



## MEMORANDUM

DATE: September 28, 2010

TO: All 1602 Recipients

FROM: Dave Vaske, LIHTC Manager

SUBJECT: Section 1602 30% Test based upon Treasury 31 CFR Part 32

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Per Treasury regulation 31 CFR Part 32, the Iowa Finance Authority (IFA) may not continue to disburse funds to subawardees after December 31, 2010, unless the subawardee, has by December 31, 2010, paid or incurred at least 30 percent of the subawardee's total adjusted basis in land and depreciable property that is reasonably expected to be part of the low-income housing tax credit project.

IFA is required to document and submit the disbursement rate as of the close of business December 31, 2010 on all subawardees to Treasury.

Attached to this Memorandum is a *Subawardee Report of Expenditures as of December 31, 2010* that must be completed and returned to IFA **no later than 12 p.m. C.S.T. on January 6, 2011.**

Should you have questions, please contact me at 515-725-4941.

**Section 1602: Cash Assistance to States for Low-Income Housing Projects  
in Lieu of Low Income Housing Credits for 2009**

**Subawardee Report of Expenditures  
as of December 31, 2010**

For the Section 1602 Program, state housing agencies are required to report to Treasury each subawardee's disbursement rate as of the close of business December 31, 2010. This form is filled out by the subawardee to assist the state housing agencies with their reporting requirement.

Please fill in the five items of information below for your subaward and sign the certification.

**1. Name of Project:**

**2. Indicate your overall method of accounting as either cash or accrual:**

Overall method of accounting means the method regularly used by the subawardee to determine how income and expenses are reported for federal income tax purposes, either the cash-method or accrual-method.

<p><b>3. Total amount paid/incurred by close of business December 31, 2010:</b></p> <p>This is the amount included in the adjusted basis for which the subawardee has supporting documentation to demonstrate that those costs were paid/incurred (depending on the accounting method). The costs may be paid/incurred from any source of project funding, whether 1602 funds, equity, or other sources.</p> <p>Paid applies only to subawardees who use the cash-method of accounting. A cost is paid when the subawardee makes a payment to a third party.</p> <p>Incurred applies only to subawardees who use the accrual-method of accounting. A cost is generally incurred when 1) the fact of the liability is fixed, 2) the amount of the liability is determinable with reasonable accuracy, <u>and</u> 3) the economic performance test (see Treas. Regs. §1.461-4) has been met with respect to the cost.</p>	\$
<p><b>4. Total Adjusted Basis:</b></p> <p>This is the dollar amount of all costs of the development in land and depreciable property that is reasonably expected to be part of the low-income housing project. It is determined in accordance with the Internal Revenue Code and applicable regulations, including Treasury regulation 1.42-6(b)(2).</p>	\$
<p><b>5. Percent paid/incurred:</b></p> <p>This is #3 divided by #4.</p>	%

**Certification:** Under penalty of perjury, I declare that I have examined the information above and, to the best of my knowledge, it is true, correct, and complete. I declare that I am an authorized official for the subawardee who is authorized to submit this information on behalf of the subawardee.

Name		Title	
Phone		Email	
Signature		Date signed	