FINAL COST CERTIFICATION APPLICATION PACKAGE

FORMS AND INSTRUCTIONS

These instructions are designed to assist Housing Credits (HC) Applicants and independent Certified Public Accountants in the preparation and submission of a Final Cost Certification Application Package (FCCAP). The FCCAP is comprised of the HC Development Final Cost Certification (DFCC), the unqualified audit report from an independent Certified Public Accountant regarding the DFCC, the General Contractor Cost Certification (GCCC), the unqualified audit report from an independent Certified Public Accountant regarding the GCCC, and the additional documentation as required by the "Additional Documents Required for the FCCAP" section below.

The FCCAP for competitive HC Developments that received a Carryover Allocation and for non-competitive HC Developments financed with tax-exempt bonds must be completed and submitted to the Corporation within 75 days after the last building in the HC Development has been placed in service, and for Competitive HC Developments that did not receive a Carryover Allocation, 30 days prior to the end of the calendar year for which the Final Tax Credit Allocation is requested.

The purpose of the cost certification process is to establish the total actual costs incurred by the HC Applicant in the delivery of a HC Development. This will enable Florida Housing to determine certain development costs and the amount of subsidy to be allocated to the HC Development. All costs are included in the calculation of the total development costs; however, not all such costs are necessarily recognizable in determining the eligible basis and the amount of HCs to be allocated.

The DFCC and the GCCC documentation is required of all HC Applicants. The HC Applicant is obligated to submit or cause to be submitted the cost certifications applicable to the HC Development and the General Contractor (see separate instructions for the GCCC). The DFCC must be completed by the HC Applicant and returned to Florida Housing along with an unqualified audit report from an independent Certified Public Accountant, each component of which must be reviewed and accepted by Florida Housing prior to the issuance of Final Housing Credit Allocation Certificate and IRS Forms (Form 8609). The Certified Public Accountant's report must provide the findings of its audit of the HC Applicant's Development costs and state the HC Development's Final Cost Certification was completed according to proper regulatory procedures and professional standards, inclusive of the requirements provided herein.

The HC Applicant will receive a HC Development Final Cost Certification template as an electronic Microsoft Excel file. Instructions for completing it are provided below. Please read the instructions before attempting to complete it.

All expenditures must be reduced by the amounts of any rebates, allowances, trade discounts, reimbursements, adjustments or other sums that the HC Applicant has received or is to receive.

Florida Housing reserves the right to exclude any cost when the amount is determined to be so high as to be out-of-line with reasonable and necessary costs or not in compliance with any

restrictions outlined in the application, credit underwriting, and/or allocation processes. Florida Housing also reserves the right to exclude any cost deemed not appropriate as provided in Section 42 of the Internal Revenue Code.

The costs included in the GCCC must be included in the DFCC. The costs in the GCCC should be segregated into the construction categories provided below and entered accordingly on the Actual Construction Cost section of the DFCC, except for items included under General Development Costs and specifically identified as being associated with the construction contract (such as Furnishings and Appliances, if applicable).

Accessory Buildings: Should be comprised of all trade items from the GC Cost Breakdown schedule not identified as being Demolition, Site Work, Off-Site Work, or Furnishings/Appliances and any other item(s) included under General Development Costs, but directly related to the delivery of any accessory building.

Demolition: Should be comprised of the following trade items from the GC Cost Breakdown schedule: Demolition and Asbestos Abatement.

New Rental Units: Should be comprised of all trade items from the GC Cost Breakdown schedule not identified as being Demolition, Site Work, Off-Site Work, or Furnishings/Appliances and any other item(s) included under General Development Costs, but directly related to the delivery of new construction units.

Off-Site Work: Should be comprised of the following trade items from the GC Cost Breakdown schedule: Earthwork, Site Utilities, Roads, Walks & Paving, Site Improvements, Lawns and Planting, and Unusual Site Conditions.

Recreational Amenities: Should be comprised of all trade items from the GC Cost Breakdown schedule not identified as being Demolition, Site Work, Off-Site Work, or Furnishings/Appliances and any other item(s) included under General Development Costs, but directly related to the recreational amenities.

Rehabilitation of Existing Common Areas: Should be comprised of all trade items from the GC Cost Breakdown schedule not identified as being Demolition, Site Work, Off-Site Work, or Furnishings/Appliances and any other item(s) included under General Development Costs, but directly related to the rehabilitation of existing common areas.

