

HAMPTON COURT, 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**

SEPTEMBER 11, 2014



INDEPENDENT AUDITOR'S REPORT

Owner's Name: Hampton Court, L.P.
Project Name: Hampton Court
Project Number: TCAA # 2011-053

To the Partners
Hampton Court, L.P.

We have audited the costs included in the accompanying Tax Credit Allocation Agency ("TCAA") Final Cost Certification (the "Final Cost Certification") of Hampton Court, L.P. (the "Owner") for Hampton Court ("the Project") as of September 11, 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 \$9,873,285, eligible basis of \$9,112,009 and adjusted eligible basis of \$11,845,612 of the Owner for the Project as of September 11, 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 "Halaj, Prange & Thomas LLP".

Atlanta, Georgia

September 11, 2014

PART FOUR - USES OF FUNDS - Hampton Court, LP - 2011-053

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	6,027	6,027			
Environmental Report(s)	11,082	11,082			
Soil Borings	26,587	26,587			
Boundary and Topographical Survey	1,500	1,500			
Zoning/Site Plan Fees					
Other: Third party plan and spec review	8,669	8,669			
Subtotal	53,865	53,865	-	-	-
ACQUISITION					
Land	436,716				436,716
Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures					
Subtotal	436,716		-		436,716
SITE IMPROVEMENTS					
Site Preparation (On-site)	1,997,216	1,997,216			
Site Preparation (Off-site)					
Subtotal	1,997,216	1,997,216	-	-	-
UNIT/BUILDING CONSTRUCTION					
Unit/Building Construction/New Construction	4,083,362	4,083,362			
Unit/Building Construction/Rehab					
Project Amenities / Accessory Buildings					
Other:					
Subtotal	4,083,362	4,083,362	-	-	-
CONTRACTOR SERVICES					
Builder's Overhead: 2.00%	121,612	98,816			
Builder Profit: 6.00%	364,835	296,448			
General Requirements 6.00%	364,835	340,468			
Payment/performance bond or letter-of-credit fee or premium					
Subtotal	735,732	735,732	-	-	-
Total Construction Costs	113,605.17 per unit				
	6,816,310	89.61 per sq ft			

PART FOUR - USES OF FUNDS - Hampton Court, LP - 2011-053

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	62,000	62,000			
Construction Loan Interest	204,174	194,666			9,508
Construction Legal Fees	13,094	13,094			
Construction Period Real Estate Tax	7,331	7,331			
Construction Insurance	30,238	26,392			3,846
Bridge Loan Fee and Bridge Loan Interest					
Other:					
Subtotal	316,837	303,483	-	-	13,354
PROFESSIONAL SERVICES					
Architectural Fee - Design	62,593	62,593			
Architectural Fee - Supervision	20,334	20,334			
Engineering	75,512	75,512			
Real Estate Attorney					
Accounting	21,800	21,800			
Other: Green Building	28,329	28,329			
Subtotal	208,568	208,568	-	-	-
LOCAL GOVERNMENT FEES					
Building Permits	42,191	42,191			
Impact Fees	496,369	496,369			
Water Tap Fees <i>waived?</i>	1,172	1,172			
Sewer Tap Fees <i>waived?</i>					
Real Estate Taxes					
Subtotal	539,732	539,732	-	-	-
PERMANENT FINANCING FEES					
Permanent Loan Fees					
Permanent Loan Legal Fees					
Title and Recording Fees	29,777	29,777			
As-Built Survey	11,530	11,530			
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other:					
Subtotal	41,307	41,307	-	-	-

PART FOUR - USES OF FUNDS - Hampton Court, LP - 2011-053

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					
DCA Waiver Fees	1,500				1,500
LIHTC Allocation Processing Fee	63,000				63,000
LIHTC Compliance Monitoring Fee	42,000				42,000
DCA Front End Analysis Fee (when ID of Interest)					
DCA Final Inspection Fee	3,000				3,000
Other:					
Subtotal	113,500				113,500
EQUITY COSTS					
Partnership Organization Fees	12,706				12,706
Tax Credit Legal Opinion	5,000				5,000
Other:					
Subtotal	17,706	-	-	-	17,706
DEVELOPER'S FEE					
Developer's Overhead	221,241	221,241			
Consultant's Fee					
Developer's Fee	884,967	884,967			
Subtotal	1,106,208	1,106,208	-	-	-
START-UP AND RESERVES					
Marketing					
Rent -Up Reserves	60,000				60,000
Operating Deficit Reserve:	120,000				120,000
Replacement Reserve					
Furniture, Fixtures and Equipment	42,536	42,536			
Other:					
Subtotal	222,536	42,536	-	-	180,000
OTHER COSTS					
Relocation					
Other:					
Other:					
Subtotal	-	-	-	-	-
TOTAL DEVELOPMENT COST	9,873,285	9,112,009	-	-	761,276
Per Unit	164,554.75				
Per Square Foot	129.80				

PART FOUR - USES OF FUNDS - Hampton Court, LP - 2011-053

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	9,112,009	0	0
Less Total Subtractions From Basis (see above)	0		0
Total Eligible Basis	9,112,009	0	0
Eligible Basis Adjustment for DDA/QCT Location	130.00%		
Adjusted Eligible Basis	11,845,612	0	0
Multiply Adjusted Eligible Basis by Applicable Fraction	100.00%	100.00%	100.00%
Qualified Basis	11,845,612	0	0
Multiply Qualified Basis by Applicable Credit Percentage	9.00%		
Maximum Tax Credit Amount	1,066,105	0	0
Total Basis Method Tax Credit Calculation	1,066,105		

III. TAX CREDIT CALCULATION - GAP METHOD

Equity Gap Calculation			
Total Development Cost	9,873,285		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	110		
Equity Gap	9,873,175		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	987,318		
Enter Final Federal and State Equity Factors (not including GP contribution)	1.0008	=	Federal
Total Gap Method Tax Credit Calculation	986,554		State
			0.7508 + 0.2500

IV. TAX CREDIT CARRYOVER ALLOCATION

Allocation Year 2011 900,000

V. FINAL TAX CREDIT ALLOCATION REQUEST

900,000

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 - Hampton Court, LP - 2011-053

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 Developer Fees	Potemkin Development	867,560						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	Affordable Equity Partners	6,755,615						
State Housing Credit Equity	Affordable Equity Partners	2,250,000						
Historic Credit Equity								
Investment Earnings from Tax-Exempt Bonds								
Investment Earnings from Taxable Bonds								
Income from Operations								
Other Source (specify) GP Equity	Potemkin Magita Development	100						
Other Source (specify) Special Limited Partner Equity	Affordable Equity Partners	10						
Other Source (specify)								
Total Permanent Financing:		9,873,285						
Total Development Costs from Development Cost Schedule:		9,873,285						
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 federal housing credit equity amount above includes \$67,570 related to the State Housing Credit Partner's 1.0% share of the federal credits.

