DELAWARE STATE HOUSING AUTHORITY

MORTGAGOR'S AND CONTRACTOR'S DRAW REQUISITION PROCESS AND COST CERTIFICATION GUIDE FOR MORTGAGORS, CONTRACTORS, AND CERTIFIED PUBLIC ACCOUNTANTS

Effective: 2008

Revised 10/23/08

FOREWORD

The Delaware State Housing Authority (DSHA) is a state housing finance agency and housing credit agency responsible for the financing of low-to-moderate income housing development through the Housing Development Fund (HDF), HOME Program and the administration and allocation of Low Income Housing Tax Credits (LIHTC) for the State of Delaware.

This publication was developed to provide mortgagors, contractors, and certified public accountants with information to assist in DSHA's mortgage draw process and the preparation and submission of certificates of actual cost after completion of a multi-family project prior to permanent closing of the mortgage loan. In addition, this manual is intended to be used as a guide and reference for the HDF and HOME programs and to inform developers, contractors, and owners of the requirements implemented by this agency to facilitate compliance with the state, federal and IRS regulations. This manual is also a resource and procedural tool for housing developments in DSHA's programs. This manual is not a substitute for federal and state laws and regulations.

Because of the complexity of the LIHTC regulations, HOME and state housing programs and the necessity to consider the applicability to specific circumstances, owners are urged to seek appropriate legal and accounting advice regarding cost certification and construction issues.

ICPAs are required to contact DSHA prior to the start of the cost certification process to determine any abnormalities in the costs being certified that may not be disclosed by standard audit procedures.

All questions concerning this Cost Certification Guide should be directed to Cynthia Deakyne via e-mail at cindy@destatehousing.com, by phone at 302-739-4263, or by mail to the Delaware State Housing Authority, 18 The Green, Dover, DE 19901.

- **All Developer fee changes are effective 1/1/09. Tax Credit Allocations and/or HDF/HOME loans made prior to 1/1/09 will continue to use the previous fee schedule.**

TABLE OF CONTENTS

		Page
Section I - DSHA Pre-construction Meeting		5
Section II - Definitions		8
A.	Mortgagor's Requisition Line Item Definitions*	8
B.	Contractor's Requisition Line Item Definitions	13
C.	Other Definitions	18
Section III - Mortgagor's Draw Requisition Policies		21
A.	Submission Terms	21
B.	Actual Costs	21
C.	Invoices	22
D.	Loan in Balance	22
E.	Contingency	22
F.	Change Orders	22
G.	Permanent Closing Issues	23
Section IV -	Mortgagor's Draw Requisition Process	26
A.	Draw Requisition Checklist	26
B.	Mortgagor's and/or Contractor's Draw Requisition	26
C.	Mortgagor's and Contractor's Draw Reconciliation Form	27
D.	Schedule of Contractor's General Requirement Costs	27
E.	Schedule of Subcontractor's and Material Supplier's Terms	27
F.	Subcontractor's and Material Supplier's Attestation Statement	27
G.	Schedule of Material Suppliers and/or Vendors	28
H.	Miscellaneous Information from DSHA	28

***All Developer fee changes are effective 1/1/09. Tax Credit Allocations and/or HDF/HOME loans made prior to 1/1/09 will continue to use the previous fee schedule.**

Page

I. Mortgagor and Contractor Requisition Forms and Schedules 29
Mortgagor's Draw Requisition (DSHA Form #D-100)
Contractor's Draw Requisition (DSHA Form #D-101)
Requisition Reconciliation Draw Form
(DSHA Form #D-102)
Schedule of Contractor General Requirement Costs
(DSHA Form #D-103)
Subcontractors/Material Supplier Draw Filing Schedule
Subcontractor Attestation Statement
(DSHA Form #D-105)
Material Suppliers and Vendors Included in the Draw
Form (DSHA Form #D-106)
(DSHA Form #D-104)
J. Partial and Final Release of Lien Forms 30
K. Change Order Form 31

Section V - Cost Certification Guide 32

A. Purpose 33
B. General 33
C. Reference Material 35
D. Audit Authorization 35
E. Audit Scope and Coverage 36
F. Audit Standards 37
G. Eligibility of Cost and Compliance Requirements 37
H. Bond Financing 38
I. Eligible Mortgagor Costs 38
J. Eligible Contractor Costs 43
K. Reconciliation to Last Approved Draw 46
L. Statement of Assets, Liabilities and Capital 46
M. Statement of Income and Expense 46
N. Reporting Requirements 47
O. General 47

Page

P. Cost Certification Forms 48

Accountant's Report (submitted by ICPA)
Mortgagor's Certificate of Actual Costs
(DSHA Form #CC-100)
Contractor's Certificate of Actual Costs
(DSHA Form #CC-101)
Contractor's, Subcontractor's, and Mortgagor's
Certification (DSHA Form #CC -102)
Reconciliation to Last Approved Draw
(DSHA Form #CC-103)
Sources of Funds (DSHA Form #CC-104)
Eligible Basis by Credit Type
(DSHA Form #CC-105)
Determining Qualified Basis/Applicable Fraction
Schedule (DSHA Form #CC-106)
Sale of Tax Credits (DSHA Form #CC-107)
Miscellaneous Site and Building Information
(DSHA Form # CC-108)
Mortgagor's Certificate of Actual Costs Residential vs.
Commercial/Market
(DSHA Form #CC-109, if applicable)
Bond Financing (DSHA Form # CC-110)
Supporting Schedules (submitted by ICPA)
Balance Sheet (submitted by ICPA)
Operating Statement (submitted by ICPA)
Sample Accountant's Opinion (submitted by ICPA)

Section VI - DSHA Relocation Policy 51

SECTION I

PRE-CONSTRUCTION MEETING

A pre-construction meeting will be held following DSHA's construction closing. The pre-construction meeting will establish the proper procedure and process that all parties shall follow during the construction phase. The following items will be discussed at each meeting:

1. **Contacts**: All primary staff contacts will be confirmed including, but not limited to, contractor's superintendent, architect, DSHA personnel and mortgagor's representative.

2. **Architect Responsibilities**: The architect is responsible and has complete oversight of the project and must be the lead person on all construction issues during the construction phase. The architect's responsibilities include, but are not limited to, the following:

    - Attend all draw and progress meetings.
    - Record and distribute the minutes of those meetings to all parties, (field reports should be incorporated in all minutes).
    - Receive and approve all product submittals from the contractor. DSHA must approve any product substitution.
    - Establish a contractual relationship between the engineer/surveyor and coordinate the work of the engineer/surveyor.
    - Determine which tests (i.e. compaction for footings, underslab, concrete) are required by the plans/specifications, and advise contractor (test results must be submitted to and reviewed by DSHA.
    - Initiate all change orders using DSHA's standard format with signature lines for DSHA, the architect, owner, contractor and all lenders (Note: field changes costing less than $2,500 that are emergencies, or are otherwise immediately required may be made prior to approval of a change order, but DSHA must be notified immediately of such changes, and a change order must be approved for the work).

    All material changes in the plans and specifications require a change order regardless of the cost. DSHA will not approve change orders where there is no record in the meeting minutes of the requested change or where the work was performed more than 90 days before the change order was received by DSHA

    Incomplete change orders will be returned unprocessed and will require resubmission and $250.00 administrative service fee for each document being reprocessed. The fee is not an eligible project cost.

    - Complete as-built drawings and coordinate information for engineer/surveyor to the complete ALTA survey upon the completion of the project.

3. **Notice To Proceed**: Upon the architect's approval, a notice to proceed will be issued within 10 days of construction closing for construction to begin. A copy of the notice must be sent to all parties.

4. **Schedule of Draw and Progress Meetings**: The date(s) and time(s) are agreed upon and set for each month for the duration of the project. The architect is responsible for sending a schedule to all parties.

5. **Draw Submission**: Draws may be requested no more than once a month and must be complete to be processed. DSHA requires three copies of the draw and the construction lender requires one copy. All draws must have original signatures. (See Section IV of this guide - Mortgagor's Draw Requisition Process.) DSHA will return all incomplete draws and charge a minimum of $250 fee for each draw that must be reprocessed. The fee is not an eligible project cost.

6. **Retainage**: A ten percent (10%) holdback will be required until 50% construction completion. The holdback may then be reduced to five percent (5%) at 50% construction completion with written request from the contractor and/or at the discretion of DSHA. The holdback may be reduced to 2.5% upon approval of the cost certification and substantial completion of the project. Final holdback will not be released until permanent closing.

7. **Partial and Final Release of Liens**: Attestation statements must be provided during the construction phase before subcontractors request payment for labor and/or materials and must be amended when the subcontract amount changes. Partial Releases of Liens are required after the first draw for all material vendors and subcontractors paid on the prior draw and lag one month behind the draw process. All Final Release of Liens for labor and materials must be provided to DSHA at permanent loan closing. Copies of the Release of Lien forms are in Section IV. J.

8. **Operation and Maintenance Manuals**: Two complete sets of operations and maintenance manuals are to be provided to DSHA at permanent closing, one will be for the management agent. The manuals shall contain all manufacturer's information on all mechanical equipment placed within units (i.e., furnace, hot water heater, dishwasher, etc).

9. **Rents**: Operating funds may only be used to fund pre-paid interest or tax and insurance escrows for permanent closing. No operating funds may be used for construction costs (hard or soft) without the written approval of DSHA.

10. **Permits and Inspections**: Copies of all permits issued in relation to the project must be received by DSHA. When work is completed on a building, DSHA will perform a punch list inspection and will compile a written list of corrections to be completed by the

contractor. Interiors and exteriors of buildings must be completed prior to a DSHA inspection. The contractor must give 72 hours notice to DSHA prior to the date any inspection or re-inspection is requested. **The building may not be occupied until DSHA has issued a letter stating that the building is ready for occupancy regardless of any other approvals issued by governmental agencies.** DSHA inspections are made for the benefit of DSHA only. The owner, architect and other lenders or investors are responsible for making their own inspections. DSHA will charge a $500 re-inspection fee after the first two inspections on a given area for each additional inspection required. This fee is not an eligible project cost and must be paid prior to re-inspection or issuance of approval to occupy the units by DSHA.

11. **Other Requirements**: When HOME Program funds are involved in a project, Section 3 and minority and women businesses certifications must be completed prior to the start of construction and updated as necessary at project completion. Good faith efforts should be made to employ and utilize persons and businesses which are economically and/or socially disadvantaged and within the project area.

12. **Insurance**: The mortgagor and/or contractor must have, at all times, the following insurance coverage during the construction of the development:

    (1) Builder's Risk in an amount equal to 100% of the insurable value of the development at the date of completion, and with the broadest form of coverage then reasonably available on the "all risk" form of policy. The Builder's Risk insurance must also contain a "Permission to Occupy Endorsement".
    (2) Comprehensive general liability insurance, which shall include DSHA as insured with limits (a) against bodily injury of not less than $2,000,000 on each occurrence, and (b) against property damage of not less than $1,000,000 on each occurrence. An Umbrella Liability policy may be used to accomplish liability limits.
    (3) Building Ordinance insurance in an amount acceptable to DSHA.
    (4) Worker's Compensation insurance with statutory coverage.
    (5) Flood insurance, if applicable, in the maximum amount available from the Federal government's flood insurance program or as commercially available as approved by DSHA.
    (6) Fidelity Coverage and Rent Loss, is also required at construction closing by Mortgagor if property is an acquisition rehabilatation development, and at occupancy for new construction developments.

13. **Relocation:** All state and federally financed, federally and state subsidized, or conversion properties must follow all Federal Uniform Relocation Act regulations as applicable, DSHA's Residential Anti-Displacement and Relocation Plan, and DSHA's Relocation Policy Relocation assistance must be included as part of construction costs. DSHA must approve all relocation plans and correspondence to residents. (See Section VI, L for DSHA Relocation Policy and applicable forms).

SECTION II

DEFINITIONS

The following line items appear on the Mortgagor's and Contractor's Draw Requisitions as well as the Mortgagor's Certificate of Actual Costs; however, other line items may be added:

A. MORTGAGOR'S REQUISITION LINE ITEMS

Developer's Fee* - Constitutes the developer's compensation for services rendered exclusively in connection with coordinating and overseeing the construction and completion of the development. No portion of the developer's fee may compensate the general partner to render any other services including, but not limited to, services in connection with the organization or syndication of the mortgagor. The fee may not exceed 10% of Total Development Cost excluding developer fee, transferred reserves, bond prepayment penalty and land cost up to $8,000,000. For identity of interest acquisitions of existing rental properties, the fee is calculated at 8½% of the Total Development Cost excluding developer fee, transferred reserves, bond prepayment penalty and land cost up to $8,000,000. The developer is not allowed to receive greater than 50% of the developer's fee prior to permanent loan closing. The developer's fee can be used for mortgagor and/or construction cost overruns and may be withheld by DSHA to pay such costs. DSHA reserves the right to amend the developer's fee basis.

DSHA may consider an increase in the Developer's Fee at permanent loan closing in an amount up to 12.5% of the original Contingency line item as recorded in the DSHA Building Loan Agreement executed at construction closing (or in the absence of such document, as indicated in the DSHA approved proforma) provided that the following conditions are met:

1. There are sufficient unexpended funds in the contingency to reduce the DSHA permanent loan(s) by the same amount as being paid in additional developer's fee or if there are no DSHA permanent loan(s), to reduce the total development costs by the same amount as being paid in additional developer's fee; and

2. The original construction contract amount and increases in the construction contract amount required by approved change orders have been fully paid as indicated by the contractor's and mortgagor's cost certifications; and

3. The contingency funds are not otherwise required to fund approved development costs including but not limited to, required reserves or escrows; and

4. No funds have been transferred from other approved line items to the contingency and

5. Payment of any additional developer fee and subsequent reduction in DSHA permanent loans or the total development costs will not result in a decrease in the annual amount of Tax Credits or decrease in the amount of LIHTC equity contributed to the development.

Architect's/Engineering Fees - The architect's or engineer's fee is limited to the amount actually paid in cash for design and supervision. No portion of the fees paid to any affiliated or identity of interest companies or in stock may be considered part of the allowable costs; however, such a transaction must be disclosed.

Physical Needs Assessment and Energy Audit - Costs associated with a physical needs assessment or energy audit performed by the unaffiliated architect of record or contracted consultant of the architect of record. Only one physical needs assessment or audit will be eligible as a project expense.

Legal/Organization - Legal expenses are generally those incurred for construction and permanent closings, tax advice and set up fees only during organization of the ownership entity, and the preparation of the legal documents and representation for and during organization of the ownership entity. Syndication fees are not financeable. Initial deposits to open the owner's banking account, courier fees, postage costs, and copy fees directly related to the project (at cost) of the owner only.

Appraisal/Market Study - Costs associated with the market study and appraisal for land and the project. Appraisals are typically ordered by banks participating in the financing and must meet specific banking requirements and DSHA approval. Market studies must comply with DSHA's requirements. Generally, only one appraisal or market study will be eligible as a project expense.

Survey/Soil Boring/Environmental - Costs associated for initial and final surveys, site layout, subdivision design, actual soil borings and reports, environmental assessments or site reports, environmental audits, lead/asbestos or environmental testing, and flood plain and wetland delineation reports.

Permits & Fees - Fees for Fire Marshal review, if any, building permits, utility tap, certificate of occupancy, municipal plans/review/inspection and impact fees. State Fire Marshal review fees are typically waived with letter approval from DSHA.

Construction Interest - Interest is allowable in the amount paid on all construction mortgage loans, from the date of initial closing until permanent loan closing.

Taxes (Real Estate/Transfer) - The allowable amount for real estate taxes during the period of the construction loan and any state/county/city transfer tax.

Insurance - Builder's risk and property and casualty insurance costs are allowable in the amount accrued from construction closing to permanent closing.

State Improvement Tax - Tax is required on all properties with construction activity taking place within one year of acquisition. The tax is calculated based on 1% of construction costs exceeding $10,000 and is paid prior to issuance of a building permit. For rehabilitated properties, alterations, or additions to existing buildings, the tax applies only if the cost of the rehab exceeds 50% of the value of the property on which the construction is to occur.

Title & Recording - Amounts paid in cash or to be paid by the mortgagor for the title search, title insurance, policy, and recording fees at the time of construction and permanent closing.

Land/Acquisition - The cost of the land and any improvements thereon. Price must be supported by an appraisal and approved by DSHA.

Cost Certification and Accounting - The costs associated with the preparation of the Mortgagor's and/or Contractor's Certificate of Actual Costs. The contractor shall separately certify its costs incurred in the performance of the work under the construction contract. The costs associated with the annual audit as required by any lender or syndicator or any periodical reports during the construction period.

Relocation - The actual cost that is required to relocate tenants including temporary storage costs. The Uniform Relocation Act is typically used for cost calculations. Relocation costs can include reasonable fees paid to the management agent for relocation work performed not to exceed $225 per unit total or alternately, (but not both) reimbursement may be made for unaffiliated personnel hired by the management agent to specifically perform relocation work only. Where there is a written agreement between the seller and buyer (or prior approval has been obtained from DSHA) to hold units vacant prior to transfer of the property in order to facilitate construction or relocation, the relocation line item may be used to pay uncollected "normal rents" on the units held vacant for a period not to exceed 60 days.

Permanent Financing Fees - Financing fees (less DSHA's application fees) charged by lenders in connection with permanent closing.

Construction Financing Fees - Financing fees (less DSHA's application fees) charged by lenders in connection with construction closing.

Letter of Credit Fees - The fees associated with all letters of credit required under loan documents. The Working Capital Letter of Credit total amount is based on 2.5% of the combined construction mortgages at construction closing and then 2.5% of the combined permanent mortgages at permanent closing. The Working Capital Letter of Credit will be reduced one year after final closing to 1.6%, two years after closing to 0.8% and will be released at three years after permanent closing, assuming there are no outstanding financial concerns. The Letter of Credit fee should be paid entirely by construction funds and should be paid up front for the full term. Operation funds cannot be used to pay any portion of the Letter of Credit fees.

Inspection Fees - Amounts paid to an inspection agency, usually required by the lenders or syndicator.

Marketing - Costs include advertising, rent-up fees for unaffiliated management companies, office supplies and other marketing costs such as brochures, business cards, temporary signs, and flyers.

Contingency - A percentage, 5% for new construction and 10% for rehabilitation based on the cost of buildings, site work, general requirements and contractor's overhead and profit. Only one contingency is allowed. See Developer's Fee definition for additional use of contingency funds.

Furniture, Fixtures and Equipment (FFE) - Furnishings for management office, and/or community room, office equipment and computer software/hardware.

Performance and Payment Bond Fees - Payment and performance bond fees are calculated on the combined cost of buildings, sitework, general requirements and contractor's overhead and profit. Payment bond must stay in place for at least one year after substantial completion, and performance bond stays in place at least two years after substantial completion. The bond typically costs 1-2% of the construction costs. Other bonds required from the owner by state or municipal agencies in connection with the project may be eligible.

DSHA requires a minimum surety rating of "A-" VIII or better by AM Best Co. in Best's Rating Guide; unless another construction lender requires a greater rating.

Bridge Loan Interest - Interest accrued on acquisition loans prior to DSHA construction closing with prior consent of DSHA.

NON-ELIGIBLE HDF COSTS

The costs/fees listed below may not be paid from DSHA funds. However, these costs are part of the total development cost of the project and are required to be cost certified.

Application Fees - LIHTC, HDF and HOME program application fees and may not be paid from any project sources.

Cash Working Capital Escrow – An escrow funded with cash for a working capital escrow**.**

Pre-Development Loans - Interest accrued may not be paid from DSHA or project funds unless prior approval is obtained from DSHA.

State Monitoring Fees - DSHA charges a monitoring fee on Tax Credit eligible units for performing compliance monitoring for the IRS. DSHA will charge $500 per LIHTC unit. This fee must be paid prior to receiving an allocation of Tax Credits at the issuance of IRS Form 8609 or the Carryover Agreement, whichever is issued first.

State Allocation Fees - DSHA charges an allocation fee upon reservation of Tax Credits, including Volume Cap Credits. 1% of the carryover allocation amount x ten (10) years is required.

Operating Reserve - Reserve required by investors or lenders and typically is four months of operating expenses, including debt service and reserve for replacement payments. For acquisition/rehabilatation developments, the operating reserve must be funded at construction

Other Reserves – Other reserves required by lenders, Syndicators or contract administrators may not be paid from DSHA funds without prior DSHA approval.

Tax Credit Application Fees - Tax Credit application fees associated with the project.

Transition/Subsidy Reserves - A reserve that is usually required by the Syndicator for anticipated non-renewal of the subsidy contract. This reserve is not an eligible basis cost and cannot be paid from DSHA funds. Typically it is funded from interim income or equity. The term of the reserve is in accordance with the investor's partnership or lender requirements. At the end of the transition term, funds are returned to the development.

