

**WISCONSIN HOUSING & ECONOMIC DEVELOPMENT AUTHORITY**  
 Low Income Housing Tax Credit (LIHTC) Program

**CARRYOVER PROVISION REQUEST FORM**

Project Street Address & ZIP code <b>(do not use PO Box)</b> _____  Number of Buildings in Project _____  Project Name _____	Name, STREET Address & ZIP code of Building Owner (Legal Ownership entity registered with the WI Department of Financial Institutions - <u>with all applicable punctuation</u> )
LIHTC # _____ - _____  Date LIHTC Reservation Agreement ISSUED by WHEDA: _____ (mm/dd/yyyy)	Federal Taxpayer I.D. Number of Owner (TIN# or FEIN#)

	Owner entry column ↓	WHEDA entry column ↓
1. Month & Year Project is anticipated to be placed in service:		
2. Eligible Basis of Project:		
3. Applicable Fraction: (lesser of: the Project's low-income unit percentage or low-income floor space percentage)		
4. Qualified Basis of Project:		
5. Credit Percentage month/year: _____ (see # 9 below and instructions)		
6. Annual Credit Amount being requested: (multiply line 4 by line 5)		

**Owner check ALL appropriate boxes for numbers 7, 8 and 9**

7. **Irrevocable (Minimum) Low-Income Units Set-Aside Election:**  
 20% of units at 50% of County Median Income  
 40% of units at 60% of County Median Income

8. **Project Classification(s) (check all that apply):**  
 Newly constructed and federally subsidized  
 Newly constructed and **not** federally subsidized  
 Existing building  
 Sec. 42(e) rehabilitation expenditures federally subsidized  
 Sec. 42(e) rehabilitation expenditures **not** federally subsidized  
 Not federally subsidized by reason of 40-50 rule under Sec.42(i)(2)(E)  
 Allocation subject to non-profit set-aside under Sec. 42(h)(5)

9. **Irrevocable Tax Credit Percentage Election:** <sup>1</sup>  
 Locked in Tax Credit Percentage in effect for month of Credit Reservation  
 Elected to receive Tax Credit Percentage in effect for month project building(s) are placed in service

10. **Certified Carryover Calculation:** <sup>1</sup>  
\_\_\_\_\_ = \_\_\_\_\_ % (must be equal to or greater than 10%) [Reasonably expected Total Project Basis]

<sup>1</sup> See final regulations concerning IRS Code section 42 regarding Carryovers and Election of Credit Percentage in Federal Register / Volume 59, Number 42, published March 3, 1994. (Also complete "Acceptance and Indemnification" form on next page)

## ACCEPTANCE AND INDEMNIFICATION FORM

The undersigned \_\_\_\_\_, the "Owner/Taxpayer" (same entity as page 1) hereby accepts the terms and conditions contained in the Low Income Housing Tax Credit ("LIHTC") Reservation Agreement issued \_\_\_\_\_ (mm/dd/yyyy) to the Owner/Taxpayer from the Wisconsin Housing and Economic Development Authority ("WHEDA"). In order to induce WHEDA to allocate the Credit, Owner/Taxpayer further agrees as follows:

1. That WHEDA is relying on the information provided by the Owner/Taxpayer to determine eligibility for allocation of the LIHTC and that WHEDA has not undertaken an independent investigation for purposes of such determination, but reserves the right to undertake such an investigation.
2. To indemnify and hold WHEDA (including any member, officer or employee) harmless against any and all claims asserted by or on behalf of any person, firm, corporation, private or public, arising or resulting from or in any way connected with WHEDA's allocation or failure to allocate the LIHTC. This Indemnification will include, but not be limited to, all liabilities, costs and expenses, including reasonable counsel fees, incurred in any action or proceeding brought by reason of such claim.
3. The Project is in compliance with section 42 and other applicable sections of the Internal Revenue Code (the "Code") and the applicable Treasury Regulations promulgated thereunder (the "Regulations"). Owner/Taxpayer agrees to take whatever action is required to ensure that the Project continues in compliance for as long as required by the Code and Regulations.
4. The information contained in the updated application for Low Income Housing Tax Credits for the Project made by the Owner/Taxpayer to WHEDA and this required Low Income Housing Tax Credit Carryover Provision Request is true and correct. Any changes from the initial application submission have been documented therein.
5. That the Owner/Taxpayer has not relied upon information provided by WHEDA as to the Owner/Taxpayer's legal rights relating to the use of the LIHTC.