Rehabilitation of Existing Rental Units: Should be comprised of all trade items from the GC Cost Breakdown schedule not identified as being Demolition, Site Work, Off-Site Work, or Furnishings/Appliances and any other item(s) included under General Development Costs, but directly related to the rehabilitation of existing units.

Site Work: Should be comprised of the following trade items from the GC Cost Breakdown schedule: Earthwork, Site Utilities, Roads, Walks & Paving, Site Improvements, Lawns and Planting and Unusual Site Conditions.

Other: Should be comprised of any costs that should not be included in any other category, but does not include general requirements, contractor's profit, or contractor's overhead. Primarily it

would include costs associated with commercial space and the trade item section entitled Other Fees Paid by the General Contractor.

General Requirements (on-site): This cost line-item should come directly from the GC Cost Breakdown schedule.

Building Contractor's Profit: This cost line-item should come directly from the GC Cost Breakdown schedule.

Building Contractor's Overhead: This cost line-item should come directly from the GC Cost Breakdown schedule.

ADDITIONAL DOCUMENTS REQUIRED FOR THE FCCAP

Refer to the paragraph below that describes the HC Development for the required documentation that must be submitted for the FCCAP. Please note that **Compliance/Monitoring fees are not due for Developments funded more than 50% by Florida Housing tax-exempt bonds**.

New Construction Without Rural Development Financing must provide:

1) Certificates of Occupancy for each building;

2) Compliance monitoring fee. The amount of the fee can be obtained by calling the Housing Credit staff at (850) 488-4197.

3) Copy of the executed Syndication Agreement (Limited Partnership Agreement);

4) Original Extended Low-Income Housing Agreement properly signed along with appropriate recording fee. This was sent to the HC Development's point of contact approximately 60 days prior to the HC Development's estimated Placed-In-Service date. The Agreement must be in effect by the end of the taxable year that the HC Development plans to claim housing credits in order for a HC Development to claim the credits.

5) Photographs of the completed HC Development.

6) Executed IRS form 8821 for each financial beneficiary.

Substantial Rehabilitation Without Rural Development Financing must provide:

1) Evidence reflecting completion of work such as: Certificates of Occupancy, final inspection certificates completed by the local government building inspector, a final inspection certificate from the lender or a letter from the contractor providing detailed list of the work performed.

2) Compliance/monitoring fee. The amount of the fee can be obtained by calling the Housing Credit staff at (850) 488-4197.

3) Copy of the executed Syndication Agreement (Limited Partnership Agreement).

4) Original Extended Low-Income Housing Agreement properly signed with appropriate recording fee. This was sent to the HC Development's point of contact approximately 60 days prior to the HC Development's estimated Placed-In-Service date. The Agreement must be in effect by the end of the taxable year that the HC Development plans to claim housing credits in order for a HC Development to claim the credits.

5) Photographs of the completed HC Development.

6) Executed IRS form 8821 for each financial beneficiary.

Acquisition Without Rural Development Financing must provide:

1) A copy of the closing statement for the HC Development's acquisition.

2) Additionally, documentation required for **Substantial Rehabilitation** (above).

HC Developments Financed With Rural Development Funds must provide:

1) Certificates of Occupancy for each building.

2) Compliance/monitoring fee. The amount of the fee can be obtained by calling the Housing Credit staff at (850) 488-4197.

3) Copy of the executed Syndication Agreement (Limited Partnership Agreement).

4) Original Extended Low-Income Housing Agreement properly signed with appropriate recording fee. This was sent to the HC Development's point of contact approximately 60 days prior to the HC Development's estimated Placed-In-Service date. The Agreement must be in effect by the end of the taxable year that the HC Development plans to claim housing credits in order for a HC Development to claim the credits.

5) Photographs of the completed HC Development.

6) Execute IRS form 8821 for each financial beneficiary.

HC DEVELOPMENT FINAL COST CERTIFICATION INSTRUCTIONS

The file provided via email is named "HC Development Final Cost Certification Template". **Open the file in Microsoft Excel and immediately save the file under another name.** The program is written so as you complete the certification, you write over program commands and if you do not save the file under another name, you will not be able to use it successfully in the future. Additionally, for the program to work successfully, **you must complete the tabs going from left to right**.

Many cells are protected, the computer will automatically generate these entries depending on your entries, and you will not be able to enter anything into these areas. Many entries once entered are automatically entered in other parts of the certification so you do not have to enter them twice.

On the bottom of your screen you will notice a string of worksheet tabs that represent different worksheets. You work from the worksheet tab that is the farthest to the left and as you complete one worksheet tab move to the next worksheet tab to the right.

