Format of Accountant's Letter

[Must include Certificate of Actual Cost and Schedule of Actual Costs]

Independent Auditor's Report

[Submit on Accountant's Letterhead]

TO: Attention: Multifamily Development
Tennessee Housing Development Agency
502 Deaderick Street, 3rd Floor
Nashville, TN 37243

RE: Owner's Name: [**ENTER OWNER'S NAME**]

Development Name: [**ENTER DEVELOPMENT NAME**] TN [**XX-XXX**]

Development Address: [**ENTER DEVELOPMENT ADDRESS**]

Opinion

We have audited the costs included in the Final Cost Certification provided by the above named Owner (the "Owner") in the Tennessee Housing Development Agency's ("THDA") Tennessee Housing Online Management and Application System ("THOMAS") for the above named Development (the "Development").

In our opinion, the Final Cost Certification fairly presents, in all material respects, the actual costs of $**Enter Actual Costs** of the Owner for the Development as of **Enter Date**, in accordance with accounting practices prescribed by the Internal Revenue Service ("IRS"), under the accrual method of accounting, and in accordance with the format and qualified allocation plan rules set by THDA, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Final Cost Certification section of our report. We are required to be independent of the Owner and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

The accompanying Final Cost Certification was prepared in conformity with the accounting practices prescribed by the IRS, under the accrual method of accounting, and in conformity with the format and qualified allocation plan rules set by THDA, which is a comprehensive regulatory basis of accounting other than generally accepted accounting principles, to comply with the requirements of THDA. Those requirements specify that eligible basis includes only costs as determined in accordance with Section 42 of the Internal Revenue Code of 1986, as amended. Our opinion is not modified with respect to that matter.

Responsibilities of Owner for the Final Cost Certification

The Owner is responsible for the preparation and fair presentation of the Final Cost Certification in accordance with accounting practices prescribed by the IRS, under the accrual method of accounting, and in accordance with the format and qualified allocation plan rules set by THDA, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Owner is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Final Cost Certification that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Final Cost Certification

Our objectives are to obtain reasonable assurance about whether the Final Cost Certification as a whole is free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Final Cost Certification.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the Final Cost Certification, whether due to fraud or error, and design and perform the audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Final Cost Certification.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Owner's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Final Cost Certification.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Owner's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance of the Owner regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Further, we discussed with the Owner all relevant Internal Revenue Service guidance including, but not limited to, relevant Technical Advice Memoranda and Private Letter Rulings and the Final Cost Certification has been prepared with knowledge of all such guidance.

We have no financial interest in the Development other than in the practice of our profession.

Restriction on Use

This report is intended solely for the information and use the Owner and for filing with THDA and is not intended to be and should not be used for any other purpose or by any parties other than the Owner and THDA.

____ ____________________

Certified Public Accountant(s) Date

CERTIFICATE OF ACTUAL COST

Name of Development: [**ENTER NAME OF DEVELOPMENT**] TN [**XX-XXX**]

Address of Development: [**ENTER DEVELOPMENT ADDRESS**]

Owner of Development: [**ENTER NAME OF OWNERSHIP ENTITY**]

Contractor: [**ENTER NAME OF CONSTRUCTION CONTRACTOR**]

As owner and managing general partner of [**ENTER NAME OF DEVELOPMENT**] (development), I (we) certify that the actual costs as listed in the Total Development Costs screen in THOMAS for labor, materials, and necessary services for the construction of the physical improvements in connection with the development referenced on this certificate, after deduction of all kick-backs, rebates, adjustments, or discounts made or to be made to the owner, or any corporation, trust, partnership, joint venture, or other legal or business entity in which the owner, or any of its members, stockholders, officers, directors, beneficiaries, or partners hold any interest, is as represented herein.

In preparing the Total Development Costs screen in THOMAS I (we) and the Certified Public Accountant performing the audit have discussed all relevant Internal Revenue Service guidance including, but not limited to, relevant Technical Advice Memoranda and Private Letter Rulings. The accompanying Final Cost Certification has been prepared with knowledge of all relevant Internal Revenue Service guidance including, but not limited to, relevant Technical Advice Memoranda and Private Letter Rulings.

This Certificate of Actual Cost must be supported by an opinion in the form attached by an independent Certified Public Accountant.

All Rural Housing Development 515 developments must submit the Rural Housing Estimate and Certificate of Actual Cost Form No. 1924-13 along with this Certificate of Actual Cost.

BY:____ DATE:___________

SCHEDULE OF ACTUAL COSTS AND ELIGIBLE BASIS

LIST DEVELOPMENT COSTS BY CREDIT TYPE. (RESIDENTIAL PORTION ONLY)

All costs to be listed in the first column. Only costs includable in eligible basis are to be repeated in either the acquisition or rehab/new const. columns. All items added to categories must be satisfactorily explained to be considered.

	A	**B**	**C**
	Actual Cost	Acquisition	Rehab/New Construction
1. Land and Buildings			
Legal Acquisition & Recording	______________	______________	Not Applicable
Acquisition Costs of Buildings	______________	______________	Not Applicable
Other Acquisition Related Costs	______________	______________	Not Applicable
Land	______________	Not Applicable	Not Applicable
Subtotal	**______________**	**______________**	**Not Applicable**
2. Construction			
Demolition	______________	Not Applicable	______________
Site Work	______________	Not Applicable	______________
New Building Hard Cost	______________	Not Applicable	______________

	A	B	C
	Actual Cost	Acquisition	Rehab/New Construction
Rehabilitation Hard Cost	_______________	Not Applicable	_______________
Accessory Building	_______________	Not Applicable	_______________
General Requirements	_______________	Not Applicable	_______________
Building Permits	_______________	Not Applicable	_______________
Performance Bonding	_______________	Not Applicable	_______________
Tap Fees	_______________	Not Applicable	_______________
Impact Fees	_______________	Not Applicable	_______________
Contractor’s Overhead	_______________	Not Applicable	_______________
Contractor’s Profit	_______________	Not Applicable	_______________
Construction Contingency	_______________	Not Applicable	_______________
Architect & Engineering Fee Design	_______________	Not Applicable	_______________
Architect Fee Supervision	_______________	Not Applicable	_______________
Soils Boring	_______________	Not Applicable	_______________

	A	B	C
	Actual Cost	Acquisition	Rehab/New Construction
Survey	_______________	Not Applicable	_______________
Engineering	_______________	Not Applicable	_______________
Subtotal	**_______________**	**Not Applicable**	**_______________**

3. Financing

Construction Loan Interest	_______________	Not Applicable	_______________
Taxes	_______________	Not Applicable	_______________
Construction Period Insurance	_______________	Not Applicable	_______________
Construction Loan Origination Fee	_______________	Not Applicable	_______________
Construction Loan Fee	_______________	Not Applicable	_______________
Construction Loan Credit Enhancement	_______________	Not Applicable	_______________
Credit Report	_______________	Not Applicable	_______________
Permanent Loan Origination Fee	_______________	Not Applicable	Not Applicable
Permanent Loan Credit Enhancement	_______________	Not Applicable	Not Applicable

	A	B	C
	Actual Cost	Acquisition	Rehab/New Construction
Environmental Study	_______________	Not Applicable	_______________
Market Study	_______________	Not Applicable	_______________
Appraisal	_______________	Not Applicable	_______________
Physical Needs Assessment	_______________	Not Applicable	_______________
Title Recoding & Disbursing (Construction)	_______________	Not Applicable	Not Applicable
Title Recoding & Disbursing (Permanent)	_______________	Not Applicable	Not Applicable
Legal (Construction Loan)	_______________	Not Applicable	Not Applicable
Legal (Permanent Loan)	_______________	Not Applicable	Not Applicable
Organizational (Partnership)	_______________	Not Applicable	Not Applicable
Cost Certification	_______________	Not Applicable	_______________
Accountant's Fee	_______________	Not Applicable	_______________
Prepaid MIP (Risk Share Only)	_______________	Not Applicable	Not Applicable
Environmental Abatement	_______________	Not Applicable	_______________

	A	B	C
	Actual Cost	Acquisition	Rehab/New Construction
Historic Credit Fees	_______________	Not Applicable	_______________
Relocation	_______________	Not Applicable	_______________
Soft Cost 1: __________________________	_______________	Not Applicable	_______________
Soft Cost 2: __________________________	_______________	Not Applicable	_______________
Soft Cost 3: __________________________	_______________	Not Applicable	_______________
Soft Cost 4: __________________________	_______________	Not Applicable	_______________
Soft Cost 5: __________________________	_______________	Not Applicable	_______________
Soft Cost 6: __________________________	_______________	Not Applicable	_______________
Soft Cost 7: __________________________	_______________	Not Applicable	_______________
Soft Cost 8: __________________________	_______________	Not Applicable	_______________
Soft Cost 9: __________________________	_______________	Not Applicable	_______________
Soft Cost 10: __________________________	_______________	Not Applicable	_______________
Subtotal	_______________	**Not Applicable**	_______________

	A	B	C
	Actual Cost	Acquisition	Rehab/New Construction
4. Developer/Consultant Fees			
Consultant's Fee (Paid Before Construction Completion)	______________	______________	______________
Consultant's Fee (Paid At Or After Construction Completion)	______________	______________	______________
Developer's Fee (Paid Before Construction Completion)	______________	______________	______________
Developer's Fee (Paid At Or After Construction Completion)	______________	______________	______________
Subtotal	______________	______________	______________
5. Bond-Related (MTBA Developments Only. Actual Bond Issuance Costs Only.)			
Bond Application Fee	______________	Not Applicable	______________
Due Diligence Fee	______________	Not Applicable	______________
Lender Legal	______________	Not Applicable	______________
Loan Origination	______________	Not Applicable	______________