Syndication Legal - Legal fees associated with Syndicator.

Syndication Accounting - Accounting fees associated with the Syndicator.

NON-ELIGIBLE PROJECT COSTS

The costs/fees listed below are not eligible project costs and cannot be included in eligible basis. Loans or Notes in connection with these fees or costs for or against the project are not allowed.

Broker Fees - Fees associated with the sale of the property except for normal real estate commissions paid by the seller are ineligible.

Consultant Fees - Fees associated with development or technical assistance consultants are ineligible but may be paid from the developer's fee.

Administrative Service Fees - Late fees, penalties, service charges, re-inspection fees, maintenance fees or other similar fees are ineligible.

Fees - In excess of limits established herein are ineligible and duplicate fees for the same work.

Salaries or other Administrative Fees - Fees of the owner or related entity not identified as eligible herein.

Travel, Food, Lodging or similar fees - of the owner or related entity not identified as eligible herein.

Letter of Credit fees – fees not identified as eligible herein.

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B. CONTRACTOR'S REQUISITION LINE ITEM DEFINITIONS

General Requirements:

- For new construction projects, cannot exceed 8% of the construction hard costs excluding overhead and profit. For rehabilitation projects, cannot exceed 10 % of the construction hard costs excluding overhead and profit.

- All charges to general requirements must be documented by invoices, canceled checks, time sheets, logs, etc., and must be for the contractor's costs and/or employees and not for a subcontractor unless specifically approval in writing by DSHA.

- All of the costs listed below must be incurred for labor or materials supplied at the job site except as otherwise noted herein. The items will vary due to project type, location and site conditions. All charges for material or labor must be at cost, with no mark-up and no indirect costs.

- Costs include:

    - Site supervision: no more than one supervisor (hereby defined as the person who is responsible for and performs the direct on-the-job supervision and coordination of the construction work) and two assistant supervisors and/or foremen on the job site during any one time period.
    - Office labor not to exceed $25,000 (including wages of no more than one full-time clerical employee at any one time)
    - Truck or car expense of site supervisor on a prorata basis
    - Field office expense and minor field office supplies (not to exceed $500)
    - Soil testing
    - Site and engineering layout, building permits
    - Blueprint copies and photos
    - Concrete testing
    - Temporary sheds, toilets, field storage and fire protection
    - Temporary heat, water, light, telephone and power for construction, and utility tap fees
    - Equipment rental (if not applicable to trade items) including fuel and maintenance
    - Cleanup labor and rubbish disposal, dumpsters for construction debris only
    - Watchmen's wages or other security
    - Medical and first-aid facilities
    - Small tools and supplies
    - Temporary signs; photographs
    - Temporary walkways and fences, barricades, sidewalks and streets or temporary roads
    - Final unit cleanup including window washing
    - Theft and vandalism if supported by a police report and not covered by insurance
    - Labor for material movement on site

- State of Delaware and local municipal licenses, bonds, taxes or other fees attributable solely to the project
- Costs of the contractor's public liability, worker's compensation insurance and Gross Receipts taxes to the extent such costs can be allocated solely to the development
- Temporary lodging costs for site superintendent (hotel/motel costs) where the project is more than 50 miles from the contractor's main or branch office where the employee normally would be based.
- Costs to recycle used building materials including labor to move or store recycled materials, transportation and special container fees. DSHA strongly supports the recycling of building materials and encourages all owners, developers and contractors to adopt practices promoting recycling to the greatest extent possible. If the contractor incurs verifiable costs to recycle materials exceeding the original general requirements budget, DSHA will allow the transfer of surplus funds from other contractor line items to pay the recycling costs exceeding the budgeted general requirements. Verification would include detailed invoices from recycling centers and transporters or payroll information for labor.
- The salary of a project manager and related employment costs (which include taxes, insurance and health benefits only) whose responsibilities include the development covered by the construction contract, and whose work related to the development may be either on or off site, provided that the following conditions are met:
    - The project manager is not an officer or executive of the contractor and his/her normal responsibilities are construction project management.
    - No more than 25% of the project manager's annual salary and related employment costs are charged to any one development.
    - The project manager's time is documented by a timekeeping system approved by DSHA and personally verified by the ICPA as accurate and complete as part of the Cost Certification process.
    - No overtime or bonus pay may be included as part of the charged time.
    - Vehicle expense of a project manager to and from the job site only may be charged provided the ICPA verifies the charges as part of the Cost Certification process.

- Salaries of officers or executives of the contracting firm are eligible only if, and to the extent:

    - The officer or executive performed the duties and responsibilities of a supervisor, and there is no supervisor on the job site during the time period that the executive performs such duties and responsibilities.
    - The salary paid was in line with the going rates for the duties performed by supervisors in the area of the job site.
    - The time spent at the job site exclusively on the construction of the project by an officer or eligible executive (defined above) or by a supervisor who is generally retained by the contractor and who is assigned to a specific job or jobs for the

purpose of supervising and coordinating the work may be charged to the cost of general requirements based upon the portion of his total employment represented by such time so spent on the project. The time spent by such officer, executive or supervisor must be supported by a record keeping system approved by DSHA prior to commencement of construction for determining his actual time at the job site and cannot be based on an allocation of his time. Failure to obtain such approval shall result in the disallowance by DSHA of the cost of the time spent by such supervisor, officer or executive.

- Costs normally associated with the operation of a contractor's main office or any branch office or with carrying on a contractor's trade or business are not eligible even if such costs are incurred with respect to activities taking place at the job site. These ineligible costs include: salaries of a project manager (except as allowed in prior paragraphs) or other administrative, secretarial and supervisory personnel not otherwise expressly eligible under this section; salaries of any other employees where activities are principally confined to work in the main office or any branch office; legal fees, except those incurred as a result of legal difficulties arising during construction; accounting charges other than for cost certification; consultant fees; computer expenses; bookkeeping; office supplies and equipment, except those necessary for the supervisor to perform his duties and functions; entertainment expenses; and travel and subsistence expenses and allowances, except those of the supervisor (and officers and executives satisfying the requirements of this section) and his assistants directly and exclusively related to the performance of their duties on the job site and except travel and subsistence expenses for the project manager of the contractor to and from the site and the contractor's home office, but in no event shall eligible travel and subsistence expenses and allowances exceed $12,000 per employee per year.

- Contractor owned equipment costs, which are not applicable to trade items, but which are otherwise eligible under this section may only be claimed in accordance with the requirements of the paragraphs herein.

- A fee for the contractor's cost certification is eligible under this category; however, the fee cannot include any amount applicable to an identity of interest subcontractor's certification.

- Other costs may include site and topographic fees, soil borings, subsurface explorations, soil and material testings and environmental testing of hazardous materials provided that such fees were not included on DSHA Form # CC101 or part of the architect's contract or any subcontract.

- In the event that the mortgagor or contractor shall enter into a contract with any other party (other than their own employees) for the performance of some or all of the duties and functions (such as subcontracting, coordinating or supervising the work) normally performed by the contractor under the construction contract, such other party and the amount and terms of such contract shall be subject to the review and approval of DSHA

prior to the execution thereof and prior to the commencement of work. Any fee, profit or overhead paid to such other party and any costs incurred by such other party for the performance of duties and functions also performed by the contractor shall be ineligible for inclusion in the mortgagor's and contractor's certificates of actual cost. Such other party shall be included within the term "contractor" as used in this guide, shall certify to costs on a separate DSHA Form #CC-101 in the same manner as the contractor, and shall comply with and be subject to all of the terms and requirements herein applicable to the contractor, except to the extent otherwise provided in this subparagraph or waived by DSHA in writing.

Sitework Utilities - Costs include all underground utilities (cable, water lines, gas lines, sewer lines, electric lines, telephone lines) and site lighting.

Site Improvements - Costs include stormwater lines and stormwater management pond, erosion and sediment controls, and forestry lanes.
Site Grading - Costs include stripping top soil, stock piling and grading, rough and finish grading, and imported fill material.

Landscaping - Costs include required plantings, grass/sod/mulch/weed blocker, decorative stone, landscaping timbers, permanent fencing, dumpster enclosures, playground area and equipment, and a permanent project sign. **(See DSHA Minimum Construction Standards).**

Roads/Parking - Costs include construction of roadway/parking areas, stripping and required signage.
Demolition - Costs include wrecking, destroying or tearing down of non-essential buildings or structures. For rehabilitation projects, costs include demolishing existing walls, floors, ceilings, roofs, non-essential buildings, etc., and disposal fees directly related to the demolition.

Offsite Improvements - Costs include pumping stations, roads and offsite utilities when previously approved by DSHA.

Painting - Costs associated with all interior and exterior painting as defined in the specifications and manufacturer's recommendations.

Specialties - Costs include fire extinguishers, handicap accessibility requirements, unit and building identification numbers, and kitchen back splashes.

Inventory of Materials Stored On-Site - Any materials for project securely stored on site.

Inventory of Materials Stored Off-Site - Any material purchased in bulk for project that is stored off site. Invoices for the materials and proof of insurance is required with DSHA listed as co-insured.

Concrete - Costs associated with any concrete flat, slab, sidewalk, parking bumper, or curb work.

Masonry - Costs associated with any block, brick, or stonework, including foundation footings.

Vinyl/VCT - Costs associated with the purchase and installation of vinyl, sheet goods or VCT flooring for the property.

Environmental Remediation – Cost associated with the removal or remediation of asbestos, lead-based paint or other environmentally hazardous substances. Environmental tests are included under General Requirements.

Retainage - A ten percent (10%) holdback will be required until 50% construction completion. The holdback may then be reduced to five percent (5%) at 50% construction completion with written request of the contractor and at the discretion of DSHA. The holdback may be reduced to 2.5% upon approval of the cost certification and substantial completion of the project and will not be released until permanent closing.

Builder's Overhead and Profit - The fee cannot exceed 10% of construction costs including buildings, sitework, and general requirements costs.

Construction Cost - The total amount of the buildings, sitework, builder's overhead and profit, and general requirements.

(1) The eligible amount is the lessor of (i) the actual cash (including any builder's overhead and profit) paid and to be paid at final closing or (ii) the contract price under the construction contract (as adjusted for the net effect of all DSHA approved change orders and including builder's overhead and profit, if any). The amount of actual cash paid or to be paid as described in (i) above shall be reduced by DSHA to the extent such amount includes any costs disallowed by DSHA in its review of the contractor's certificate of actual cost.

(2) All adjustments made to the original contract price shown in the mortgage loan commitment must be disclosed by the mortgagor in the Reconciliation to the Last Draw and Certificate of Actual Costs. Lack of such disclosure should be considered a deviation and commented on by the ICPA in his report.

(3) No charges may be made for duplicate work or work rejected as not meeting the requirements of contract documents and the ICPA shall be alert for and report all such charges. Such ineligible costs are usually documented in change orders of the contractor to the subcontractor, which have not been approved by the owner, architect, lenders, and DSHA. Where the contractor has elected to correct, repair or complete all or a portion of the work of a subcontractor, charges by the contractor for such work is not an eligible project cost, unless the contractor makes a corresponding deduction in the amount paid the subcontractor and the ICPA verifies the deduction.

C. OTHER DEFINITIONS

Attestation Statement – DSHA Form D-105 is required of all subcontractors prior to payment and when the subcontract price is amended.

Contract Price - The contract price for labor, materials and necessary services after the deduction of all rebates, adjustments, discounts, promotional or advertising allowance made or to be made to the mortgagor, developer, any corporation, joint venture, partnership or other legal entity in which any of them hold an interest in the project. All costs are subject to cost certification in accordance with this Guide and the contract documents.

Cut-Off Date - The cost cut-off date is the date to which the mortgagor is permitted to run its costs for interest, taxes, and property and mortgage insurance premiums, if any, through the development's construction account. This date may at the option of the mortgagor be either (a) the last day of the month in which substantial completion occurs, (b) the last day of the month following the month in which substantial completion occurs or (c) such other date as DSHA may approve. The date chosen as the cut-off date and the date to which the operating statement and balance sheet are computed must be the same.

Final Releases - A final release of liens is required when a subcontractor or material supplier has completed their contract. All subcontractors and material suppliers (regardless of Identity of Interest) must submit a final release no later than permanent closing. The release must be on DSHA's Release of Liens form, (see Section IV. J.) and must state **total** sum paid to the subcontractor or material supplier. Releases are required for all labor and materials supplied to the project whether or not such costs are payable by the owner under the construction contract.

ICPA - Independent Certified Public Accountant

Identity of Interest: An identity of interest means any relationship that would give the mortgagor or contractor control or influence over the prices paid to subcontractors, equipment lessors, vendors, material suppliers, architect, attorney, engineer, surveyor, consultant, advisor, or any other individual or entity receiving compensation in connection with the development. The identity of interest relationship is usually created by a financial interest but could be other means such as a family relationship. An identity of interest shall be construed to exist under any of the following conditions:

- When there is any financial interest of the mortgagor or the contractor with any subcontractor, vendor or material supplier or when the contractor uses its own materials or employees to complete or perform a portion of the work required by the contract documents (other than charges attributable to the General Requirements).

- When one or more of the officers, directors, partners, or stockholders of the mortgagor or contractor is also an officer, director, partner, or stockholder of any subcontractor, vendor, material supplier, architect, attorney, engineer, surveyor, consultant, advisor, or any other individual or entity receiving compensation in connection with the development.

- When any officer, director, partner or stockholder of the mortgagor or contractor has any financial interest in any subcontractor, vendor, or material supplier.

- When any subcontractor, vendor, or material supplier advances any funds to the contractor or mortgagor.

- When any subcontractor, vendor, or material supplier provides and pays, on behalf of the mortgagor or contractor, the cost of any architectural services or engineering services or any other costs for which the subcontractor is not responsible under its subcontract.

- When any subcontractor, vendor, or material supplier takes stock or any interest in the mortgagor or contractor entity as part of the consideration to be paid.

- When there exists or comes into being any agreements, contracts or undertakings entered into or contemplated, thereby altering, amending or canceling any of the required closing documents, except as approved by DSHA.

- When there exists or comes into being any family relationship between the officers, directors, stockholders or partners of the mortgagor or contractor entity and officers, directors, stockholders or partners or any subcontractor, vendor, or material supplier entities which could cause or results in control or influence over prices paid.

  Although somewhat synonymous with the term "Related Party" as defined by the AICPA in its Statement on Auditing Standards No. 6, DSHA's definition of an identity of interest relationship is broader and more inclusive. It is not anticipated that DSHA's position concerning identities of interest will place additional burden or responsibility upon the ICPA; however, DSHA expects the accountant to be alert for relationships which are or appear to be identities of interest as described above.

  Identity of interest subcontractor work may be approved, provided the following conditions are met:

  1. Approval by DSHA of the subcontract price and all other terms and conditions therein must be obtained prior to execution of the subcontracts and prior to the subcontractor's commencement of work or furnishing of materials or equipment. DSHA Form # D -105 shall be completed prior to construction closing. In addition, DSHA Form # D-104 must be completed at each draw requisition where a subcontractor will be paid. (For further information, see paragraph below). There must be a separate contract for each trade in which there is an identity of

interest. The subcontract must clearly identify the work to be done (either specifically or by reference to the general contract) and must specify the extent to which the work will be performed by (a) its own labor force and (b) its subcontractors. The subcontract must not be in excess of any applicable amount shown on the Trade Payment Breakdown.

2. The subcontractor has demonstrated experience and capability in the specific trade covered by the subcontract.

3. The subcontracts are no higher than the best prices which could be obtained from outside sources, as evidenced by a minimum of two legitimate bids, where outside sources are available. Where not available, the price must not exceed that which is considered reasonable under the circumstances. Where the contractor has been approved as a subcontractor for a specific trade item, a detailed listing of the contractor's employees, hours and other charges, at cost, must be provided in the contractor's cost certification and must be certified by the ICPA.

4. While not mandatory or conclusive, some important factors are: whether the subcontractor does a significant portion of its business in the specific trade with persons or firms having no identity with it, and whether the subcontractor is established in the project area or is national in scope. The subcontractor should demonstrate that it will perform the subcontract as a "subcontractor" according to the customs of the particular trade, i.e., use and control of its own labor force, maintenance of payrolls, use of tools and equipment. It should perform the construction work by utilizing its own labor force to the extent customary in the particular trade and should not merely be a "paper" conduit subcontracting for the performance of work by others.

5. It is the responsibility of the contractor and any identity of interest subcontractor, vendor or material supplier to inform its subcontractors if they are required to have their costs certified and to require such cost certification in the subcontracts, and it is the responsibility of the subcontractors, vendors or material suppliers to pay for their cost certification.

Partial Release of Liens - A release from all material suppliers and subcontractors is required for all draws (with exception of the first draw) when a payment was requested on the Contractor's Draw Requisition. The release must be on DSHA's Partial Release of Lien form (Section IV. J.) and must state the sum paid to date to the subcontractor or material supplier.

Subcontractor - Shall include material and labor suppliers and equipment lessors.

Substantial Completion - The time of substantial completion of the development in accordance with the Construction Contract and architect or such date as DSHA may determine.

SECTION III

MORTGAGOR'S DRAW REQUISITION POLICIES

A. Submission Terms

1. First Mortgagor's Draw Requisition:

- The first draw is submitted at construction closing
- All figures on the Mortgagor's Draw Requisition form must be taken from the Building Loan Agreement.
- Only soft costs and land acquisition costs may be submitted for reimbursement at construction closing unless prior approval has been obtained from DSHA.
- No release of liens will be necessary, unless work on project has started with DSHA's approval, then such work must be covered by Release of Liens and Title Policy.

2. All Other Draw Requisitions:

- Submitted once per month at the monthly draw meeting.
- 3 copies must be submitted to DSHA and 1 copy to the other construction lender, if any. Incomplete draws will be returned unprocessed and a $250 administrative fee charged for reprocessing.
- Draw #2 - may include costs incurred at construction closing (i.e., additional legal, interest expense) and construction costs that have incurred.
- Partial Release of Liens and attestation statements are required from vendors or material suppliers and subcontractors.

  NOTE: Mortgagors must use DSHA's Release of Liens form (Section IV. J.) of this handbook.

3. All draws must be signed and dated by the owner, contractor, and architect.

B. Actual Costs

- All construction costs drawn must be based on expenses incurred, actual invoices and costs of subcontractors, vendors and material supplies.

- All costs drawn must be paid within 5 days of receipt of check from DSHA or other lenders.

C. Invoices

- All construction costs drawn must be based on expenses incurred, actual invoices, costs of sub-contractors, vendors, and material suppliers.

- All soft costs drawn for payment must have back-up invoices and/or copies of canceled checks. DSHA reserves the right, at any time, to request canceled checks or check registers as proof of payment for any invoice.

- Invoices cannot be more than 90 days old (with exception of the first and second draw). DSHA or other lenders may elect to not process payment requests containing invoices over 90 days old.

D. Loan in Balance

- The DSHA loan must remain in balance at all times. The loan is out of balance when the total development cost, as estimated by DSHA, exceeds the funds available to construct the project.

- If at any time during the construction period the loan is out of balance, the developer must fund any shortfalls, and DSHA's funds may be withheld until assurances are made that project can be completed as anticipated.

E. Contingency

- Funds from contingency cannot be drawn or transferred without prior DSHA approval. If contingency funds are limited, it is at DSHA's discretion to release and approve requests. See Developer's Fee definition for additional use of contingency funds.

F. Change Orders

- All change orders must receive written approval by DSHA which must be prior to the initiation of work described in the change order. All change orders must also be approved by all lenders, architect, contractor and owner. No change order will be approved unless it is discussed in advance with DSHA.

- If the change order is approved by DSHA, the increased cost resulting from a change order may be funded within the total development cost; otherwise, monies must be deposited with DSHA by the mortgagor. If DSHA approves the increased cost, the lenders will disburse such funds for the change order's increased cost.

- Change orders must be submitted on standard AIA forms or DSHA's Change Order form (see Section IV. K.) and must be initiated by the architect at the request of the owner/contractor/mortgagor.

- Back-up invoices and/or estimates of material costs and labor breakdown to support the change order must be submitted for each change order. Change orders must have a project site designation on all back-up invoices.

- **All material changes in the plans and specifications require a change order regardless of the cost.** DSHA will not approve change orders where there is no record in the meeting minutes of the requested change or where the work was performed more than 90 days before the change order was received by DSHA.

