



Tennessee Housing Development Agency

404 James Robertson Parkway, Suite 1200

Nashville, Tennessee 37243-0900

615/815-2200

Ted R. Fellman
Executive Director

Writer's Phone Number:
615-815-2142

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Writer's E-mail Address:
eyandell@thda.org

MEMORANDUM

TO: Recipients of Section 1602 or TCAP Assistance

FROM: Multifamily Development Division

SUBJECT: Final Draw Requirements

DATE: August 23, 2010

The attached documents are for use in the preparation and submission of a final draw request for either Section 1602 assistance or TCAP assistance.

If you have questions, please contact:

Ed Yandell, Director of Multifamily Development
615/815-2142 or eyandell@thda.org

Or

Judith Smith, Assistant Director of Multifamily Development
615/815-2143 or jsmith@thda.org



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Final Draw Requirements Section 1602 Program and TCAP Program

Final disbursement of TCAP or Section 1602 funds shall be made following 100% Completion of Construction for the Development and/or upon reaching eighty percent (80%) of disbursed TCAP or Section 1602 funds. THDA's obligation to fund any final draw request shall be subject to satisfactory compliance with all of the following requirements, as determined by THDA in its sole discretion:

- (a) Submission of a draw request in the standard and accepted manner as all previous draw requests submitted to THDA for approval;
- (b) Compliance with all requirements of the Loan Agreement and Intercreditor Agreement, and no default under any provision of the Loan Agreement, the Intercreditor Agreement, the TCAP or Section 1602 Program Requirements, or the Tax Credit Program Requirements;
- (c) Copy of an inspection that indicates progress to date and that includes photographs sufficient to demonstrate 100% Completion of Construction, as determined by THDA in its sole discretion ("Final Inspection Report");
- (d) Copy of all prior draw request forms, all prior AIA G702 and AIA G703 forms or all prior HUD 92403 and HUD 92448 forms, submitted to Lender and/or Syndicator, along with any documentation required in connection with any draw as requested by THDA;
- (e) Written certification from a certified public accountant for all costs and expenses involved in the Development in the form required by THDA to satisfy THDA close out requirements ("Independent Auditor's Report, Certificate of Actual Cost, and Schedule of Actual Cost");
- (f) Final Certificates of Occupancy for each building in the Development issued by the local jurisdiction in which the Development is located or, in the event the local jurisdiction in which the Development is located does not issue Certificates of Occupancy for the type of work being conducted with respect to the Development, a letter from the appropriate official within the local jurisdiction indicating that all work with respect to the Development is completed in a workmanlike manner and is in compliance with all regulations and requirements of the local jurisdiction;
- (g) Written certification that the general contractor hired by Owner to construct and/or rehabilitate the Development has complied with all provisions of the Construction Contract to the satisfaction of Owner and THDA ("Final Contractor's Certification");
- (h) Submission of Final Lien Waiver Affidavit by Contractor listing entire sum of TCAP/Section 1602 funds involved in the Development and dated the date of the final draw request, together with a final title endorsement/downdate to the date of the final draw request, ensuring no proceedings have been instituted to enforce a mechanic's or material supplier's lien, unless bonded or insured over;
- (i) Owner has provided to THDA all reports and documentation required to be provided to THDA prior to the date of the final draw;
- (j) All documentation required for a final draw hereunder has been submitted to and approved by THDA;

FORMAT OF ACCOUNTANT'S LETTER

Must be submitted with Certificate of Actual Cost and Schedule of Actual Cost.

INDEPENDENT AUDITOR'S REPORT

(Please use accountant's letterhead.)