OWNER/TAXPAYER: \_\_\_\_\_  
(same entity as page 1)

BY: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print/Type Name and Title

DATE: \_\_\_\_\_

**WISCONSIN HOUSING & ECONOMIC DEVELOPMENT AUTHORITY**  
Low Income Housing Tax Credit (LIHTC)

**Instructions for Carryover Provision Request Form (Review 2)**  
(Page 1 of 2)

The Wisconsin Housing and Economic Development Authority, "WHEDA", pursuant to Section 42(h)(1)(E) of the Internal Revenue Code grants Carryover Allocations to qualified project building(s). To comply with the requirements of the Carryover Agreement, the Owner/Taxpayer must incur costs that exceed 10% of the taxpayer's "reasonably expected basis" or total project costs. The 10% documentation must be submitted a minimum of 30 days prior to the latter of: December 31 of the year the allocation of LIHTC is made **OR** (if the project received an allocation in the second half of the calendar year) 6 months after the date the credit allocation was made. The Owner/Taxpayer is required to submit a third-party accountant's review, in a form acceptable to WHEDA, certifying the project has expended the required 10%. WHEDA requires a breakdown of the expenditures as well as proof of expenditure by the specified deadline. Please see the Department of Treasury Regulation §1.42-8 concerning Carryovers and Election of Credit Percentage (Federal Register/Volume 59, Number 42, published March 3, 1994).

- 1. Month and Year Building is Expected to be Placed in Service:**  
See Internal Revenue Service (IRS) notice 88-116 for exact definitions of "placed in service". The Project building(s) must be placed in service by the end of the second calendar year following the year of the Carryover allocation.
- 2. Eligible Basis of Project:**  
Provide the total project eligible basis. The LIHTC Application indicates the obvious cost items included in eligible basis. However, each Project must be individually assessed. Please consult a tax accountant familiar with IRS Section 42 regulations regarding inclusion in eligible basis of any cost items.
- 3. Applicable Fraction:**  
Calculate the correct applicable fraction. The fraction is the lesser of the ratio of low-income units to total units **OR** low-income unit floor space to total unit floor space. An on-site manager's unit must be treated as common space. Subtract the unit from both the numerator and denominator of the applicable fraction.
- 4. Qualified Basis of Project:**  
To obtain the Qualified Basis of the Project, multiply the Eligible Basis (Line 2) by the Applicable Fraction (Line 3).
- 5. Credit Percentage(s):**  
Select the appropriate classification(s) of Project type from Item #8. Use the current credit percentage in effect during the month the Carryover Provision Request Form for the Project is submitted. If the credit percentage was locked at the time of the Reservation Agreement, the locked credit percentage should be used.

(Continued on page 2)

**Instructions for Carryover Provision Request Form (Review 2)**  
(Page 2 of 2)

If the credit percentage was not locked in at the time of Reservation, the final Credit allocation will be based on the credit percentage rate in effect the month the Project building(s) is/are placed in service. If the final credit percentage rate lowers the Credit amount, the Carryover Allocation for the project will be reduced at issuance of form(s) 8609.

In **no event** will the final allocation of Credit on form(s) 8609 exceed the amount of this Carryover Agreement.

**6. Annual Credit Amount Being Requested:**

To calculate the annual Credit amount, multiply the Qualified Basis of the Project (Line 4) by the Credit Percentage (Line 5).

**7. Irrevocable (Minimum) Low-Income Units Election:**

Select the low-income units set-aside election indicated on your initial LIHTC Application.

**8. Project Classification(s):**

Select the appropriate classification. **More than one classification may apply to your project.**  
**Example: An acquisition project without federal financing could receive 4% credit for qualified acquisition expenses and 9% credit for qualified rehabilitation expenses. This would require filing two separate Carryover Provision Request forms, one for acquisition credit, and one for rehabilitation credit.**

**9. Irrevocable Tax Credit Percentage Election:**

See #5 above.

**10. Certified Carryover Calculation:**

For purposes of the Carryover Allocation, "reasonably expected basis" is computed for the entire project, rather than building-by-building. Please consult a tax accountant familiar with section 42 regulations with questions about the eligibility of certain expenditures you intend to use to meet the 10% requirement. **It is the Owner's responsibility to prove the project meets the 10% test.**