of Affordable Housing
Georgia Department of Community Affairs
60 Executive Park South, NE
Atlanta, GA 30329
Attn: Fenice Taylor, Tax Credit Program Manager

Please note that you must submit a Final Allocation application to DCA to request for issuance of Form(s) 8609 (please refer to your Sec. 1602 Tax Credit Exchange Program

Carryover Subaward Agreement for the applicable deadline). **The Final Allocation application must be submitted to DCA even if your project does not have Federal low income housing tax credits.** The electronic final allocation application form is available at DCA's website:

<http://www.dca.ga.gov/housing/HousingDevelopment/programs/housingTaxCredit.asp>

If you have any questions regarding the certification of the 30% test, please contact me at (404) 679-0647.

Section 1602 Program Certification of The 30% Test Directions for Automated Application Program

IMPORTANT NOTE: The Certification of the Section 1602 Program 30% Test computer program is written in Microsoft Excel 2002.

Before attempting to complete the Certification of the Section 1602 Program 30% 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.
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 – 30% 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 30% test: it will determine whether or not the 30% 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 in 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 Section 1602 Program Carryover Subaward Agreement 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 at least 30 percent of the "taxpayer's reasonably expected basis" in the project.

In determining reasonably expected basis and whether or not the project meets the 30% requirement for the Section 1602 Program, 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.