

FOXWOOD SENIOR APARTMENTS, L.P.

**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 29, 2014



INDEPENDENT AUDITOR'S REPORT

Owner's Name: Foxwood Senior Apartments, L.P.
Project Name: Foxwood Senior Apartments
Project Number: TCAA # 2011-052

To the Partners
Foxwood Senior Apartments, L.P.

We have audited the costs included in the accompanying Tax Credit Allocation Agency ("TCAA") Final Cost Certification (the "Final Cost Certification") of Foxwood Senior Apartments, L.P. (the "Owner") for Foxwood Senior Apartments ("the Project") as of April 29, 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 \$6,453,657, eligible basis of \$5,989,293 and adjusted eligible basis of \$7,366,830 of the Owner for the Project as of April 29, 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.



Atlanta, Georgia

April 29, 2014

PART FOUR - USES OF FUNDS - Foxwood Senior Apartments - 2011-052

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					
Market Study	11,076	11,076			
Environmental Report(s)	23,758	23,758			
Soil Borings	4,730	4,730			
Boundary and Topographical Survey	37,345	37,345			
Zoning/Site Plan Fees	444	444			
Other: 3rd Party Plan & Spec Review	8,792	8,792			
Subtotal	86,145	86,145	-	-	-
ACQUISITION					
Land	231,580				231,580
Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures					
Subtotal	231,580		-		231,580
SITE IMPROVEMENTS					
Site Preparation (On-site)	1,504,709	1,504,709			
Site Preparation (Off-site)					
Subtotal	1,504,709	1,504,709	-	-	-
UNIT/BUILDING CONSTRUCTION					
Unit/Building Construction/New Construction	2,758,539	2,758,539			
Unit/Building Construction/Rehab					
Project Amenities / Accessory Buildings					
Other:					
Subtotal	2,758,539	2,758,539	-	-	-
CONTRACTOR SERVICES					
Builder's Overhead: 2.00%	85,265	92,367			
Builder Profit: 6.00%	255,795				
General Requirements 6.00%	255,795	227,164			
Payment/performance bond or letter-of-credit fee or premium					
Subtotal	319,531	319,531	-	-	-
<i>Total Construction Costs</i>	<i>104,154.07 per unit</i>				
<i>4,582,779</i>	<i>99.45 per sq ft</i>				

PART FOUR - USES OF FUNDS - Foxwood Senior Apartments - 2011-052

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 PERIOD FINANCING			
Construction Loan Fee	42,600	42,600			
Construction Loan Interest	70,401	70,401			
Construction Legal Fees	35,000	35,000			
Construction Period Real Estate Tax	1,127	1,070			57
Construction Insurance	16,992	16,992			
Bridge Loan Fee and Bridge Loan Interest					
Other:					
Subtotal	166,120	166,063	-	-	57
PROFESSIONAL SERVICES		PROFESSIONAL SERVICES			
Architectural Fee - Design	133,885	133,885			
Architectural Fee - Supervision	33,440	33,440			
Engineering	94,219	94,219			
Real Estate Attorney	34,516	24,745			9,771
Accounting	12,900	12,900			
Other: Accessibility/Radon	5,104	5,104			
Subtotal	314,064	304,293	-	-	9,771
LOCAL GOVERNMENT FEES		LOCAL GOVERNMENT FEES			
Building Permits	4,046	4,046			
Impact Fees					
Water Tap Fees <i>waived?</i>					
Sewer Tap Fees <i>waived?</i>					
Real Estate Taxes					
Subtotal	4,046	4,046	-	-	-
PERMANENT FINANCING FEES		PERMANENT FINANCING FEES			
Permanent Loan Fees					
Permanent Loan Legal Fees					
Title and Recording Fees	7,799	7,799			
As-Built Survey	9,000	9,000			
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other:					
Subtotal	16,799	16,799	-	-	-

