

[Type here]

FORMAT OF ACCOUNTANT'S LETTER
And must include Certificate of Actual Cost and Schedule of Actual Cost in THOMAS.

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: _____
Development Name: _____ TN ____ - ____
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.

[Type here]

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.

[Type here]

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

[Type here]

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 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: _____