

ATTACHMENT B

PLACED-IN-SERVICE PACKAGE COST CERTIFICATION REQUIREMENTS FEDERAL LOW-INCOME RENTAL HOUSING TAX CREDIT PROGRAM

The Development Cost Certification must be completed utilizing the attached worksheets/forms where applicable. **If you are unable to click on the links, please copy/paste the URL into your web browser.** Split cost certifications for multiple building developments will not be accepted; a single cost certification is required. The Agency forms can be obtained from our website at www.phfa.org under **Partners - Multifamily Housing Professionals - Developers - Housing Tax Credits - Placed-in-Service Package**. The Cost Certification and Independent Auditor's Report must be completed by an independent, third party Certified Public Accountant who is familiar with Section 42 of the Internal Revenue Code.

PLEASE NOTE: Once submitted to the Agency, the Cost Certification **cannot** be amended or supplemented except as may be required by the Agency. It is the owner's responsibility to review the Cost Certification **and the contents of the Placed-in-Service package** in its entirety **prior** to its submittal to the Agency.

Documents to be submitted in HARD COPY to Attn: Tax Credit Dept

1. **Cover letter, including names, email addresses and phone numbers of person(s) whom Agency is to contact (and/or copy) with questions/comments.**
2. Completion of the enclosed Owner's Certification of Placed-in-Service Date form for each building. The eligible and qualified basis entered on the form(s) should agree with the cost certification.
3. Certificate of Occupancy for each building. If issued for residential purposes, include temporary certificates of occupancy.
4. Development Cost Certification and the Independent Auditor's Report, submitted in the attached formats. **If the development has multiple buildings and not all are 100% Low-Income, include a schedule that shows the eligible basis, qualified basis, and applicable fraction by building.** An original bound copy of the auditor's cost certification is required.
5. Letter (sample format attached) from either the syndicator or, if private placement, the investor stating the Cost Certification has been reviewed and approved, and confirming the first year of the credit period. **If there are multiple buildings with differing years, please ensure the letter specifically indicates such.**
6. For developments with commercial space or space that is a separate condominium, provide a Sources and Uses Statement for each area. **In addition, provide the calculation / methodology for any prorations used.**
7. **Financial Characteristics form submitted in the attached format.**
8. **Certification of Subsidies form.** The form is located here:
http://www.phfa.org/forms/multifamily_application_guidelines/submission/tab_20/tab_20.pdf
9. **Energy Rebate Analysis form for developments starting with the 2016 Program Year.** The form is located here:
http://www.phfa.org/forms/multifamily_application_guidelines/submission/tab_08/tab_08_05.pdf
10. Development Information form **submitted in the attached format.**

11. Architect's and General Contractor's Certification of Compliance with Design Requirements for Accessible Housing.
12. Recertification of Development Threshold and Selection Criteria Form to be executed by the Contract Administration Architect, General Contractor, and Owner. You MUST attach to the Form, copies of the Design Architect's/Applicant's Selection & Threshold Criteria Forms that were provided with the original application. **The forms are to be re-initialed and dated by the Contract Administration Architect. The forms are also to be initialed and dated by the General Contractor**
13. Copy of Recorded Deed(s) or executed extended lease agreement and recorded memorandum of lease for each site if not previously submitted.
14. Settlement Statement for the purchase of each site if not previously submitted.
15. Copies of the **FINAL** (100% complete) AIA Documents G702, Application and Certificate for Payment; G703, Continuation Sheet; and G704, Certificate of Substantial Completion.
16. Copy of approved Construction Change Orders (G-701). **Include a schedule that matches the amount shown on the cost certification "change orders" line. Please submit only the G701 Form and not the supporting documentation. If the G701 does not have a sufficient description of the work, please provide the support.**
17. Copies of all executed Architectural Contracts **including any amendments or addenda**. If there are separate design and construction administration architects, provide both executed contracts. Contracts must match the cost certified amounts or submit supporting documentation for additional costs.
18. Rent Up Expenses: **Provide a schedule that matches the amount shown on the cost certification. Schedule should include vendor name, date of service, brief description, invoice number, and amount. Rent Up expenses are allowable for the time period no earlier than 120 days prior to the first certificate of occupancy for the development. Do not include copies of invoices unless specifically requested by the Agency.**
19. Furnishings & Equipment: **Provide a schedule that matches the amount shown on the cost certification. Schedule should include vendor name, date of service, brief description, invoice number, and amount. Do not include copies of invoices unless specifically requested by the Agency.**
20. Legal Fees: **Provide a schedule that matches the amounts shown on the cost certification itemized by the following categories (property real estate work, acquisition, construction financing, permanent financing, syndication, & cost of issuance). Schedule should include vendor name, date of service, brief description, invoice number, and amount. Include copies of invoices that show detail, including hourly breakdown.**
21. **Relocation: Provide a schedule that matches the amount shown on the cost certification. Schedule should include vendor name, date of service, brief description, invoice number, and amount (for staff time - include # of hours, hourly rate, & title). Do not include copies of invoices unless specifically requested by the Agency.**
22. Copy of the executed Mortgage Notes (not the actual mortgages) for all of the loans to the development, including the bridge loan, if applicable, and the permanent loan(s), if not previously submitted.
23. Executed Limited Partnership Agreement (LPA) with the investor limited partner, including all exhibits **& any amendments/addenda**, if not previously submitted. The Agreement must include all Agency-required language regarding the disposition of reserves. **Please identify the section/page(s) in the LPA containing the required language for the reserves.**

