

**Auditor's Loss Period  
Financial Statement  
Certification**  
Section 232 Pursuant to  
Section 223(d) Operating Loss  
Loan

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

OMB Approval No. 2502-0605  
(exp. 03/31/2018)

**Public reporting** burden for this collection of information is estimated to average 0.5 hours. This includes the time for collecting, reviewing, and reporting the data. The information is being collected to obtain the supportive documentation which 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. 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.

**Warning:** Any person who knowingly presents a false, fictitious, or fraudulent statement or claim in a matter within the jurisdiction of the U.S. Department of Housing and Urban Development is subject to criminal penalties, civil liability, and administrative sanctions.

**FHA Number.** FHA Project Number for project currently FHA insured

**Project:** Project Name

**Project Location:** Project City, State

**Auditor:** Auditor's Name

**Audit Firm:** Audit Firm (that prepared audit of loss period)

**Application for this supplemental operating loss loan is being made pursuant to:**

- Section 223(d)(2).** Under this part, the operating loss must have occurred within the first 24 months of the cost certification cut-off date.
- Section 223(d)(3).** Under this part, the operating loss must have occurred within the first 10 years of the cost certification cut-off date.

**Part I. Determination of Operating Loss.**

The undersigned certifies that the operating loss calculation presented in the audit:

1. Includes all income sources, including laundry, parking, commercial space, personal care, meals, and other sources of revenue for the Project.
2. does NOT include the following:
  - a. Expenses associated with construction cost overruns;
  - b. Costs credited to the mortgagor at cost certification;
  - c. Depreciation;
  - d. Replacement reserve or sinking fund deposits;
  - e. Principal payments on any loans;
  - f. Amounts spent for improvements or additions, which should properly be capitalized; or,
  - g. Charges incurred in connection with the application for the operating loss loan.
3. Includes expenses that are only attributable to the subject Project and clearly identifies any

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expenses shared with other facilities and describes the method of allocation.

4.  Includes a management fee and does NOT include salaries paid to principals of the mortgagor.  
 Does NOT include a management fee, but DOES include salaries paid to principals of the mortgagor.  
 Does NOT include either a management fee or salaries paid to principals of the mortgagor.
5.  Does NOT include bad debts  
 Includes only bad debts in which all reasonable means have been exhausted to collect the amount owed.
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**Part II. Identities of Interest.**

The Auditor and the Audit Firm has NO identities of interest with the mortgagor, principals of the mortgagor, the operator (lessee), or the management agent of this project.

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**Part III. Signature.**

The Auditor signing below certifies that he/she has sufficient knowledge to make these certifications. The Auditor further certifies that, to the best of his/her knowledge, the answer to each of the above questions and the information in any such attached sheets is true and correct.

Auditor hereby certifies that the statements and representations contained in this instrument and all supporting documentation thereto are true, accurate, and complete and that each signatory has read and understands the terms of this instrument. This instrument 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 therein.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

By: \_\_\_\_\_  
Signature

**Auditor's Name**  
\_\_\_\_\_  
(Printed Name)