DATE:

TO: Attention: Multifamily Development
Tennessee Housing Development Agency
404 James Robertson Parkway, Suite 1200
Nashville, TN 37243-0900

RE: Owner's Name: _____

Development Name: _____

Development Address: _____

THDA Development Number: TN ___ - ___

We have audited the costs included in the accompanying Tennessee Housing Development Agency Final Cost Certification Schedule of Actual Costs and Eligible Basis (the "Final Cost Certification") of _____ (the "Owner") for _____ (the "Project") as of _____, 2010__. The Final Cost Certification Schedule of Actual Costs and Eligible Basis is the responsibility of the Owner's management. Our responsibility is to express an opinion on the Final Cost Certification Schedule of Actual Costs and Eligible Basis based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Final Cost Certification Schedule of Actual Costs and Eligible Basis is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the Final Cost Certification Schedule of Actual Costs and Eligible Basis. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluation of the overall Final Cost Certification Schedule of Actual Costs and Eligible Basis presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Final Cost Certification Schedule of Actual Costs and Eligible Basis was prepared in conformity with the accounting practices prescribed by the Internal Revenue Service, under the accrual method of accounting, and in conformity with the format and qualified allocation plan rules set by THDA, which is a comprehensive basis of accounting other than generally accepted accounting principles. In preparing the accompanying Final Cost Certification Schedule of Actual Costs and Eligible Basis we discussed with the Owner Internal Revenue Service Technical Advice Memoranda (Private Rulings 200043015, 200043016, 200043017, 200044004, and 200044005). The accompanying Final Cost Certification Schedule of Actual Costs and Eligible Basis has been prepared with knowledge of Internal Revenue Service Technical Advice Memoranda (Private Rulings 200043015, 200043016, 200043017, 200044004, and 200044005).

In our opinion the Final Cost Certification Schedule of Actual Costs and Eligible Basis presents fairly, in all material respects, the actual costs and eligible basis of the Owner for the Project as of _____, 20__, on the basis of accounting described above.

This report is intended solely for the information and use of management of the Owner and for filing with THDA and should not be used for any other purpose.

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

Certified Public Accountant(s)

CERTIFICATE OF ACTUAL COST

Name of Development: _____

Address of Development: _____

Owner of Development: _____

THDA Development #: TN __ __ -- __ __ __

Contractor: _____

As owner and managing general partner of _____ (development), I (we) certify that the actual costs as listed in the attached Schedule of Actual Costs and Eligible Basis 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 Schedule of Actual Costs and Eligible Basis I (we) and the Certified Public Accountant performing the audit have discussed Internal Revenue Service Technical Advice Memoranda (Private Rulings 200043015, 200043016, 200043017, 200044004, and 200044005). The accompanying Schedule of Actual Costs and Eligible Basis has been prepared with knowledge of Internal Revenue Service Technical Advice Memoranda (Private Rulings 200043015, 200043016, 200043017, 200044004, and 200044005).

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

A. 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.

	<u>A</u>	<u>B</u>	<u>C</u>
	<u>ACTUAL COST</u>	<u>ACQUISITION</u>	<u>REHAB/ NEW CONST.</u>
1. <u>To Purchase Land and Buildings</u>			
Land	_____	XXXXXX	XXXXXX
Existing Structures	_____	_____	_____
Demolition	_____	_____	_____
Subtotal	_____	_____	_____
2. <u>Site Work</u>			
Site Work	_____	_____	_____
Subtotal	_____	_____	_____
3. <u>Rehabilitation and New Construction</u>			
New Building Hard Costs	_____	_____	_____
Rehabilitation Hard Costs	_____	_____	_____
Accessory Building	_____	_____	_____
General Requirements	_____	_____	_____
Building Permits	_____	_____	_____
Payment and Performance Bond	_____	_____	_____
Tap Fees	_____	_____	_____
Contractor Overhead	_____	_____	_____
Contractor Profit	_____	_____	_____
Impact Fees (include documentation from local jurisdiction)	_____	_____	_____
Subtotal	_____	_____	_____
4. <u>Professional Fees</u>			
Architect Fee-Design	_____	_____	_____
Architect Fee-Supervision	_____	_____	_____
Real Estate Attorney	_____	_____	_____
Survey	_____	_____	_____
Soil Borings	_____	_____	_____
Engineering Fees	_____	_____	_____
Cost Certification Fees	_____	_____	_____
Subtotal	_____	_____	_____