	A	B	C
	Actual Cost	Acquisition	Rehab/New Construction
Loan Commitment Fee	_______________	Not Applicable	_______________
Lender Inspection	_______________	Not Applicable	_______________
Issuer Fee	_______________	Not Applicable	_______________
Issuer Counsel	_______________	Not Applicable	_______________
Bond Counsel	_______________	Not Applicable	_______________
Co-Bond Counsel	_______________	Not Applicable	_______________
Trustee Fee	_______________	Not Applicable	_______________
Trustee Counsel	_______________	Not Applicable	_______________
Borrower Counsel (Bond Portion)	_______________	Not Applicable	_______________
Financial Advisor/Consultant Fee	_______________	Not Applicable	_______________
Underwriter's Fee	_______________	Not Applicable	_______________
Transaction Expenses	_______________	Not Applicable	_______________
Cost of Issuance (2% Letter)	_______________	Not Applicable	_______________

	A	B	C
	Actual Cost	Acquisition	Rehab/New Construction
Other Bond Related Expenses	_______________	Not Applicable	_______________
Subtotal	_______________	**Not Applicable**	_______________

6. Program

Tax Credit Application Fee	_______________	Not Applicable	Not Applicable
Tax Credit Reservation Fee	_______________	Not Applicable	Not Applicable
Other Tax Credit Fees	_______________	Not Applicable	Not Applicable
Tax Credit Monitoring Fee	_______________	Not Applicable	Not Applicable
THDA Commitment Fee	_______________	Not Applicable	Not Applicable
Syndication Costs	_______________	Not Applicable	Not Applicable
Bridge Loan Fees & Expenses	_______________	Not Applicable	Not Applicable
Tax Opinion	_______________	Not Applicable	Not Applicable
Lease-up/Marketing	_______________	Not Applicable	Not Applicable

	A Actual Cost	B Acquisition	C Rehab/New Construction
Tax Credit Application Fee	_______________	Not Applicable	Not Applicable
Misc. Cost 1: ____________________________	_______________	Not Applicable	_______________
Misc. Cost 2: ____________________________	_______________	Not Applicable	_______________
Misc. Cost 3: ____________________________	_______________	Not Applicable	_______________
Misc. Cost 4: ____________________________	_______________	Not Applicable	_______________
Misc. Cost 5: ____________________________	_______________	Not Applicable	_______________
Escrow Cost 1: ___________________________	_______________	Not Applicable	_______________
Escrow Cost 2: ___________________________	_______________	Not Applicable	_______________
Escrow Cost 3: ___________________________	_______________	Not Applicable	_______________
Escrow Cost 4: ___________________________	_______________	Not Applicable	_______________
Escrow Cost 5: ___________________________	_______________	Not Applicable	_______________
Subtotal	_______________	**Not Applicable**	_______________

	A	B	C
	Actual Cost	Acquisition	Rehab/New Construction

7. Operating Reserves

	A	B	C
Operating Reserve	______________	Not Applicable	Not Applicable
Additional Reserve 1: ____________________	______________	Not Applicable	Not Applicable
Additional Reserve 2: ____________________	______________	Not Applicable	Not Applicable
Additional Reserve 3: ____________________	______________	Not Applicable	Not Applicable
Additional Reserve 4: ____________________	______________	Not Applicable	Not Applicable
Additional Reserve 5: ____________________	______________	Not Applicable	Not Applicable
Subtotal	______________	**Not Applicable**	**Not Applicable**

8. Total Development Costs & Eligible Basis

	A	**B**	**C**
	Actual Cost	**Acquisition**	**Rehab/New Construction**
Total	______________	______________	______________

LIHTC VERIFICATION FORM BY BUILDING

Attach as many copies as necessary to include all residential buildings. Information requested is to be supplied on each individual residential building in the development. IRS Form 8609 will be based on the information on this form. Information presented on this form and information presented in the cost certification or final application may cause the allocation to be void. Applicants are encouraged to seek the assistance of a tax professional in the preparation of this form.

Credit Type: ☐ **Acquisition** ☐ **New Construction / Rehabilitation**

	Building # ______	**Building # ______**	**Building # ______**	**Building # ______**
A. Street Address				
B. City and Zip				
C. Date Placed in Service				
D. First Taxable Year				
E. Total Development Costs	**$**	**$**	**$**	**$**
F. Eligible Basis	**$**	**$**	**$**	**$**
G. Applicable Fraction				
H. Qualified Basis (F x G)	**$**	**$**	**$**	**$**
I. Tax Credit Percentage				
J. Eligible Credits (H x I)	**$**	**$**	**$**	**$**
K. With Basis Boost (J x 1.3 if eligible)	**$**	**$**	**$**	**$**

____ _______________________

Applicant/Owner Signature **Date**