LETTER OF INSTRUCTIONS TO BORROWERS

Background

In order to establish that interest on the Multi-Family Housing Revenue Bonds, [YEAR] Series [LETTER] (the “**Bonds**”) being issued by the New York City Housing Development Corporation (the “**Issuer**”) to finance its Multi-Family Housing Program (the “**Program**”) will not be includable in gross income for federal income tax purposes, the facilities being financed must physically and economically comply with certain requirements and limitations prescribed by the Internal Revenue Code of 1986, as amended (the “**Code**”), and the Treasury Regulations promulgated thereunder and under the Internal Revenue Code of 1954, as amended (the “**Regulations**”). The following documents and schedules included in this package incorporate the applicable rules and regulations of the Code.

Pre-Bond Closing

The developer or borrower (referred to herein as the “**Borrower**”) is responsible for completing the documentation to the satisfaction of the Issuer, in order to receive initial funding and continuing disbursements. Borrowers are therefore asked to complete and sign a Borrower Tax Certification comprised of the following subparts:

**(a) Part I—Description of the Project.** Provide a general description of the Project (defined below) including number of units, recreation facilities, common areas, etc.

**(b)** **Part II—Project Checklist.** Please check responses that are appropriate to the Project. If the choices given are inappropriate or incomplete, provide the applicable information where indicated. Responses to the checklist inform the Issuer whether the Project complies with restrictions of the Code on the acquisition, construction and use of the property.

**(c) Part III—Principal Users.** List the name, address and employer identification number of the owner of the Project (referred to herein as the “**Owner**”). If an employer identification number is to be obtained in the future, so indicate and forward such information when obtained.

**(d) Part IV—Expected Use of Project Loan Proceeds.** This informs the Issuer whether the plans for the use of loan proceeds fit within the strictures of the Code. At least 95% of loan proceeds must be used for qualified costs which must be incurred no earlier than 60 days prior to the day the Issuer approved the funding of the Project through its declaration of official intent. However, up to an amount not in excess of 20% of the aggregate amount to be loaned to the Borrower may be incurred prior to the 60-day period before the approval of the Issuer through its declaration of official intent for preliminary expenditures including architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of a project, other than land acquisition, site preparation, and similar costs incident to commencement of construction. Costs must be filled in as unqualified costs if they were incurred more than 60 days prior to such date and are not preliminary expenditures, are preliminary expenditures in excess of the 20%-preliminary-expenditure exception, or if the space for qualified costs has been blacked out. Since amounts filled in as qualified and unqualified costs are based on total Project costs, qualified costs may in fact be greater than 100% of the loan proceeds. The entire facility is hereinafter to be described as the “**Project Facilities**” and the portion of the Project Facilities which is being financed with the proceeds of the Bonds is hereinafter referred to as the “**Project**.”

**e. Part V—Average Economic Life.** The average economic life of the property being financed must be computed to assure the Issuer and Bond Counsel that the average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the facilities being financed. Instructions and worksheets are supplied to make a determination of average economic life.

**f. Part VI—ACRS Breakdown.** This Part requires that the costs of property acquired with loan proceeds be placed into ACRS categories for purposes of Form 8038 to be filed by the Issuer with the Internal Revenue Service. **Completion of this part in no way affects the actual method of cost recovery to be employed with respect to the Project**.

BORROWER TAX CERTIFICATION

In connection with the funding of a construction and/or permanent loan(s) (the “**Project Loan**”) by the New York City Housing Development Corporation (the “**Issuer**”) from the proceeds of the Issuer's Multi-Family Housing Revenue Bonds, [YEAR] Series [LETTER] (the “**Bonds**”) I,      , of       (the “**Borrower**”) HEREBY CERTIFY, REPRESENT AND REASONABLY EXPECT as set forth in this certification and as follows in Parts I–V and accompanying schedules and worksheets, each of which is incorporated in this certification. I understand that this certification is being relied upon by the Issuer in the issuance of its Bonds to provide financing for the Project Loan and by the firm of Hawkins Delafield & Wood LLP, bond counsel to the Issuer, in rendering its opinion as to the tax-exempt status of interest on the Bonds.

IN WITNESS WHEREOF, I have hereunto set my hand this [1st] day of [MONTH], [YEAR].

|  |  |
| --- | --- |
| By: |  |
|  | Name:       |
|  | Title:       |

Part I

Description of the Project Facilities

1. Name of Project Facilities:
2. Location:
3. The Borrower [has undertaken] [is undertaking] the acquisition, construction, rehabilitation and/or equipping of certain facilities, including:

[GENERAL DESCRIPTION OF THE PROJECT (AND IF AN EXISTING FACILITY, THE SCOPE OF THE REHABILITATION)]

1. In the case of an acquisition of an existing facility, indicate the name of the seller and the relationship, if any, to the Borrower.

1. In the case of new construction, indicate the name of the seller of the land and the relationship, if any to the Borrower.

1. Date of acquisition of existing facilities and/or land.

1. Indicate any contracts, agreements, options or other arrangements with the seller, prior to the date set forth in 6 above in connection with the acquisition of existing facilities and/or land.

1. Please provide information evidencing the low-income set-aside requirement (i.e., the current rent rolls and tenant verification report).

|  |  |
| --- | --- |
| (i) | The following low-income set-aside requirement is being elected:[ ]  20% at 50% AGMI[ ]  25% at 60% AGMI |
| (ii) | Check and complete one of the following:[ ]  As of the date hereof,      % of the units meet the applicable AGMI limitation indicated above.[ ]  The Project is not yet placed in service. The expected placed-in-service date is      . |
| (iii) | Attached hereto is the most recent report showing compliance with the low-income set-aside requirement (check here [ ]  if the Project is not yet placed in service). |

|  |
| --- |
| Part IIProject Facilities Checklist |
| 1. | Do the Project Facilities consist of an entire building or buildings, as opposed to a portion of a building or buildings (for this purpose, the term “building” means a discrete edifice or other manmade construction consisting of an independent foundation, outer walls and roof)? |
|  | [ ]  Yes [ ]  No |
|  | If no, please explain.       |
| 2. | Do the Project Facilities consist of more than one building? |
|  | [ ]  Yes [ ]  No |
|  | If yes, please explain and complete (a) through (d) below:      |
|  | (a) | Are all buildings located on a single tract of land (for this purpose, a “tract” means any parcel or parcels of land which are contiguous except for the interposition of a road, street, stream or similar property)? |
|  |  | [ ]  Yes [ ]  No |
|  | (b) | Of what material are all the buildings constructed? |
|  |  | Masonry | [ ]   |
|  |  | Wood | [ ]   |
|  |  | Brick | [ ]   |
|  |  | Other (describe) |       |
|  | If more than one form of construction is used, please explain:       |
|  | (c) | Are all buildings considered to be owned for federal tax purposes by the same person? |
|  | [ ]  Yes [ ]  No |
|  | (d) | Are all buildings to be financed through the same issue of bonds? |
|  | [ ]  Yes [ ]  No |
| 3. | Please indicate the number of rental units expected to be provided: |
|  |       |
| 4. | Are all rental units in the Project Facilities of a similar quality and type of construction? |
|  | [ ]  Yes [ ]  No |
|  | If no, please explain.       |
| 5. | Does each rental unit contain separate and complete facilities for living, sleeping, eating, cooking and sanitation? |
|  | [ ]  Yes [ ]  No |
|  | If no, please explain.       |
| 6. | What equipment is provided in each rental unit? |
|  | Washer [ ]  |
|  | Dryer [ ]  |
|  | Garbage disposal [ ]  |
|  | Dishwasher [ ]  |
|  | Refrigerator [ ]  |
|  | Stove [ ]  |
|  | Other (describe)       |
| 7. | Is any rental unit to be used on a transient basis (e.g., rooming house, dormitory, etc.)? |
|  | [ ]  Yes [ ]  No |
|  | If yes, please explain.       |
| 8. | How long are the leases? |
|  | Less than one year [ ]  |
|  | One year [ ]  |
|  | More than one year [ ]  |
| 9. | Are all rental units to be available to members of the general public? |
|  | [ ]  Yes [ ]  No |
|  | If no, please explain.       |
| 10. | What means of publicizing the availability of rental units is being used? |
|  | Television [ ]  |
|  | Radio [ ]  |
|  | Newspaper (local) [ ]  |
|  | Newspaper (state) [ ]  |
|  | Pamphlet [ ]  |
|  | Other (describe)       |
| 11. | What facilities other than rental units are to be provided as part of the Project Facilities? |
|  | (a) | Swimming pool? |
|  | [ ]  Yes [ ]  No |
|  | If yes: |
|  | (i) | Does the rent charge include the use of the swimming pool? |
|  | [ ]  Yes [ ]  No |
|  | (ii) | Does the charge for the use of the swimming pool (whether included in rent or separately stated) exceed expected cost of operation and maintenance? |
|  | [ ]  Yes [ ]  No |
|  | (iii) | Is the swimming pool available only to tenants? |
|  | [ ]  Yes [ ]  No |
|  | If no, please explain.       |
|  | (b) | Recreation facilities? |
|  | [ ]  Yes [ ]  No |
|  | If yes: |
|  | (i) | Does the rent charge include the use of the recreation facilities? |
|  | [ ]  Yes [ ]  No |
|  | (ii) | Does the charge for the use of the recreation facilities (whether included in rent or separately stated) exceed expected cost of operation and maintenance? |
|  | [ ]  Yes [ ]  No |
|  | (iii) | Are the recreation facilities available only to tenants? |
|  | [ ]  Yes [ ]  No |
|  | If no, please explain.       |
|  | (c) | Other healthclub facilities? |
|  | [ ]  Yes [ ]  No |
|  | If yes: |
|  | (i) | Does the rent charge include the use of the healthclub facilities? |
|  | [ ]  Yes [ ]  No |
|  | (ii) | Does the charge for the use of the healthclub facilities (whether included in rent or separately stated) exceed expected cost of operation and maintenance? |
|  | [ ]  Yes [ ]  No |
|  | (iii) | Are the healthclub facilities available only to tenants? |
|  | [ ]  Yes [ ]  No |
|  | If no, please explain.       |
|  | (d) | Parking garage or parking lot? |
|  | [ ]  Yes [ ]  No |
|  | If yes: |
|  | (i) | Does the rent charge include the use of the parking garage or parking lot? |
|  | [ ]  Yes [ ]  No |
|  | (ii) | Does the charge for the use of the parking garage or parking lot (whether included in rent or separately stated) exceed the expected cost of operation and maintenance? |
|  | [ ]  Yes [ ]  No |
|  | (iii) | Is the parking garage or parking lot available only to tenants? |
|  | [ ]  Yes [ ]  No |
|  | (e) | Congregate eating facilities? |
|  | [ ]  Yes [ ]  No |
|  | If yes: |
|  | (i) | Is use of the congregate eating facilities by tenants optional? |
|  | [ ]  Yes [ ]  No |
|  | If no, please explain.       |
|  | (ii) | Is a meal charge included in the rent? |
|  | [ ]  Yes [ ]  No |
|  | If yes, please explain.       |
|  | (iii) | Are the congregate eating facilities available only to tenants? |
|  | [ ]  Yes [ ]  No |
|  | If no, please explain.       |
|  | (f) | Laundry rooms? |
|  | [ ]  Yes [ ]  No |
|  | If yes: |
|  | (i) | Are the laundry rooms run by management? |
|  | [ ]  Yes [ ]  No |
|  | (ii) | Are the laundry rooms concessioned out? |
|  | [ ]  Yes [ ]  No |
|  | (g) | Daycare facility? |
|  | [ ]  Yes [ ]  No |
|  | If yes: |
|  | (i) | Is the daycare facility available only to tenants? |
|  | [ ]  Yes [ ]  No |
|  | If no, please explain.       |
|  | (ii) | Does the charge for the use of the daycare facility exceed expected costs of operation and maintenance? |
|  |  | [ ]  Yes [ ]  No |
|  |  | If yes: |
|  |  | (A) | Please indicate the percentage of total rentable square footage devoted to this daycare facility.     % |
|  |  | (B) | Please indicate the percentage of total expected revenue to be derived from operation of the daycare facility.     % |
|  | (h) | Commercial facilities (e.g., grocery store, pharmacy, etc.)? |
|  | [ ]  Yes [ ]  No |
|  | If yes, please describe and indicate the percentage of total rentable square footage devoted to the commercial facilities and the percentage of total expected revenue to be derived from the operation of the commercial facilities.      |
|  | (i) | Supportive-services facilities? |
|  | [ ]  Yes [ ]  No |
|  | If yes, please describe.      |
|  | (j) | Living unit for the Owner? |
|  | [ ]  Yes [ ]  No |
|  | If yes, is the Owner the resident manager? |
|  | [ ]  Yes [ ]  No |
|  | (k) | Living unit for maintenance personnel? |
|  | [ ]  Yes [ ]  No |
|  | (l) | Other facilities? |
|  | [ ]  Yes [ ]  No |
|  | If yes, please describe.      |
| 12. | What equipment is provided in the Project Facilities? |
|  | Air conditioning [ ]  |
|  | Furnace/boiler [ ]  |
|  | Elevators [ ]  |
|  | Compactor [ ]  |
|  | Other (describe)       |

Part III

Principal Users

1. The name, address and employer identification number of each Principal User of the Project Facilities is as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Name** | **Address** | **EIN** |
| (1) |       |       |       |
| (2) |       |       |       |
| (3) |       |       |       |
| (4) |       |       |       |

For purposes of this Part, the term “**Principal User**” includes the Owner and anyone known at this time who will be a lessee or user of more than 10% of the Project measured either by occupiable space or fair rental value under any formal or informal arrangement. If the identification number has not yet been obtained, indicate whether application has been made.

2. Provide a description of the current composition of the Owner of the Project Facilities, including principals comprising a corporate owner or participant owner, by ownership interest. Identify any relationships, either by business or family. Provide organizational charts of the Borrower (including any relationship with the developer or the general contractor) and the seller.

3. Provide a description of any seller take-back financing, assumption of seller debt or seller involvement in the Project Facilities following the acquisition by the Borrower. Provide a copy of the seller note.

Part IV

Expected Use of Project Loan Proceeds

1. The proceeds of the Project Loan are expected to be used in the manner set forth in the Expected Use of Project Loan Proceeds Schedule that follows (the “**Schedule**”).

2. Any reimbursement allocation made to the Borrower will be made no later than eighteen months after the later of (i) the date the original expenditure was made or (ii) the date the Project is placed in service or abandoned, but in no event more than three years after the original expenditure is made. A reimbursement allocation occurs when bond proceeds are used to reimburse the Borrower for expenditures incurred by the Borrower prior to the issuance of the Bonds.

3. The amount shown in Part 2 of the Schedule as qualified costs consist only of costs of the Project that will be or were paid or incurred no earlier than 60 days prior to the day the Issuer approved the funding of the Project through its declaration of official intent. Qualified costs also include preliminary expenditures, incurred prior to the 60-day period before the approval of the Issuer through its declaration of official intent, up to an amount not in excess of 20% of the aggregate amount to be loaned to the Borrower. Such qualified costs must also be of a type that are chargeable to the capital accounts of the Project Facilities or would be so chargeable either with an election by the Borrower or but for the election of the Borrower to deduct the amount of the item.

4. No amount shown in Part 2 of the Schedule as a qualified cost represents the cost of property or land acquired from a party related to the Borrower by either a family, partnership or corporate relationship who owned that property or was incurred earlier than 60 days prior to the day the Issuer approved funding of the Project through its declaration of official intent.

5. No amount shown in Part 2 of the Schedule as a qualified cost represents a profit paid to a person, including the contractor if related to the Borrower.

6. No amount shown in Part 2 of the Schedule other than costs financed outside of the Project Loan represents a cost incurred to provide swimming pools, recreation facilities, or other healthclub facilities (“**Prohibited Facilities**”) (a) for which an independent charge is accessed or (b) which are available to the general public. In determining the amount of costs allocable to Prohibited Facilities, costs of structural components required for and interior furnishings of the Prohibited Facilities must be taken into account. The allocable costs, however, do not include the normal components of the housing project, such as structural supports, to the extent they would have been required for the remaining portion of the housing project if no Prohibited Facilities had been built.

7. No amount shown in Part 2 of the Schedule other than costs financed outside of the Project Loan represents a cost incurred to provide any airplane, skybox, or other private luxury box, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

8. No amount shown in Part 2 of the Schedule other than costs financed outside the Project Loan represents a cost incurred to acquire used equipment unless such equipment was purchased with the proceeds of the Project Loan as an integral component of an existing structure.

9. The amount shown in Part 2 of the Schedule as the cost of land other than costs financed outside the Project Loan is less than 25% of the aggregate amount to be loaned to the Borrower.

IF NEW CONSTRUCTION, DELETE PARAGRAPHS 10 AND 11 AND RENUMBER SUBSEQUENT PARAGRAPHS. IF NEW CONSTRUCTION OR NOT, DELETE THESE INSTRUCTIONS

10. All amounts shown in Part 2 of the Schedule as “Rehabilitation Expenditures” consist of costs which are chargeable to capital account, incurred or to be incurred by the person acquiring the building or equipment (or by a successor to such person or by the seller of the property under a sales contract) before the date which is two years after the later of the date of acquisition of the property or the date of issue of the Bonds for property in connection with the rehabilitation of the building or equipment. In the case of an integrated operation contained in a building before its acquisition, the term “Rehabilitation Expenditures” includes the cost of rehabilitating existing equipment in the building or replacing it with equipment having substantially the same function. No portion of the costs listed as “Rehabilitation Expenditures” represents (i) costs of acquiring the property, (ii) any expenditure attributable to the enlargement of a building, (iii) any expenditure attributable to a certified historic structure or to a building located in a registered historic district unless either the rehabilitation has been certified by the Secretary of the Interior or, in the case of a building located in a registered historic district, the Secretary of the Interior has certified that the building is not of historic significance, or (iv) any expenditure of a lessee if, on the date the rehabilitation is completed, the remaining term of the lease (determined without regard to renewal periods) is less than 15 years.

11. The amounts shown in Part 2 of the Schedule as “Rehabilitation Expenditures—Existing Building,” together with equity to be expended on Rehabilitation Expenditures for the existing building, are 15% or more of that portion of the cost of acquiring the building financed with proceeds of the Bonds as shown in Part 2(A)(1)(a) of the Schedule.

12. The sum of the amounts shown in Part 2 of the Schedule as costs of issuance other than costs financed outside the Project Loan does not exceed 2% of the aggregate amount to be loaned to the Borrower.

13. The Borrower understands that a change in the use of the property financed with the Project Loan to a use that is not qualified for tax-exempt financing will result in a loss of income tax deductions for rent, interest, or equivalent amounts paid by the person making the unqualified use, in addition to the loss of tax exemption on bond interest. The Borrower certifies that the Project will be used as set forth in Part I of this Tax Certification.

14. The total amount shown as qualified costs in Part 2 of the Schedule is 95% or more of the amount shown in Part 4 as the net Project Loan amount.

Expected Use of Project Loan Proceeds Schedule

**Note:**  This schedule presents all actual and expected Project costs and is not limited to the amount of the Project Loan.

**If you have been advised by the Issuer that the Project Loan is one of a number of loans to be made with the proceeds of an issue of the Issuer's Bonds, do not complete Part 1(a)–(c), and insert Project Loan amount the Issuer has provided you in the blank in Part 1(d).**

**Part 1.** (a) Amount credited to the Owner on the sale of the Bonds (exclusive of accrued interest): $     . This amount was computed as follows:

|  |  |
| --- | --- |
| **AMOUNTS CREDITED ON THE SALE OF THE BONDS** |  |
|  |  |
| Face amount of the Bond Issue  | $ |       |
| Premium  | $ |       |
| Subtotal  | $ |       |
| Less original issue discount  | $ | (     ) |
| Total amount credited to the Owner on the sale of the Bonds  | $ |       |

(b) Amount of interest estimated to accrue on investments held in the construction fund under the Resolution prior to the disbursement for Project costs: $     .

This amount was calculated by the following method using the assumptions indicated:

(c) Amount, if any, of proceeds of the Bonds from (a) and (b) above to be deposited into any debt service reserve fund: $     . Such amount does not exceed 10% of the proceeds of the Bonds (as set forth in (a) above).

(d) Amount remaining after the amount to be held in any debt service reserve fund (Item c) is deducted from the sum of the amount received on the sale of the Bonds (Item a) and estimated interest earnings on investments in the construction fund (Item b) is referred to in this schedule as the “**Project Loan**.” Amount of the Project Loan: $     .

**Part 2.** The total costs to be paid or incurred with respect to the Project Facilities (sum of qualified and unqualified costs in Line 58 below): $     .

These amounts consist of the following:

|  | Expenditures on Project Facilities |
| --- | --- |
|  |
|  | **Qualified Costs** | **Unqualified Costs** |
|  |
| **A.** | **LAND AND EXISTING BUILDINGS** |
|  |  |  |  |  |  |  |
| 1. | (a) | Contract price of existing building  | $ |       | $ |       |
|  | (b) | Contract price of land  | $ |       | $ |       |
| 2. | Real property taxes on unimproved land prior to construction (from       to      )  | $ |       | $ |       |
| 3. | Real property taxes on improved land after construction commences (from       to      )  | $ |       | $ |       |
| 4. | Retiring existing liens unrelated to acquisition  | $ |       | $ |       |
| 5. | Purchase price of option to acquire Project Facilities realty  | $ |       | $ |       |
| 6. | Other (     )  | $ |       | $ |       |
|  |  |  |  |  |  |
| **B.** | **REHABILITATION EXPENDITURES—EXISTING BUILDINGS** |
|  |  |  |  |  |  |
| 7. | Construction contracts  | $ |       | $ |       |
| 8. | Architectural and engineering  | $ |       | $ |       |
| 9. | Materials  | $ |       | $ |       |
| 10. | Labor  | $ |       | $ |       |
| 11. | Utilities  | $ |       | $ |       |
| 12. | Other (     )  | $ |       | $ |       |
|  |  |  |  |  |  |
| **C.** | **CONSTRUCTION COSTS OTHER THAN REHABILITATION EXPENDITURES** |
|  |  |  |  |  |  |
| 13. | Architectural and engineering  | $ |       | $ |       |
| 14. | Construction contracts  | $ |       | $ |       |
| 15. | Site preparation  | $ |       | $ |       |
| 16. | Materials  | $ |       | $ |       |
| 17. | Labor  | $ |       | $ |       |
| 18. | Utilities  | $ |       | $ |       |
| 19. | Other ([E.G., PERMITS, BOND FEES, CONSTRUCTION INSURANCE])  | $ |       | $ |       |
| 20. | Land improvements  | $ |       | $ |       |
|  | a) | Offsite  | $ |       | $ |       |
|  | b) | Paving  | $ |       | $ |       |
|  | c) | Landscaping  | $ |       | $ |       |
|  | d) | Earthwork  | $ |       | $ |       |
|  | e) | Other (     )  | $ |       | $ |       |
|  |  |  |  |  |  |
| **D.** | **EQUIPMENT—NEW** |  |  |  |  |
|  |  |  |  |  |  |
| 21. | Invoice cost (include detailed listing of each item of equipment and its cost) (attach additional sheet if necessary) |  |  |  |  |
|  | Item:        | $ |       | $ |       |
|  | Item:        | $ |       | $ |       |
|  | Item:        | $ |       | $ |       |
| 22. | Installation  | $ |       | $ |       |
|  |  |  |  |  |  |
| **E.** | **APPLIANCES—NEW** |  |  |  |  |
|  |  |  |  |  |  |
| 23. | Invoice cost (include detailed listing of each appliance and its cost) |  |  |  |  |
|  | Item:        | $ |       | $ |       |
|  | Item:        | $ |       | $ |       |
|  | Item:        | $ |       | $ |       |
| 24. | Installation  | $ |       | $ |       |
|  |
| **F.** | **INTEREST ON BORROWINGS SPECIFICALLY FOR THE PROJECT PRIOR TO MORTGAGE** |
|  |  |  |  |  |  |
| 25. | Attributable to Project Facilities realty construction (estimatedrate and period:      )  | $ |       | $ |       |
| 26. | Attributable to Project equipment acquisition (estimated rateand period:      )  | $ |       | $ |       |
|  |  |  |  |
| **G.** | **INTEREST ON MORTGAGE** |  |  |
|  |  |  |  |  |  |
| 27. | Attributable to Project Facilities realty construction (estimatedrate and period:      )  | $ |       | $ |       |
| 28. | Attributable to Project Facilities equipment acquisition (estimated rate and period:      )  | $ |       | $ |       |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **H.** | **CONTINGENCY** |
|  |  |  |  |  |  |
| 29. | For cost of Project Facilities realty  | $ |       | $ |       |
| 30. | For cost of Project Facilities equipment  | $ |       | $ |       |
|  |  |  |  |  |  |
| These amounts were calculated by the following method using the assumption indicated:       |
|  |
|  |  |  |  |  |  |
| **I.** | **BSPRA** |
|  |  |  |  |  |  |
| 31. | Builder & sponsor profit risk allowance  | $ |       | $ |       |
|  |  |  |  |  |  |
| **J.** | **COSTS RELATED TO THE PROJECT LOAN AND OTHER COSTS** |
|  |  |  |  |  |  |
| 32. | Mortgage insurance premium  | $ |       | $ |       |
| 33. | Examination and inspection fees of FHA or other mortgage insurer or purchaser (e.g., FNMA)  | $ |       | $ |       |
| 34. | Issuer application and financing fee  | $ |       | $ |       |
| 35. | Mortgage recording taxes or fees  | $ |       | $ |       |
| 36. | Organization  | $ |       | $ |       |
| 37. | [Letter-of-credit fee] [Bond insurance premium] allocable to the period subsequent to the completion of construction which results in a reduction of the interest rate on the Bonds  | $ |       | $ |       |
| 38. | [Letter-of-credit fee] [Bond insurance premium] allocable to the period prior to the completion of construction (representing premium for such period) which results in a reduction of the interest rate on the Bonds  | $ |       | $ |       |
| 39. | Appraisal fees  | $ |       | $ |       |
| 40. | Title insurance premium  | $ |       | $ |       |
| 41. | Other (     )  | $ |       | $ |       |
|  |  |  |  |  |  |
| **K.** | **COSTS OF ISSUANCE** |  |  |  |  |
|  |  |  |  |  |  |
| 42. | Borrower counsel fees  | $ | XXXXXXX | $ |       |
| 43. | Accountant's financial statement audit fees  | $ | XXXXXXX | $ |       |
| 44. | Bond counsel fee and expenses | $ | XXXXXXX | $ |       |
| 45. | Underwriters' spread and placement agent's fee  | $ | XXXXXXX | $ |       |
| 46. | Underwriters' counsel fee and expenses  | $ | XXXXXXX | $ |       |
| 47. | Issuer counsel fee  | $ | XXXXXXX | $ |       |
| 48. | Financial advisor fees in connection with the Bonds  | $ | XXXXXXX | $ |       |
| 49. | Rating agency fees  | $ | XXXXXXX | $ |       |
| 50. | Trustee initial fee  | $ | XXXXXXX | $ |       |
| 51. | Paying agent and certifying and authenticating agent fees related to the issuance of the Bonds  | $ | XXXXXXX | $ |       |
| 52. | Accounting fees in connection with this Borrower Tax Certification  | $ | XXXXXXX | $ |       |
| 53. | Printing of Bonds  | $ | XXXXXXX | $ |       |
| 54. | Printing of official statement  | $ | XXXXXXX | $ |       |
| 55. | Costs incurred in connection with the public approval process  | $ | XXXXXXX | $ |       |
| 56. | Costs of engineering and feasibility studies necessary to the issuance of the Bonds (as opposed to such studies necessary to completion of the Project)  | $ | XXXXXXX | $ |       |
| 57. | [Letter-of-credit fee] [Bond insurance premium] to the extent not included in Items 37 and 38 above  | $ | XXXXXXX | $ |       |
|  |  |  |  |  |  |
| **58.** | **Totals** | **$** |  | **$** |  |

Part 3. Amount of qualified costs with respect to the Project Facilities: $     .

Amount of unqualified costs to be paid with respect to the Project Facilities: $

Part 4. Amount of qualified costs from Part 3 above ($     ) is equal to      % of amount of Project Loan from Part 1 on page 14 ($     ) and therefore is not less than the 95% limitation established by the Code.

Part 5. Amount of contract prices of land listed as a qualified cost in Part 2(A)(1)(b) on page 14 to be financed with the proceeds of the Project Loan ($     ) is less than 25% of amount of Project Loan from Part 1 on page 14 ($     ).

Part 6. Amount of Rehabilitation Expenditures to be made with respect to an existing building and financed either with the proceeds of the Bonds or outside the bond issue ($     ) equals or exceeds 15% of the cost of acquiring such building which was financed with the proceeds of the issue.

Part 7. Complete either (a) or (b):

(a) The sum of the amounts shown in Part 2(K) above $      as costs of issuance does not exceed 2% of the amount of the Project Loan from Part 1 on page 14 ($     ).

(b) The sum of the amounts shown in Part 2(K) above ($     ) as costs of issuance exceeds 2% of the amount of the Project Loan from Part 1 on page 14 ($     ); however, the amounts in excess of 2% were financed outside the Project Loan.

**Part 8.** The amount of the reasonably estimated total costs (including costs not financed with the Project Loan): $     .

Part V

Average Economic Life

1. The Average Economic Life (defined below) of the assets being financed with the proceeds of the Project Loan is       years.

2. The determination of Average Economic Life was made in accordance with the Letter of Instructions for Calculation of Average Economic Life and Worksheets I–IV below.

LETTER OF INSTRUCTIONS FOR
CALCULATION OF AVERAGE ECONOMIC LIFE

A. Background

In order to establish that interest on the Bonds being issued by the Issuer to finance the Project Loan is tax exempt, it must be demonstrated that the average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the Project Facilities being financed (“**Average Economic Life**”). Section 147(b) of the Internal Revenue Code of 1986, as amended (the “**Code**”) provides certain rules that must be followed in making the determination of Average Economic Life. The following instructions and the computation worksheets attached at the end of these instructions incorporate these rules. These determinations are a four-step process accomplished through the completion of Worksheets I–IV.

B. Identification of Assets Being Financed—Worksheet I

There are four steps in the determination of Average Economic Life. The first step is the identification of the property being financed. Complete Worksheet I.

C. Economic Life—Worksheet II

For purposes of the calculations, the reasonably expected economic life of property is determined on the basis of all the facts and circumstances. Land is included in the economic life calculation only if the loan proceeds allocable to land (column D of Worksheet II) are not less than 25% of the face amount of the loan. Land will not be taken into account in the economic life calculation because section 147(c) of the Code provides that only less than 25% of the face amount of the loan may be used for the acquisition of land. Economic life is not to be determined based on ACRS lives. Complete Worksheet II.

D. Adjusted Economic Life—Worksheet III

The third step in the determination of Average Economic Life is the calculation of adjusted economic life in Worksheet III. Section 147(b) of the Code provides that the reasonably expected economic life shall be determined as of the later of the date of issue of the bonds or the date on which the facility is placed in service. Thus adjustments must be made for the period of time the property was in service before the date of issuance and for any period of construction or acquisition after the date of issuance. Complete Worksheet III.

E. Average Economic Life

The fourth step is the calculation of Average Economic Life. The weighted life for each asset must be determined. The total of the weighted lives is then divided by the total loan proceeds allocable to the assets to determine the Average Economic Life. Complete Worksheet IV.

Worksheet I

Allocation of Project Loan Proceeds to Assets Being Financed

1. Total cost of Project Facilities excluding BSPRA: $      (the sum of qualified and unqualified costs from Part 2–Line 58 of the Expected Use of Project Loan Proceeds Schedule minus BSPRA).

2. Net amount of Project Loan from Part 2(d) on page 14: $     .

|  |  |  |  |
| --- | --- | --- | --- |
| **A** | **B** | **C** | **D** |
|  |  |  |  |
| **Asset** | **Asset Cost** | **Ratio of Asset Cost (B)****to Total Cost (1 above)** | **Project Loan Proceeds****Allocable to Asset****(C x Face Amount of Project Loan (2 above))** |
|  |  |  |  |  |
| 1. | Land (1(b))[[1]](#footnote-1) |       |       |       |
|  |  |  |  |  |
| 2. | Building costs (1(a), 2, 5, 7-19, 25, 27, 29) |       |       |       |
|  |  |  |  |  |
| 3. | Equipment(21, 22, 26, 28, 30) |       |       |       |
|  |  |  |  |  |
| 4. | Appliances (23, 24) |       |       |       |
|  |  |  |  |  |
| 5. | Land improvements (20) |       |       |       |
|  |  |  |  |  |
| 6. | Other (loan costs 3, 4, 6, 32-57) |       |       |       |

|  |
| --- |
| Worksheet IIEconomic Life |
| **A** | **B** | **C** |
|  |  |  |
| **Asset** | **Economic Life (in years)** | **Basis of Determination** |
|  |  |  |
| 1. Land | N/A | Code section 147(b)(3)(B) |
|  |  |  |
| 2. Building costs |       | Rev. Proc. 62-21/appraisal[[2]](#footnote-2) |
|  |  |  |
| 3. Equipment | 10 | CLADR 00.11 |
|  |  |  |
| 4. Appliances | 9 | CLADR 57.00 |
|  |  |  |
| 5. Land improvements | 20 | CLADR 00.3 |
|  |  |  |
| 6. Other | N/A | N/A |
|  |  |  |

|  |
| --- |
| Worksheet IIIAdjusted Life |
|  |
| Expected Bond Issuance Date:       |
|  |  |  |  |  |
|  |  |  |  |  |
| **A** | **B** | **C** | **D** | **E** |
|  |  |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Asset** | **Economic Life****(from Worksheet II)** | **Period in Service Prior to Bond****Issuance Date[[3]](#footnote-3)** | **Acquisition or Construction Period following Bond Issuance Date[[4]](#footnote-4)** | **Adjusted Life** **(B-C or B+D)** |
|  |  |  |  |  |
| 1. Land | N/A |       |       |       |
|  |  |  |  |  |
| 2. Building costs |       |       |       |       |
|  |  |  |  |  |
| 3. Equipment | 10 |       |       |       |
|  |  |  |  |  |
| 4. Appliances | 9 |       |       |       |
|  |  |  |  |  |
| 5. Land improvements | 20 |       |       |       |
|  |  |  |  |  |
| 6. Other | N/A |       |       |       |

|  |
| --- |
| Worksheet IVCalculation of Average Economic Life |
|  |  |  |  |
|  |  |  |  |
| **A** | **B** | **C** | **D** |
|  |  |  |  |
| **Asset[[5]](#footnote-5)** | **Project Loan Proceeds****Allocable to Asset****(Col. D of Worksheet I)** | **Adjusted Life****(Col. E of Worksheet III)** | **Weighted Life (B x C)** |
|  |  |  |  |
| 2. Building costs |       |       |       |
|  |  |  |  |
| 3. Equipment |       |       |       |
|  |  |  |  |
| 4. Appliances |       |       |       |
|  |  |  |  |
| 5. Land improvements |       |       |       |
|  |  |  |  |
|  |  |  |  |
|  |  | Total B: |  |  | Total D: |  |
|  |  |  |  |  |  |  |
| Average Economic Life = | Total D | = |       years |  |  |
| Total B |  |  |

Part VI

ACRS Breakdown

This schedule requires that the costs of property composing the Project (i.e., that portion of the Project Facilities financed with proceeds of the Project Loan) be placed into ACRS categories for purposes of Form 8038 to be filed by the Issuer with the Internal Revenue Service. Assets listed in Column A of Worksheet I should be analyzed according to the appropriate ACRS category and the corresponding amounts of loan proceeds allocable to such assets (Column D of Worksheet I) should be placed in the space provided. The total should equal the Project Loan amount.

Completion of this part in no way affects the actual method of cost recovery to be employed with respect to the Project.

|  |  |  |  |
| --- | --- | --- | --- |
| (a) | Land  | $ |       |
| (b) | Buildings and structures  | $ |       |
| (c) | Equipment with a recoveryperiod of more than five years  | $ |       |
| (d) | Equipment with a recoveryperiod of less than five years  | $ |       |
| (e) | Other (     )  | $ |       |
|  |  |  |  |
| TOTAL (*i.e.*, Project Loan amount)  | $ |       |

Exhibit A
TO BE PROVIDED PRIOR TO BOND ISSUANCE

[Architects' Letterhead]

[DATE BEFORE BOND ISSUANCE]

Dear Ladies and Gentlemen:

We have acted as principal architects for the       Project (the “**Project**”) to be located at      , which will be funded by the New York City Housing Development Corporation (the “**Corporation**”) Multi-Family Housing Revenue Bonds, [YEAR] Series [LETTER] (the “**Bonds**”). In connection with the Project, we have prepared the initial drawings and specifications, [are in the process of preparing] [have prepared] the final drawings and specifications, [other responsibilities, e.g. engineering reports, etc.].

We understand that this letter will be relied upon by you and by the firm of Hawkins Delafield & Wood LLP in rendering its opinion as to the tax-exempt status of interest on the Bonds. We have read the Project Facilities Checklist and are aware of the requirements relating to the physical nature of the Project imposed by section 142(d) of the Internal Revenue Code of 1986, as amended, and section 1.103-8(b) of the income tax regulations applicable thereto. As of the date of delivery of this letter, the plans for the Project provide:

(1) Residential units which each contain facilities for living, sleeping, eating, cooking and sanitation;

(2) Residential units contained in [buildings] [a building] which [have] [has] an independent foundation, outer walls and roof;

(3) [Buildings] [A building] located on a single tract of land—for the purposes of this letter a single tract of land is any contiguous tract of land which may be separated by a road, stream or street;

(4) Units in such [buildings] [building] which are similar in quality and type of construction; and

(5) Facilities other than residential units which are reasonably required for the Project or for use by the tenants. The following facilities are planned:

[e.g., parking area, swimming pool, trash, equipment shed, recreational areas].

To the best of our knowledge plans for the Project have not been and will not be modified in a manner which makes the above statements incorrect.

s/

Exhibit A
(Continued)

**TO BE DELIVERED PRIOR TO BOND ISSUANCE**

**[Accountant's Letterhead]**

[DATE]

Dear Ladies and Gentlemen:

We are independent public accountants with respect to       (the “**Borrower**”), as defined under the Rules of Conduct of the Code of Professional Ethics of the American Institute of Certified Public Accountants.

We have reviewed Part IV—Use of Project Loan Proceeds, and the accompanying Expected Use of Project Loan Proceeds Schedule and Part V—Average Economic Life, and accompanying worksheets, of the Borrower Tax Certification relating to the Borrower's       project (the “**Project**”) and the loan (the “**Project Loan**”) by the New York City Housing Development Corporation (the “**Issuer**”) of proceeds of its Multi-Family Housing Revenue Bonds, [YEAR] Series [LETTER], (the “**Bonds**”).

The Expected Use of Project Loan Proceeds Schedule sets forth the Borrower's intended use of the Project Loan proceeds. Because the Schedule does not consist exclusively of costs actually paid or incurred, our review did not constitute an examination in accordance with generally accepted auditing standards. Consequently, we are unable to and do not express any opinion with respect to the Schedule.

For the purpose of this letter, however, we discussed the Project and the information presented in the Schedule with persons in the employ of the Borrower responsible for the completion of the Project, and reviewed significant invoices, purchase orders and contracts relating to the Project. We also discussed the Project and its costs as they relate to the expected use of Project Loan proceeds set forth in the Schedule with the construction manager and architectural and engineering firm responsible for the Project.

Based on these procedures, nothing came to our attention which would lead us to believe that, if the proceeds of the Project Loan are applied to the costs stated in the Schedule, any of the amounts shown in Part 2 of the Schedule under the heading “Qualified Costs” would be costs paid or incurred earlier than 60 days prior to the day the Issuer approved the funding of the Project through its declaration of official intent except for costs the Borrower may have incurred up to an amount not in excess of 20% of the aggregate amount to be loaned to the Borrower prior to the 60-day period before the approval of the Issuer through declaration of official intent for preliminary expenditures on [DATE OF DECLARATION OF INTENT]. Preliminary expenditures include architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of a project, other than land acquisition, site preparation and similar costs incident to commencement of construction. Further, all such costs are for federal income tax purposes chargeable to the capital account of the Project or would be so chargeable either with an election by the Borrower or but for the election by the Borrower to deduct such amounts. In addition, nothing came to our attention which would cause us to question the accuracy of the allocation of the Project costs to ACRS recovery classes shown in Part VI of the Borrower Tax Certification.

Column B of the Average Economic Life Worksheet I presents fairly the total cost to the Borrower of each asset or group of assets eligible for financing with the proceeds of the Project Loan in conformity with generally accepted accounting principles applied on a consistent basis. The economic life represented in Item 1 of Part V for the assets financed with the proceeds of the Project Loan at least equal to the economic life applicable to each such asset under Internal Revenue Service Rev. Proc. 62-21 (1962-2 C.B. 418) or under the Class Life Asset Depreciation Range System established by the Internal Revenue Service, and published in Rev. Proc 87-56, as amended and supplemented, except in the case of assets which have been appraised to determine their economic life as to which we express no opinion. Such economic life has been calculated to include the acquisition or construction period of each asset financed from the proceeds of the Project Loan from the date of issuance of the Bonds of [DATE OF ISSUANCE] until a placed-in-service date for each asset which is the same as the date the asset is eligible for cost recovery deductions under the Internal Revenue Code.

Yours truly,

**Exhibit B**

**Architect Certificate for Final Drawdown of Funds**

**[To be delivered at time of final drawdown of funds]**

[NAME], principal architect[s] for the       project (the “**Project**”) located at      , do hereby certify that as of [DATE], the construction of the Project, funded by the proceeds of the New York City Housing Development Corporation’s Multi-Family Housing Revenue Bonds, [YEAR] Series      , has satisfied and continues to satisfy the following requirements:

(1) Residential units which each contain facilities for living, sleeping, eating, cooking and sanitation;

(2) Residential units contained in [a building] [buildings] which [has] [have] an independent foundation, outer walls and roof;

(3) [A building] [Buildings] located on a single tract of land—for the purposes of this letter, a single tract of land is any contiguous tract of land which may be separated by a road, stream or street;

(4) Units in such building[s] which are similar in quality and type of construction; and

(5) Facilities other than residential units which are reasonably required for the Project or for use by the tenants. The following facilities are planned:

[e.g. parking area, swimming pool, trash, equipment shed, recreational areas].

In witness whereof, I set my hand this [1st] day of [MONTH], [YEAR].

Sworn to before me

this [1st] day of [MONTH], [YEAR]

Notary Public

My commission expires [DATE]

Exhibit B
(Continued)

Borrower's Certificate as to Use of Project Loan Proceeds

**[To be delivered at time of final drawdown of funds]**

In connection with the requisition of $      of Project Loan proceeds funded by the New York City Housing Development Corporation Multi-Family Housing Revenue Bonds, [YEAR] Series [LETTER], I,      , of       (the “**Borrower**”) HEREBY CERTIFY as follows:

1. The construction of the       project (the “**Project**”) was completed on [DATE].

2. The Project Loan proceeds have been and will be used to reimburse me for the costs of the Project set forth in the actual Use of Project Loan Proceeds that follows (the “**Schedule**”).

3. Any reimbursement allocation made to the Borrower was made no later than 18 months after the later of (i) the date the original expenditure was made or (ii) the date the Project is placed in service or abandoned, but in no event more than three years after the original expenditure is made.

4. The amount shown in Part 2 of the Use of Project Loan Proceeds Schedule as qualified costs consists only of costs of the Project paid or incurred no earlier than 60 days prior to the day the Issuer approved the funding of the Project through its declaration of official intent or for costs the Borrower may have incurred up to an amount not in excess of 20% of the aggregate amount loaned to the Borrower prior to the 60-day period before the approval of the Issuer through declaration of official intent for preliminary expenditures. Preliminary expenditures include architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of a project, other than land acquisition, site preparation and similar costs incident to commencement of construction, which are chargeable to the capital accounts of the Project or would be so chargeable either with an election by the Borrower or but for an election by the Borrower to deduct the amount of the item.

5. No amount shown in Part 2 of the Schedule as a Qualified Cost represents the cost of property acquired from a party related to the Borrower by either a family, partnership or corporate relationship who owned that property or was incurred earlier than 60 days prior to the day the Issuer approved funding of the Project through its declaration of official intent.

6. No amount shown in Part 2 of the Schedule as a Qualified Cost represents a profit paid to a person, including the contractor if related to the Borrower.

7. No amount shown in Part 2 of the Schedule other than costs financed outside of the Project Loan represents a cost incurred to provide swimming pools, recreation facilities, or other healthclub facilities (“**Prohibited Facilities**”) (a) for which an independent charge is assessed or (b) which are available to the general public. In determining the amount of costs allocable to Prohibited Facilities, costs of structural components required for and interior furnishings of the Prohibited Facilities must be taken into account. The allocable costs, however, do not include the normal components of the housing project, such as structural supports, to the extent they would have been required for the remaining portion of the housing project if no Prohibited Facilities had been built.

8. No amount shown in Part 2 of the Schedule other than costs financed outside the Project Loan represents a cost incurred to provide any airplane, skybox, or other private luxury box, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

9. No amount shown in Part 2 of the Schedule other than costs financed outside the Project Loan represents a cost incurred to acquire used equipment unless such equipment was purchased with the proceeds of the Project Loan as an integral component of an existing structure.

10. The amount shown in Part 2 of the Schedule as the cost of land other than costs financed outside the Project Loan is less than 25% of the aggregate amount loaned to the Borrower.

IF NEW CONSTRUCTION, DELETE PARAGRAPHS 11 AND 12 AND RENUMBER SUBSEQUENT PARAGRAPHS. IF NEW CONSTRUCTION OR NOT, DELETE THESE INSTRUCTIONS.

11. All amounts shown in Part 2 of the Schedule as “Rehabilitation Expenditures” consist of costs which are chargeable to capital account, incurred or to be incurred by the person acquiring the building or equipment (or by a successor to such person or by the seller of the property under a sales contract) before the date which is two years after the later of the date of acquisition of the property or the date of issue of the Bonds for property in connection with the rehabilitation of the building or equipment. In the case of an integrated operation contained in a building before its acquisition, the term “Rehabilitation Expenditures” includes the cost of rehabilitating existing equipment in the building or replacing it with equipment having substantially the same function. No portion of the costs listed as “Rehabilitation Expenditures” represents (i) costs of acquiring the property, (ii) any expenditure attributable to the enlargement of a building, (iii) any expenditure attributable to a certified historic structure or to a building located in a registered historic district unless either the rehabilitation has been certified by the Secretary of the Interior or, in the case of a building located in a registered historic district, the Secretary of the Interior has certified that the building is not of historic significance, or (iv) any expenditure of a lessee if, on the date the rehabilitation is completed, the remaining term of the lease (determined without regard to renewal periods) is less than 15 years.

12. The amounts shown in Part 2 of the Schedule as “Rehabilitation Expenditures—Existing Building,” together with equity to be expended on Rehabilitation Expenditures for the existing building, are 15% or more of that portion of the cost of acquiring the building financed with proceeds of the Bonds as shown in Item 2 of the Schedule.

13. The sum of the amounts shown in Part 2(K) of the Schedule as costs of issuance other than costs financed outside the Project Loan does not exceed 2% of the aggregate amount loaned to the Borrower.

14. The total amount shown as qualified costs in Part 2 of the Schedule is 95% or more of the amount shown in Part 1 as the total amount of the Project Loan Proceeds.

IN WITNESS WHEREOF, I have hereunto set my hand this [1st] day of [MONTH], [YEAR].

|  |  |
| --- | --- |
| BY: |  |
|  | Name: |       |
|  | Title: |       |

Use of Project Loan Proceeds Schedule

**Note:** This schedule presents all actual Project costs and is not limited to the amount of the Project Loan.

**If you have been advised by the Issuer that the Project Loan is one of a number of loans to be made with the proceeds of an issue of the Issuer's Bonds, do not complete Part 1(a)–(c), and insert Project Loan amount the Issuer has provided you in the blank in Part 1(d).**

**Part 1.**

(a) Amount credited to the Owner on the sale of the Bonds (exclusive of accrued interest): $     . This amount was computed as follows:

|  |  |
| --- | --- |
| **AMOUNTS CREDITED ON THE SALE OF THE BONDS** |  |
|  |  |
| Face amount of the Bond Issue  | $ |       |
| Premium  | $ |       |
| Subtotal  | $ |       |
| Less original issue discount  | $ | (     ) |
| Total amount credited to the Owner on the sale of the Bonds  | $ |       |

(b) Amount of interest accrued on investments held in the construction fund under the Resolution prior to the disbursement for Project costs: $     .

(c) Amount, if any, of proceeds of the Bonds from (a) and (b) above deposited into any debt service reserve fund: $     . Such amount does not exceed 10% of the proceeds of the Bonds (as set forth in Item a above).

(d) Amount remaining after the amount held in any debt service reserve fund (Item c) is deducted from the sum of the amount received on the sale of the Bonds (Item a) and interest earnings on investments in the construction fund (Item b) is referred to in this schedule as the “**Project Loan**.” Amount of the Project Loan: $     .

**Part 2.** Total costs paid or incurred with respect to Project Facilities (sum of qualified and unqualified costs in Line 58 below): $     .

These amounts consist of the following:

|  | Expenditures on Project Facilities |
| --- | --- |
|  |
|  | **Qualified Costs** | **Unqualified Costs** |
|  |  |
| **A.** | **LAND AND EXISTING BUILDINGS** |
|  |  |  |  |  |  |  |
|  1. | (a) | Contract price of existing building  | $ |       | $ |       |
|  | (b) | Contract price of land  | $ |       | $ |       |
|  2. | Real property taxes on unimproved land prior to construction(from       to      )  | $ |       | $ |       |
|  3. | Real property taxes on improved land after construction commences (from       to      )  | $ |       | $ |       |
|  4. | Retiring existing liens unrelated to acquisition  | $ |       | $ |       |
|  5. | Purchase price of option to acquire Project Facilities realty  | $ |       | $ |       |
|  6. | Other (     )  | $ |       | $ |       |
|  |  |  |  |  |  |
| **B.** | **REHABILITATION EXPENDITURES--EXISTING BUILDINGS** |
|  |  |  |  |  |  |
|  7. | Construction contracts  | $ |       | $ |       |
|  8. | Architectural and engineering  | $ |       | $ |       |
|  9. | Materials  | $ |       | $ |       |
| 10. | Labor  | $ |       | $ |       |
| 11. | Utilities  | $ |       | $ |       |
| 12. | Other (     )  | $ |       | $ |       |
|  |  |  |  |  |  |
| **C.** | **CONSTRUCTION COSTS OTHER THAN REHABILITATION EXPENDITURES** |
|  |  |  |  |  |  |
| 13. | Architectural and engineering  | $ |       | $ |       |
| 14. | Construction contracts  | $ |       | $ |       |
| 15. | Site preparation  | $ |       | $ |       |
| 16. | Materials  | $ |       | $ |       |
| 17. | Labor  | $ |       | $ |       |
| 18. | Utilities  | $ |       | $ |       |
| 19. | Other ([E.G., PERMITS, BOND FEES, CONSTRUCTION INSURANCE]) | $ |       | $ |       |
| 20. | Land improvements  | $ |       | $ |       |
|  | a) | Offsite  | $ |       | $ |       |
|  | b) | Paving  | $ |       | $ |       |
|  | c) | Landscaping  | $ |       | $ |       |
|  | d) | Earthwork  | $ |       | $ |       |
|  | e) | Other (     )  | $ |       | $ |       |
|  |  |  |  |  |  |  |
|  |  |  | $ |       | $ |       |
|  |  |  |  |  |  |
| **D.** | **EQUIPMENT—NEW** |  |  |  |  |
|  |  |  |  |  |  |
| 21. | Invoice cost (include detailed listing of each item of equipment and its cost) (attach additional sheet if necessary) |  |  |  |  |
|  | Item:        | $ |       | $ |       |
|  | Item:        | $ |       | $ |       |
|  | Item:        | $ |       | $ |       |
| 22. | Installation  | $ |       | $ |       |
|  |  |  |  |  |  |
| **E.** | **APPLIANCES—NEW** |  |  |  |  |
|  |  |  |  |  |  |
| 23. | Invoice cost (include detailed listing of each appliance and its cost) |  |  |  |  |
|  | Item:        | $ |       | $ |       |
|  | Item:        | $ |       | $ |       |
|  | Item:        | $ |       | $ |       |
| 24. | Installation  | $ |       | $ |       |
|  |
| **F.** | **INTEREST ON BORROWINGS SPECIFICALLY FOR THE PROJECT PRIOR TO MORTGAGE** |
|  |  |  |  |  |  |
| 25. | Attributable to Project Facilities realty construction (estimated rate and period:      )  | $ |       | $ |       |
| 26. | Attributable to Project equipment acquisition (estimated rate and period:      )  | $ |       | $ |       |
|  |  |  |  |  |  |
| **G.** | **INTEREST ON MORTGAGE** |
|  |  |  |  |  |  |
| 27. | Attributable to Project Facilities realty construction (estimated rate and period:      )  | $ |       | $ |       |
| 28. | Attributable to Project Facilities equipment acquisition (estimated rate and period:      )  | $ |       | $ |       |
|  |  |  |  |  |  |
| **H.** | **CONTINGENCY** |
|  |  |  |  |  |  |
| 29. | For cost of Project Facilities realty  | $ |       | $ |       |
| 30. | For cost of Project Facilities equipment  | $ |       | $ |       |
|  |  |  |  |  |  |
| **I.** | **BSPRA** |
|  |  |  |  |  |  |
| 31. | Builder & sponsor profit risk allowance  | $ |       | $ |       |
|  |  |  |  |  |  |
| **J.** | **COSTS RELATED TO THE PROJECT LOAN** |
|  |  |  |  |  |  |
| 32. | Mortgage insurance premium  | $ |       | $ |       |
| 33. | Examination and inspection fees of FHA or other mortgage insurer or purchaser (e.g., FNMA)  | $ |       | $ |       |
| 34. | Issuer application and financing fee  | $ |       | $ |       |
| 35. | Mortgage recording taxes or fees  | $ |       | $ |       |
| 36. | Organization  | $ |       | $ |       |
| 37. | [Letter-of-credit fee] [Bond insurance premium] allocable to the period subsequent to the completion of construction which results in a reduction of the interest rate on the Bonds  | $ |       | $ |       |
| 38. | [Letter-of-credit fee] [Bond insurance premium] allocable to the period prior to the completion of construction (representing premium for such period) which results in a reduction of the interest rate on the Bonds  | $ |       | $ |       |
| 39. | Appraisal fees  | $ |       | $ |       |
| 40. | Title insurance premium  | $ |       | $ |       |
| 41. | Other (     )  | $ |       | $ |       |
|  |  |  |  |  |  |
| **K.** | **COSTS OF ISSUANCE** |  |  |  |  |
|  |  |  |  |  |  |
| 42. | Borrower counsel fees  | $ | XXXXXXX | $ |       |
| 43. | Accountant's financial statement audit fees  | $ | XXXXXXX | $ |       |
| 44. | Bond counsel fee and expenses | $ | XXXXXXX | $ |       |
| 45. | Underwriters' spread and placement agent's fee  | $ | XXXXXXX | $ |       |
| 46. | Underwriters' counsel fee and expenses  | $ | XXXXXXX | $ |       |
| 47. | Issuer counsel fee  | $ | XXXXXXX | $ |       |
| 48. | Financial advisor fees in connection with the Bonds  | $ | XXXXXXX | $ |       |
| 49. | Rating agency fees  | $ | XXXXXXX | $ |       |
| 50. | Trustee initial fee  | $ | XXXXXXX | $ |       |
| 51. | Paying agent and certifying and authenticating agent fees related to the issuance of the Bonds  | $ | XXXXXXX | $ |       |
| 52. | Accounting fees in connection with this Borrower Tax Certification  | $ | XXXXXXX | $ |       |
| 53. | Printing of Bonds  | $ | XXXXXXX | $ |       |
| 54. | Printing of official statement  | $ | XXXXXXX | $ |       |
| 55. | Costs incurred in connection with the public approval process  | $ | XXXXXXX | $ |       |
| 56. | Costs of engineering and feasibility studies necessary to the issuance of the Bonds (as opposed to such studies necessary to completion of the Project)  | $ | XXXXXXX | $ |       |
| 57. | [Letter-of-credit fee] [Bond insurance premium] to the extent not included in Items 37 and 38 above  | $ | XXXXXXX | $ |       |
|  |  |  |  |  |  |
| **5****8.** | **Totals** | **$** |  | **$** |  |

**Part 3.** Amount of qualified costs with respect to the Project Facilities: $     . Amount of unqualified costs paid with respect to the Project Facilities: $     .

**Part 4.** Amount of qualified costs from Part 3 above ($     ) is equal to      % of net amount of Project Loan from Part 1 on page 34 ($     ).

**Part 5.** Amount of contract prices of land from Part 2(A)(1)(b) listed as a qualified cost on page 37 financed with the proceeds of the Project Loan ($     ) is less than 25% of amount of Project Loan from Part 1 on page 34 ($     ).

**Part 6.** Amount of Rehabilitation Expenditures made with respect to an existing building and financed either with the proceeds of the Bonds or outside the bond issue ($     ) equals or exceeds 15% of the cost of acquiring such building which was financed with the proceeds of the issue.

**Part 7.** Complete either (a) or (b):

(a) The sum of the amounts shown in Part 2(K) above $      as costs of issuance does not exceed 2% of the amount of the Project Loan from Part 1 on page 14 ($     ).

(b) The sum of the amounts shown in Part 2(K) above ($     ) as costs of issuance exceeds 2% of the amount of the Project Loan from Part 1 on page 14 ($     ); however, the amounts in excess of 2% were financed outside the Project Loan.

Accountant's Certificate for Final Drawdown of Funds

The undersigned, the independent public accountant with respect to       (the “**Borrower**”) and the       project (the “**Project**”), does hereby certify as follows:

1. We have examined the Borrower's Certificate as to Use of Project Loan Proceeds and the accompanying schedule (the “**Schedule**”) dated as of [DATE].

2. Our examination was made in accordance with generally accepted auditing standards and accordingly including such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

3. The Schedule presents fairly the costs paid or incurred by the Borrower in connection with the Project in conformity with generally accepted accounting principles applied on a consistent basis.

4. The amounts shown in Part 2 of the Schedule under the heading “Qualified Costs” were paid or incurred no earlier than 60 days prior to the day the Issuer approved the funding of the Project through its declaration of official intent or were for costs incurred by the Borrower up to an amount not in excess of 20% of the aggregate amount loaned to the Borrower prior to the 60-day period before the approval of the Issuer through declaration of official intent for preliminary expenditures. Preliminary expenditures include architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of a project, other than land acquisition, site preparation and similar costs incident to commencement of construction. Further, all such qualified costs are for federal income tax purposes chargeable to the capital accounts of the Project or would be so chargeable either with an election by the Borrower or but for the election by the Borrower to deduct such amounts.

IN WITNESS WHEREOF, I set my hand this [1st] day of [MONTH], [YEAR].

|  |  |
| --- | --- |
| By |  |
|  | Name: |       |
|  | Title: |       |

1. Numbers in parentheses refer to item numbers from Part 2 of the Expected Use of Proceeds Schedule. Column B should include the sum of the qualified and unqualified costs of the indicated assets. [↑](#footnote-ref-1)
2. New buildings should be assigned a life of 40 years based on Rev. Proc. 62-21. In the case of an acquisition of an existing building the economic life must be determined by appraisal by qualified appraiser. [↑](#footnote-ref-2)
3. Indicate the period of time in years or portions thereof that any assets have been in service prior to the issuance of the Bonds. If no proceeds are allocable to the asset, put N/A—not applicable. [↑](#footnote-ref-3)
4. For each asset to be acquired or constructed after the date of issuance of the Bonds, indicate either the expected construction period or the period between the date of issuance of the Bonds and the expected acquisition date. If no proceeds are allocable to the asset, put N/A—not applicable. [↑](#footnote-ref-4)
5. Assets without economic life are omitted. [↑](#footnote-ref-5)