PART FOUR - USES OF FUNDS - Foxwood Senior Apartments - 2011-052

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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					
Tax Credit Application Fee	4,000				4,000
DCA Waiver Fees					
LIHTC Allocation Processing Fee	42,634				42,634
LIHTC Compliance Monitoring Fee	30,800				30,800
DCA Front End Analysis Fee (when ID of Interest)					
DCA Final Inspection Fee	3,000				3,000
Other: <u>DCA Concept Change</u>	3,000				3,000
Subtotal	83,434				83,434
EQUITY COSTS					
Partnership Organization Fees	1,424				1,424
Tax Credit Legal Opinion	5,000				5,000
Other:					
Subtotal	6,424	-	-	-	6,424
DEVELOPER'S FEE					
Developer's Overhead					
Consultant's Fee	109,599	109,599			
Developer's Fee	621,063	621,063			
Subtotal	730,662	730,662	-	-	-
START-UP AND RESERVES					
Marketing					
Rent -Up Reserves	40,698				40,698
Operating Deficit Reserve:	81,400				81,400
Replacement Reserve	11,000				11,000
Furniture, Fixtures and Equipment	40,000	40,000			
Other: <u>Green Building Consultant</u>	16,475	16,475			
Subtotal	189,573	56,475	-	-	133,098
OTHER COSTS					
Relocation					
Other: <u>Costs paid outside of the construction contract</u>	26,691	26,691			
Other: <u>Earthcraft Fees</u>	15,340	15,340			
Subtotal	42,031	42,031	-	-	-
TOTAL DEVELOPMENT COST	6,453,657	5,989,293	-	-	464,364
Per Unit	146,674.02				
Per Square Foot	140.04				

PART FOUR - USES OF FUNDS - Foxwood Senior Apartments - 2011-052

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	5,989,293	0	0
Less Total Subtractions From Basis (see above)	0		0
Total Eligible Basis	5,989,293	0	0
Eligible Basis Adjustment for DDA/QCT Location	123.00%		
Adjusted Eligible Basis	7,366,830	0	0
Multiply Adjusted Eligible Basis by Applicable Fraction	100.00%	100.00%	100.00%
Qualified Basis	7,366,830	0	0
Multiply Qualified Basis by Applicable Credit Percentage	9.00%		
Maximum Tax Credit Amount	663,015	0	0
Total Basis Method Tax Credit Calculation	663,015		

III. TAX CREDIT CALCULATION - GAP METHOD

Equity Gap Calculation			
Total Development Cost	6,453,657		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	15,125		
Equity Gap	6,438,532		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	643,853		
Enter Final Federal and State Equity Factors (not including GP contribution)	1.0427	=	Federal
Total Gap Method Tax Credit Calculation	617,501		0.7270
			+ State
			0.3157

IV. TAX CREDIT CARRYOVER ALLOCATION

Allocation Year

V. FINAL TAX CREDIT ALLOCATION REQUEST

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 FOUR - USES OF FUNDS - Foxwood Senior Apartments - 2011-052

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

VI. OWNER COMMENTS AND CLARIFICATIONS

The Contractor lost \$355,127 on the construction contract for the project. The \$355,127 loss reduced the unit/building construction cost line item. The total construction contract of \$4,582,779 is included in the above uses.

PART THREE - SOURCES OF FUNDS - Foxwood Senior Apartments - 2011-052

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								
Second Mortgage								
Third Mortgage								
Other Source (specify)								
Other Source (specify)	Deferred Consultant Fee	Peach Way Financial Services	15,015					
Deferred Developer Fees	Potemkin Magita Development Inc.	88,878						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	Tax Credit Holdings-Foxwood Senior L	4,382,720						
State Housing Credit Equity	Tax Credit Holdings-Foxwood Senior L	1,966,934						
Historic Credit Equity								
Investment Earnings from Tax-Exempt Bonds								
Investment Earnings from Taxable Bonds								
Income from Operations								
Other Source (specify)	Special Limited Partner	Tax Credit Holdings-Foxwood Senior L	10					
Other Source (specify)	General Partner	Potemkin Magita Development	100					
Other Source (specify)								
Total Permanent Financing:		6,453,657						
Total Development Costs from Development Cost Schedule:		6,453,657						
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

The State Housing Credit Equity amount above includes \$44,279 for their 1% share of the federal credits.