Signature of Certified Public Accountant _____

_____ Date

Signature of Owner _____

_____ Date

	<u>A</u>	<u>B</u>	<u>C</u>
	<u>ACTUAL COST</u>	<u>ACQUISITION</u>	<u>REHAB/ NEW CONST.</u>
5. <u>Interim Costs</u>			
Property Ins. Paid by Owner during Construction (include verification from local jurisdiction)	_____	_____	_____
Construction Interest	_____	_____	_____
Construction Loan Origin Fee	_____	_____	_____
Construction Loan Credit Enhance.	_____	_____	_____
Property Taxes During Construction	_____	_____	_____
Subtotal	_____	_____	_____
6. <u>Financing Fees and Expenses</u>			
Credit Report	_____	XXXXXX	XXXXXX
Permanent Loan Origin Fee	_____	XXXXXX	XXXXXX
Perm Loan Credit Enhancement	_____	XXXXXX	XXXXXX
Cost of Issuance / Underwriter	_____	XXXXXX	XXXXXX
Title and Recording	_____	XXXXXX	XXXXXX
Counsel's Fee	_____	XXXXXX	XXXXXX
Subtotal	_____	XXXXXX	XXXXXX
7. <u>Soft Costs</u>			
Property Appraisal	_____	_____	_____
Market Study	_____	_____	_____
Environmental Study	_____	_____	_____
Tax Credit Fees	_____	XXXXXX	XXXXXX
Monitoring Fees	_____	XXXXXX	XXXXXX
Rent-Up	_____	XXXXXX	XXXXXX
Subtotal	_____	_____	_____
8. <u>Syndication Costs</u>			
Organizational (Partnership)	_____	XXXXXX	XXXXXX
Bridge Loan Fees & Expenses	_____	XXXXXX	XXXXXX
Tax Opinion	_____	XXXXXX	XXXXXX
Subtotal	_____	XXXXXX	XXXXXX
9. <u>Developer's Costs</u>			
Developer's Overhead	_____	_____	_____
Developer's Fee	_____	_____	_____
Consultants	_____	_____	_____
Subtotal	_____	_____	_____
10. <u>Project Reserves</u>			
Rent-up Reserve	_____	XXXXXX	XXXXXX
Operating Reserve	_____	XXXXXX	XXXXXX
Subtotal	_____	XXXXXX	XXXXXX
11. <u>Total</u>	=====	=====	=====

Signature of Certified Public Accountant _____

Date: _____

Signature of Owner _____

Date: _____



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Final Contractor's Certification

Section 1602/TCAP

Date: _____ THDA Development ID: _____

Development Name: _____

Owner Name: _____

Contractor Name: _____

Contractor address: _____

City, State, Zip: _____

Contact: _____

Telephone and email: _____

With regard to the Development, the undersigned contractor hereby represents and warrants to THDA that:

1. All terms, duties, and obligations required to be carried out and performed pursuant to the terms of the Construction Contract have been met;
2. All representations and warranties contained in the Construction Contract for the Development continue to be satisfied as of the date hereof;
3. Contractor is not in default, and no event of default has occurred, under the Construction Contract;
4. All funds previously disbursed have been used for the purposes as set forth in the Construction Contract;
5. All construction has been accomplished in accordance with the original approved plans and specifications, as modified by any and all approved change orders;
6. All amounts due for labor, materials, services, and supplies from all contractors, subcontractors, and/or all mechanics and materialmen which constitute or could give rise to any claim for a lien on the Development have been paid or will be paid out of the funds requested hereunder;

7. All work performed on the Development, including that of all the subcontractors, has been done in compliance with the terms of the Construction Contract, including those related to equal employment opportunity;
8. A total of \$ _____ of the Construction Contract price (____%), has been paid to date.

CONTRACTOR:

By: _____

(Signature)

(Title)

(Date)

STATE OF _____

COUNTY OF _____

Before me, _____, a Notary Public of the state and county mentioned, personally appeared _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself/herself to be a/the _____ of _____, the within named bargainor, and that he/she, as such _____ is authorized and executes the foregoing instrument for the purpose therein contained, by signing his/her name as _____.

Notary Public

My Commission Expires: _____