

**Lender Certification for
New Construction, Cost
Certifications**
Section 232

**U.S. Department of Housing
and Urban Development**
Office of Residential
Care Facilities

OMB Approval No. 2502-0605
(exp. 11/30/2022)

Public reporting burden for this collection of information is estimated to average 3 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The information is being collected to obtain the supportive documentation that must be submitted to HUD for approval, and is necessary to ensure that viable projects are developed and maintained. The Department will use this information to determine if properties meet HUD requirements with respect to development, operation and/or asset management, as well as ensuring the continued marketability of the properties. Response to this request for information is required in order to receive the benefits to be derived from the National Housing Act Section 232 Healthcare Facility Insurance Program. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number. While no assurance of confidentiality is pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information Act request.

Warning: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §3729, 3802).

To the U.S. Department of Housing and Urban Development (HUD):

The undersigned hereby certifies:

Project: _____ Project Name
FHA Project Number: _____ FHA Number
Lender: _____ Lender Name
HUD Mortgagee No.: _____ HUD Mortgagee Number
Underwriter: _____ Underwriter Name
Loan Servicer: _____ Loan Servicer Name
Borrower: _____ Borrower Name
Operator (Lessee): _____ Operator/Lessee Name
General Contractor: _____ General Contractor Name
Audit Firm: _____ Audit Firm (that prepared Borrower's cost audit)

Final Completion

Date: _____ **Cost Cut Off Date:** _____

Project is part of building with shared walls/floors with non-HUD insured or other HUD-insured project and costs were allocated: Yes:
No:

(Note: any allocated costs must be described in detail in the applicable cost certification audit)

Part I. General Contractor.

- Lump Sum Contract.** The General Contractor is not required to provide a cost certification.
- Cost Certification Required.** The General Contractor was required to certify the actual construction costs. The Lender has reviewed the General Contractor's cost certification and
 - Accepts the certified costs.

- Accepts the certified costs with modifications. An explanation of the modifications is attached.

The Accepted costs:

- Support the construction contract amount, as amended by approved change orders.
 Reduce the construction contract amount. The allowable construction contract amount is _____.

Part II. Subcontractors.

- Not Required.** No subcontractors are required to provide a cost certification.
 Cost Certification Required. The following Subcontractors were required to certify the actual construction costs: list Subcontractors required to cost certify.

Subcontractor: _____

Subcontractor: _____

Subcontractor: _____

The Lender has reviewed the cost certifications provided by the Subcontractors and

- Accepts the certified costs.
 Accepts the certified costs with modifications. An explanation of the modifications is attached.

The Accepted costs:

- Support the construction contract amount, as amended by approved change orders.
 Reduce the construction contract amount. The allowable construction contract amount is _____.

Part III. Operator (Lessee).

- Not Applicable.** The facility is not leased.
 The facility is leased to a non-identity-of-interest operator and the lease payment is reflected as income on the Borrower's operating statement.
 The facility is leased to an identity-of-interest operator and the Borrower's operating statement includes the income and expenses of the facility as if it were not a leased facility.

Part IV. Borrower.

The Lender certifies to the following with respect to the loan application submitted for the Project:

1. The Auditor for the Borrower's cost certification states:
 - a. that the audit "presents fairly" the actual costs and financial position of the Borrower.
 - b. that the audit was conducted in compliance with Government Auditing Standards accepted in the United States of America and the Consolidated Audit Guide for Audits of HUD Programs.
2. The dates and time periods recited in the audit are appropriate to the development of the facility and reflect the correct cut off and completion dates.
3. The Auditor
 - did NOT identify any deficiencies considered to be material weaknesses.
 - identified deficiencies considered to be material weaknesses. An explanation of how the Borrower is addressing those material weaknesses is attached.

4. The Lender has reviewed the cost certification provided by the Borrower and compared form HUD-92330-ORCF, Mortgagor's Certificate of Actual Cost, against the mortgage advances made to date and
- Accepts the certified costs.
- Accepts the certified costs with modifications. An explanation of the modifications is attached.

Part V. Final Mortgage Determination.

- Mortgage Increase Requested.** Required Lender Narrative Supplement-Cost Certification, HUD-9444-ORCF is provided with this certification.
- Based on the accepted certified costs (as modified, if applicable) the Loan to Cost criterion is recalculated as follows:
- Borrower's Certified Cost: _____
- Less Lender Modifications (if any) _____
- Plus Warranted price of land fully improved: _____
-
- Equals Total Replacement Cost: _____
- Multiplied by Loan to Cost Ratio at Initial Closing: _____
-
- Supported Loan to Cost Loan Amount: _____
- The mortgage is re-calculated to be the lower of:
- Original Loan Amount: _____
- Supported Loan to Cost Loan Amount: _____
- Based on the cost certification, the Mortgage Amount
- is unchanged OR will be reduced OR is unchanged AND cost savings applied to Replacement Reserves Account.

Part VI. Signature.

The individual signing below on behalf of the Lender certifies that he/she is an authorized representative of the Lender, has acted as the Servicer for the loan which is the subject of these Lender Certifications and has sufficient knowledge to make these certifications on behalf of the Lender.

The Servicer acknowledges that he/she has reviewed the cost certifications and the original underwriting and that the reported costs, as modified by the Lender, are reasonable based on the original underwriting.

Executed this _____ day of _____, 20____.

Lender Name

By _____

:

Signature

(Printed Name & Title)

Loan Servicer

I certify that:

1. I am responsible for approving the loan advances on behalf of the Lender for this loan.
2. I have reviewed the form HUD-92330-ORCF provided in the Mortgagor/Borrower's cost certification audit.
3. I am in agreement with the Borrower's Certified Cost as adjusted/modified above.

The attached form HUD-92451 (or equivalent) reflects the mortgage advances made to the Borrower as of the date below.

This certification has been made, presented, and delivered for the purpose of influencing an official action of HUD in insuring the loan, and may be relied upon by HUD as a true statement of the facts contained herein.

Executed this _____ day of _____, 20____.

By

:

Signature

Loan Servicer Name, Title
(Printed Name & Title)

Enclosures:

- Draft Maximum Insurable Mortgage Letter (*required*)
- Cost Certification – Borrower (*required*)
- Cost Certification – General Contractor
- Current form HUD-92451 for subject loan (*required*)
- Lender Narrative Supplement-Cost Certification HUD-9444-ORCF for Mortgage Increase Request
- General Review Comments