24. Provide copies of bank statements evidencing establishment/**funding** of all reserves included in the Cost Certification. **Reserves must be in bank accounts that are in the name of the Partnership (unless held by the Agency) and have identifiable account names/descriptions for the different types of reserves.**
 25. Executed Management Agreement.
 26. Applications that received points for Special Needs and/or Supportive Services must provide either an executed Contract or Memorandum of Understanding between the Supportive Services provider and the Management Agent/Owner confirming the availability of applicable services at initial occupancy of the development.
 27. When applicable, copy of the executed escrow agreement for any supportive services escrow and/or rental subsidy, including reinvestment of the developer fee.
 28. Completion of the attached Project History Forms (**Part 1 & Part 2**). **The current version of these Agency forms must be completed and submitted. These forms are also located on the Agency's website, under LIHTC - Exhibits for Property Management at <http://www.phfa.org/mhp/propertymanagement>. The forms are located here: http://www.phfa.org/forms/housing_management/exhibits/agency_and_tax_credits/project_history_form_instructions.pdf**
 29. Payment of \$1,000 Agency Cost Certification Fee payable to Pennsylvania Housing Finance Agency.
 30. Payment of the Compliance Monitoring Fee payable to Pennsylvania Housing Finance Agency: \$800 per unit. **This fee applies to all units.**
 31. **Developments starting with Program Year 2016 are required to remit a \$1,500 Energy Benchmarking Fee payable to Pennsylvania Housing Finance Agency.**
 32. **Material Participation Minority, Women's and Veteran's Businesses Certification, Part II**, with all required supporting documentation, applicable to developments starting with Program Year 2016 that received ranking consideration. Please complete **PART II** of the form. The form is located here: http://www.phfa.org/forms/multifamily_application_guidelines/submission/tab_16/tab_16_03.pdf
 33. **Tax- Exempt Bond Developments are required to remit one-half of the estimated allocation fee with the submission of their hard copy application. The remaining balance will be billed upon completion of the Agency's review of the Cost Certification Package.**
 34. Rural Housing Services developments must provide the Actual Cost of the development as submitted to Rural Housing Services on Form RD1924-13, Estimate and Certificate of Actual Cost. Include any cost analysis prepared by Rural Housing Services. This is not required for projects processed under the 538 Program.
 35. **Original, recorded Indenture of Restrictive Covenants (IRC) unless previously submitted.**
 36. **In addition, the Agency reserves the right to require any additional information it may deem necessary to complete its review of the Cost Certification package, including but not limited to all invoices related to any line item.**
-

All of the above documents must be received by the Agency no later than 90 days after the last residential building receiving tax credits in the development is considered placed-in-service pursuant to IRS Advance Notice 88-116. Pursuant to this notice: "for purposes of section 42, the term "placed in service" has two definitions--one for buildings and one for rehabilitation expenditures that are treated as a separate new building (section 42(e)(4)(A)). The placed-in-service date for a new or existing building used as residential rental property is the date on which the building is ready and available for its specifically assigned function, i.e., the date on which the first unit in the building is certified as being suitable for occupancy in accordance with state or local law. In general, a transfer of the building results in a new placed-in-service date if, on the date of the transfer, the building is occupied or ready for occupancy. Under section 42(e)(4)(A) of the Code, rehabilitation expenditures that are treated as a separate new building are placed in service at the close of any 24-month period, over which such expenditures are aggregated. The placed-in-service date of section 42(e)(4)(A) applies even if the building is occupied during the rehabilitation period. A building may be placed in service even if the rental units in the building are not currently occupied by low-income tenants." Owners who are not able to submit the cost certification including all documentation required by the Placed-in-Service package within this 90-day period may request an extension. The maximum extension that will be granted to any development will be 30 days unless the owner is deferring the start of the credit period as defined in Section 42(f)(1) of the IRS Code.

For owners not deferring the start of the tax credit period, the maximum extension will be thirty (30) days. An extension fee equal to \$25 per unit (maximum of \$1,500) will be due for this 30-day extension, or portion thereof. Failure to submit the cost certification package within this time period will result in additional fees equal to \$50 per unit (maximum of \$3,000) for each additional 30-day period, or portion thereof.

Please be advised that for any package submitted late, if the final review results in a credit recapture and the credits are lost to the Agency, the owner (or related entity or material participant) may be assessed negative points in ranking on future applications, pursuant to the Tax Credit Allocation Plan.

For owners deferring the start of the tax credit period, an extension fee equal to \$25 per unit (maximum of \$1,500) will be due for each 30-day extension granted, or portion thereof, to a maximum of 90 days. If additional extensions are granted, a fee will be assessed equal to \$50 per unit (maximum of \$3,000) for each 30-day period or portion thereof beyond the initial 180 days. The maximum extension that will be granted to an owner deferring the start of the tax credit period is 270 days. (Tax-Exempt Bond Developments will not be assessed a cost certification extension fee.)

Incomplete submissions or electronic submissions instead of hard copy submissions will continue to incur late fees until a complete hard copy package is received by the Agency.

Upon submission and review of the above documents, IRS Form No. 8609, Low-Income Housing Credit Allocation Certification, will be issued. Failure to submit any of the above items will cause the Agency to hold the issuance of the IRS Form No. 8609 until the required documentation is received.