



**MORTGAGOR'S CERTIFICATE OF ACTUAL COSTS**

Mortgagor:	Development VHDA#	
	Development Deal #	
Contractor:	Development Name	
	Location:	

#	Cost Category	COMPLETE FOR ALL DEVELOPMENTS			COMPLETE FOR TAX EXEMPT	
		Column A Costs Paid or Incurred	Column B Qualified Costs Included in Column A	Column C Non- Qualified Costs Included in Column A	See Accountant's Certificate and Mortgagor's Certificate and Opinion Below	
1.	New Construction Costs (excluding Contractor's Profit)					
2.	Contractor's Profit for New Construction					
3.	Rehabilitation Costs (excluding Contractor's Profit)					
4.	Contractor's Profit for Rehabilitation					
5.	Architectural and/or Engineering Design Fee – New Construction					
6.	Architectural and/or Engineering Design Fee – Rehabilitation					
7.	Architectural Supervision Fee – New Construction					
8.	Architectural Supervision Fee – Rehabilitation					
9.	Interest prior to Cut-Off Date				*	
10.	Real Estate Taxes Prior to Cut-Off Date				*	
11.	Property Insurance Prior to Cut-Off Date				*	
12.	Title Insurance and Recording Fees		XXXXXXXXXX			
13.	Title Examination					
14.	Virginia Housing Processing and Financing Fees		XXXXXXXXXX			
15.	Legal Expenses					
16.	Off-Site Costs					
17.	Land and Existing Improvements Other than Structures					
18.	Structures Acquired with Land					
19.	Tap Fees (if not included in categories 1 or 3 above.)					
20.	Surveys (if not included in categories 1, 3, or 5 through 8 above)					
21.	Soil Borings (if not included in categories 1 or 3 above.)					
22.	Building Permit (if not included in categories 1 or 3 above.)					
23.	Bond Premium/ Letter of Credit Fees (if not included in categories 1 or 3 above.)					
24.	Appraisal Fee		XXXXXXXXXX			
25.	Mortgage Banker/ Broker Fees		XXXXXXXXXX			
26.	Audit Fees (including cost certification)		XXXXXXXXXX			
27.	Relocation Assistance		XXXXXXXXXX			
28.	Incentive Payments					
29.	Liquidated Damages					XXXXXXXXXX
30.						
31.						
32.						
33.						
<b>TOTALS</b>						

\* **Note:** a portion of these costs which are paid or incurred prior to the Cut-Off Date may not be capitalizable and, to such extent, are not Qualified Costs and therefore will not be includable in Column B.

**MORTGAGOR'S CERTIFICATE**

The actual costs paid or incurred by the Mortgagor in connection with the acquisition, construction and/or rehabilitation, as may be applicable, and financing of the Development are set forth above. Each of the amounts of such actual costs set forth in Column A above and each of the amounts (if any) set forth in Columns B and C are hereby certified to comply with the requirements of the Cost Certification Guide for Mortgagors, Contractors and Certified Public Accountants of the Authority dated February 1, 1981, as last amended as of October 1, 2002 (the "Cost Certification Guide."). The cut-off date used for calculation of interest, taxes, and insurance during construction is \_\_\_\_\_.

The undersigned hereby certifies that there has not been during construction and/or rehabilitation (as applicable) and is not now any identity of interest (as defined in the Cost Certification Guide) between the Mortgagor and any of the subcontractors, material or labor suppliers, or equipment lessors, except for the following (if none, so state):

\_\_\_\_\_  
(Mortgagor)

By: \_\_\_\_\_

Date: \_\_\_\_\_

**ACCOUNTANT'S CERTIFICATE AND OPINION**  
**Applicable if Proceeds of Tax Exempt Bonds (As Defined in the Cost Certification Guide**  
**Referenced Below) Are to Finance the Acquisition, Construction and/or Rehabilitation or Provide**  
**Permanent Financing Thereof**

We, the undersigned independent public accountant of the Mortgagor with respect to the Development, do hereby certify to the Virginia Housing Development Authority that we have examined the Mortgagor's Certificate of Actual Costs through \_\_\_\_\_ (the cut-off date) and that our examination was made in accordance with the Virginia Housing Development Authority Cost Certification Guide for Mortgagors, Contractors and Certified Public Accountants (the "Cost Certification Guide") dated February 1, 1981, as last amended as of December 1, 1999 and generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the Mortgagor's Certificate of Actual Costs presents fairly the actual costs paid or incurred by the Mortgagor in connection with the acquisition, construction, and/or rehabilitation, as applicable, of the Development through the above cut-off date on the basis of the examination described above.

Further, on the basis of the examination described above, it is our opinion that:

1. The amounts set forth in the Mortgagor's Certificate of Actual Costs under Column B entitled "Qualified Costs Included in Column A":

(a) were paid or incurred no earlier than 60 days prior to (i) the date on which the Authority approved its resolution authorizing the mortgage loan, which date is \_\_\_\_\_ or (ii) if no such resolution was approved, the date on which the Authority approved a declaration of official intent to reimburse expenditures with proceeds of bonds expected to be issued to finance the Development, which date is (if this requirement is satisfied by use of the date in (i), insert "NA") \_\_\_\_\_; or

(b) if paid or incurred prior to the 60 day period described in (a) above, were paid or incurred for preliminary expenditures by the Mortgagor up to an amount not in excess of 20% of the Authority's mortgage loan or portion thereof financed by tax exempt bond proceeds as set forth below. Preliminary expenditures include architectural, engineering, surveying, soil testing, and similar costs that are incurred prior to the commencement of acquisition, construction, or rehabilitation of the development, other than land acquisition, site preparation, and similar costs incident to commencement of construction.

2. All such amounts set forth in Column B are for Federal income tax purposes chargeable to the capital accounts of the Development or would be so chargeable either with an election by the Mortgagor or but for the election by the Mortgagor to deduct such amounts.

3. All such amounts set forth in Column B represent costs incurred to finance the acquisition, construction and/or rehabilitation of a qualified residential rental project within the meaning of Section 142 of the Internal Revenue Code of 1986, as amended, consisting of similarly constructed complete living facilities (including facilities functionally related and subordinate thereto) available for use by members of the general public on other than a transient basis. No such amounts set forth in Column B were incurred to finance (a) retail or commercial space, (b) costs to provide swimming pools, recreation facilities, or other health club facilities (i) for which an independent charge is assessed or (ii) which are available to the general public or (c) costs to provide any facility primarily used for gambling or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

4. No amount set forth in Column B represents costs to acquire used equipment unless such equipment was purchased as an integral component of an existing structure.

5. No amount set forth in Column B represents the cost of property or land acquired from a party related to the Mortgagor or a profit paid to a person (including the Contractor) related to the Mortgagor. (Related persons are defined in Section 144(a)(3) of the Internal Revenue Code of 1986, as amended, and include, but are not limited to, members of the same family, an individual and a corporation in which the individual owns, directly or indirectly, more than 50% of the outstanding stock, a subsidiary corporation and a parent corporation which owns more than 50% of the total voting stock of the subsidiary, and a partnership and a partner owning, directly or indirectly, more than 50% of the interest in the capital of the partnership.)

6. The total of the amounts set forth in Column B is 95% or more of the principal amount of the Authority's mortgage loan or portion thereof financed by tax exempt bond proceeds, which principal amount or portion thereof is \$\_\_\_\_\_.

7. The amount set forth in the Mortgagor's Certificate of Actual Costs as the cost of land and improvements (other than structures) is less than 25% of the above stated principal amount of the Authority's mortgage loan or portion thereof financed by tax exempt bond proceeds.

8. No amount in Column B represents amounts paid or reimbursed by the Mortgagor to the Authority for the costs of issuance of the Tax Exempt Bonds. No such costs of issuance in excess of 2% of the principal amount of the mortgage loan (or portion thereof financed with tax exempt bond proceeds) have been included in Column A.

**The following paragraph 9 applies only if any existing structures were acquired for use as part of the Development. If not applicable, paragraph 9 may be deleted by lining through its provisions.**

9. (a) All amounts set forth in Column B as Rehabilitation Costs, Contractor's Profit for Rehabilitation, Architectural and/or Engineering Design Fee-Rehabilitation, and Architectural Supervision Fee- Rehabilitation (collectively, the "Qualified Rehabilitation Amounts") consist of costs which are chargeable to capital account and were incurred by the Mortgagor in connection with the rehabilitation of the building or buildings in the Development before the date which is 2 years after the later of the date of the Mortgagor's acquisition of such building or buildings or the date of issue of the Authority's bonds. In the case of an integrated operation contained in a building before its acquisition, such Qualified Rehabilitation Amounts include the cost of rehabilitating existing equipment in the building or replacing it with equipment having substantially the same function. No portion of such Qualified Rehabilitation Amounts represents (i) costs of acquiring the land, improvements and structures, (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.

(b) The Qualified Rehabilitation Amounts are 15% or more of the portion of the cost of acquiring the structures (such cost is as shown in the Mortgagor's Certificate of Actual Costs) which is financed by tax exempt bond proceeds, which portion is \$\_\_\_\_\_ (insert "NA" if the Qualified Rehabilitation Amounts are 15% or more of the cost of acquiring the structures as shown in the Mortgagor's Certificate of Actual Cost).

This Certificate and Opinion is intended solely for filing with Virginia Housing Development Authority and is not intended for any other purposes.

\_\_\_\_\_  
(Name of Firm)

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_