

To the appropriate representative of management of PROJECT NAME:

You have requested that we prepare the financial statements of PROJECT NAME, which comprise the balance sheet as of December 31, YEAR, and the related statements of income, changes in partnership/member equity, and cash flows for the year then ended, and the related notes to the financial statements, and perform a compilation engagement with respect to those financial statements. We will also prepare the supplementary financial information accompanying the financial statements required by HUD's Uniform Financial Reporting Standards for HUD Housing Programs. We are pleased to confirm our acceptance and our understanding of this engagement by means of this letter.

You have also requested that we calculate depreciation for the assets of the project in accordance with the lives, amounts and methods you previously agreed to. With regards to the previously described depreciation schedules, we will provide to you a complete copy of our calculations of depreciation in accordance with your provided lives, methods and amounts. Accordingly, you will also be required to provide us with the lives, methods and amounts for fixed asset additions for the current year.

Our Responsibilities

The objective of our engagement is to

- a. prepare financial statements and related HUD-required supplementary data in accordance with accounting principles generally accepted in the United States of America based on information provided by you and
- b. apply accounting and financial reporting expertise to assist you in the presentation of financial statements and related supplemental information without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements or supplemental information in order for them to be in accordance with accounting principles generally accepted in the United States of America.
- c. Prepare the project's tax return.
- d. Assist in the submission of the required financial data to HUD's Real Estate Assessment Center.

We will conduct our compilation engagement in accordance with Statements on Standards for Accounting and Review Services (SSARs) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion nor provide any assurance on the financial statements or related supplemental information.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements and related supplemental information, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations.

Your Responsibilities

The engagement to be performed will be conducted on the basis that you acknowledge and understand that our role is to prepare financial statements and related supplemental information in accordance with accounting principles generally accepted in the United States of America and assist you in the

presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. Management has the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARs:

- a. The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements and supplemental information
- b. The preparation and fair presentation of financial statements and related supplemental information in accordance with accounting principles generally accepted in the United States of America and the inclusion of all informative disclosures that are appropriate for accounting principles generally accepted in the United States of America
- c. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and supplemental information
- d. The prevention and detection of fraud
- e. To ensure that the entity complies with the laws and regulations applicable to its activities
- f. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement
- g. To provide us with
 - i. access to all information of which you are aware is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters
 - ii. additional information that we may request from you for the purpose of the compilation engagement
 - iii. unrestricted access to persons within the entity of whom we determine it necessary to make inquiries

The financial statements will not be accompanied by a report. However, you agree that the financial statements will clearly indicate that no assurance is provided on them.

Or

As part of our engagement, we will issue a disclaimer that will state that the financial statements were not subjected to any audit, review or compilation engagement by us and, accordingly, we do not express an opinion or conclusion, nor provide any assurance on them.

Other Relevant Information

Our fees for these services. . . .

[The accountant may include language, such as the following, regarding limitation of or other arrangements regarding the liability of the accountant or the entity, such as indemnification to the accountant for liability arising from knowing misrepresentations to the accountant by management (regulators may restrict or prohibit such liability limitation arrangements):

You agree to hold us harmless and to release, indemnify, and defend us from any liability or costs, including attorney's fees, resulting from management's knowing misrepresentations to us.]

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our engagement to prepare the financial statements described herein and to perform a compilation engagement with respect to those same financial statements, and our respective responsibilities.

Sincerely yours,

[Signature of accountant or accountant's firm]

Acknowledged and agreed on behalf of ABC Company by:

[Signed]

[Name and Title]

[Date]