- Change Order – Maximum Overhead and Profit Calculation (See Section IV, K):

  Subcontractor Overhead and Profit (Subcontractor performing work)

  Subcontractor cost x 1.12 (maximum) = Subtotal
  Subtotal x 1.08 (new const.) or 1.10 (rehab) for GC's General Reqs. = Subtotal
  Subtotal x 1.07 for General Contractor Overhead and Profit = **Grand Total**

  OR

  General Contractor Overhead and Profit (without Subcontractor)

  GC's cost x 1.08 (new const.) or 1.10 (rehab) for GC's General Reqs. = Subtotal
  Subtotal cost x 1.10 (maximum) = **Grand Total**

G. Permanent Closing Issues

- ***Operating Funds*** - May only be used to fund the tax and insurance escrows and/or pre-paid interest for the permanent loans at permanent closing. **At no time shall operating funds may be used for construction costs (hard or soft) without the written approval of DSHA. In addition, the operations account balance of the property prior to permanent closing must contain at a minimum two months of operations expenses and two debt service payments prior to any operating fund releases.**

- ***Insurance and Tax Escrows*** - As a regulatory requirement of the mortgagor, DSHA is required to collect funds for insurance and taxes for all properties financed by the HDF or HOME Program.

  Prior to permanent closing, the mortgagor must submit to DSHA invoices for the insurance premium for 12 months of coverage after permanent closing and either invoices for county/local taxes or an estimate based on a reassessed value of the property. DSHA will then calculate the estimated amount of funds to be collected for the escrows at permanent closing. These funds may be taken from the operations account, if funds are available. DSHA will require a copy of the operations bank statement from the prior month before closing to confirm an appropriate balance in operations.

- ***Insurance Requirements*** - Prior to permanent closing, DSHA will require a revised insurance policy/certificate. The insurance coverage requirements should convert when occupancy occurs and should consist of the following:

  - General Liability: Shall include DSHA as insured with limits (a) against bodily injury of not less than $2,000,000 on each occurrence, and (b) against property damage of not less than $1,000,000 on each occurrence. An Umbrella Liability policy may be used to accomplish liability limits. The following must be included in the policy :

    General Aggregate - The total amount the insurance company would pay out in a one year period.

    Products - Insures against defect in item produced.
    Personal & Advertising Injury - Insures against advertising that is detrimental or does harm to another business.
    Each Occurrence: Limit of amount paid each time you have a claim.
    Fire Damage: Insures against fire damage to property other than your own.
    Medical Expenses: Protects against persons injured on your property.

  - Automobile Liability: Includes any business vehicle, rented vehicle or borrowed by someone within the company for business use. Amount must be as required by statutory coverage.
  - Excess Liability: The amount paid out over and above the initial general liability amount. Amount must be as required by statutory coverage.
  - Worker's Compensation and Employers' Liability: Insures against workers injured on the job. Amount must be as required by statutory coverage.
  - Property Insurance: 100% of the amount of indebtedness or 100% of the replacement cost to include Building Ordinance Coverage, whichever is greater.
  - Loss of Rent (Income): Equal to 100% of the estimated annual rental income of the project to be adjusted annually.
  - Fidelity: Two times the following the maximum possible monthly rent collection based on 100% occupancy plus non-housing income plus the maximum possible funds being held as security deposits based on 100% occupancy.
  - Occupancy Endorsement: Prior to the occupancy of any building in the development, before the permanent loan closing, owner shall provide to DSHA evidence of insurance coverage for occupancy by endorsement or otherwise as shall be acceptable to DSHA.

- ***Operating Budgets*** - A revised operating budget must be submitted 60 days prior to permanent closing. The operating budget should be consistent with the first year of the approved proforma and consistent with DSHA underwriting.

- ***Final Mortgagor's Draw Requisition*** **-** The final draw should be submitted to DSHA two weeks prior to permanent closing or earlier if possible. The final draw should consist of all payables under the Mortgagor's and Contractor's Draw Requisition, prepaid interest amounts, and other expenses needed for closing. Copies of invoices should be submitted with the final draw request.

- ***Cost Certification deadline*** - The cost certification is due to DSHA ninety (90) days after issuance of the final certificate of occupancy or substantial completion as defined by the architect and DSHA, whichever occurs later. If the cost certification is submitted after the deadline date, a 2% fee (of the credit annual allocation amount) will be due prior to the issuance of IRS Form 8609, Low Income Housing Credit Allocation Certification for any building. The 2% fee is not an eligible project cost and may not be paid from any development funds.

SECTION IV

MORTGAGOR'S DRAW REQUISITION PROCESS

A. Draw Requisition Checklist

- The checklist is to assure DSHA and the preparer that the Mortgagor's Draw Requisition process and all the forms, schedules and attachments have been completed properly and are attached together.

  The checklist includes the following forms and schedules:

  - Mortgagor's and/or Contractor's Draw Requisition (DSHA Form # D-100 & # D-101)
  - Invoices and Canceled Checks (optional check register)
  - Mortgagor's and/or Contractor's Draw Reconciliation (DSHA Form # D-102)
  - Schedule of Contractor's General Requirements (DSHA Form # D-103)
  - Schedule of Subcontractor's Contract Terms (DSHA Form # D-104)
  - Subcontractors and Material Suppliers Attestation Statements (Initial and Amended - DSHA Form # D-105)
  - Schedule of Material Suppliers and/or Vendors (DSHA Form # D-106)
  - Miscellaneous Information Requests from DSHA

B. Mortgagor's and/or Contractor's Draw Requisition (DSHA Form # D-101 & # D-102)

- The Mortgagor's Draw Requisition must include all actual costs to be drawn for the period covered by the draw less prior requests.

- The Mortgagor's and/or Contractor's Draw Requisition is completed monthly. The form should state the mortgagor, project name, DSHA project number, the requisition number (first, second, etc) and the time period involved.

- All checks and invoices for soft costs must be attached for all mortgagor requisition requests. DSHA reserves the right to request a check register at any time during the draw and/or cost certification process.

- The Mortgagor's Draw Requisition has three sections:

  1. DSHA Eligible Costs - These are the approved costs noted in the Building Loan Agreement. The total of this section is DSHA's approved Total Development Cost.

2. Non-DSHA Eligible Costs - These costs are primarily costs that are involved with the syndication of Tax Credits, application fees and Operating Reserve.

3. Sources - This section lists **all** of the sources that are necessary to complete a project.

- Total sources **must** equal DSHA TDC plus non-eligible costs at all times.

C. Mortgagor's and Contractor's Draw Reconciliation Form (DSHA Form # D-102)

- This form is completed when the originally budgeted specific cost or trade line item amount has changed (increased or decreased). The revised amount will appear in the Budget Column or Cost Breakdown Column for DSHA Form # D-100 or #D-101.

- When a line item balance is transferred to a different line item, a separate letter indicating the changes and amounts must be attached to this form.

D. Schedule of Contractor's General Requirement Costs (DSHA Form # D-103)

- This form must be completed when draws are requested from the General Requirements line item. The form itemizes the costs involved in General Requirements.

E. Schedule of Subcontractors (DSHA Form #D-104)

- This form must be completed by the contractor for all draws where subcontractors have requested funds.

- An Attestation Statement must be completed and on file with DSHA and the contractor prior to requesting funds for a subcontractor.

- The form lists the contract number, if any, name and address of subcontractor or material supplier, state or municipality, license, if there is an identity of interest, contract discounts, trades or other credits, contract amount, payment to-date, amount of this request, MBE/WBE, and retainage.

F. Subcontractor Attestation Statement (DSHA Form # D-105)

- This form is to be completed by each subcontractor that is used by the contractor. If the contract changes or is amended at any time during the construction period, the subcontractor or material supplier must submit an amended attestation statement.

- The form will confirm the contract amount, date of service, description of service or job to perform, payment method, and serves as a supplement to the contract signed by the subcontractor or material supplier.

G. Schedule of Material Suppliers and/or Vendors (DSHA Form #D-106)

- This schedule should be completed and list all the vendors included to be paid with the proceeds of the current draw request that are not included in DSHA Form #D-104 Schedule of Subcontractor.

- Any material supplier or vendor contracts of purchases exceeding $2,500 are required to complete this form.

H. Miscellaneous Information Requests from DSHA

- DSHA may from time to time request additional information and/or documentation during the Mortgagor Draw Requisition process.

I. MORTGAGOR'S AND CONTRACTOR'S DRAW REQUISITION FORMS AND SCHEDULES

DELAWARE STATE HOUSING AUTHORITY
DRAW REQUISITION CHECKLIST

PROJECT NAME: _____

DSHA PROJECT NUMBER: _____

1. MORTGAGOR'S AND/OR CONTRACTOR'S DRAW REQUISITION (DSHA FORM #D-100 & D-101) _____

2. INVOICES AND CANCELED CHECKS. CHECK REGISTER FROM PRIOR DRAW (OPTIONAL) _____

3. MORTGAGOR'S OR CONTRACTOR'S DRAW REQUISITION RECONCILIATION (DSHA FORM #D-102) _____

4. SCHEDULE OF CONTRACTOR GENERAL REQUIREMENT COSTS (DSHA FORM #D-103) _____

5. SCHEDULE OF SUBCONTRACTOR'S OR MATERIAL SUPPLIERS CONTRACT TERMS (INITIAL OR AMENDED DSHA FORM #D-104) _____
   INITIAL _____/AMENDED_____

6. ALL SUBCONTRACTOR OR MATERIAL SUPPLIERS ATTESTATION STATEMENTS (INITIAL AND AMENDED) ARE COMPLETED BY THE SUBCONTRACTORS AND ON FILE WITH THE GENERAL CONTRACTOR (DSHA FORM #D-105) _____

7. SCHEDULE OF MATERIAL SUPPLIERS OR VENDORS (DSHA FORM #D-106) _____
   INITIAL _____/AMENDED _____

8. MISCELLANEOUS REQUESTS FROM DSHA (PLEASE LIST SEPARATELY) _____

_____ _____

SIGNATURE OF DRAW REQUISITIONER DATE

PRINT NAME ( )

THIS FORM IS TO ACCOMPANY EACH DRAW REQUISITION IN ORDER FOR THE DRAW TO BE PROCESSED. ANY ITEM THAT DOES NOT APPLY TO THE DRAW RERQUEST, MARK AS N/A. ALL SUCH ITEMS INDICATED MUST BE APPROVED BY DSHA.

YOUR SIGNATURE ON THIS FORM ATTESTS TO THE ACCURACY, COMPLETENESS, PROPRIETY AND TRUTHFULNESS OF ALL INFORMATION PROVIDED THROUGHOUT THE FUNDING PROCESS OF THE PROJECT. ANY FALSIFICATION PROVIDED HEREIN IS CAUSE FOR REMEDIAL AND/OR LEGAL ACTION BY THE DELAWARE STATE HOUSING AUTHORITY, OR OTHER STATE AND FEDERAL AGENCIES, AS APPLICABLE.

DELAWARE STATE HOUSING AUTHORITY
18 THE GREEN, DOVER, DELAWARE 19901

MORTGAGOR'S DRAW REQUISITION

MORTGAGOR..... **DSHA NUMBER…..DE-HDF-**
DEVELOPMENT..... **LOCATION.....……**
REQUISITION NO..... **FROM:** **TO:**

The undersigned Mortgagor hereby requests a payment in the sum of $0.00 covering advances provided for by the Building Loan Agreement heretofore executed on the _____ day of _____, 20__, as indicated by the total of the individual payments set forth below.

SPECIFIC ITEM OF COST	(A) BUDGETED AMOUNT	(B) PREVIOUS PAYMENTS	(C) THIS REQUEST	(D) COMPLETED TO DATE (B+C)	(E) % *	(F) REMAINING BALANCE (A-D)
DSHA ELIGIBLE COSTS						
1 Construction Cost				$0.00		$0.00
2 Developer's Fee				$0.00		$0.00
3 Performance Bond Fee				$0.00		$0.00
4 Architect - Design Fees				$0.00		$0.00
5 Architect - Supervision Fees				$0.00		$0.00
6 Survey/Soil Borings/Engineering				$0.00		$0.00
7 Legal/Organizational				$0.00		$0.00
8 Market Study/Appraisal				$0.00		$0.00
9 Environmental				$0.00		$0.00
10 Permit and Impact Fees				$0.00		$0.00
11 Letter of Credit Fees				$0.00		$0.00
12 Bank Inspection Fees				$0.00		$0.00
13 Marketing				$0.00		$0.00
14 Fixtures, Furniture and Equipment				$0.00		$0.00
15 Construction Interest				$0.00		$0.00
16 Taxes (Real Estate/Transfer)				$0.00		$0.00
17 State Improvement Tax				$0.00		$0.00
18 Insurance				$0.00		$0.00
19 Commerce Bank Financing Fees				$0.00		$0.00
20 DCIC Financing Fees				$0.00		$0.00
21 DSHA Financing Fees				$0.00		$0.00
22 Title & Recording				$0.00		$0.00
23 Contingency				$0.00		$0.00
24 Cost Certification/Accounting				$0.00		$0.00
25 Land/Acquisition				$0.00		$0.00
26 Relocation				$0.00		$0.00
27 Other						
SUBTOTAL - DSHA TDC	$0.00	$0.00	$0.00	$0.00		$0.00
NON-DSHA ELIGIBLE COSTS						
State LIHTC Monitoring Fees				$0.00		$0.00
State LIHTC Allocation Fees				$0.00		$0.00
Tax Credit Application Fees				$0.00		$0.00
Syndicator Legal/Accounting				$0.00		$0.00
Operating Reserve				$0.00		$0.00
DSHA Application Fees				$0.00		$0.00
SUBTOTAL	$0.00	$0.00	$0.00	$0.00		$0.00
TOTAL USES	$0.00	$0.00	$0.00	$0.00		$0.00
SOURCES						
Developer's Funds/Non-Eligible Costs				$0.00		$0.00
Equity For Non-Eligible Costs				$0.00		$0.00
Reserves Transferred with Property				$0.00		$0.00
Construction Tax Credit Equity Requirement				$0.00		$0.00
Developer's Fee From LIHTC				$0.00		$0.00
General Partner Capital Contribution				$0.00		$0.00
Bank/Construction Loan			$0.00	$0.00		$0.00
DSHA HOME Loan			$0.00	$0.00		$0.00
DSHA HDF Loan			$0.00	$0.00		$0.00
TOTAL SOURCES	$0.00	$0.00	$0.00	$0.00		$0.00
THIS REQUEST- DSHA			$0.00			

*** Percentage derived from subtotal of breakdown items (Col. D divided by Col. A)**

MORTGAGOR'S CERTIFICATE

The undersigned hereby certifies that to the best of the Mortgagor's knowledge, information and belief, the Work covered by this Draw Requisition has been completed in accordance with the Contract Documents, that all amounts have been paid by Mortgagor for Work for which previous Draw Requisitions were issued and payments received from Mortgagee and that the current payment shown herein is due. We hand you herewith full receipts and the Contractor's Draw Requisition certified by the supervising architect covering such items enumerated. With respect to any item of interest enumerated above, we herewith authorize you to advance the same and charge our account herewith.

DATE: _____/_____/_____

MORTGAGOR:
BY: _____, ITS GENERAL PARTNER

BY: _____

APPROVAL BY DELAWARE STATE HOUSING AUTHORITY

DATE: _____/_____/_____

REVIEWED BY

RECOMMENDED FOR APPROVAL

DSHA Form # D-100

MORTGAGOR'S AND CONTRACTOR'S DRAW REQUISITION
DSHA FORM # D-100 AND # D-101
Page Two

A. INSPECTION CERTIFICATE

(Not required if this request does not include a payment on account of construction cost).

I certify that I or my authorized representative have visited the Development within _____ days of the date of this Certificate to determine the true basis of cost upon which I certify this payment. I further certify that all prior work and the work, labor and materials to be paid for under this Draw Requisition is satisfactory and in accordance with the Contract Drawings and Specifications.

Date:_____ By: _____
Project Architect

B. CERTIFICATION OF MORTGAGEE (For use by DSHA only)

A payment in the amount of $_____ is approved covering advances from Mortgage proceeds in accordance with the above requisition and with the provisions of the Building Loan Agreement, and this amount, when advanced, will thereupon constitute the principal of that certain Mortgage executed by _____, dated the ____ day of _____, ____, covering certain property located at _____. The Mortgagee hereby certifies that the payment pursuant to this requisition, together with all prior advances and withdrawals from the Mortgage Loan Account on account of the Mortgage Loan does not exceed the aggregate amount of the Mortgage Loan Commitment for the Development; that, under the terms and provisions of the Mortgage, the Mortgagor is obligated to make Mortgage repayments; and that the Mortgagor is not in default under any of the terms or provisions of the Mortgage.

DELAWARE STATE HOUSING AUTHORITY

Date:_____ By:_____

Title: Housing Project/Loan Manager

CERTIFICATION RECOMMENDED:

By:_____

Title:Housing Finance/Development Administrator

DELAWARE STATE HOUSING AUTHORITY
18 THE GREEN
DOVER DELAWARE 19901
PHONE 302-739-4263 FAX 302-739-1118

REQUISITION RECONCILIATION DRAW FORM

Date:

DEVELOPMENT NAME:
DSHA DEVELOPMENT NUMBER:

REQUISITION NUMBER:

X MORTGAGOR'S RECONCILIATION
CONTRACTOR'S RECONCILIATION

SPECIFIC ITEM OF COST/ TRADE ITEM	ORIGINAL BUDGET	REVISED BUDGET FROM PREVIOUS DRAW	CHANGE IN BUDGET THIS REQUISITION - PLUS OR MINUS	CURRENT REVISED BUDGET (this period)
Construction Cost				$0.00
Developer's Fee				$0.00
Performance Bond Fee				$0.00
Architect - Design Fees				$0.00
Architect - Supervision Fees				$0.00
Survey/Soil Borings/Engineering				$0.00
Legal/Organizational				$0.00
Market Study/Appraisal				$0.00
Environmental				$0.00
Permit and Impact Fees				$0.00
Letter of Credit Fees				$0.00
Bank Inspection Fees				$0.00
Marketing				$0.00
Fixtures, Furniture and Equipment				$0.00
Construction Interest				$0.00
Taxes (Real Estate/Transfer)				$0.00
State Improvement Tax				$0.00
Insurance				$0.00
Commerce Bank Financing Fees				$0.00
DCIC Financing Fees				$0.00
DSHA Financing Fees				$0.00
Title & Recording				$0.00
Contingency				$0.00
Cost Certification/Accounting				$0.00
Land/Acquisition				$0.00
Relocation				$0.00
TOTALS	$0.00	$0.00	$0.00	$0.00

INSTRUCTIONS: THIS RECONCILIATION SHALL BE COMPLETED WHEN A BUDGETED LINE ITEM AMOUNT INCREASES OR DECREASES FROM ITS ORIGINAL ESTIMATE.
IF A LINE ITEM INCREASED OR DECREASED AND THE DIFFERENCE HAS BEEN ADDED OR SUBTRACTED FROM ANOTHER LINE ITEM, A SEPARATE STATEMENT INDICATING THE CHANGES MUST BE ATTACHED TO THIS FORM

DSHA Form #D-102

DELAWARE STATE HOUSING AUTHORITY
18 The Green, Dover Delaware 19901
Phone (302)739-4263 Fax (302) 739-1118

CONTRACTOR'S DRAW REQUISITION

MORTGAGOR:…..
DEVELOPMENT:..
LOCATION:…….

REQUISITION NUMBER:……:
DSHA DEVELOPMENT NUMBER:…. DE-HDF-

In accordance with the provisions of the Construction Contract dated _____, and Contractor's and/or Mortgagor's Breakdown (schedule of Values) attached thereto, this Contractor's Draw Requisition is submitted for the amount of **$0.00** due for Work performed up to_____(date) and as itemized below by the trades listed in the Schedule of Values.

D I V	Trade Item	Enter $ Amount to Nearest Cent, % Amounts to Nearest Percent					
		(A) Cost Breakdown	(B) Previous Requests	(C) This Request	(D) Completed to Date (B+C)	(E) %*	(F) Balance Remaining (A-D)
1	General Requirements						
2	Site Utilities						
2	Site Improvements						
2	Site Grading						
2	Roads and Parking						
2	Landscaping						
2	Demolition						
3	Concrete						
4	Masonry						
5	Siding						
6	Rough Carpentry						
6	Finish Carpentry						
6	Kitchen Cabinets						
7	Insulation						
7	Roofing						
7	Metals, Gutters, Spouts						
8	Doors						
8	Windows						
9	Drywall						
9	VCT/Vinyl Flooring						
9	Painting						
11	Specialties						
11	Appliances						
12	Blinds and Shades						
12	Carpets						
15	Plumbing						
15	HVAC						
16	Electrical						
17	Termite Protection						
18	Sprinklers and Alarms						
19	Toilet Accessories						
20	Gypcrete						
(1)	Subtotal of Breakdown Items						
(2)	Builder's Overhead & Profit						
(3)	Total of Cost Breakdown Items						
(4)	Materials Stored On-Site (See Note Below)						
(5)	Materials Stored Off-Site (See Note Below)						
(6)	Cost Breakdown Items Plus Inventories of Materials						
(7)	Less Retainage 10%						
(8)	Bal:Total Amount due to Date on Account of Construction Contract						
(9)	Less Previous Payments						
(10)	Net Amount of This Requisition						

I certify that the Work covered by this requisition has been completed in accordance with the Contract Documents and that I have actually received **$0.00** for Work performed & materials purchased up to _____ (date of previous requisition).

Note: Materials are itemized as to quantity and cost on attached lists.

Date: June 15, 2005 **CONTRACTOR:** **By:**

***Percentage derived from subtotal of Breakdown Items (Col. D divided by Col. A)** Signature

DSHA USE ONLY

Date: Net Amount Approved for Payment $ Column F Reviewed by:

Reviewed and Approved by:

DSHA FORM #D101

MORTGAGOR'S AND CONTRACTOR'S DRAW REQUISITION
DSHA FORM # D-100 AND # D-101
Page Two

A. INSPECTION CERTIFICATE

(Not required if this request does not include a payment on account of construction cost).

I certify that I or my authorized representative have visited the Development within _____ days of the date of this Certificate to determine the true basis of cost upon which I certify this payment. I further certify that all prior work and the work, labor and materials to be paid for under this Draw Requisition is satisfactory and in accordance with the Contract Drawings and Specifications.

Date:_____ By: _____
Project Architect

B. CERTIFICATION OF MORTGAGEE (For use by DSHA only)

A payment in the amount of $_____ is approved covering advances from Mortgage proceeds in accordance with the above requisition and with the provisions of the Building Loan Agreement, and this amount, when advanced, will thereupon constitute the principal of that certain Mortgage executed by _____ dated the _____day of **_____, 200_** covering certain property located at _____. The Mortgagee hereby certifies that the payment pursuant to this requisition, together with all prior advances and withdrawals from the Mortgage Loan Account on account of the Mortgage Loan does not exceed the aggregate amount of the Mortgage Loan Commitment for the Development; that, under the terms and provisions of the Mortgage, the Mortgagor is obligated to make Mortgage repayments; and that the Mortgagor is not in default under any of the terms or provisions of the Mortgage.

DELAWARE STATE HOUSING AUTHORITY

Date:_____ By:_____

Title: Housing Project/Loan Manager

CERTIFICATION RECOMMENDED:

By:_____

Title:Housing Finance/Development Administrator

DELAWARE STATE HOUSING AUTHORITY
18 THE GREEN DOVER, DE 19901
PHONE 302-739-4263 FAX 302-739-1118

REQUISITION RECONCILIATION DRAW FORM

Date:

DSHA DEVELOPMENT NUMBER:

REQUISITION NUMBER:

MORTGAGOR'S RECONCILIATION
X CONTRACTOR'S RECONCILIATION

SPECIFIC ITEM OF COST/ TRADE ITEM	ORIGINAL BUDGET	REVISED BUDGET FROM PREVIOUS DRAW	CHANGE IN BUDGET THIS REQUISITION - PLUS OR MINUS	CURRENT REVISED BUDGET (this period)
General Requirements				
Site Utilities				
Site Improvements				
Site Grading				
Roads and Parking				
Landscaping				
Demolition				
Concrete				
Masonry				
Siding				
Rough Carpentry				
Finish Carpentry				
Kitchen Cabinets				
Insulation				
Roofing				
Metals, Gutters, Spouts				
Doors				
Windows				
Drywall				
VCT/Vinyl Flooring				
Painting				
Appliances				
Blinds and Shades				
Carpets				
Plumbing				
HVAC				
Electrical				
Termite Protection				
Sprinklers and Alarms				
Toilet Accessories				
Gypcrete				
TOTALS				

INSTRUCTIONS: THIS RECONCILIATION SHALL BE COMPLETED WHEN A BUDGETED LINE ITEM AMOUNT INCREASES OR DECREASES FROM ITS ORIGINAL ESTIMATE. IF A LINE ITEM INCREASED OR DECREASED AND THE DIFFERENCE HAS BEEN ADDED OR SUBTRACTED FROM ANOTHER LINE ITEM, A SEPARATE STATEMENT INDICATING THE CHANGES MUST BE ATTACHED TO THIS FORM

DSHA Form #D-102

DELAWARE STATE HOUSING AUTHORITY
SCHEDULE OF CONTRACTOR GENERAL REQUIREMENT COSTS
CONT. REQUISITION NUMBER:

Trade Item	Amount Paid (Previous Draws)	Amount to be paid (This Draw)	Total Paid to Date	Payee
Supervision				
Truck or car expense of site supervisor on a prorata basis				
Field office/minor field office supplies (supplies not over $500)				
Soil Testing				
Site and engineering layout				
Blue print copies and photos				
Concrete testing				
Temporary sheds, toilets, tool storage and fire protection				
Temporary heat, water, light, telephone and power for construction				
Equip. rental (if not applicable to trade items) including fuel and maint.				
Cleaning and rubbish disposal, dumpsters for construction debris only				
Watchmen's wages or other security				
Medical and first aid facilities and Safety Supplies				
Small tools and supplies				
Signs, photographs				
Temporary walkways/fences/barricades/roads/siding/walks etc.				
Final clean up including window washing				
Contractor's public liability and worker's compensation insurance				
Other:				
Total General Requirements				

The contractor certifies that there has been and is not now an identity of interest between mortgagor and/or general contractor with any subcontractor, material supplier, or equipment lessor, If there are any identities of interest, you must attach a separate schedule that list all identity of interest entities, trade items, and amounts paid.

All amounts shown have been reduced to give effect to the amounts of any rebates, adjustments, discounts, or any other devices which had the effect of reducing the actual cost.

By:

DSHA Form # D-103 **Date** **Signature**

INSTRUCTIONS TO DRAW FILING SCHEDULE (DSHA FORM #D-104)
SUMMARY OF ALL DEVELOPMENT SUBCONTRACTOR CONTRACTS

COLUMN #	INSTRUCTIONS
	IDENTIFY THE DEVELOPMENT AND DEVELOPMENT NUMBER, THE REQUISITION NUMBER AND THE NAME(S) OF MORTGAGOR AND CONTRACTOR.
(1)	List the contract number for the specified subcontractor (NOTE: formal contracts should be completed for all subcontractors including subcontract work performed by the contractor or subcontract work performed by contractor must be itemized separately).
(2)	List the subcontractor's name and address.
(3)	List the division/line item number and the trade classification for which they were hired.
(4)	Answer yes or no. The subcontractor should include with their contract a copy of their state (and when applicable, their municipal) license(s) issued to them in the area of work they were hired to perform. Please list the subcontractor's business license. Out-of-state contractors/subcontractors must have a surety bond filed with Delaware Department of Finance and be properly licensed where required.
(5)	All subcontractors or material suppliers who have an identity of interest must have been awarded the job through competitive bidding procedures. At least two (2) other independent bids must be obtained. A copy of the bid and the replies must be submitted and retained by the contractor for a period of three years after development completion and cost certification for review by DSHA, independent auditors, or other federal/state agencies as applicable (see note for a detailed definition of identity of interest). Is the subcontractor working on other jobs for the mortgagor and/or contractor, yes or no. If the answer is yes, please attach a separate statement and list the other jobs indicating if the job is a DSHA development , and/or if draws from this development in any way pays for the other jobs listed, and reason for funding the other development(s) with this development's funding.
(6)	Does the agreement (whether included in the contract or implied) include discounts, trades, or other credits, yes or no. If the answer is yes, please attach a separate statement (or a copy of the contract) indicating the terms and amounts of this arrangement.
(7)	List the total contract amount.
(8)	List the amount(s) paid to date to this subcontractor from previous requisitions. Do not include the amount of this request.
(9)	Indicate the amount of funds requested for this draw.
(10)	Is the subcontractor a minority or women business enterprise? Y/N If yes, and there are HOME funds involved in the development financing, DSHA's MBE/WBE Subcontractor Activity Report must reflect the information.
(11)	If agreement contains a retainage clause, indicate percentage. Complete or amend DSHA Form D-105 for each subcontractor and identify the amount, percentage, and date or point of completion at which the retainage will be released. The contractor may not continue to withhold retainage that has been released by the lenders.

GENERAL UNDERSTANDING:

1. All subcontractors are to receive payment within **10** days of receipt of the draw proceeds by the mortgagor/contractor, unless otherwise indicated by their contract, noted on this schedule.

2. All documents, contracts, Subcontractor Attestation Statements and bid replies, and all supplemental information must be retained by the contractor for a period of three years (five years for HOME financed developments) after development completion and must be made available for review by DSHA and its designee, independent auditors, and federal/state agencies as applicable.

NOTE A

Identity of Interest - When parties to an agreement, whether written or implied, have related business relationship(s). Transactions with identity of interest relationships occur when there are common controlling equity interests and/or management control between entities. Such a relationship should be construed to exist when the parties may not be the same person but the owner or officer or any person who directly or indirectly controls at least 10% of the voting rights or directly owns 10% or more of the other party(s). For purposes of this definition, the term party includes any individual, member of board of directors, partnership, corporation, or other business entity. Any ownership, control of interest held or possessed by a person's spouse, parent, child, grandchild, brother or sister is attributed to that person.

NOTE B

DSHA and independent audit uses:

DSHA use prior to releasing the draw:

1. Verify subcontractor information and payment terms and compare to the draw requests.

2. If there is an identity of interest, ensure proper bidding procedures were performed and documented.

3. Ensure proper licensing for the work they were hired to perform.

4. Ensure the funding for this development is not supporting work performed on other developments.

DSHA use for cost certification:

1. Utilize this supporting documentation to reconcile the cost certification to the draw documents.

Cost certification preparation and audit use:

1. Can be used as source documents by the independent CPA's when preparing the cost certification, or by the independent auditors for attribute testing.

2. To be used for additional testing as required by DSHA.

Send out confirmations using the Subcontractor's Attestation Statement.

Additional attribute testing.

DELAWARE STATE HOUSING AUTHORITY
SUBCONTRACTORS/MATERIAL SUPPLIER DRAW FILING SCHEDULE
SUMMARY OF ALL SUBCONTRACTOR CONTRACT TERMS

CONTRACTOR REQUISITION NUMBER:……
DATE:

SEPARATE AND TOTAL THE SUBCONTRACTORS DRAW DOCUMENT LINE ITEMS FROM WHERE THE JOB WILL BE FUNDED.

(1) CONTRACT NUMBER	(2) SUBCONTRACTOR NAME/ADDRESS	(3) LINE ITEM # & TRADE OR WORK CLASSIFICATION	(4) DE STATE & MUNIC. LICENSE? Y/N BUS. LICENSE #	(5) IDENTITY OF INTEREST? Y/N # OF BIDS REC'D	(6) DISC, TRADES, OR OTHER CREDITS Y/N	(7) TOTAL CONTRACT AMOUNT	(8) TOTAL PAID TO DATE	(9) AMOUNT OF THIS REQUEST	(10) MBE/ WBE Y/N
							TOTAL		

NOTE: FOR THE DRAW TO BE APPROVED, ALL SUBCONTRACTORS FOR WHOM THE DRAW IS REQUESTED, MUST BE IDENTIFIED ON THIS LIST.
ADDITIONALLY, THE DRAW REQUEST MUST FOLLOW THE TERMS OF THE SUBCONTRACTOR'S CONTRACT (INCLUDING ALL AMENDED TERMS) FOR THE DRAW TO BE RELEASED.

PLEASE UTILIZE THE ACCOMPANYING INSTRUCTIONS AND GLOSSARY OF TERMS FOR THE PREPARATION OF THIS DOCUMENT.

DSHA Form #D-104

DELAWARE STATE HOUSING AUTHORITY
SUBCONTRACTOR ATTESTATION STATEMENT

DSHA DEVELOPMENT NUMBER:……

This form is to be included as a supplement to the contract signed by the subcontractor for services to be performed. It is to be retained with the contract for a period of three (or five for HOME financing) years after development completion.

1. CONTRACTOR'S NAME AND ADDRESS: _____

2. SUBCONTRACTOR'S NAME AND ADDRESS: _____

3. JOB TO BE PERFORMED, GENERAL GENERAL DESCRIPTION: _____

4. BEGINNING/ENDING DATES OF SERVICE: FROM _____ TO _____

5. PAYMENT: TOTAL CONTRACT AMOUNT $ _____

ITEMIZE PAYMENTS BY AMOUNT AND DATE OR POINT OF PAYMENT

AMOUNT	DATE OR POINT OF PAYMENT
$ _____	_____
$ _____	_____

6. DOES THE SUBCONTRACTOR HAVE AN IDENTITY OF INTEREST WITH THE CONTRACTOR AND/OR DEVELOPER (MORTGAGOR)? YES _____ NO _____

IDENTITY OF INTEREST - When parties to an agreement, whether written or implied, have related business relationship (s). Transactions with identity of interest relationships occur when there are common controlling equity interest and/or management control between entities. Such a relationship should be construed to exist when the parties may not be the same person but the owner or officer or any person who directly or indirectly controls at least 10% of the voting rights or directly owns 10% or more of the other party (s). For the purposes of this definition, the term party includes any individual, member of Board of Directors, partnership, corporation or other business entity. Any ownership, control or interest held or possessed by a person's spouse, parent, child grandchild, brother or sister is attributed to that person.

7. DID THE SUBCONTRACTOR SUBMIT A BID? YES _____ NO _____

8. IS THE SUBCONTRACTOR WORKING ON OTHER JOBS FOR THE CONTRACTOR AND/OR DEVELOPER (OWNER)?

YES _____ NO _____

a. IF YES, LIST THE JOB(S) AS DSHA OR NON-RELATED DSHA JOBS.

	CIRCLE ONE:
_____	DSHA/NON-DSHA
_____	DSHA/NON-DSHA
_____	DSHA/NON-DSHA

b. IF YES, IS THERE AN AGREEMENT, EITHER WRITTEN OR IMPLIED, THAT PAYMENT FROM THIS JOB WILL PAY FOR THE OTHER JOB(S) IN PART OR WHOLE? YES_____ NO_____

9. DOES THE SUBCONTRACTOR HAVE AN AGREEMENT WITH THE CONTRACTOR AND/OR DEVELOPER (OWNER) TO TO EITHER GIVE OR RECEIVE DISCOUNTS, TRADES AND/OR OTHER CREDITS? THIS ALSO APPLIES TO IDENTITY OF INTEREST FOR ALL PARTIES TO THE CONTRACT(S) YES_____ NO_____

IF YES, LIST EACH ITEM SEPARATELY, GIVING THE VALUE (INCLUDING THE MARKET VALUE OF THE TRADE AND CURRENT VALUE OF FUTURE TRANSACTIONS).

AMOUNT	TYPE OF CREDIT
$ _____	_____
$ _____	_____

10. DID YOU AGREE TO RETAINAGE CLAUSE, EITHER WRITTEN OR IMPLIED? YES_____ NO_____

IF YES, LIST THE AMOUNT/PERCENT AND DATE(S) OR POINT(S) OF PAYMENT(S).

AMOUNT	DATE OR POINT OF PAYMENT
_____	_____
_____	_____
_____	_____

SIGNATURE OF CONTRACTOR

_____

_____
PRINT NAME

DATE _____

SIGNATURE OF SUBCONTRACTOR

_____

_____
PRINT NAME

DATE _____

SIGNATURE OF DEVELOPER/OWNER (IF IDENTITY OF INTEREST WITH CONTRACTOR OR SUBCONTRACTOR).

_____

_____
PRINT NAME

DATE _____

DELAWARE STATE HOUSING AUTHORITY
MATERIAL SUPPLIERS & VENDORS INCLUDED IN THE DRAW FORM

CONTRACTOR REQUISITION NUMBER:……
DATE:……..

Instructions: Complete this schedule by listing all the material suppliers and/or vendors included in each line item to be paid with the proceeds of the current draw request that are not included in DSHA Form D-104 "Summary of All Subcontractor Contract Terms". Subtotal by each line item, and list the grand total for the form on the bottom line of the document.

All vendors to be paid with the proceeds from this draw request must be included in this schedule and submitted with the draw requisition. All payees must receive payment within 10 days of the receipt of the draw proceeds. Prior written approval from DSHA must be obtained for any deviations from these instructions. Individual or cumulative purchases of the same line item or from the same vendor exceeding $250 must be included on this form.

LINE ITEM #	PAYEE NAME	PAYEE ADDRESS	AMOUNT	PURPOSE
TOTAL				

DSHA Form #D-106

J. PARTIAL AND FINAL RELEASE OF LIEN FORMS

PARTIAL RELEASE OF LIENS
SUBCONTRACTOR/MATERIALMAN PARTIAL RELEASE OF LIENS &
ACKNOWLEDGEMENT OF RECEIPT OF PARTIAL PAYMENT

DSHA Development Name:
DSHA Development No.:

("Subcontractor/Materialman"), is a Subcontractor/Materialman for _____ ("General Contractor"), a Delaware corporation, for the construction of a development known as ____ (the "Development") located on a one acre, more or less, parcel of land, situate at _____ _____, _____ County, State of Delaware.

Subcontractor/Materialman hereby acknowledges receipt and partial payment under that certain agreement dated _____ with General Contractor in the amount of $_____ for work performed and/or materials supplied and/or equipment furnished. In exchange for said payment, Subcontractor/Materialman does release and forever discharge _____ ("Owner"), and _____ ("First Lender"), and General Contractor, their respective successors and assigns, of and from all actions, causes of actions, debts, accounts, agreements, judgements, claims and damages which it now has, or may hereafter have, by reason of the work performed and/or materials supplied and/or equipment furnished through _____ (Date). Subcontractor/Materialman hereby agrees for itself, its successors or assigns to indemnify, defend and save harmless Owner, First Lender, Second Lender, and General Contractor, their respective successors and assigns, from and against all suits, actions, claims, liens, and demands of laborers, mechanics, materialman and contractors resulting directly or indirectly from any work performed and/or materials supplied and/or equipment furnished through _____ _____ (Date) in connection with the Development.

IN WITNESS THEREOF, Subcontractor/Materialman has executed this instrument under seal this _____ day _____, 20____.

Witness:

(Subcontractor's/Materialman's
Name/Company Name

BY: _____(SEAL)
(President or Authorized Representative)

DATE: _____

SUBCONTRACTOR/MATERIALMEN
FINAL RELEASE OF LIEN &
ACKNOWLEDGMENT OF FINAL PAYMENT

DSHA Development Name:
DSHA Development No.:

_____ ("Subcontractor/Materialman"), was a subcontractor/materialman for ("General Contractor") for the construction of an ___ unit multifamily housing development known as _____ located on a ___ acre, more or less, parcel of land, located on _____ ,____ County, State of Delaware (the "Development").

Subcontractor/Materialman, its successors and assigns, in consideration of $1.00 and other valuable consideration, receipt of which is hereby acknowledged, has released and by these presents does release and forever discharge ("Owner"), and General Contractor, their respective successors and assigns, of and from all actions, causes of actions, debts, accounts, agreements, judgments, claims and damages which it now has, or may hereafter have, by reason of work performed and/or materials supplied and/or equipment furnished under a certain agreement with the General Contractor and Subcontractor/Materialman dated _____ (the "Agreement").

Subcontractor/Materialman hereby acknowledges receipt of the payment in the amount of $_____ under said Agreement and in consideration thereof hereby agrees for itself, to defend and save harmless Owner, and General Contractor, their respective successors and assigns, from and against all suits, actions, claims, liens and demands of laborers, mechanics, materialmen and contractors resulting directly or indirectly from any work performed on the Development and/or materials supplied and/or equipment furnished under said Agreement.

IT WITNESS WHEREOF, Subcontractor/Materialman has executed this instrument this day of _____, 20__.

Witness: (Subcontractor's/Materialman's Name/Company Name)

_____ _____

By:_____(SEAL)
(President or Authorized Representative)

STATE OF: _____)
)
COUNTY OF: _____)

SUBSCRIBED and sworn to before me this __ day of _____, 20__.

My Commission Expires:

_____ _____
Notarial Officer

K. CHANGE ORDER FORM AND REQUIREMENTS

DSHA CHANGE ORDER REQUIREMENTS*

1. **A detailed breakdown of all materials, labor and mark-up must be provided for all change orders and submitted to the architect for review prior to initiation of the change order.** This allows Delaware State Housing Authority (DSHA), the architect, contractor, owner and other lenders to quickly determine if the appropriate charges are included in the change order. **DSHA will return all incomplete change orders and charge a $250 fee to reprocess.**

2. **All materials must be billed at cost and supported by actual invoices or supplier's estimates. All labor must be billed at cost. Specific amounts** of materials and labor must be shown on the proposal from the subcontractor. The **maximum subcontractor mark-up is 12%.** A sample calculation is shown below for an electrical change order in a rehabilitation development:

Materials:		
200 standard outlet boxes @ $2.50 ea.	$	410.00
100 duplex outlets @ $1.50 ea		150.00
100 single pole switches @ $1.64 ea		164.00
1000 lf of 12/2 wire @ .24 lf		240.00
Subtotal	$	964.00
Labor:		
8 hrs. labor each unit @ $45/hr. x 35 units	$	12,600.00
Subtotal	$	13,564.00
Plus 12% mark-up **(maximum)**		1,627.68
Subcontractor Total	**$**	**15,191.68**

A contractor may **mark-up a subcontractor's price 10% for general requirements in a rehab (8% new construction)** and add an additional **7% (maximum) for profit and overhead:**

Subcontractor Total	**$**	**15,191.68**
Plus 10% general requirements (rehab)		1519.168
Subtotal	$	16,710.85
Plus 7% profit and overhead **(maximum)**		1169.76
Change Order Total	**$**	**17,880.61**

3. **If a general contractor performs the work himself (with prior approval of DSHA),** then the general requirements mark-up is added and 10% may be added for profit and overhead.