You will notice that the fonts have different colors:

- o Items in a black font represent those items that are the template.

- o An item in a brown font represents an item entered by you.

- o An item in a dark blue font represents a copy of an item previously entered by you or a calculation made based on entries previously entered by you. You will be unable to enter anything into a cell that has a dark blue font.

- o An item in a dark green font represents either a copy of something you have previously entered or something you have entered in the cell for the first time. You will be unable to enter anything in a cell with a green font if you have already entered the appropriate information earlier.

- o An item in a red font is a message that may require your attention.

Start at the worksheet tab called 'COSTS'.

'COSTS' Worksheet Tab:

ENTER ALL COST/SOURCE FIGURES AS WHOLE NUMBERS.

Page 1

Type in the HC Development name and Florida Housing's Application number in the spaces provided.

Paragraph A SOURCES:

1) List the appropriate amount next to its respective listed source in Column 1 and for historic credits in Column 2.

Paragraph B.1 (a) Building Costs:

1) Enter the HC Development's eligible and ineligible expended building costs in the appropriate column.

Paragraph B.1 (b) Building Contractor Costs/Fees:

1) Enter the expended building contractor costs in their appropriate spaces.

Note: The computer will give you an error message for the total in Column 3 if building contractor costs exceed 14% of the "Building Cost" total listed in Column 3. Adjust your entries for Building Contractor Costs so they fall within the 14% limitation and the error message will disappear.

Page 2

Continue as you did on page 1 listing the expended costs in the appropriate spaces for paragraphs B.2 and B.3.

Page 3

Paragraph B.5 ACQUISITION COST OF EXISTING BUILDING(S) EXCLUDING LAND:

1) Enter the expended amounts in the appropriate spaces.

Paragraph B.6 DEVELOPER FEES:

Read the paragraph on 16%, 18% and 21% developer fees and then enter the appropriate percentage for the developer fee limit that the HC Development qualifies for. Enter whole numbers, 16, 18 or 21. If you do not know the appropriate percentage, you may call Florida Housing's HC staff and they will get the answer for you from the HC Development's file.

1) Enter the expended amounts in the appropriate spaces and columns.

An error message will appear "Total Developer Fees" if you exceed the limit entered previously. **If this occurs, you need to adjust your figures before proceeding so they fall within the limitation.** The error message will disappear when you have adjusted correctly.

Competitive solicitation processes often have a limitation on Total Development Costs. If the HC Development is subject to a Total Development Cost Per Unit Base Limitation (TDC Limitation) and if the Total Development Costs stated in B.9 exceeds the applicable limit, the Developer fee may have to be adjusted as provided in the competitive solicitation process. A compliance review of any applicable TDC Limitation must be completed prior to the acceptance of the FCCAP by Florida Housing.

Complete the rest of the page as appropriate.

You may note an error message on the bottom of page 3. This error message will continue to appear until the total listed in Column 3 for "Total Development Cost" equals the total sources listed on page 1. Since the HC Development's cost certification must reflect the actual costs of the HC Development, an adjustment in the sources will need to be completed prior to finalizing if total sources do not equal total costs, inclusive of the possibility of reducing the HC allocation.

Page 4

Now review page 4. If a statement appears in one of the paragraphs that directs you to type in an explanation, you have entered an expense earlier that requires an explanation here. The statement is not protected so **type right over the statement when entering the explanation**. General entries are not acceptable such as: "County impact fee--$200,000". For example, an acceptable entry would be: "Leon County water and sewage impact fee--$150,000, Leon County road impact fee--$50,000, Total impact fees--$200,000."

Now go to the worksheet tab labeled 'DEV. DATA' next.

'DEV. DATA' worksheet tab:

Page 5

Follow the instructions on the page exactly.

Remember always to put an "x" on the appropriate line when answering "yes" and "no" questions.

1) Type in the name of the Syndicator in the space provided.

2) Enter the Syndication Rate in the format instructed on the form. This input is used to calculate HC equity in the gap calculation later in the process. Please enter the exact syndication rate (i.e., price paid per dollar for the HC allocation sold). For accuracy, you may want to enter a formula of the total HC equity being provided to the HC Development divided by the total HC allocation being sold.

3) Enter the percentage of the credits that are being sold in the format instructed on the form. This input is used to calculate HC equity in the gap calculation later in the process. Please enter the exact figure.

