

CHESTNUT VILLAGE LAKELAND, LP

**INDEPENDENT AUDITORS' REPORT
CERTIFICATION OF ACTUAL COST AND OPINION AS
TO ELIGIBLE BASIS, OWNER'S CERTIFICATION OF FUNDING
SOURCES AND PROJECT SUBSIDY
AND
BUILDING ALLOCATION OF QUALIFIED BASIS**

APRIL 25, 2014

INDEPENDENT AUDITOR'S REPORT

Owner's Name: Chestnut Village Lakeland, LP
Project Name: Chestnut Village
Project Number: TCAA # 2011-027

To the Partners
Chestnut Village Lakeland, LP

We have audited the costs included in the accompanying Tax Credit Allocation Agency ("TCAA") Final Cost Certification (the "Final Cost Certification") of Chestnut Village Lakeland, LP (the "Owner") for Chestnut Village ("the Project") as of April 25, 2014.

Owner and Owner Management's Responsibility for the Schedule

The Owner and the Owner's management are responsible for the preparation and fair presentation of the Final Cost Certification in accordance with contractual agreements with the TCAA; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Final Cost Certification that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Final Cost Certification based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Final Cost Certification is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Final Cost Certification. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Final Cost Certification, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Final Cost Certification in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the Owner and Owner's management, as well as evaluating the overall presentation of the Final Cost Certification.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Final Cost Certification presents fairly, in all material respects, the actual costs of \$7,594,710, eligible basis of \$6,801,815, and adjusted eligible basis of \$7,454,026 of the Owner for the Project as of April 25, 2014, on the basis of accounting described below.

Basis of Accounting

The Final Cost Certification is prepared in conformity with the accounting practices prescribed by the Internal Revenue Service under the accrual method of accounting, and in conformity with the format and qualified allocation plan rules set by TCAA, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the provisions of the contractual agreements with TCAA, referred to above. Our opinion is not modified with respect to that matter.

Restriction on Use

This report is intended solely for the information and use of the Owner and the Owner's management and for filing with TCAA and should not be used for any other purpose.

We have no financial interest in the Project other than in the practice of our profession.

A handwritten signature in cursive script that reads "Stanley, Aronson & Wynn, LLP".

Atlanta, Georgia

April 28, 2014

PART FOUR - USES OF FUNDS - Chestnut Village - 2011-027

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

I. DEVELOPMENT COST SCHEDULE

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
PRE-DEVELOPMENT COSTS					
Property Appraisal	6,500			6,500	
Market Study	5,150			5,150	
Environmental Report(s)	10,575			10,575	
Soil Borings					
Boundary and Topographical Survey					
Zoning/Site Plan Fees	284			284	
Other: Pre-Construction Cost Analysis	5,400			5,400	
Subtotal	27,909	-	-	27,909	-
ACQUISITION					
Land	150,152				150,152
Demolition					
Acquisition Legal Fees (if existing structures)	10,000		10,000		
Existing Structures	1,872,897		1,794,908		77,989
Subtotal	2,033,049	-	1,804,908	-	228,141
SITE IMPROVEMENTS					
Site Preparation (On-site)	331,845			331,845	
Site Preparation (Off-site)					
Subtotal	331,845	-	-	331,845	-
UNIT/BUILDING CONSTRUCTION					
Unit/Building Construction/New Construction					
Unit/Building Construction/Rehab	2,771,614			2,771,614	
Project Amenities / Accessory Buildings					
Other:					
Subtotal	2,771,614	-	-	2,771,614	-
CONTRACTOR SERVICES					
Builder's Overhead: 2.00%	62,069			62,069	
Builder Profit: 6.00%	186,208			186,207	
General Requirements 6.00%	186,208			186,207	
Payment/performance bond or letter-of-credit fee or premium					
Subtotal	434,483	-	-	434,483	-
Total Construction Costs					
	59,965.12 per unit				
	3,537,942				79.27 per sq ft

PART FOUR - USES OF FUNDS - Chestnut Village - 2011-027

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

I. DEVELOPMENT COST SCHEDULE

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
CONSTRUCTION PERIOD FINANCING					
Construction Loan Fee					
Construction Loan Interest					
Construction Legal Fees	31,682			31,682	
Construction Period Real Estate Tax	21,594			13,912	7,682
Construction Insurance	11,467			5,039	6,428
Bridge Loan Fee and Bridge Loan Interest	5,972			5,972	
Other: Construction Lender Inspection Fees	18,000			18,000	
Subtotal	88,715	-	-	74,605	14,110
PROFESSIONAL SERVICES					
Architectural Fee - Design	110,925			110,925	
Architectural Fee - Supervision	24,500			24,500	
Engineering	11,496			11,496	
Real Estate Attorney	36,753			36,753	
Accounting	23,600			23,600	
Other:					
Subtotal	207,274	-	-	207,274	-
LOCAL GOVERNMENT FEES					
Building Permits	13,735			13,735	
Impact Fees					
Water Tap Fees <i>waived?</i>					
Sewer Tap Fees <i>waived?</i>					
Real Estate Taxes					
Subtotal	13,735	-	-	13,735	-
PERMANENT FINANCING FEES					
Permanent Loan Fees					
Permanent Loan Legal Fees					
Title and Recording Fees	9,324			9,324	
As-Built Survey	4,235			4,235	
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other:					
Subtotal	13,559	-	-	13,559	-

PART FOUR - USES OF FUNDS - Chestnut Village - 2011-027

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

I. DEVELOPMENT COST SCHEDULE

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
DCA-RELATED COSTS					
DCA Loan Application Fee	4,000				4,000
Tax Credit Application Fee	1,500				1,500
DCA Waiver Fees					
LIHTC Allocation Processing Fee	38,533 40,177				40,177
LIHTC Compliance Monitoring Fee	41,300 8,850				8,850
DCA Front End Analysis Fee (when ID of Interest)					
DCA Final Inspection Fee	3,000				3,000
Other: Post Award Project Concept Amendment	1,500				1,500
Subtotal	59,027				59,027
EQUITY COSTS					
Partnership Organization Fees	3,529				3,529
Tax Credit Legal Opinion					
Other: Syndicator Legal Fees	50,070				50,070
Subtotal	53,599	-	-	-	53,599
DEVELOPER'S FEE					
Developer's Overhead	189,262			189,262	
Consultant's Fee	757,049		270,736	486,313	
Developer's Fee					
Subtotal	946,311	-	270,736	675,575	-
START-UP AND RESERVES					
Marketing	4,596				4,596
Rent -Up Reserves	44,333				44,333
Operating Deficit Reserve:	181,100				181,100
Replacement Reserve	41,029				41,029
Furniture, Fixtures and Equipment	63,746			63,746	
Other: T&I Escrow and Security Deposit	36,960				36,960
Subtotal	371,764	-	-	63,746	308,018
OTHER COSTS					
Relocation	75,295			75,295	
Other: Accessibility Services and Energy Efficiency Sustain	36,531			36,531	
Other: Asset Mngt Fee (40,000) & Rental Assistance Rese	130,000				130,000
Subtotal	241,826	-	-	111,826	130,000
TOTAL DEVELOPMENT COST	7,594,710	-	2,075,644	4,726,171	792,895
Per Unit	128,723.90				
Per Square Foot	170.16				

PART FOUR - USES OF FUNDS - Chestnut Village - 2011-027

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

II. TAX CREDIT CALCULATION - BASIS METHOD

	New Construction Basis	4% Acquisition Basis	Rehabilitation Basis
Subtractions From Eligible Basis			
Amount of federal grant(s) used to finance qualifying development costs			
Amount of federal below market rate loan			
Amount of nonqualified nonrecourse financing			
Costs of Nonqualifying units of higher quality			
Nonqualifying excess portion of higher quality units			
Historic Tax Credit (Residential Portion Only)			
Other			
Total Subtractions From Basis:	0		0
Eligible Basis Calculation			
Total Basis	0	2,075,644	4,726,171
Less Total Subtractions From Basis (see above)	0		0
Total Eligible Basis	0	2,075,644	4,726,171
Eligible Basis Adjustment for DDA/QCT Location			113.80%
Adjusted Eligible Basis	0	2,075,644	5,378,382
Multiply Adjusted Eligible Basis by Applicable Fraction	100.00%	100.00%	100.00%
Qualified Basis	0	2,075,644	5,378,382
Multiply Qualified Basis by Applicable Credit Percentage		3.20%	9.00%
Maximum Tax Credit Amount	0	66,421	484,054
Total Basis Method Tax Credit Calculation		550,475	

III. TAX CREDIT CALCULATION - GAP METHOD

Equity Gap Calculation			
Total Development Cost	7,594,710		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	1,588,921		
Equity Gap	6,005,789		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	600,579		
Enter Final Federal and State Equity Factors (not including GP contribution)	1.0910	=	Federal
Total Gap Method Tax Credit Calculation	550,485		0.8510
		+	State
			0.2400

IV. TAX CREDIT CARRYOVER ALLOCATION

Allocation Year 2012 573,951

V. FINAL TAX CREDIT ALLOCATION REQUEST

550,475

I certify that all information provided above is true, correct, complete and reflects the full extent of all project costs and eligible basis which apply (or are expected to apply) to the above-mentioned development.

Owner Signature

Name - Please Type

Date

PART THREE - SOURCES OF FUNDS - Chestnut Village - 2011-027

I. PERMANENT FINANCING

Financing Type	Name of Financing Entity	Principal Amount	Interest Rate	Term (Years)	Amort. (Years)	Annual Debt Svc Per Terms Given	Loan Type	Balloon?
First Mortgage	USDA 515 Loan Assumption	1,510,932	1.000%	50	50	38,413	Adjusted Interest	
Second Mortgage								
Third Mortgage								
Other Source (specify)								
Other Source (specify)								
Deferred Developer Fees	ABC Developer	1,044						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	Raymond James Tax Credit Fund 39,	4,683,605						
State Housing Credit Equity	Chestnut State Investor, LLC	1,321,140						
Historic Credit Equity								
Investment Earnings from Tax-Exempt Bonds								
Investment Earnings from Taxable Bonds								
Income from Operations								
Other Source (specify) Transferred at Purchase	Replacement Reserve	41,029						
Other Source (specify) Transferred at Purchase	Tax & Insurance Reserve	23,691						
Other Source (specify) Transferred at Purchase	Security Deposit Reserve	13,269						
Total Permanent Financing:		7,594,710						
Total Development Costs from Development Cost Schedule:		7,594,710						
Surplus/(Shortage) of Permanent Funds to Development Costs:		(0)						

DCA HOME loan interest rate per Operating Year for Projects located in Rural Areas:

Year:	1 -7	8	9	10	11	12	13	14	15
Rate:									

VII. OWNER COMMENTS AND CLARIFICATIONS

