

Management Representation Letter—Lenders

LENDER'S LETTERHEAD

DATE

CPA FIRM'S NAME AND ADDRESS

We are providing this letter in connection with your audit of the financial statements of **LENDER**, which comprise the balance sheet as of **DATE**, and the related statements of income, changes in partners' capital, cash flows for the **Period** then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief as of **DATE OF AUDITOR'S REPORT**, the following representations made to you during your audit.

FINANCIAL STATEMENTS

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated **DATE OF ENGAGEMENT LETTER**.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with U.S. GAAP.
4. We confirm that we are responsible for adopting sound accounting policies, establishing and maintaining effective internal control over the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
5. With respect to the supplementary information accompanying the basic financial statements required by HUD's Uniform Financial Reporting Standards for HUD Housing Programs and the information submitted to HUD through the LEAP submission templates:
 - a. We acknowledge our responsibility for presenting the supplementary information accompanying the basic financial statements required by HUD and the information submitted to HUD through the LEAP submission templates (collectively, the supplementary information required by HUD) in accordance with HUD's Uniform Financial Reporting Standards for HUD Housing Programs, and we believe the supplementary information required by HUD, including

its form and content, is fairly presented. The methods of measurement and presentation of the supplementary information required by HUD have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information required by HUD.

- b. If the supplementary information required by HUD is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
6. We have made available to you all—
 - a. Financial records and related data.
 - b. Minutes of meetings of Partners, Board of Directors, etc , or summaries of actions of recent meetings for which minutes have not yet been prepared.
7. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
8. There has been no communications from HUD or other regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
9. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
10. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
11. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
12. We have no knowledge of any fraud or suspected fraud affecting the Lender involving—
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
13. We are unaware of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, grant agreements or abuse that would that have not been disclosed or considered in the preparation of the financial statements.

14. We have taken timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that you have reported to us. **Omit or modify this item if these findings are not reported.**
15. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
16. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustments to, or disclosure in, the aforementioned financial statements, supplementary information, or in the schedule of findings and questioned costs.
17. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. **A list of the uncorrected misstatements is attached to the representation letter.**
18. Material concentrations have been properly disclosed in accordance with U.S. GAAP.
19. We have a process to track the status of audit findings and recommendations. **Omit or modify this item if there are no audit findings.**
20. We have identified to you any previous financial audits, attestation engagements, performance audits, and internal or external HUD monitoring that directly related to objectives of our audit of the financial statements or our audit of compliance and the corrective actions taken to address significant findings and recommendations.
21. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report and for the timing and format for providing that information. **Omit or modify this item if there are no audit findings.**
22. The Lender has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity balances.
23. Receivables recorded in the financial statements represent valid claims against other parties arising on or before the balance sheet date and have been appropriately reduced to their estimated net realizable value.
24. The following, if any, have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions and related accounts receivable or payable, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees.
 - b. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.
 - c. Arrangements to repurchase assets previously sold.
 - d. Guarantees, whether written or oral, under which The Lender is contingently liable.

25. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make The Lender vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
26. There are no—
- a. Violations or possible violations of laws or regulations and provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance.
 - b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with FASB Accounting Standards Codification 450, Contingencies (formerly Statement of Financial Accounting Standards No. 5).
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Accounting Standards Codification 450, Contingencies (formerly Statement of Financial Accounting Standards No. 5).
27. The Lender has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged. If The Lender has pledged assets, add (except as made known to you [optional—and disclosed in the notes to the financial statements]).
28. We are responsible for The Lender's compliance with laws and regulations and the provisions of contracts and grant agreements applicable to it and the requirements of each HUD program; and we have identified, and disclosed to you, all laws and regulations and the provisions of contracts and grant agreements that have a direct and material effect on the determination of financial statement amounts and the requirements of each HUD program. We have complied with (a) all aspects of laws, regulations, and the provisions of contracts and grant agreements that would have a material effect on the financial statements in the event of noncompliance and (b) the requirements of each HUD program.
29. As part of your audit, you prepared the draft financial statements and related notes and supplementary information. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and supplementary information.
30. With respect to HUD programs:
- a. We are responsible for understanding and complying and have complied with the requirements in program requirements, laws and regulations and grant agreements that could have a direct and material effect on the financial statements on each major HUD-assisted program.
 - b. We have identified all FHA loans originated during the period under audit. We have also made records available to you relating to such originations.
 - c. We are responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations and

- the provisions of contracts and grant agreements that are considered to have a direct and material effect on each HUD program.
- d. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance with HUD requirements that provide reasonable assurance that we are managing HUD programs in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our HUD programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in internal control over compliance or other factors to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to internal control deficiencies reported in the schedule of findings and questioned costs.
 - e. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with HUD relating to each major HUD-assisted program.
 - f. We have complied with the reporting requirements in connection with HUD programs, and information presented in federal financial reports is supported by accounting records from which the financial statements were prepared. **[OMIT IF NONE]**
 - g. We have complied with the direct and material compliance requirements, including when applicable, those set forth in the *Consolidated Audit Guide for Audits of HUD Programs* (except for noncompliance disclosed to you), relating to HUD programs and have identified and disclosed to you all amounts questioned and all known compliance violations or issues with HUD program requirements, regardless of their materiality.
 - h. We have disclosed to you any communications from HUD concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
 - i. We have identified and disclosed to you all amounts questioned; known noncompliance with requirements that, if not complied with, could have a material effect on a major program; any other known noncompliance with the specific requirements of HUD programs; and all litigation filed against us related to discriminatory practices or investigations completed or in progress.
 - j. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken up to the date of the auditor's report.
 - k. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
 - l. We have made available to you all documentation related to the direct and material compliance requirements, including information related to FHA Loan claims for nonconformance.
 - m. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), have occurred subsequent to the date as of which compliance is audited.
 - n. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
 - o. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

- p. We are responsible for and have accurately prepared the schedule of the status of prior audit findings, questioned costs, and recommendations, and we have provided you with all information on the status of the follow-up on prior audit findings by HUD or other federal agencies, including all management decisions.
- q. We have disclosed to you any audits, attestations, studies, or reviews conducted by the HUD Office of Inspector General, HUD management, a contract administrator, or any other federal agency. We have included any findings from such reviews that directly relate to the current year audit in the schedule of the status of prior auditing findings, questioned costs, and recommendations, and we have provided you with all information on the status of the follow-up on such findings by HUD, contract administrators, or other federal agencies, including all management decisions.
- r. We are responsible for preparing and implementing a corrective action plan for each audit finding.
- s. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations. Omit or modify this item if there are no audit findings.
- t. We have identified and disclosed to you all litigation filed against us related to discriminatory practices or investigations completed or in progress.

31. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustments to, or disclosure in, the financial statements or supplementary information.

Signature: _____ Title: _____

Signature: _____ Title: _____

Signature: _____ Title: _____