4)
   a) Item 1.a.: Answer the question with an "x" in the appropriate spot. Note: If you answer "Yes" to the question in reference to the buildings all having the same rate, the rate you now enter will be copied to the other worksheets

   b) Item 1.b.: Enter the rate only if all the buildings have the same rate.

   c) Item 1.c.: Answer the question with an "x" in the appropriate spot.

Page 8

d) Item 2: Answer the question with an "x" in the appropriate spot.

e) Item 3: **If the HC Development has less than 100% set-aside for low-income tenants,** the percentage set-aside will be automatically entered when you have completed the 'APPLIC. FRACT.' worksheet tab. If the HC Development has 100% set-aside, and you so indicated by checking "yes", "100" will be automatically inserted.

f) Item 4. Answer the question with an "x" in the appropriate spot.

Page 6

g) Item 5. If the HC Development is being financed with tax-exempt bonds, enter the requested information at 5.a. and 5.b.

h) Item 6. Answer the question at 6.a. with an "x" in the appropriate spot and if applicable, enter the information requested at 6.b.

Enter the appropriate information in the spaces provided. The Federal Tax Identification Number you list will be the one that goes on the 8609(s), so insure the appropriate one is listed. Make sure page 6 is properly signed and that the original signatures appear on the copy submitted to the Corporation.

Go to the worksheet tab labeled 'APPLIC. FRACT.' next.

'APPLIC. FRACT.' worksheet tab:

Page 7

You only need to complete the first 3 columns if the HC Development's units are 100% affordable.

All units must be included within the Total Residential Units column regardless of their set-aside status. If a HC Development is less than 100% affordable, then any management/ employee units must be included as part of the non-set-aside units. Only include the set-aside units in the Total Set-Aside Unit column as well as the associated square footage of said set-aside units in the Total Set-Aside Square Footage column.

Complete the worksheet as follows:

1) Enter the building address. **If there is a Carryover Agreement, the address should match with what is on Exhibit A of the Carryover Agreement unless the address was unknown at the time the Agreement was made.** This is the address that will go on the IRS Form 8609.

2) Enter the total number of residential units in the building.

3) Enter the number of set-aside units in the building. **If there is a Carryover Agreement, the number of units for each building should match with what is on Exhibit A**. Otherwise the total number of units should match with what is in the HC Development's Application.

4) The Unit Fraction will automatically be calculated for you.

If the HC Development has less than 100% set-aside for low-income tenants, continue with the following instructions:

5) Enter the total residential square footage for all units in the building.

6) Enter the total square footage of the set-aside units in the building.

7) The Floor Space Fraction will automatically be calculated for you.

8) The Applicable Fraction will automatically be calculated for you.

9) Complete the above for each building.

Now go to the worksheet tabs labeled "QUAL. CALC." and/or "QUAL. ACQU." as required below. These two worksheets are your qualified basis calculation worksheets.

'QUAL. CALC' and 'QUAL ACQU.' worksheet tabs:

Pages 8 and 9:

Most of the entries on these worksheet will automatically be entered for you based on your input on the worksheets and your previous input on other worksheets.

Complete the 'QUAL. CALC' worksheet using the following instructions. If credits are being sought for the acquisition of a building, follow the same instructions for the 'QUAL. ACQU.' worksheet.

For each building:
1) Enter the placed-in-service date in the second column. The date should correspond to **the certificate of occupancy or other documentation being provided to the Corporation showing the placed in service date.**

2) Enter the eligible basis in the fourth column. The eligible basis **should reflect the adjustments listed at Item 6.b. on page 6** on the 'DEV. DATA' worksheet tab such as federal grants, etc. If the eligible basis total for the 'QUAL. CALC' worksheet tab does not equal the total eligible basis listed on the 'COSTS' worksheet tab minus the acquisition eligible basis and any adjustments, a message will appear at the bottom of the worksheet advising you of a possible error. If the eligible basis total for the 'QUAL. ACQU.' worksheet tab does not equal the eligible basis listed for acquisition on the 'COSTS' worksheet tab, a message will appear at the bottom of the worksheet advising you of a possible error. If either or both of these happen, please provide an explanation at Exhibit A.

3) If you entered that the HC Development's buildings all had the same credit rate at Item 1 on page 5 at 'DEV. DATA' worksheet tab, the credit rate that was entered on page 5 will be automatically entered here. If the HC Development's buildings have different credit

rates, you must enter the applicable credit rate based on the placed-in-service date of the building.

Now go to the worksheet tab labeled 'CREDIT CALC.' next.

'CREDIT CALC.' worksheet tab:

Page 10:

Scroll to the Summary towards the bottom of the page and if the HC Development is to receive an allocation of Competitive Housing Credits, enter the Reservation amount on the Preliminary Allocation Certificate or the amount of Allocation on the Carryover Allocation Certificate (most current) at Line 1. Leave Line 1 blank if the HC Development is financed with tax-exempt bonds.

The other entries will automatically be entered for you.

Now go to the worksheet tab labeled 'EXHIBIT A' next.

'EXHIBIT A' worksheet tab:

Page 11:

You do not have to complete this exhibit if Line 2 (Qualified Basis Calculation) of the Summary section on page 10 ('CREDIT CALC.' worksheet tab) is the lowest amount of the three entries. Otherwise, you will have to enter a statement similar to the following (this is the case where Line 1 figure is the lowest of the three): "On Exhibit C, the eligible basis shown is a lesser amount than the actual eligible basis. The eligible basis was decreased so the housing credit calculation's result would equal the amount allocated to the HC Development by the Corporation." When the Gap Calculation results in the housing credit amount to be allocated, then a similar statement as the preceding (or that outlined above) needs to be typed in.

Additionally, please type in any other useful information or clarification.

When finished with 'EXHIBIT A' go to the worksheet tab labeled 'EXHIBIT B' next.

'EXHIBIT B' worksheet tab:

Page 12:

You will notice that the amounts have been automatically transferred from page 1 (in the 'COSTS' worksheet tab). Enter the appropriate information in the spaces provided. Use additional sheets of paper if necessary.

Once completed, go to the worksheet tab labeled 'EXHIBIT C' next.

'EXHIBIT C' and 'EX. C. ACQUI.' worksheet tabs:

Pages 13 and 14:

Enter the HC Development's address in the space provided.

All other applicable data, except Building Identification Numbers, will be automatically entered based on your previous input on other worksheets. If the HC Development involved acquisition, the 'EX. C. ACQUI.' worksheet tab will be automatically completed. You may enter the Building Identification Number (BIN), if you wish or leave it for the Corporation to insert. You can obtain the BIN from Exhibit A of the HC Development's Carryover Allocation Agreement. Please ensure that the BIN entered for a building matches the same BIN and building on Exhibit A of the Carryover Allocation Agreement.

If the figure listed at Line 2 of the Summary section on the 'CREDIT CALC.' worksheet tab is the lowest figure listed, the eligible basis for each of the buildings will match what was entered on the 'QUAL. CALC' worksheet tab for the 'EXHIBIT C' worksheet tab and for the 'EX. C. ACQUI.' worksheet tab, what was entered on the 'QUAL. ACQU.' Worksheet tab.

If the figure listed at Line 2 of the Summary on the 'CREDIT CALC.' worksheet tab is not the lowest figure listed, the eligible basis for each of the buildings will have been adjusted downward on a pro rata basis compared to what was listed on the 'QUAL. CALC' and 'QUAL. ACQU.' worksheet tabs. For example, if the lowest figure on the Summary section is at Line 1 and the figure at Line 1 is 80% of the amount listed at Line 2, the eligible basis of each building entered on the 'EXHIBIT C' worksheet tab and for the 'EX. C. ACQUI.' worksheet tab will be 80% of the actual eligible basis previously entered on the other worksheets.

Now go to the worksheet tab labeled 'CERTIFY' next.

'CERTIFY' worksheet tab:

Page 15 (Final Cost Certification):

Type in the appropriate word(s) in the spaces provided. Some of the entries will automatically be entered for you.

Ensure this page is signed by the proper signatories and that it is submitted with the original signatures.

Save your work under any file name besides "HC Development Final Cost Certification Template."

Printing:

Print each worksheet tab one at a time.

If the HC Development is less than 100% set-aside, please submit an additional sheet of paper and label it "EXHIBIT D Set-Aside Units" with a chart similar to the following:

Building Address	Type Unit	Square Footage	Number of Units Set-Aside	At What AMI
123 Main Street	2 bed/2 bath	900	4	60%
	1 bed/1 bath	800	4	60%
	studio	700	2	60%
127 Main Street	2 bed/2 bath	950	3	60%
	2 bed/2 bath	900	1	50%
	1 bed/1 bath	800	3	60%
	1 bed/1 bath	800	1	50%

Note: The number of units and square footage must agree with what was entered on the Applicable Fraction Spreadsheet.

If you have any questions or comments, please call Florida Housing at (850) 488-4197.