

MISSISSIPPI HOME CORPORATION  
HOUSING TAX CREDIT PROGRAM  
IRS Form 8609 Request Package Checklist

**Mississippi Home Corporation HTC Program Cost Certification Guidelines**

I. General

These guidelines are designed to assist owners, contractors, and independent certified public accountants in the preparation and submission of cost certification forms to the Mississippi Home Corporation's Housing Tax Credit Program.

The purpose of the cost certification is to establish the total costs incurred by the contractor and the owner in the development of a property. This will enable the Corporation to determine certain development costs and the amount of tax credits to be allocated to the development. All costs included in the calculation of the total development costs; however, not all such costs are necessarily recognizable in determining the eligible basis and the amount of credits to be allocated.

The owner is obligated to submit the cost certifications applicable to itself and the contractor prior to issuance of IRS Form 8609.

The owner's certified costs generally should include all costs to finance and construct the development, whether or not they are includable in eligible basis. The costs to syndicate or otherwise sell interest in the development must be included with the owner's certification. If any estimates are included in the owner's cost certification they must be identified as such.

The Corporation reserves the right to exclude from eligible basis part of any line item of expense when the amount is so high as to be out-of-line with reasonable and necessary costs for the services performed or the item supplied. In such cases, the amount allowed will be the Corporation's estimate of the "reasonable and necessary" amounts as compared with comparable developments in similar areas. All expenditures must be reduced by the amounts of any kickbacks, rebates, allowances, trade discounts or other sums that the owner or the sponsor has received or is to receive.

II. Identity of Interest Cases

A. Subcontractors and General Contractors with an Identity of Interest with the General Contractor or Owner

If an identity of interest exists between the sponsor and the general contractor, incentive fees may only be paid to the extent that they are included in the fee limitations outlined below. A general contractor may act as a subcontractor and may be entitled to additional overhead and profit otherwise payable to an independent subcontractor.

However, the general contractor's overhead is limited to 2% of the construction contract; contractor's profit is limited to 6% of the construction contract; and general requirements is limited to 6% of the construction contract

#### B. Subcontractors Acting as General Contractors

General contractor's profit, also called builder's profit, is limited to 6% of the construction contract. General contractor's overhead, also called builder's overhead is limited to 2% of the construction contract. If a subcontractor acts in the role of a general contractor, profit and fees are limited to 6% of the construction contract

### III. Opinion of Certified Public Accountant

Each certificate must be accompanied by the unqualified opinion of an independent certified public accountant. When there is an identity of interest between two or more of the parties of whom costs certification is required, certification of the parties having such identity of interest must be by the same certified public accountant.

The independent certified public accountant is required to examine the applicable books and records to the extent necessary to satisfy him/herself that the amounts claimed as costs are within the scope of the above-noted descriptions and are ordinary and necessary expenses appropriate to the development. If the accountant has any questions concerning the appropriateness of any item, or the amount, or desires any assistance in the interpretation of technical matters relating to construction which are not covered in this guide, he/she may seek assistance in such interpretation from representatives of the Corporation.

Inclusion in the opinion of any language, indicating that the independent certifying accountant has any reservations as to the amount or propriety of the actual costs as set forth in the certificates of costs will make the certification unacceptable to the Corporation.

The Corporation reserves the right to determine whether or not the certifications of actual costs received are satisfactory to the Corporation.

The following sample letter, containing the minimum representations acceptable to the Corporation, is suggested to the certifying independent accountant: