

FORM LETTER TO REMIND OWNERS OF ANNUAL FINANCIAL STATEMENT
REQUIREMENTS
(Use at Time of Initial Occupancy)

Dear Mortgagor

Subject: ABC Arms
 Project No. _____

The Regulatory Agreement executed by you provides for the submission of annual financial reports. The contents of the recurring Annual Financial Statements are specified in HUD Handbook 4370.2, Financial Operations and Accounting Procedures for Insured Multifamily Projects. These reports are to be forwarded to this office within 60 days after the close of the project's fiscal year. Whenever more than thirty days elapse between cost cut-off and the close of the fiscal year, a statement is required. In addition, when occupancy occurs during the construction period, a separate Statement of Cash Flows is required for the period from the date of first occupancy to the cut-off date used for cost certification purposes. Particular care must be taken to segregate construction and operating funds. Loan proceeds should not be included in the regular operating statements nor should construction costs be paid from the project operating fund.

Three copies of the Form HUD-92410, "Statement of Income," are enclosed for your use.

If you have any further questions, please feel free to contact _____ at _____.

Sincerely,

Loan Management Branch Chief

Enclosures

cc: Management Agent