

Minnesota Housing Finance Agency
400 Sibley Street, Suite 300
St. Paul, MN 55101-1998

XYZ Limited Partnership
c/o XYZ Development Corporation
123 South 4th Street, Suite 5
Minneapolis / St. Paul, MN xxxxx

RE: ABC (Development)
Minneapolis / St. Paul, Minnesota

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by XYZ Limited Partnership (Owner) and the Minnesota Housing Finance Agency (Minnesota Housing), solely to assist you in evaluating the Owner's compliance with Section 42(h)(6)(F) and CFR 1.42-18 of the Internal Revenue Code and Minnesota Housing's Qualified Contract Process Guide in the Calculation of Qualified Contract Price (Minnesota Housing Form QC-1 and related Worksheets attached) as of (month day year). Management is responsible for the Owner's compliance with those requirements.

This agreed-upon procedures engagement was conducted 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 Minnesota Housing. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The Owner has selected (month day year) (the last day of the compliance period) to be the qualified contract price determination date. Accordingly, some balances (such as the outstanding balance of amortizing debt or the balance of accrued interest on deferred debt) have been estimated to a date beyond the latest financial statements.

The agreed upon procedures and findings are as follows:

1. We requested copies of the following documents from the Owner:

- Partnership Agreement including all amendments
- Declaration of Land Use Restrictive Covenants (LURA)
- Audited financial statements from inception
- Tax returns from inception
- Valuation of the NON Low Income Housing Tax Credit property.
- All other documentation we found necessary to evaluate compliance with the requirements of Section 42(h)(6)(F) and CFR 1.42-18 All requested documents were provided.

2. We obtained and read a copy of Minnesota Housing Form QC-1 and related Worksheets.
 - a. We traced and compared the debt information on Worksheet A to the financial statements.

The first mortgage is an amortizing loan with interest at x %. We traced the balance of the first mortgage and accrued interest at (month day year) to the year financial statements and a loan amortization schedule. We found the balances on Worksheet A to be in agreement with the loan amortization schedule at (month day year).

The second mortgage is a deferred loan with interest accruing at x %. We traced the balance of the second mortgage and accrued interest at (month day year) to the year financial statements and recalculated accrued interest for year. We found the balances on Worksheet A to be in agreement with the financial statements and our calculation of accrued interest.

- b. (1) We traced and compared the investor equity information on Worksheet B to the financial statements and the Partnership Agreement. We found investor equity on Worksheet B, from inception through (month day year), to be in agreement with the financial statements and Partnership Agreement. No investor capital contributions were expected in year.

(2) We traced and compared the cost of living increases on Worksheet B to the appropriate CPI table (not to exceed 5% in any year). We recomputed the cost of living adjustments on Worksheet B. The appropriate adjustments are being used and the calculations are mathematically correct. The Owner assumed the year adjustment to be the same as year. The year adjustments have not yet been released.

- c. We traced and compared other capital contributions on Worksheet C to the financial statements. We found other capital contributions on Worksheet C, from inception through December 31, 2005, to be in agreement with the financial statements. No other capital contributions were expected in 2006.

- d. (1) We traced and compared cash distributions in Section A of Worksheet D to the financial statements and tax returns. We found cash distributions in Section A of Worksheet D from inception through (month day year) to be in agreement with the financial statements and tax returns. No distributions were expected in year.

(2) We traced and compared the cash balances in Section B of Worksheet D to the financial statements. Cash balances at (month day year) totaled \$_____. Cash balances estimated at (month day year) totaled \$_____. Cash available for distribution was expected to be \$_____.

- e. We traced and compared the fair-market value of the non-low income portion of the building(s) including land on Worksheet E to an appraisal or other supporting documentation. We found them to be in agreement.

3. We traced and compared the applicable fraction on Form QC-1 to the LURA. We found them to be in agreement.

4. We traced and compared the amounts from Worksheets A – E to Form QC-1 and recalculated the Qualified Contract Price. We found the calculations to be mathematically correct and in compliance with Section 42(h)(6)(F) of the Internal Revenue Code, CFR 1.42-18 and Minnesota Housing's Qualified Contract Process Guide.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance. 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 Minnesota Housing, and is not intended to be and should not be used by anyone other than these specified parties.

Notwithstanding the foregoing, we acknowledge that this report is subject to access and review by other persons in accordance with the Minnesota Government Data Practices Act (Minnesota Statutes Chapter 13).

(city state)(month day year)