4. A subcontractor providing professional services, for example, termite treatment, need not provide the above required breakdown. Always check with DSHA before assuming the work is a professional service.

*** Effective for all loans approved after 4/7/06.**

HJL 7/31/07

CHANGE ORDER

OWNER ☐
ARCHITECT ☐
CONTRACTOR ☐
FIELD ☐
OTHER ☐

PROJECT:
(name, address)

CHANGE ORDER NUMBER:

DATE:
ARCHITECT'S PROJECT NO:
CONTRACT DATE:
CONTRACT FOR:

TO CONTRACTOR:
(name, address)

The Contract is changed as follows:

Not valid until signed by the Lender, Architect, Contractor, Owner and DSHA.

The original (Contract Sum)(Guaranteed Maximum Price) was..... $
Net change by previously authorized Change Orders..... $
The (Contract Sum)(Guaranteed Maximum Price) prior to this Change Order was..... $
The (Contract Sum)(Guaranteed Maximum Price) will be (increased)(decreased)
(unchanged) by this Change Order in the amount of..... $
The new (Contract Sum)(Guaranteed Maximum Price) including this Change Order will be. $
The Contract Time will be (increased)(decreased)(unchanged) by ( ) days.
The date of Substantial Completion as of the date of this Change Order therefore is

LENDER	ARCHITECT	CONTRACTOR	OWNER	DSHA
By	By	By	By	By
Date	Date	Date	Date	Date

SECTION V

COST CERTIFICATION GUIDE

SECTION V

COST CERTIFICATION GUIDE
for
CERTIFYING AND AUDITING DEVELOPMENT COSTS OF DSHA-FINANCED MULTIFAMILY PROPERTIES

A. PURPOSE

This guide sets forth (a) the standards to be followed in the preparation of the certificates of actual cost and in the conduct of the audits, and (b) the minimum scope of audit and report format acceptable to the Delaware State Housing Authority (DSHA). It does not provide detailed audit procedures nor is it intended to supplant the accountant's judgment as to the work required. This guide is applicable to audits of mortgagors', contractors', and subcontractors' cost certifications as required for multi-family housing projects financed by DSHA. Three (3) original copies should be submitted to DSHA the earlier of sixty (60) days prior to permanent closing or thirty (30) days after the date of substantial completion as defined by the architect and DSHA.

B. GENERAL

The purpose of cost certification is to establish the total costs incurred by the mortgagor and the contractor to complete the project so that DSHA may determine at final closing the total development cost of the project, the final principal amount of the mortgage loan and the mortgagor's equity in the development.

This guide is intended to carry out the purposes set forth above. This guide is not intended, and shall not be construed, to benefit or protect any person or entity other than the parties expressly made subject to the terms of this guide and their successors and assigns, or to provide any such other person or entity with any rights or remedies against the parties subject hereto, or to otherwise entitle any such other person or entity to rely on the implementation or enforcement of any term or provision of this guide. Nothing contained herein shall be construed to create any contractual or other legal relationship that does not otherwise exist under contract or by operation of law.

Adequate records must be maintained for three years for the purpose of verifying costs, and all books and records, contracts, invoices, receiving reports, particulars of material, labor and equipment entering into the construction of the project, and other records appropriate to such accounts, must be made available to DSHA for inspection and copying upon request.

It is the responsibility of the contractor and any identity of interest subcontractor to inform its subcontractors if they are required to have their costs certified and to require such cost certification in the subcontracts, and it is the responsibility of the subcontractors to pay for their cost certification.

All Mortgagors and General Contractors are required to complete and submit a cost certification.

The appropriate certificates of actual cost together with (1) a statement of assets, liabilities and capital of the mortgagor entity, and (2) a statement of income and expense if there has been any income from project operations during the audit period must be submitted to DSHA ninety (90) days after issuance of the final certificate of occupancy or substantial completion as defined by the architect and DSHA, whichever occurs later. If the cost certification is submitted after the deadline date, a 2% fee (of the credit annual allocation amount) will be due prior to the issuance of IRS Form 8609, Low Income Housing Credit Allocation Certification for any building. The 2% fee is not an eligible project cost and may not be paid from any development funds.

DSHA Form # CC-100 should be used or adapted for the Mortgagor's Certification of Actual Costs. The cost certification format should always match the line items on the Mortgagor's and Contractor's Draw Requisition forms.

After receipt of required certifications, DSHA will review them for compliance with the applicable contracts and this guide and upon completion of such review will establish a final closing date. If there are any payables or estimates reflected in the certificates of actual cost, supplemental certificates of cost are required to be submitted. DSHA requires the supplemental certifications to verify payment of amounts shown as payable or estimated on original certifications to be submitted prior to final closing. Once a completed cost certification is submitted by the ICPA, no additional costs may be submitted to increase eligible basis. It is the ICPA's and Mortgagor's and General Contractor's responsibility to submit and collect all information during the cost certification process. Once the cost certification is submitted to DSHA for approval, DSHA will not accept additional or increased costs. However, documentation to clarify any costs can be submitted at DSHA's request.

Any reductions in the mortgagor's or contractor's actual costs realized subsequent to final closing will be paid to, or retained by, DSHA for (i) an application to reduction of the principal amount of the mortgage loan, (ii) deposit in the Operating Reserve Account or such other reserve account as DSHA shall determine or (iii) other purposes benefiting the development as approved by DSHA; provided, however, that to the extent that notwithstanding such reductions the mortgagor and/or contractor remains entitled to such sums for the payment of other costs under the terms of the loan documents, construction contract and this guide, DSHA shall pay such sums to, or permit the retention of such sums by, the mortgagor and/or contractor, as the case may be. In the event of any reductions in cost, DSHA shall have the right to re-determine the total development cost, the final mortgage loan amount, and the mortgagor's equity in the development as may be necessary as a result of such reductions. Such reductions of cost may arise from refunds, rebates, or discounts; the excess of escrows over the actual costs of incomplete construction items; adjustments of payables or cost estimates shown on the certificates of actual cost; and any receipts from the settlement of claims against bonding companies or others which might arise in connection with the completion of the project.

ICPAs are required to contact the DSHA Housing Project/Loan Manager who has responsibility over the work/costs being certified to determine any abnormalities in the development costs that may not be disclosed by standard audit procedures and to establish a cut-off date.

C. REFERENCE MATERIAL

The independent certified public accountant (ICPA) should be familiar with the following DSHA documents and forms as they pertain to the audit engagement. The completed forms pertaining to the project should be available in the mortgagor's or contractor's office:

Loan Agreement Commitment
Building Loan Agreement
Mortgage and Note
Construction Contract
General Conditions of the Contract for Construction
Mortgagor and/or Contractor Draw Requisitions
Trade Payment Breakdown
Approved Construction Change Orders
Owner-Architect Agreement
DSHA Permission to Occupy
Regulatory Agreement
Management Agreement

D. AUDIT AUTHORIZATION

In the Building Loan Agreement and Construction Contract, the mortgagor and general contractor agree to submit to DSHA prior to the receipt of the final advance under the mortgage, a fully completed and executed Mortgagor's Certificate of Actual Cost on DSHA Form # CC-100, a fully completed and executed Contractor's Certificate of Actual Cost on DSHA Form # CC- 101, and a fully completed and executed Certificate of Actual Cost on DSHA Form #CC-101 by any subcontractor who is required to certify costs under this guide (when there is an identity of interest). The mortgagor further agrees that each of the certificates of actual cost shall be supported by the opinion of an ICPA in a form acceptable to DSHA.

The accountant must be alert for any contractual relationship as described in this guide under the definition of Identity of Interest. If such relationship is noted but the requisite DSHA approval has not been obtained, it should be considered a deviation by the ICPA and commented on in the report.

To be acceptable, an ICPA must be a certified public accountant or a public accountant licensed by a regulatory authority of a state or other political subdivision of the United States and must have a Delaware business license. As required by AICPA standards, the ICPA must be independent within the meaning of the code of professional ethics of the American

Institute of Certified Public Accountants (AICPA). The audit engagement letter or arrangement for audit must provide that the ICPA shall satisfy the requirements of DSHA and all other lenders.

The audit engagement letter or arrangement for audit between the ICPA and mortgagor, contractors and any subcontractors required to cost certify must allow duly authorized agents of DSHA, at our request, to examine the ICPA's working papers supporting the required cost certifications. For this purpose, the ICPA should retain the working papers for at least three years.

The ICPA must not have a business relationship with the mortgagor, contractor or any other Identity of Interest entity. An ICPA who performs manual or automated bookkeeping and/or accounting services or maintains the accounting records for the Mortgagor, Contractor or any other Identity of Interest entity is strictly prohibited from performing cost certifications involving DSHA-financed projects. Where Government Auditing Standards apply, the ICPA, must meet the auditor qualifications of Auditing Standards, including the qualifications of Independence and continuing professional education. Additionally, the audit organization must meet the quality control standards of Government Auditing Standards.

E. AUDIT SCOPE AND COVERAGE

The objectives of the audit are to determine whether the project costs incurred are eligible under the terms of the applicable contracts and in accordance with DSHA policies as identified in this guide.

The audit work must be sufficiently comprehensive in scope to permit the expression of an opinion on the certificates of actual cost and the required financial statements and must be performed in accordance with generally accepted auditing standards and audit requirements as set forth in this guide. The opinion submitted by the ICPA should be an unqualified opinion addressed to DSHA in form acceptable to DSHA. If either a qualified or adverse opinion is expressed or if an opinion is disclaimed, such opinion shall not be acceptable to DSHA unless the reasons therefore are fully explained in the audit report to the satisfaction of DSHA and unless DSHA is otherwise satisfied that the certificates of actual cost and the financial statements comply with this guide.

Sufficient audit work must be performed for the ICPA to conclude whether, based on the criteria set forth in the "Eligibility of Costs and Compliance Requirements" section of this guide, the costs incurred were eligible under the terms of the contracts and this guide and are reasonable, ordinary and necessary expenses and directly related to the construction of the project.

F. AUDIT STANDARDS

The audit work must be performed in accordance with auditing standards established by the General Accounting Office in its publication, Standards for Audit of Governmental Organizations, Programs, Activities and Functions as such standards pertain to financial and compliance examinations and the generally accepted auditing standards established by the American Institute of Certified Public Accountants (AICPA).

The certification of actual costs must be based on an examination made in accordance with generally accepted auditing standards and include tests of the accounting records and such other auditing procedures considered necessary in the circumstances. The Supplemental Certifications shall be based on reviews made in accordance with standards established by the AICPA.

G. ELIGIBILITY OF COST AND COMPLIANCE REQUIREMENTS

The following paragraphs provide comments and information concerning the eligibility of costs or allowances which may be included in cost certifications. Costs shall be determined in accordance with generally accepted accounting principles except as modified by eligibility criteria described in this guide.

The actual cost of construction (as defined in the construction contract and this guide) shall be the sum of the contractor's costs approved by DSHA as eligible hereunder. The total development cost (as defined in the Building Loan Agreement) shall be the sum of the mortgagor's costs approved by DSHA as eligible hereunder.

In several instances, comments in this section only describe line items which appear on mortgagor's and contractor's (and any subcontractor's) certificates of actual cost. The audit coverage and extent of tests will be determined by the ICPA in accordance with generally accepted auditing standards and should be shown in the audit working papers. The ICPA must disclose to DSHA any noncompliance with DSHA requirements as described in this guide and identified during the course of the audit. Certain types of noncompliance, if identified, must be disclosed by the ICPA in the audit report, and are mentioned in the following text. Although only certain noncompliance items are discussed, it is intended that all significant noncompliance with DSHA requirements be reported by the ICPA.

As a general rule, only the costs which have been or will be paid in cash at final closing which are escrowed with DSHA are eligible for inclusion on the mortgagor's or contractor's (or any subcontractor's) certificates of actual cost. The mortgagor's and contractor's (and any subcontractor's) certificates of actual cost must be on DSHA Form # CC-100 and # CC-101 respectively. Samples of these forms are attached to this guide.

The certificates of actual cost are to exclude the amount of any rebates, allowances or trade or cash discounts or other similar sums received or to be received by the mortgagor, contractor, or subcontractor in connection with the construction.

A separate schedule of ineligible HDF costs for Tax Credit eligible basis purpose must be part of the certified actual costs. The schedule should list all payees, cost amounts, and any costs that are to be paid.

DSHA will also require the ICPA to complete and certify to the sources of funds (DSHA Form # CC-104), calculate eligible and qualified basis (DSHA Form # CC-105 & 106), proceeds and sale of tax credit (DSHA Form # CC-107), and other miscellaneous development or building information (DSHA Form #CC-108). If the development has commercial space, a separate Mortgagor's Certificate of Actual Costs Residential vs. Commercial form (DSHA Form # CC-109) must be completed, if applicable.

H. BOND FINANCING

In the event that the project is financed in whole or in part with the proceeds of bonds, certain restrictions and limitations apply with respect to the costs or the portions thereof which are includable in the total development cost. Such restrictions and limitations shall control in the event of any conflict or inconsistency with any other provisions of this Guide. Compliance shall be exclusively determined by DSHA acting with the advice of its bond counsel at the time of application. A separate schedule for projects financed with bonds will also be required and is included in the attached forms (DSHA Form # CC-110).

I. ELIGIBLE MORTGAGOR COSTS ON DSHA FORM #CC-100

All costs must be supported by schedules that list all payees, dates paid, cost amounts, and amounts to be paid and must be attached to DSHA Form #CC-100 as stated on the DSHA Form # CC-100. Only costs which have been or will be paid in cash upon the release of the balance of mortgage loan proceeds are eligible for inclusion as certified costs. The cost certification must include the total sources and uses of funds (DSHA Form #CC-104), including disbursement of gross syndication proceeds. As for uses of funds, the certification should clearly denote all syndication costs or fees.

A separate schedule **or column** of **eligible** and ineligible costs for Tax Credit eligible basis purpose must be part of the certified actual costs. Eligible costs must also be separated by acquisition and rehabilatation costs. Schedules should also list all payees, cost amounts, and any costs that are to be paid. The sources of funds should state the total equity proceeds. DSHA requires payment of all eligible costs prior to or at permanent closing.

(1) Construction Costs.

1. The eligible amount is the lesser of (i) the actual cash (including any builder's overhead and profit) paid and to be paid at final closing or (ii) the contract price under the construction contract (as

adjusted for the net effect of all DSHA approved change orders and including builder's profit, if any). The amount of actual cash paid or to be paid as described in (i) above shall be reduced by DSHA to the extent such amount includes any costs disallowed by DSHA in its review of the contractor's certificate of actual cost.

2. All adjustments made to the original contract price shown in the mortgage loan commitment must be disclosed by the mortgagor in the Reconciliation to the Last Draw and Certificate of Actual Costs or notes thereto. Lack of such disclosure should be considered a deviation and commented on by the ICPA in his report.

(2) Architect's Fees.

(a) Architect's fees are limited to amounts paid or to be paid in cash for architectural design and supervision services, but not to exceed the fees for such services provided in the owner-architect agreement or agreements without the prior approval of DSHA. A portion of the architect's fee paid for by means other than cash (e.g., stock subscriptions, notes, or other considerations), and no part of the architect's fee which accrues to the benefit of principals in the mortgagor entity (e.g., rebates) is eligible. Any part of the architect's fees refunded to the contractor is also ineligible. A schedule listing payees, amounts, nature of expenditures and dates paid must accompany DSHA Form #CC-100.

(b) Fees paid to an identity of interest architect for supervision services are not eligible. When it is determined at cost certification that an identity of interest architect performed both architectural design and supervision services, the eligible fee cannot exceed the design services fee which is set forth in the owner-architect agreement.

(c) Identity of interest situations concerning architects include the following:

1. When the architect has any financial interest in the project other than the fee for professional service.

2. When the mortgagor or contractor or any officer, director, stockholder, or partner of such mortgagor, contractor or subcontractor has any financial interest in the architectural firm.

3. When the architect has stock or any financial interest in the mortgagor, contractor or subcontractor.

4. When the mortgagor, contractor or subcontractor, any officer, director, stockholder or partner of such mortgagor, contractor, or subcontractor provides any of the required architectural services.

5. When there exists (or comes into being) any side deals, agreements, contracts or undertakings, thereby altering, amending, or canceling any of the required closing documents.

(d) Any payments received by the mortgagor, contractor or subcontractor from the architect must be disclosed in the Certification of Actual Costs or notes thereto. Lack of such disclosure should be considered a deviation and commented on by the ICPA in his report. Any relationship that the ICPA becomes aware of that may constitute an undisclosed identity of interest between the architect and the mortgagor, contractor or subcontractor shall be disclosed to DSHA so that a determination can be made as to the eligibility of architect's fees. In making these reviews, the ICPA should be guided by auditing procedures contained in the AICPA Statement on Auditing Standards No. 6 on Related Party Transactions.

(3) Taxes and Property Insurance.

Eligible taxes and property insurance are the amounts paid or accrued during the same time period as is used for interest accrual, provided that the amounts were paid in cash or will be deposited in escrow with DSHA at final closing. A schedule supporting the computation of taxes and insurance (including payees, amounts, dates paid, period covered and the type of coverage) must accompany DSHA Form #CC-100.

(4) Title and Recording Expenses.

Amounts paid or to be paid for title policy premiums and recording fees incurred at the time of construction closing, during construction and at final closing. Legal fees for examination of title shall not be included in this category, but may be included in subparagraph 5 below. A schedule listing payees, amounts, nature of expenditures and dates paid must accompany DSHA Form #CC-100.

(5) Legal/Organizational Expenses.

Amounts ordinarily limited to expenses incurred in organizing the mortgagor entity, performing the title examination, preparation of documents for construction and final closing, title bringdowns during construction, and for performing other customary legal services at the

construction and final closings and during the construction period. A schedule listing payees, amounts, purpose of expenditures and dates paid must accompany DSHA Form #CC-100. Legal expenses should not include costs incurred in connection with, obtaining zoning, the sale or ground breaking ceremonies or entertainment. Syndication legal fees incurred by the investor are not eligible costs.

(6) Insurance.

Builder's risk, property and casualty insurance costs are allowable in the amount accrued during the initial closing to permanent loan closing.

(7) Land/Acquisition.

The mortgagor is permitted to claim the least of (i) the fair market value (as determined by DSHA on the basis of an independent real estate appraisal prior to the construction closing of the mortgage loan) of the land and any improvements which were then located on the land and were retained and will be used as part of the development after completion of construction, (ii) the purchase price paid by the mortgagor (or, if the mortgagor did not acquire such land and improvements in an arm's-length transaction as determined by DSHA, then by the last party to acquire such land and improvements in an arm's-length transaction) and any carrying charges, such as taxes and interest on a purchase money deed of trust, incurred by the mortgagor or by such party and its successors in interest, or (iii) the amount for such land and improvements shown in the mortgage loan commitment. Notwithstanding the foregoing, if the above described last arms-length transaction occurred at least four years prior to the filing of the mortgage loan application with DSHA and if the property was then acquired without intent to apply for and obtain a mortgage loan from DSHA, the eligible amount for such land and improvements shall be the lesser of the fair market value of the property as described above or the amount for land and improvements shown in the mortgage loan commitment.

(8) Other Costs.

Under this section of the DSHA Form #CC-100, the mortgagor is permitted to claim costs not provided for elsewhere on the mortgagor's certificate of actual cost. However, such costs must not have been part of the work done under either the construction contract or the architect's contract, and cannot include any costs claimed on DSHA Form #CC-101.

(9) Cost Certification/Accounting.

The mortgagor's cost certification fee and costs for periodical reports or audits required by any lender or syndicator during construction are eligible costs which can be claimed under this category. It should be noted, however, that when the same ICPA performs an audit of both the mortgagor's and contractor's costs, the amount of the fee applicable to the contractor's cost should be claimed on DSHA Form #CC-100 under "Cost Certification/Accounting". Fees for an audit of an identity of interest subcontractor's cost are not an eligible cost.

(10) Relocation.

Costs attributable to the relocation of tenants as a result of the construction or rehabilitation of the project are eligible. Mortgagors, contractors and vendors must follow the Uniform Relocation Act procedures when relocating tenants.

(11) Appraisal/Market Study.

The appraisal fee and market study fee are eligible to be claimed under this category.

(12) Liquidated Damages.

Liquidated damages in the amount specified by the terms of the construction contract must be deducted from the mortgagor's eligible costs.

(13) DSHA Financing Fee.

Fees paid to renew an expired or terminated commitment or extend an existing commitment are not eligible.

All costs, including the developer's fee, must be itemized on an attachment to DSHA Form #CC-100 listing payees, amounts, purpose of expenditures and dates paid. All other costs must be clearly attributable to the construction of the project and are subject to DSHA approval.

J. ELIGIBLE CONTRACTOR COSTS ON DSHA FORM #CC-101.

The contractor's certificate of actual cost can include all reasonable, ordinary and necessary costs which are eligible under the construction contract and this Guide and which are directly related to the construction of the project. Such costs must have been paid or will be paid in cash (or escrowed) as of the date of permanent closing. All such costs must exclude any return on or cost of the contractor's working capital and must be net of any rebates, credits, trade or cash discounts or other similar payments which the contractor received or may be entitled to receive in connection with the construction contract.

Costs shall not be allowed for duplication of work if it is the result of improperly placed work, failure to take proper precautions to protect completed work, failure to comply with plans and specifications, failure to supervise the work properly, or any other reason within the control or responsibility of the contractor. In such instances, the DSHA estimate for the original work shall be allowed. The ICPA must be alert for any possible duplication of work and must comment in his report on any such possible duplication of work noted by him.

In the event that the actual cost of any item (including, without limitation, General Requirements) shown on the Trade Payment Breakdown exceeds the amount allocated (the amount without approved change orders) for such item in the Trade Payment Breakdown, the contractor shall explain the reason for such excess and shall provide such supporting information as DSHA shall require. If DSHA shall not be satisfied that such excess is justified by an unforeseeable change in facts and circumstances subsequent to the date of construction loan agreement or by any other unforeseeable extenuating circumstances, DSHA shall have the right to approve such lesser cost as DSHA shall determine to be reasonable and necessary, but not less than the amount allocated in the Trade Payment Breakdown. Such approval shall not be construed as an approval of an increase in the contract price. The ICPA must identify all such items of cost which exceed the amount allocated in the Trade Payment Breakdown and must comment in his report on any failure by the contractor to explain the reason for such excess.

(1) Trade Items.

Include under each trade item the subcontract costs for all labor (including payroll taxes), material and equipment rentals provided to complete the work in such trade. Also included under each trade item are the costs of equipment, materials and supplies applicable to such trade item and not furnished under a subcontract. DSHA Form #D-100 & #D-101 contains a breakdown of trade items.

(a) Payments made to the subcontractors should be the same as provided for in original subcontracts. Any differences should be covered by change orders which require the prior written approval of DSHA. If any such difference is not so covered, the contractor must submit an attachment to DSHA Form #CC-101 explaining the reasons for such differences and such absence of any change order. The comparison of claimed costs to the subcontract prices

will also aid the ICPA in evaluating whether chargebacks were properly accounted for by the contractor.

(b) The contractor may claim self-owned equipment costs at a reasonable rate of depreciation for the time actually in use for the construction, and may include additional costs for fuel, lubricants, maintenance and liability insurance where required by law. Costs for self-owned equipment must be allocated to the appropriate trade item for which it was used and must be itemized on an attachment to DSHA Form #CC-101. When leasing self-owned equipment to the project, the contractor shall certify and agree in the manner required as stated below with respect to Identify of Interest equipment lessors.

(c) During the course of the examination, the ICPA may become aware of relationships that may constitute an identity of interest under this guide. In the event such relationships are noted, the ICPA should discuss the possible Identity of Interest with the mortgagor, contractor and subcontractor and with representatives of DSHA, if necessary, in order that a determination can be made as to whether an identity of interest exists. Such relationships must be disclosed in the certificates of actual costs or notes thereto. If such relationships are noted but disclosure is not made, it must be considered a deviation by the ICPA and commented on in his report. The ICPA should be guided in this review by the auditing procedures contained in the AICPA Statement on Auditing Standards No. 6 on Related Party Transactions.

(d) Where more than one subcontractor performs work on a trade item or where the contractor uses his own labor force within one trade item, the costs should be itemized as an attachment to DSHA Form #CC-101.

(e) Some material suppliers of items such as refrigerators or stoves give rebates or promotional allowances for quantity purchases. Some utility companies also give promotional allowances for certain types of construction, i.e., all electric project or gas air conditioned project. The ICPA should discuss with the contractor whether such rebates and allowances are a prevailing practice in the area where the project is located, and consider such information in confirming payments to supplies and utility companies. Rebates, discounts and promotional allowances received or to be received by the contractor or subcontractor should be treated as reduction to cost.

(f) When escrows are to be established for items of incomplete work which are the responsibility of a subcontractor, the full amount of the subcontract shall be reported, unless the subcontract is cost plus fixed fee with a guaranteed upset price. In such cases, the contractor shall claim the lesser of (a) the cost of the completed work (including the fee), plus the DSHA estimated cost for the incomplete work, or (b) the upset price as adjusted by DSHA cumulative estimate of cost of any approved construction changes relating to the trade item.

(g) If the amount of any payables due a subcontractor represents a percentage of the subcontract price, which is higher than the percentage of retainage held by DSHA with respect to the total contract price under the construction contract, a statement must be attached to the contractor's certificate of actual cost explaining the reason for such amount of payables and demonstrating that such payables are eligible costs hereunder. Furthermore, such additional information (including an up date of the status of such payable), as DSHA may request, shall be provided. Such payables will be disallowed to the extent that DSHA is not satisfied that such payables will in fact be paid within 15 days of final closing and, when paid, will represent eligible costs under this guide.

(2) General Requirements (as defined in this guide)

All costs must be itemized on an attachment to DSHA Form #CC-101 listing payees, amounts, purpose of expenditures and dates paid.

(a) Tap Fees. The actual costs of utility tap fees are eligible provided that such fees were not included on DSHA Form #CC-100 or part of any subcontract.
(b) Building Permit. The actual costs of the building and other permits are eligible provided that such costs were not included on DSHA Form #CC-100 or part of any subcontract.
(c) Miscellaneous Labor and Materials. Miscellaneous disbursements by the contractor of under $100 each may be aggregated by line item without disclosing payee.

(3) Builder's Overhead and Profit.

The eligible cost is the amount shown in the Building Loan Agreement, plus any increase approved by DSHA in a change order. Itemization of general overhead and profit is not required since it is not a direct cost item, but a percentage allowance.

K. RECONCILIATION TO LAST APPROVED DRAW (DSHA FORM # CC-103)

Each line item on the last approved Mortgagor and Contractor's Draw Requisition form should equal the same amount on the cost certification. If line items do not equal and adjustments are necessary, the ICPA must reconcile the line items and complete DSHA Form # CC-103 as an attachment to the final cost certification. A detailed explanation of the differences in the line items must be attached to DSHA Form #CC-103.

L. STATEMENT OF ASSETS, LIABILITIES AND CAPITAL

A statement of assets, liabilities, and capital as of the cut-off date for interest is required in all cases.

(a) Construction cost liabilities should be in agreement with the payables shown in Column B of DSHA Form CC-#100/101, or reconciling information should be furnished.

(b) The mortgage payable as shown on the statement should equal the total of all advances on the mortgage loan. If it does not, an explanatory comment should be furnished.

(c) A schedule of all other notes or accounts payable, if any, related to the project must be attached to the statement of assets, liabilities and capital.

M. STATEMENT OF INCOME AND EXPENSE

If there has been income from project operations during the construction period, a statement of income and expense is required. All income generated from residential occupancy, if any, during the construction period and from any commercial uses of the mortgaged premises subsequent to construction closing shall be included in the statement. The period covered is to be from first residential or commercial occupancy (or date of construction closing in rehabilitated or refinanced projects where residential occupancy is continuous) to the cut-off date for inclusion of interest (see definitions).

(1) The schedule must show the actual dates covered and income from all sources, including residential and commercial rents, laundry facility receipts, and other miscellaneous income from concessions. Operating expenses may include advertising expense, rental commissions customary for the type of project, reasonable management fees, utility expense and other expenses incidental to the operation and maintenance of the project. Charges by financial institutions for the issuance of letters of credit and fees relating to or arising from the sale of limited partnership interests in the mortgagor **may not** be included.

(2) Depreciation, interest, taxes, property insurance and mortgage insurance premiums, and any other expenses claimed as costs on the mortgagor's and/or contractor's certificates of actual costs **are not** to be included in the statement of income and expense.

(3) Net operating income, whether generated during the period covered by the statement of income and expense or thereafter, **may not** be applied to the payment of construction costs **except** with the prior written approval of DSHA.

N. REPORTING REQUIREMENTS

1. Certificates of actual cost.

The ICPA is retained to examine and express their opinion on the fairness of the mortgagor's and/or contractor's certificates of actual cost in conformity with this guide. The opinion should state whether the certificates of actual cost present fairly the cost of the project at the cut-off date with consideration to the requirements recited in this guide.

2. Basic financial statements.

In addition, with respect to the mortgagor, the ICPA must express their opinion as to whether the basic financial statements present fairly the project's financial position and the results of project operations at the cut-off date in conformity with the accounting and reporting practices prescribed in this guide. Financial statements to be submitted to DSHA are a statement of assets, liabilities and capital, a statement of income and expense, if necessary, and notes to the financial statements.

O. GENERAL

The ICPA may encounter instances of apparent fraudulent reports or statements to DSHA concerning the project, or irregularities such as defalcations related to the project, the payment of gratuities to federal, state or city employees, or statements otherwise in violation of applicable federal or state law. In such instances, the ICPA shall advise the highest possible official of the mortgagor or contractor (or subcontractor) entity of the possible irregularity, and shall obtain documented assurance, prior to issuance of the audit report, that the mortgagor or contractor as appropriate has fully disclosed the particulars of the possible irregularity to DSHA, and shall confirm with DSHA that such disclosure has been made.

P. COST CERTIFICATION FORMS

(Sample of Accountant's Opinion)

We have examined the (Mortgagor's, Contractor's or Sub-contractor's) Certificate of Actual Cost (DSHA - Form # CC-100) through (cost cut-off date) of (name and number of development), the statement of assets, liabilities and capital as of [cost cut-off date] and the related statement of income and expense for the period [date of initial occupancy] through [cost cut-off date])*. Our examination was made in accordance with the Delaware State Housing Authority (DSHA) Cost Certification Guide for Mortgagors, Contractors and Certified Public Accountants dated Effective: 2008, as amended October 2008 ("DSHA Cost Certification Guide"), as of [date of construction closing] 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.

As described in Note X, the certificate of actual cost and the project financial statements* have been prepared on the basis of accounting and reporting practices prescribed by Delaware State Housing Authority in the DSHA Cost Certification Guide, as of [date of construction closing]. These practices differ in some respects from generally accepted accounting principles. This report is intended solely for filing with DSHA and is not intended for any other purposes.

In our opinion, the certificate of actual costs and the financial statements referred to above present fairly the actual costs of [name of development] through [cut-off date], and the results of project operations for the period from [date of initial occupancy] through [cost cut-off date], on the basis of accounting described in Note X*.

Our examination has been made previously for the purpose of forming the opinion stated in the preceding paragraphs. The accompanying supplemental information [list page numbers] is presented in accordance with the instructions contained in the DSHA Cost Certification Guide, as of [date of construction closing] and it is not necessary for a fair presentation of the financial information presented in the Certificates of Actual Cost. It has been subjected to the tests and other auditing procedures applied in the examination of the Certificates of Actual Cost and in our opinion, is fairly stated in all material respects in relation to Certificates of Actual Cost.

I am also of the opinion that an amount of costs of the development equal to no less than _____ per cent (__%) of the mortgage loan for the development in the maximum principal amount of $_____ (a) was expended for (i) the acquisition, construction and/or rehabilitation of property of a character subject to the allowance for depreciation provided in Section 167 of the United States Internal Revenue Code of 1986, as amended, or (ii) land; (b) was paid or incurred subsequent to the date of DSHA's mortgage loan commitment to provide financing for the Development, and (c) was charged to capital account of the Development for federal income tax purposes or could have been so charged either with the proper election of the Mortgagor or but for a proper election to deduct any portion thereof.

(The foregoing paragraph applies only to the mortgagor's certificate and should be deleted if the mortgagor is a 501(c) (3) organization or a governmental unit as defined in Section 150 of the Internal Revenue Code of 1986, as amended, or if the development is financed by DSHA bonds, the interest on which is includable in gross income for federal income tax purposes.)

* References to the statements of assets, liabilities and capital, the related statement of income and expense, and the project financial statements are only applicable to cost certifications of Mortgagors.

MORTGAGOR'S CERTIFICATE OF ACTUAL COSTS

TO: HOUSING DIRECTOR
DELAWARE STATE HOUSING AUTHORITY
18 The Green
Dover, Delaware 19901

DSHA NO.: _____
Project Name: _____
Project Address: _____

This certificate is made pursuant to the provisions of the Building Loan Agreement between DSHA and (Mortgagor) dated and in order to induce DSHA to have final closing of the above referenced project. The actual cost to the owner of labor, materials, and necessary services for the construction of the physical improvements in connection with the subject project, after the deduction of rebates, adjustments, discounts, promotional or advertising allowances made or to be made to the mortgagor, sponsor, or any corporation, trust partnership, joint venture, or other legal entity in which they or any of them hold any interest as attached, if any. The cost of construction is supported by DSHA Form #CC-101, Contractor's Certificate of Actual Cost. **(Attach itemized schedules for totals in the charts below).**

ITEM	A	B	C	D - ELIGIBLE BASIS	
DSHA ELIGIBLE COSTS	PAID IN CASH	TO BE PAID PRIOR TO FINAL CLOSING	TOTAL ACTUAL COST	ACQUISITION	REHAB./NEW CONSTRUCTION
1. Construction Cost					
2. Developer's Fee					
3. Performance Bond Fee					
4. Architect - Design Fee					
5. Architect - Supervision Fees					
6. Survey/Soil Boring/Engineering					
7. Legal/Organizational					
8. Market Study/Appraisal					
9. Environmental Audit					
10. Permit and Impact Fees					
11. Letter of Credit Fees					
12. Bank Inspection Fees					
13. Marketing					
14. Fixtures, Furniture, and Equipment					
15. Construction Interest					
16. Taxes (Real Estate/Transfer)					
17. State Improvement Tax					
18. Insurance (Builder's Risk/Property/Liab.)					
19. Bank Financing Fees					
20. DSHA Financing Fees					
21. Title & Recording					
22. Contingency					
23. Cost Certification/Accounting					
24. Land/Acquisition					
25. Relocation					
26. Other					
27. **Subtotal DSHA TDC**					

ITEM	A	B	C	D - ELIGIBLE BASIS	
NON-ELIGIBLE DSHA COSTS	PAID IN CASH	TO BE PAID PRIOR TO FINAL CLOSING	TOTAL	ACQUISITION	REHAB./NEW CONSTRUCTION
Tax Credit Monitoring Fees					
Tax Credit Application Fees					
Tax Credit Allocation Fees					
Syndicator Legal/Accounting					
DSHA Application Fees					
Operating Reserve					
Other - (Identify)					
Subtotal Non-Eligible Costs					
TOTAL DEVELOPMENT COSTS					

The undersigned hereby certifies that except as noted in the appropriate part of this form, there has not been and is not now any identity of interest between the Mortgagor and the Contractor and/or any Subcontractors, Material, Suppliers, or Equipment Lessors. It is further certified, that except as noted, there are not and have not been any such relationships between the sponsor(s) of this project and the contractor and/or subcontractor, material supplier, or equipment lessor.

All references to "Identify of Interest" as defined below, has been read by the undersigned.
Identity of interest between the Mortgagor and/or Sponsor as parties of the first part and Contractor, Subcontractors, Material Suppliers, or Equipment Lessors as parties of the second part will be construed as existing under any of the following conditions:

Any relationship that would give the mortgagor or contractor control or influence over the prices paid to subcontractors. The identity of interest relationship is usually created by a financial interest but could be other means such as a family relationship. When there is any financial interest of the mortgagor or the the contractor in any subcontractor; When one or more of the officers, directors, partners, or stockholders of the mortgagor or contractor is also an officer, director, partner or stockholder of any subcontractor; When any officer, director, partner or stockkholder of the mortgagor or contractor has any financial interest in any subcontractor; When any subcontractor advances any funds to the contractor or mortgagor; When any subcontractor provides and pays, on behalf of the mortgagor or contractor, the cost of any architectural services or engineering services or any other costs for which the subcontractor is not responsible under its subcontract; When any subcontractor takes stock or any interest in the mortgagor or contractor entity as part of the consideration to be paid; When there exists or comes into being any agreements, contracts or undertakings entered into or contemplated, thereby altering, amending or canceling any of the required closing documents, except as approved by DSHA; When there exists or comes into being any family relationship between the officers directors, stockholders or partners of the mortgagor or contractor entity and officers, directors, stockholders or partners or any subcontractor entities which could cause or results in control or influence over prices paid. Although somewhat synonymous with the term "Related Party" as defined by the AICPA in its Statement on Auditing Standards No. 6, DSHA's definition of an identity of interest relationship is broader and more inclusive. It is not anticipated that DSHA's position concerning identities of interest will place additional burden or responsibility upon the public accountant; however DSHA expects the accountant to be alert for relationships which are or appear to be identities of interest as described above.

Identity of interest subcontracts will be approved, provided the following conditions are met:

a. Approval by DSHA of the subcontract price and all other terms and conditions therein must be obtained prior to execution of the subcontracts and prior to the subcontractor's commencement of work or furnishing of materials or equipment. DSHA Form #D-105 shall be completed prior to construction closing. In addition, DSHA Form #D-104 must be completed at each draw requisition where a subcontractor will be paid. (For further information, see paragraph below). There must be a separate contract for each trade in which there is an identity of interest. The subcontract must clearly identify the work to be done (either specifically or by reference to the general contract) and must specify the extent to which the work will be performed by (a) its own labor force and (b) its subcontractors. The subcontract must not be in excess of any applicable amount shown on the Trade Payment Breakdown.

b. The subcontractor has demonstrated experience and capability in the specific trade covered by the subcontract.

c. The subcontracts are no higher than the best prices which could be obtained from outside sources, where outside sources are available. Where not available, the price must not exceed that which is considered reasonable under the circumstances, and such price will be judged as if the party contracting with such subcontractor performed the work for his own account without a formal subcontract and a reasonable fee were added.

d. While not mandatory or conclusive, some important factors are: whether the subcontractor does a significant portion of its business in the specific trade with persons or firms having no identity with it, and whether the subcontractor is established in the project area or is national in scope. The subcontractor should demonstrate that it will perform the subcontract as a "subcontractor" according to the customs of the particular trade, i.e., use and control of its own labor force, maintenance of payrolls, use of tools and equipment. It should perform the the construction work by utilizing its own labor force to the extent customary in the particular trade and should not merely be a "paper" conduit subcontracting for the performance of work by others.

e. In the event that the mortgagor or contractor shall enter into a contract with any other party (other than their own empl for the performance of some or all of the duties and functions (such as subcontracting, coordinating or supervising the work) normally performed by the contractor under the construction contract, such other party and the amount and terms of such contract shall be subject to the review and approval of DSHA prior to the execution thereof and prior to the commencement of work. Any fee, profit or overhead paid to such other party and any costs incurred by such other party for the performance of duties and functions also performed by the contractor shall be ineligible for inclusion in the mortgagor's and contractor's certificates of actual cost. Such other party shall be included within the term "contractor" as used in this guide, shall certify to costs on a separate DSHA Form #CC-101 in the same manner as the contractor, and shall comply with and be subject to all of the terms and requirements herein applicable to the contractor, except to the extent otherwise provided in this subparagraph or waived by DSHA in writing.

f. When there is any financial interest of the party of the first part in the party of the second part; When one or more officers, directors, or stockholders of the party of the first part is also an officer, director, or stockholder of the party of the second part: Where any officer, director, or stockholder of the party of the first part has any financial interest whatsoever in the party of the second part; When the party of the second part advances any funds to the party of the first part: When the party of the second part promises and pays on behalf of the party of the first part the cost of any architectural services or engineering services, other than those of the surveyor, or general superintendent or engineer employed by the contractor in connection with his/her or its obligation under the construction contract: When the party of the second part takes stock or any interest in the party of the first part as part of the consideration to be paid to them: When there exists or comes into being any side deals, agreements, contracts, or undertakings, entered into or contemplated, thereby altering, amending, or canceling any of the required closing documents except as approved by the Housing Director of the Delaware State Housing Authority.

Sponsor(s)

Name: _____ By: _____

(Mortgagor)

Date: _____ Name: _____

_____

(Title)

The following identities of interest exist: (If NONE, so state below):

Mortgagor

Name: _____

Date: _____

Contractor

By: _____

Name: _____

_____

(Title)

Subcontractor

By: _____

Name: _____

_____

(Title)

Material Suppliers

By: _____

Name: _____

_____

(Title)

Equipment Lessors

By: _____

Name: _____

_____

(Title)

CONTRACTOR'S CERTIFICATE OF ACTUAL COST

Mortgagor: _____ DSHA No.: _____
Contractor: _____ Project Address: _____
Project Name: _____ _____

This Certificate is made pursuant to the provisions of the Construction Contract, entered into by and between us and under date of _____, and it is understood and agreed by the undersigned that this Certificate is to be submitted to the Housing Director of the Delaware State Housing Authority and upon approval, the Delaware State Housing Authority will proceed to final closing. The actual cost incurred in the completion of construction under the Construction Contract and accepted construction changes exclusive of all rebates and discounts received in connection with the construction of the project is itemized below: (Please attach itemized list of the payee's for each trade item)

TRADE ITEM	PAID IN CASH	TO BE PAID IN CASH	TOTAL ACTUAL COST	Eligible Basis Rehab./New Construction	NAME OF PAYEE SUBCONTRACTOR
1. General Requirements					
2. Site Utilities					
3. Site Improvements					
4. Site Grading					
5. Roads/Parking					
6. Offsite Improvements					
7. Demolition					
8. Concrete					
9. Masonry					
10. Siding-Vinyl					
11. Rough Carpentry					
12. Finished Carpentry					
13. Kitchen Cabinets					
14. Insulation					
15. Roofing					
16. Metals, Gutters, Spouts					
17. Doors					
18. Windows					
19. Drywall					
20. VCT/Vinyl Flooring					
21. Painting					
22. Specialties					
23. Appliances					
24. Blinds, Shades					
25. Carpets					
26. Plumbing					
27. HVAC					
28. Electrical					
29. Termite Protection					
30. Sprinklers/Alarms					
31. Gypcrete					
SUBTOTAL					
32. Builder Overhead & Profit					
33. **Total Construction Cost**					

The undersigned hereby certifies that: (check one)

_____ There has not been and is not now any identity of interest between the mortgagor and/or the contractor on one hand and subcontractors, material supplier, or equipment lessors on the other.

_____ Attached to and part of this certificate is a signed statement fully describing any identities of interest s set forth in the previous sentence.

All amounts shown have been reduced to give effect to the amount(s) of any rebates, adjustments, discounts or any other devices which had the effect of reducing the actual costs.

_____ _____ _____
(Contractor) (By) (Date)

Note: This certificate must be supported by a certification as to actual cost by an Independent Certified Public Accountant.

DELAWARE STATE HOUSING AUTHORITY
CONTRACTOR'S, SUBCONTRACTOR'S, AND MORTGAGOR'S CERTIFICATION

To Delaware State Housing Authority:

DATE:

DSHA NO:

Whereas, in accordance with the provisions of the Delaware State Housing Authority regulations, as amended, the Delaware State Housing Authority has determined that there is an identity of interest between the Mortgagor and _____ as contractor, subcontractor, material supplier (strike-out inapplicable classification):

Now, therefore, the undersigned certifies that _____ has been paid $_____ in connection with the construction of the project, that no rebates, have been or will be paid, and that the price paid was not in excess of the going rate in the locality for similar work or materials.

_____
CONTRACTOR

ATTEST:

_____ By _____
Secretary Title:

The undersigned certifies that it has received $_____ in payment for work performed and/or materials supplied in connection with construction of the project, that no rebates have been or will be paid, and the amount received was not in excess of the going rate in the locality for similar work or materials.

_____
SUBCONTRACTOR

_____ By _____
Witness Title:

The undersigned certifies that it has received $_____ in payment for work performed and/or materials supplied in connection with construction of the project, that no rebates have been or will be paid, and the amount received was not in excess of the going rate in the locality for similar work or materials.

_____
MATERIAL SUPPLIER

_____ By _____
Witness Title:

The undersigned certifies that it has received $_____ in payment for work performed and/or materials supplied in connection with construction of the project, that no rebates have been or will be paid, and the amount received was not in excess of the going rate in the locality for similar work or materials.

_____
EQUIPMENT LESSOR

_____ By _____
Witness Title:

The undersigned certifies that it has received $_____ in payment for work performed and/or materials supplied in connection with construction of the project, that no rebates have been or will be paid, and the amount received was not in excess of the going rate in the locality for similar work or materials.

_____
MORTGAGOR

_____
Witness

By _____
Title:

DELAWARE STATE HOUSING AUTHORITY
MORTGAGOR'S AND/OR CONTRACTOR'S COST CERTIFICATION

RECONCILIATION TO THE LAST APPROVED DRAW REQUISITION

PROJECT NAME : _____
DSHA PROJECT NUMBER: _____

SPECIFIC ITEM OF COST	(1) DRAW REQUISITION TO DATE	(2) VENDORS PAYABLE	(3) ACCRUED FINAL DRAW	(4) LINE ITEM ADJUSTMENTS	(5) CERTIFIED FINAL COSTS

Instructions: Each line item per the last approved DSHA draw should equal the same line item on the cost certification. If line item adjustments are necessary, utilize this form to reconcile the final draw document to the cost certification document.

Column (1) is to state the last approved draw amount.

Colums (2) is the name of the vendor owed.

Column (3) is the line item balance due.

Column (4) is to be used to reconcile any line item differences, whether (+) or (-).

Column (5) will be reflected as the line item balances on the cost certification.

An explanation of each line item change must be attached.

DSHA Form #CC-103
Revised 3/2006

SOURCES OF FUNDS

List all sources of actual and anticipated funds. Your list must include all federal, state and local subsidies you have received or expect to receive with respect to the Project.

(Residential Portion Only)

A. Construction and Bridge Financing:

Name of Lender	Amount	Interest Rate	Term of Loan
	$		
	$		
	$		

B. Permanent Financing/Loans:

Name of Lender	Amount	Annual Debt Service Cost	Interest Rate	Amort. Period	Term of Loan
	$	$	%		
	$	$	%		
	$	$	%		
	$	$	%		
	$	$	%		
	$	$	%		
Total of B:	$	$			

C. Grants and Subsidies:

Type of Grant or Subsidy	Source	Amount
		$
		$
		$
		$
		$
		$
Total of C:		$

D. Other Sources: (e.g., General Partner loans, Tax Credit Equity, Reserves; describe)

Description	Amount
	$
	$
	$
Total of D:	$

TOTAL SOURCES (Add B, C, and D (not A) above): $

Eligible Basis by Credit Type

DEVELOPMENT NAME:	Tax Credit Eligible Basis Calculation	
	Acquisition	New Construction/Rehab.
Total DSHA Development Costs (Total from CC-100)		
Less: Ineligible Basis Items		
Land Value/Acquisition Costs		
Transfer Taxes		
Demolition Costs/Fees to Ready Land for New Construction		
Transferred Reserves/Escrows		
Federal Below Market Loans or Grants/Other Grants		
Permanent Loan Financing Fees		
Legal Related to Permanent Loans		
Legal Related to Syndication		
Syndication Accounting		
Title and Recording		
Marketing		
Real Estate Taxes Expensed: (List % ___)		
Construction Interest Expensed: (List % ___)		
Insurance Expensed: (List % ___)		
Bond Prepayment Penalty		
Working Capital/Other LOC Fees		
Bond (4%) Issuance Costs		
Bridge Loan Interest or Fees		
Nonresidential/Commercial Costs		
Contingency: (List % ___)		
Fees/Costs Exceeding Eligible Basis Limits or DSHA Limits		
Historic Tax Credits		
Other:		
Other:		
Subtotal Ineligible Basis Items	$0	$0
Plus: Eligible Basis Items not in TDC		
Allocation Fee		
Eligible Loan Fees		
Consultant Fees		
Other:		
Other:	$0	
Subtotal Other Eligible Basis Items	$0	$0
Adjusted Basis	$0	$0
Times QCT or DDA Adjustment, if Applicable (130%)	130%	
Total Eligible Basis	$0	$0
Times Applicable Fraction (lesser of project's unit fraction or floor space fraction)		
Total Adjusted Eligible Basis	$0	$0
Times LIHTC Monthly Rate (as required by Section 42(b)(2)		
Total Rehab/New Const. LIHTC Eligibility	$0	$0
Plus Acquisition Credit, if Applicable		$0
Total Combined LIHTC Eligibility	$0	$0
Total LIHTC Requested/Reserved		
Equity Rate Required		
Total Net LIHTC Equity Required/Received	$0	$0
Equity Needed for Development Feasibility		
Total DSHA Development Costs	$0	$0
LESS: Permanent First Mortgage		
Permanent Second Mortgage		
Permanent Third Mortgage		
Developer's Equity/Sponsor Loans		
Other Financing/Grants		
Equity Needed for Feasibility	$0	$0
Equity Rate Required or Actually Received	$0.0000	$0.0000
Tax Credits Needed for Feasibility (Equity/Equity Rate/10)		
		$0
Total Acquisition Credit/Rehab or New Construction Credit Requested	$0	$0

Total Combined Maximum Annual Credit Amount Requested Based on Qualified Basis (Add 4% and 9% Credits). $

DSHA Form # CC-105
Revised 3/2006

Determining Qualified Basis On A Building-By-Building Basis
(Residential Portion Only)

Qualified Basis must be determined on a Building-by-Building basis. Complete the following table for EACH Building in the Project. Attach an additional copy(s) of this page if necessary immediately following this page.

Address of Building and Building Number	Acquisition			Rehab/New Construction			QCT/High Cost Credit Area		Actual Placed In Service Date
	Eligible Basis	Applicable Fraction	Qualified Basis	Eligible Basis	Applicable Fraction	Qualified Basis	YES	NO	
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									
9.									
10.									
11.									
12.									
13.									
14.									
15.									
16.									
17.									
18.									
19.									
20.									
TOTALS:									

Sale of Tax Credits

A. Gross Proceeds from Sale of Tax Credits: $_____

B. Intermediary Costs

Organizational/Partnership Expenses:	$_____
Tax Opinion:	$_____
Commissions:	$_____
Syndication Fees	$_____
Investor Bridge Loan Fees:	$_____
Investor Bridge Loan Interest	$_____
Fees to Owner or Related Party (specify): _____	$_____
Legal	$_____
Accounting	$_____
Other (specify): _____	$_____
Other (specify): _____	$_____
Total Intermediary Costs	$_____

C. Net Proceeds from Sale of Tax Credits (Gross Proceeds less Intermediary Costs; A minus B above): $_____

D. Equity Gap (From CC-106 Eligible Basis Calculation): $_____

E. Excess Tax Credit Proceeds (C minus D): $_____

DSHA Form # CC-107
Revised 3/2006

Miscellaneous Site and Building Information

Site Information

A. **Exact area of Project site in acres:** _____ acres

B. **Number of Existing Buildings on the Project site:** _____

C. **Cost of Land for the Project:** $ _____

D. **Cost of Existing Buildings for the Project:** $ _____

E. **Total cost of Land and Existing Buildings for the Project:** $ _____

F **Cost of Land for the Project per acre** (Divide C by A above): $ _____ per acre

Building Information

		Number	Square Feet
A.	**Residential Buildings in the Project:**	_____	
	(i) Housing Units:		_____ ft^2
	(ii) Common Areas & Common Area Units:		_____ ft^2
	(iii) Housing Units, Common Areas & Common Area Units (i plus ii above):		_____ ft^2
B.	**Accessory Buildings in the Project:**	_____	_____ ft^2
C.	**Residential & Accessory Buildings in the Project** (A plus B above):	_____	_____ ft^2
D.	**Commercial Space:**	_____	_____ ft^2
E.	**TOTAL** (C plus D above):	_____	_____ ft^2
F.	**Total Actual Project Costs Residential Portion Only** (from CC-100):		$ _____
G.	**Cost per Square Foot (Residential Portion Only) – Divide F by C above**		$ per ft^2
H.	**Cost per Unit (F Divide by A. (i))**		$ Per unit _____

DSHA Form # CC-108
Revised 3/2006

MORTGAGOR'S CERTIFICATE OF ACTUAL COSTS RESIDENTIAL VS. COMMERCIAL/MARKET

TO: HOUSING DIRECTOR
DELAWARE STATE HOUSING AUTHORITY
18 The Green
Dover, Delaware 19901

DSHA NO.: _____
Project Name: _____
Project Address: _____

This certificate is made pursuant to the provisions of the Building Loan Agreement between DSHA and (Mortgagor) _____ dated _____ and in order to induce DSHA to have final closing of the above referenced project. The actual cost to the owner of labor, materials, and necessary services for the construction of the physical improvements in connection with the subject project, after the deduction of rebates, adjustments, discounts, promotional or advertising allowances made or to be made to the mortgagor, sponsor, or any corporation, trust partnership, joint venture, or other legal entity in which they or any of them hold any interest as attached, if any. The cost of construction is supported by DSHA Form #CC-101, Contractor's Certificate of Actual Cost. **(Attach itemized schedules for totals in the charts below).**

	A	B	C
ITEM **DSHA ELIGIBLE COSTS**	**TOTAL ACTUAL COSTS** **RESIDENTIAL AND COMMERCIAL**	**RESIDENTIAL**	**COMMERCIAL/MARKET**
1. Construction Cost			
2. Developer's Fee			
3. Performance Bond Fee			
4. Architech - Design Fee			
5. Architech - Supervision Fees			
6. Survey/Soil Boring/Engineering			
7. Legal/Organizational			
8. Market Study/Appraisal			
9. Environmental Audit			
10. Permit and Impact Fees			
11. Letter of Credit Fees			
12. Bank Inspection Fees			
13. Marketing			
14. Fixtures, Furniture, and Equipment			
15. Construction Interest			
16. Taxes (Real Estate/Transfer)			
17. State Improvement Tax			
18. Insurance (Builder's Risk/Property/Liab.)			
19. Bank Financing Fees			
20. DSHA Financing Fees			
21. Title & Recording			
22. Contingency			
23. Cost Certification/Accounting			
24. Land/Acquisition			
25. Relocation			
26. Other			
27. **Subtotal DSHA Total Development Cost**			

	A	B	C
	TOTAL ACTUAL COSTS RESIDENTIAL AND COMMERCIAL	RESIDENTIAL	COMMERCIAL/MARKET
ITEM			
NON-ELIGIBLE DSHA COSTS			
Tax Credit Monitoring Fees			
Tax Credit Application Fees			
Tax Credit Allocation Fees			
Syndicator Legal/Accounting			
DSHA Application Fees			
Operating Reserve			
Subtotal Non-Eligible Costs			
TOTAL DEVELOPMENT COSTS			

The undersigned hereby certifies that except as noted in the appropriate part of this form, there has not been and is not now any identity of interest between the Mortgagor and the Contractor and/or any Subcontractors, Material, Suppliers, or Equipment Lessors. It is further certified, that except as noted, there are not and have not been any such relationships between the sponsor(s) of this project and the contractor and/or subcontractor, material supplier, or equipment lessor.

All references to "Identify of Interest" as defined below, has been read by the undersigned.
Identity of interest between the Mortgagor and/or Sponsor as parties of the first part and Contractor, Subcontractors, Material Suppliers, or Equipment Lessors as parties of the second part will be construed as existing under any of the following conditions:

Any relationship that would give the mortgagor or contractor control or influence over the prices paid to subcontractors. The identity of interest relationship is usually created by a financial interest but could be other means such as a family relationship. When there is any financial interest of the mortgagor or the the contractor in any subcontractor; When one or more of the officers, directors, partners, or stockholders of the mortgagor or contractor is also an officer, director, partner or stockholder of any subcontractor; When any officer, director, partner or stockkholder of the mortgagor or contractor has any financial interest in any subcontractor; When any subcontractor advances any funds to the contractor or mortgagor; When any subcontractor provides and pays, on behalf of the morgagor or contractor, the cost of any architectural services or engineering services or any other costs for which the subcontractor is not responsible under its subcontract; When any subcontractor takes stock or any interest in the mortgagor or contractor entity as part of the consideration to be paid; When there exists or comes into being any agreements, contracts or undertakings entered into or contemplated, thereby altering, amending or canceling any of the requried closing documents, except as approved by DSHA; When there exists or comes into being any family relationship between the officers directors, stockholders or partners of the mortgagor or contractor entity and officers, directors, stockholders or partners or any subcontractor entities which could cause or results in control or influence over prices paid. Although somewhat synonymous with the term "Related Party" as defined by the AICPA in its Statement on Auditing Standards No. 6, DSHA's definition of an identity of interest relationship is broader and more inclusive. It is not anticipated that DSHA's position concerning identities of interest will place additional burden or responsibility upon the public accountant; however DSHA expects the accountant to be alert for relationships which are or appear to be identities of interest as described above.

Identity of interest subcontracts will be approved, provided the following conditions are met:

a. Approval by DSHA of the subcontract price and all other terms and conditions therein must be obtained prior to execution of the subcontracts and prior to the subcontractor's commencement of work or furnishing of materials or equipment. DSHA Form #D-105 shall be completed prior to construction closing. In addition, DSHA Form #D-104 must be completed at each draw requisition where a subcontractor will be paid. (For further information, see paragraph below). There must be a separate contract for each trade in which there is an identity of interest. The subcontract must clearly identify the work to be done (either specifically or by reference to the general contract) and must specify the extent to which the work will be performed by (a) its own labor force and (b) its subcontractors. The subcontract must not be in excess of any applicable amount shown on the Trade Payment Breakdown.

b. The subcontractor has demonstrated experience and capability in the specific trade covered by the subcontract.

c. The subcontracts are no higher than the best prices which could be obtained from outside sources, where outside sources are available. Where not available, the price must not exceed that which is considered reasonable under the circumstances, and such price will be judged as if the party contracting with such subcontractor performed the work for his own account without a formal subcontract and a reasonable fee were added.

d. While not mandaotry or conclusive, some important factors are: whether the subcontractor does a significant portion of its business in the specific trade with persons or firms having no identity with it, and whether the subcontractor is established in the project area or is national in scope. The subcontractor should demonstrate that it will perform the subcontract as a "subcontractor" according to the customs of the particular trade, i.e., use and control of its own labor force, maintenance of payrolls, use of tools and equipment. It should perform the the construction work by utilizing its own labor force to the extent customary in the particular trade and should not merely be a "paper" conduit subcontracting for the performance of work by others.

e. In the event that the mortgagor or contractor shall enter into a contract with any other party (other than their own employees) for the performance of some or all of the duties and functions (such as subcontracting, coordinating or supervising the work) normally performed by the contractor under the construction contract, such other party and the amount and terms of such contract shall be subject to the review and approval of DSHA prior to the execution thereof and prior to the commencement of work. Any fee, profit or overhead paid to such other party and any costs incurred by such other party for the performance of duties and functions also performed by the contractor shall be ineligible for inclusion in the mortgagor's and contractor's certificates of actual cost. Such other party shall be included within the term "contractor" as used in this guide, shall certify to costs on a separate DSHA Form #CC-101 in the same manner as the contractor, and shall comply with and be subject to all of the terms and requirements herein applicable to the contractor, except to the extent otherwise provided in this subparagraph or wiaved by DSHA in writing.

f. When there is any financial interest of the party of the first part in the party of the second part; When one or more officers, directors, or stockholders of the party of the first part is also an officer, director, or stockholder of the party of the second part: Where any officer, director, or stockholder of the party of the first part has any financial interest whatsoever in the party of the second part; When the party of the second part advances any funds to the party of the first part: When the party of the second part promises and pays on behalf of the party of the first part the cost of any architectural services or engineering services, other than those of the surveyor, or general superintendent or engineer employed by the contractor in connection with his/her or its obligation under the construction contract: When the party of the second part takes stock or any interest in the party of the first part as part of the consideration to be paid to them: When there exists or comes into being any side deals, agreements, contracts, or undertakings, entered into or contemplated, thereby altering, amending, or canceling any of the required closing documents except as approved by the Housing Director of the Delaware State Housing Authority.

Sponsor(s)
Name: _____
(Mortgagor)
Date: _____

By: _____
Name: _____
_____
(Title)

The following identities of interest exist: (If NONE, so state below):

Mortgagor
Name: _____
Date: _____

Contractor
By: _____
Name: _____
_____
(Title)

Subcontractor
By: _____
Name: _____
_____
(Title)

Material Suppliers
By: _____
Name: _____
_____
(Title)

Equipment Lessors
By: _____
Name: _____
_____
(Title)

Bond Financing

Please complete for Developments with Bond Financing

Complete the information below. List the items and amounts from CC-100 (Mortgagor's Actual Certification of Cost) for the Total Development Costs that are included in the aggregate basis of the Building(s) and Land in the Project that is financed with tax-exempt bonds. Show mathematical calculation for the percentage of aggregate basis of the Building(s) and Land in the Project that is financed with tax-exempt bonds.

