

[REDACTED]

From: Christopher Hinchee [REDACTED]
Sent: Thursday, August 19, 2021 7:16 PM
To: TaxCreditQuestions; Wilbourne, Kim 6-9083; Alexander, Eric 6-9054
Subject: Draft 2022 QAP coments/concerns

Good Afternoon,

I am a Certified Public Accountant practicing in South Carolina and I perform the annual audits of LIHTC properties and perform the cost certifications and 10% cost certifications for newly developed projects. I have reviewed the recent Draft 2022 Qualified Allocation plan dated August 17, 2021, and in response, please note my following comments and or concerns:

Page 14, Section H: Required Capacity

In this section, the term "their financial statements" has been updated for "written statement of the outstanding funds the developer has with the Authority and Audited Financial statement (to include a complete REO and global debt schedules)". This updated requirement places an unnecessary burden on the developer by changing the requirement of a REVIEWED financial statement to an AUDITED financial statement. The increased burden on the developer of obtaining an AUDITED financial statement will be one of significant cost and effort, without a corresponding increase in the quality of a deliverable financial statement to the Authority. The process of obtaining audit evidence (to include appraisals, valuations, and confirmations) for all property owned by the developer will be an exhaustive effort, and will not materially affect the Authority's determination of the developer's financial ability to execute a transaction. In my opinion, the requirement currently in place of a REVIEWED financial statement meets the capacity determination requirements of the Authority, as an AUDITED *personal* financial statement is not customary or found in the ordinary course of business.

The updated requirement of "written statement of the outstanding funds the developer has with the Authority" has quite a bit of ambiguity. I would suggest the Authority clarify whether you are asking for a listing of Authority loans outstanding for projects previously developed by the developer, outstanding fees the developer owes the Authority, or, outstanding funds due to the developer from the Authority.

The updated requirement of "to include a complete REO and global debt schedules" also has quite a bit of ambiguity. I would suggest the Authority clarify whether you are asking for a listing of physical real estate owned by the developer or if you are asking for a listing of other general partnership interests in projects the developer owns and their associated debt.

I appreciate your time and attention in this matter, as we try our best to provide the best service to our clients. I am happy to discuss at [REDACTED]

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