Is taxable bond financing used? ☐ Yes ☐ No Amount: $_____

Is tax-exempt bond financing used? ☐ Yes ☐ No Amount: $_____

If tax-exempt financing is used, complete the following:

A. Amount of aggregate basis of the Building(s) and Land in the Project financed with tax-exempt bonds: (Tax-exempt bond amount) $_____

B. Amount of aggregate Basis of Building(s) and land: $_____

C. Percentage of aggregate that is financed with tax-exempt bonds: (A ÷ B) _____ %

Issuer of tax-exempt financing: _____

Bond closing date : _____

DSHA Form # CC-110
Revised 3/2006

SECTION VI. DSHA RELOCATION POLICY

DELAWARE STATE HOUSING AUTHORITY
RELOCATION ASSISTANCE POLICY

For all Developments financed with Federal HOME, other Federal Funds, State Housing Development Funds (HDF) or Low Income Housing Tax Credits (LIHTC) that will result in displacement or temporary displacement, the Applicant/Developer must comply fully with all the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA). HUD Handbook 1378: Tenant Assistance Relocation and Real Property Acquisition is available through the HUD Website http://www.hud.gov/relocation. This handbook explains all of the requirements of the URA. Although the LIHTC program is not considered Federal financial assistance, DSHA has elected to adopt the URA as a relocation assistance policy for Tax Credit and/or DSHA financed properties that result in temporary or permanent displacement. The URA has recently been updated effective February 5, 2005, for a complete review of the final rule, please refer to the following:
http://a257.g.akamaitech.net/7/257/2422/01jan20051800/edocket.access.gpo.gov/2005/pdf/05-6.pdf)

In accordance with DSHA's QAP, Developers may not displace residents for over-income purposes and DSHA strongly discourages proposals that will result in permanent displacement.

If the URA regulations are not followed, DSHA reserves the right upon final allocation of credits to decrease the cost certified relocation line item. This may result in the following: a decrease in eligible basis, a decrease in the LIHTC award, and/or a decrease in other DSHA funding.

Notice Examples

Attached are some examples of notice letters that must be sent for developments with existing residents that may have temporary or permanent displacement. The first letter (Attachment 1) must be sent when there is a contract of sale and the second letter (Attachment 2) must be sent after acquisition of the property. The third letter (Attachment 3) is for prospective residents that may move into the development before the property is acquired. **Note: Attachments 1 and 2 have letters applicable to Section 8 and Non-Section 8 residents.**

Attachment 1 (**Notice—Residential Resident that they will not be Displaced)** informs any current/potential resident of the fact that the property is under an option to a buyer who is applying for DSHA assistance and lets the resident know that if an application is approved the current/potential resident may be displaced. The notice also informs the current/potential resident that they may not qualify as a displaced person and therefore, is not eligible to receive any assistance or benefits described in the relocation policy. The Applicant/Developer must notify DSHA and send a copy of this letter and a listing of residents notified to DSHA when the letter is sent to current/potential residents.

Attachment 2 (**Notice of Eligibility for Relocation Assistance Residential Resident)** is to be sent when the property has been acquired. This letter (a) explains that the project was purchased and cautions the person not to move; (b) explains that the person will not be displaced; (c) explains what is to occur when the resident is temporarily displaced (i.e. approximately how long should they expect to be displaced from their current unit, how will the Applicant/Developer accommodate them with replacement housing while they are displaced, how will the Applicant assist them with any moving costs they incur from their temporary move); and, (d) explains that they will be able to move back into their unit. The Applicant/Developer must notify DSHA and send a copy of this letter, along with a list of notified residents, to DSHA when the letter is sent to current/potential residents.

Attachment 3 (**Notice To Prospective Residents)** informs prospective applicants that move into the development prior to the new acquisition that they may not be entitled to relocation assistance.

Temporary Relocation Plan and Budget

1. The Applicant/Developer must submit a list of all current occupants including their name (for families, you need only list the name of the head of household and family size), address, and annual income after acquisition of the property.

2. A detailed relocation plan describing the manner in which the temporary displacement of residents will be handled must also be submitted prior to initial closing.

3. A comparison of the current rents being charged and the proposed rents for the project must be submitted to DSHA with the relocation plan. Also, for all relocation units, comparable rents must also be submitted. For comparables, the Applicant/Developer is required to assist the occupant in locating **decent, safe and sanitary housing,** (hereafter referred to as DSS, as determined by local housing codes) and must use ***at least three* suitable, DSS replacement units as comparables**. For Section 8 developments, please note, residents cannot be relocated to units that are smaller than the units on the Housing Assistance Payment contract. For example, a single person in a three-bedroom unit at a development with only three and four bedroom units must be relocated to a unit with a comparable number of bedrooms.

4. Applicants/Developers should include relocation expenses in their project cost budget. As part of DSHA's mortgagor's draw process, a monthly **RELOCATION REIMBURSMENT FORM** must be completed with each draw (Attachment 4). Relocation costs must be drawn on a monthly basis and must include all back-up documentation. If funds are available in operations, start-up relocation costs can be paid from operations and then reimbursed from construction proceeds, however, relocation is

   not an operational expense unless otherwise approved in writing by DSHA.

   No advance payment of rents for relocation units will be allowed. All relocation units must be occupied within 90 days of draw request. Payments for holding unoccupied

relocation units for more than 90 days will not be recognized as an eligible project cost by DSHA. Applicants may not receive reimbursement of relocation costs from more than two sources (i.e., construction funds and/or Housing Assistance Payments). Any subsidized properties that require relocations can only request the difference between the subsidy rent and the off-site's rent (which may be positive or negative) and other relocation costs. A relocation fee up to a maximum of $225 per unit may be charged by the management agent or other approved entity for developments that require off-site relocation. This fee can not be charged to the development's operating funds. No additional fees are allowable for on-site relocation, unless the property has a project based subsidy with prior approval of DSHA.

5. Upon permanent closing, the Applicant/Developer must provide DSHA with a final list of all residents occupying the property (due within 30 days after closing). If this list differs from the list that was originally submitted after acquisition (See number 1 above), the Applicant/Developer must explain why the resident is no longer an occupant. Please be prepared to submit evidence that the resident(s) moved on their own accord and not for reasons related to DSHA program rules (i.e. income limitations).

As a useful guide, DSHA recommends that the Applicant/Developer follow DSHA's recommended relocation process found in Attachment 5.

PERMANENT RELOCATION

Developments that experience permanent displacements for any reason must follow all URA requirements.

Attachment 1 (Non-Section 8)

NOTICE—RESIDENTIAL RESIDENT THAT THEY WILL NOT BE DISPLACED.

(Applicant Letterhead)

Date

Dear Resident:

_____ has submitted an application to Delaware State Housing Authority to rehabilitate the building which you occupy at _____.

This notice is to inform you that , if the assistance is provided and the building is rehabilitated, you may be displaced. We urge you **not to move** anywhere at this time. This is **not** a notice to vacate the premises. We will be meeting with you at a later date to determine whether you will qualify for a rehabilitated unit. If you do elect to move for reasons of your choice, you will not be provided relocation assistance.

If you meet the criteria to continue to qualify for a unit, you will be able to lease and occupy your present apartment (or another suitable, decent, safe and sanitary apartment in the same building) upon completion of the rehabilitation. The criteria to qualify for a unit may include background checks on all adult household members. Of course, you must comply with standard lease terms and conditions.

If you meet the qualifications, after the rehabilitation, your initial rent, including the estimated average utility costs, will not exceed the greater of (a) your current rent/average utility costs, or (b) 30% of your average monthly gross household income. If you must move temporarily so that the rehabilitation can be completed, suitable housing will be made available to you for the temporary period, and you will be reimbursed all reasonable extra expenses, including all moving costs and any increase in housing costs. You can be assured that we will make every effort to accommodate your needs because a portion of the financing is from state or federal funding sources, you would be protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

If you do not meet the qualifications to remain as a tenant you should continue to pay your rent because a failure to pay rent or meet your other obligations as a tenant may be cause for eviction and loss of relocation assistance. You are urged not to move or sign an agreement to purchase or lease a new unit before receiving formal notice of your eligibility for relocation assistance. If you move or are evicted before receiving such notice, you may not receive any assistance. Please contact us before making any moving plans.

If you are eligible for relocation assistance, you will be given advisory services, including referrals to replacement housing, and at least 90 days advance written notice of the date you will be required to move. You would also receive a payment for moving expenses and may be eligible for financial assistance to help you rent or buy a replacement house.

No current resident or residents of _____ will be permanently displaced on the basis of failing to meet income eligibility requirements unless the resident(s) consents to permanent displacement. The resident(s) may consent to permanent displacement contingent upon receiving relocation assistance approved by the Delaware State Housing Authority.

Again, this is not a notice to vacate and does not establish eligibility for relocation payments or other relocation assistance. This letter is important and should be retained. You will be contacted soon. In the meantime, if you should have any questions about our plans, please contact_____.

Sincerely,

Attachment 1 – (SECTION 8 MULTIFAMILY)

NOTICE—RESIDENTIAL RESIDENT THAT THEY WILL NOT BE DISPLACED.

(Applicant Letterhead)

Dear Resident,

_____ has submitted an application to the Delaware State Housing Authority to rehabilitate the building, which you occupy. If the application is approved, you will benefit from the substantial renovations that will take place. You may be relocated during these renovations. We urge you not to move anywhere at this time. This is not a notice to vacate the premises.

This is a Notice of Non-Displacement. You will not be required to move permanently as a result of the rehabilitation. This Notice guarantees you the following:

1. You will be able to lease and occupy your present apartment or another suitable, decent, safe and sanitary apartment in the same building/complex upon completion of the rehabilitation. Your monthly rent will remain the same or, if increased, your new rent and estimated average utility costs will not exceed 30% of the gross income of all adult members of your household. Of course, you must comply with the reasonable terms and conditions of your lease.

2. If you must move temporarily so that the repairs/rehabilitation can be completed, you will be reimbursed for all of your extra expenses, including the cost of moving to and from the temporarily occupied unit and any additional housing costs. The temporary unit will be decent, safe and sanitary, and all other conditions of the temporary move will be reasonable.

Since you will have the opportunity to occupy a newly rehabilitated apartment, I urge you not to move. (If you do elect to move for your own reasons, you will not receive any relocation assistance.) We will make every effort to accommodate your needs. Because Federal and/or State assistance is involved, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, protects you.

If you have any questions, please contact _____ at_____. Remember do not move before we have a chance to discuss your eligibility for assistance. This letter is important to you and should be retained.

Sincerely,

Attachment 2 - (Non-Section 8)

NOTICE OF ELIGIBILITY FOR RELOCATION ASSISTANCE
RESIDENTIAL RESIDENT

(Applicant Letterhead)

Date

Dear Resident:

_____ has been approved to rehabilitate the building which you occupy at _____.

This notice is to inform you that while the building is rehabilitated, you may be displaced. We urge you **not to move** anywhere at this time. This is **not** a notice to vacate the premises. We will be setting up interviews to start the qualification process beginning _____. You will be contacted either by phone or by mail to schedule your interview.

If you meet the criteria to qualify for a unit, you will be able to lease and occupy your present apartment or one comparable upon completion of the rehabilitation. The criteria to qualify for a unit includes background checks on all adult household members. Of course, you must comply with standard lease terms and conditions.

If you meet the qualifications, after the rehabilitation, your initial rent, including the estimated average utility costs, will not exceed the greater of (a) your current rent/average utility costs, or (b) 30% of your average monthly gross household income. If you must move temporarily so that the rehabilitation can be completed, suitable housing will be made available to your for the temporary period, and you will be reimbursed for all reasonable extra expenses, including all moving costs and any increase in housing costs. You can be assured that we will make every effort to accommodate your needs. Because a portion of the financing is from state or federal and/or state funding sources, you would be protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

If you do not meet the qualifications to remain as a tenant you should continue to pay your rent because a failure to pay rent or meet your other obligations as a tenant may be cause for eviction and loss of relocation assistance. You are urged not to move or sign any agreement to purchase or lease a new unit before receiving formal notice of your eligibility for relocation assistance. If you move or are evicted before receiving such notice, you may not receive any assistance. Please contact us before making any moving plans.

If you are eligible for relocation assistance, you will be given advisory services, including referrals to replacement housing, and at least 90 days advance written notice of the date you will be required to move. You would also receive a payment for moving expenses and may be eligible for financial assistance to help you rent or buy a replacement house.

No current resident or residents of _____ will be permanently displaced on the basis of failing to meet income eligibility requirements unless the resident(s) consents to permanent displacement. The resident(s) may consent to permanent displacement contingent upon receiving relocation assistance approved by the Delaware State Housing Authority.

Enclosed with this letter is what you will need to bring with you to your interview. If you should have any questions about our plans, please contact_____.

Sincerely,

_____

Attachment 2 - (SECTION 8 MULTIFAMILY)

NOTICE OF ELIGIBILITY FOR RELOCATION ASSISTANCE
RESIDENTIAL RESIDENT

Dear Resident,

On _____ we notified you that the owner of your building had applied for assistance to make extensive repairs to the building. On _____, the owner's request was approved and the repairs will begin soon.

This is a Notice of Non-Displacement. You will not be required to move permanently as a result of the rehabilitation. This Notice guarantees you the following:

1. You will be able to lease and occupy your present apartment or another suitable, decent, safe and sanitary apartment in the same building/complex upon completion of the rehabilitation. Your monthly rent will remain the same or, if increased, your new rent and estimated average utility costs will not exceed 30% of the gross income of all adult members of your household. Of course, you must comply with the reasonable terms and conditions of your lease.

2. If you must move temporarily so that the repairs/rehabilitation can be completed, you will be reimbursed for all of your extra expenses, including the cost of moving to and from the temporarily occupied unit and any additional housing costs. The temporary unit will be decent, safe and sanitary, and all other conditions of the temporary move will be reasonable.

Since you will have the opportunity to occupy a newly rehabilitated apartment, I urge you not to move. (If you do elect to move for your own reasons, you will not receive any relocation assistance.) We will make every effort to accommodate your needs. Because Federal and/or State assistance is involved, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, protects you.

If you have any questions, please contact _____, _____, at _____. Remember do not move before we have a chance to discuss your eligibility for assistance. This letter is important to you and should be retained.

Sincerely,

Attachment 3

NOTICE TO PROSPECTIVE RESIDENTS

(Applicant Letterhead)

Dear _____:

On ____(date) , I (property owner or buyer) , entered into an option to sell/acquire the property/unit you now propose to occupy. As part of my agreement to sell/acquire, I am to advise you of the following:

An application has been or will be submitted to Delaware State Housing Authority (DSHA) for Low-Income Housing Tax Credits to be used on the property you now propose to occupy. This notice is to advise that financial assistance available under a Relocation Assistance Policy is only for tenants that occupy units at this site at the time of the option to sell and **will not** be made available to you.

This notice is to inform you of the following information **before you enter into any lease agreement and occupy a unit at the above address:**

- You may be displaced from the property.
- You may be required to relocate temporarily.
- You may be subject to a rent increase.
- You will not be entitled to any relocation benefits provided under DSHA's Relocation Assistance Policy. If you have to move, or your rent is increased as a result of the above option/agreement, you will not be reimbursed for any such rent increase or for any costs or expenses incurred by you in connection with the move.

Please read this notice carefully prior to signing a lease agreement and moving into this property. If you should have any questions about this notice, please contact:

_____(Seller/Buyer)_____at____(address and telephone number)

Once you have read and have understood this notice, please sign the statement below if you still desire to lease the unit.

Sincerely,

Owner

I have read the Notice to Prospective Residents and understand the conditions under which I am moving into this property.

Print Name: _____

Signature: _____ Date: _____

Attachment 4

RELOCATION REIMBURSEMENT FORM

Property Name: _____

Month/Year: _____ DRAW#: _____

Original Unit# Address	Temporary Relocation Unit Address	Permanent Return Unit # Address	Resident Name	Transfer Date	A Moving Expenses*	HAP Amount (if applicable)	Resident Rent or TTP	Contract Rent	Relocation Rent	B Misc. Expenses*	C Relocation Security Deposit*	D Difference (+/-)
Totals					$					$	$	$

Total Relocation Expense Requested (Add Columns A,B,C, & D) **$**

Moving Expenses include packing and moving company costs.
Miscellaneous include, cable/satellite costs, utilities, telephone etc.

*Attach all back-up documentation for these costs.
**Column D – Difference calculation is the difference between the original resident rent and HAP amount, if applicable, and the relocation rent.
This amount could be negative if resident is a Section 8 recipient.
***The total should equal monthly draw request.

Report Completed By: _____

Date: _____

Attachment 5

RELOCATION PROCEDURES

Preliminary:

1. A rent roll should be obtained to locate vacancies.
2. Draft first notice of displacement letter informing residents of the potential acquisition and relocation assistance and send to DSHA for approval. (URA Handbook, Pgs. 2-3, 2-4, & 2-5)
3. Send residents the displacement notice letter by **certified mailing**. Copy all certified mailings for reimbursement.
4. Organize resident meeting to introduce new management company and explain relocation and answer questions.
5. Obtain bids from moving companies.
6. Locate available units off-site to use for the duration of the relocation (for those residents that will be moved off-site). The lease and security deposits should be in management's name/limited partner's name.
7. Draft second notice of displacement letter after the acquisition is complete. The letter may also inform residents of a date new management will be on site and informing them of an interview that will be scheduled. Also, mention the relocation assistance available and send to DSHA for approval.
8. Send residents second notice of displacement letter by **certified mailing**. Copy all certified mailings for reimbursement.
9. Set up vendor accounts (bank, post office, office supply, etc).
10. Locate "comparable replacement dwellings" for residents who do not want to stay or volunteer to move off-site during the relocation. A comparable replacement dwelling performs the same function, provides the same utility, and has a comparable style of living. (URA Handbook, Pg. 1-7, 2-7 & 2-8)
11. Create a relocation folder for each resident keeping all relocation correspondence including a "Site Occupant Record" in file. (URA Handbook, Appendix 8)
12. Prior to relocating the resident, all relocation units, for developments that are receiving Housing Assistance Payments (HAP), must be inspected by DSHA Contract Administrator.

Once on Site:

1. Set up interviews with all residents for eligibility, have vendor accounts in place. File in JP Court on any delinquent residents. Any evicted residents are not entitled to relocation assistance. (URA Handbook, Pg. 1-14)
2. Upon interviews, residents should complete a new application and be explained relocation process again. All tenant screening must be completed. When applicable, criminal background checks should be completed on all adult residents and if denied, the resident **is** entitled to relocation assistance.

   (URA Handbook Pg. 1-12) (Note: criminal background checks should not be completed for existing Section 8 project based residents).

3. Moving supplies should be provided to residents upon requests. (boxes, bubble wrap, tape, etc.). Note: Tenants are not required to pack or box their belongings unless they elect to move themselves.
   Note: Residents may choose to move themselves and are still entitled to the moving estimate. (URA Handbook, Pg. 2-12)
4. When turning over a building or unit for construction, terminate all utilities in management's name.
5. A "property" moving report and relocation expense report should be maintained. The reports should include date moved, location of move, and all moving expenses.
6. When issuing checks for reimbursement to residents, residents must sign acknowledgment of any money received.
7. Copies of all moving bills, utility bills (reconnect fees) and reimbursement checks should be maintained for each resident for reimbursement from construction. Send DSHA a "Claim for Actual Reasonable Moving and Related Expenses" form with all backup for each resident. (URA Handbook, Appendix 16)

When residents require permanent relocation assistance (i.e., they chose to permanently move or are not eligible due to criminal backgrounds):

1. Determine if resident is eligible. (URA Handbook, Pg. 1-11)
2. Referrals to replacement dwellings must be provided to the resident. (URA Handbook, Pg. 1-7 & 2-9)
3. Issue resident letter of "Eligibility for Relocation Assistance-Resident" at least 90 days in advance of their **permanent** relocation. (URA Handbook, Pg. 2-5 and Appendix 6)
4. Issue relocation assistance payment with the payment required by the formula provided on Pg. 3-10 of the URA Handbook. An eligible displaced person who rents a replacement dwelling for more than their current monthly rent is entitled to a payment equal to 42 times the difference in the new monthly rent. Example: The resident finds a replacement dwelling of $500 monthly with comparable utilities and their current dwelling rent is $450 monthly. The resident is due the difference of $50 x 42 = $2,100 for relocation assistance in addition to moving expenses and transfer fees. Tenant must sign acknowledgment for reimbursement.
   Note: If utilities are not comparable, the difference is subject to the same formula.
5. If resident does not want relocation assistance, have the resident sign a waiver. (URA Handbook Pg. 1-25)