

**Georgia Department of Community Affairs**  
**Low Income Housing Tax Credits Final Allocation Application**  
**New Santa Ana Apartments, LLC**

**Tab 4 Independent Auditor's Report and Certification of Actual Costs**

Auditor's Report and Certification of Actual Costs for New Santa Ana Apartments, LLC prepared by Dixon Hughes Goodman LLP is attached. Also attached are work papers supporting the allocation of land cost and the calculations for the 50% test aggregate basis.

**New Santa Ana Apartments, LLC**

Santa Ana Apartments

Schedules of Certification of Actual Cost and Opinion as  
to Eligible Basis and Building by Building Credit  
Allocation  
Together with Auditors' Report



**DIXON HUGHES GOODMAN** LLP  
Certified Public Accountants and Advisors



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***INDEPENDENT AUDITORS' REPORT***

Owner's Name: New Santa Ana Apartments, LLC

Project Name: Santa Ana Apartments

Project Number: TCAA # 2011-522

We have audited the costs included in the accompanying Georgia Department of Community Affairs ("DCA") Final Cost Certification Schedules of Certification of Actual Cost and Opinion as to Eligible Basis and the Building by Building Credit Allocation (the "Schedules") of New Santa Ana Apartments, LLC (the "Owner") for Santa Ana Apartments ("the Project") as of July 10, 2014.

**Management's Responsibility for the Schedules**

Management is responsible for the preparation and fair presentation of the Schedules in accordance with accounting principles 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 DCA. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that are free from material misstatement, whether due to error or fraud.

**Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts in the Schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Schedules, 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 Schedules 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 management, as well as evaluating the overall presentation of the Schedules.

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

**Opinion**

In our opinion, the Schedules present fairly, in all material respects, the actual costs of \$1,295,302 and eligible basis of \$1,143,641 of the Owner for the Project as of July 10, 2014, on the basis of accounting described below.

**Basis of Accounting**

The accompanying Schedules were 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 DCA, which is a comprehensive basis of accounting other than generally accepted accounting principles.

**Restrictions on Use**

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

*Dixon Hughes Goodman LLP*

*High Point, North Carolina  
November 3, 2014*



PART FOUR - USES OF FUNDS - Santa Ana Apartments - 2011-522

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
<b>CONSTRUCTION PERIOD FINANCING</b>					
Construction Loan Fee					
Construction Loan Interest	2,045			1,485	560
Construction Legal Fees					
Construction Period Real Estate Tax	4,047			4,047	
Construction Insurance	3,418			3,418	
Bridge Loan Fee and Bridge Loan Interest					
Other:					
<b>Subtotal</b>	<b>9,510</b>	<b>-</b>	<b>-</b>	<b>8,950</b>	<b>560</b>
<b>PROFESSIONAL SERVICES</b>					
Architectural Fee - Design	9,360			9,360	
Architectural Fee - Supervision	5,040			5,040	
Engineering	3,400			3,400	
Real Estate Attorney	2,322		2,156		166
Accounting	10,000			10,000	
Other:					
<b>Subtotal</b>	<b>30,122</b>	<b>-</b>	<b>2,156</b>	<b>27,800</b>	<b>166</b>
<b>LOCAL GOVERNMENT FEES</b>					
Building Permits					
Impact Fees					
Water Tap Fees <i>waived?</i>					
Sewer Tap Fees <i>waived?</i>					
Real Estate Taxes					
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PERMANENT FINANCING FEES</b>					
Permanent Loan Fees	4,920				4,920
Permanent Loan Legal Fees	4,370				4,370
Title and Recording Fees	150				150
As-Built Survey					
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount	13,809				13,809
Other: Financial Advisor and Application Fees	1,400				1,400
<b>Subtotal</b>	<b>24,649</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,649</b>

PART FOUR - USES OF FUNDS - Santa Ana Apartments - 2011-522

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
<b>DCA-RELATED COSTS</b>					
DCA Loan Application Fee					
Tax Credit Application Fee					
DCA Waiver Fees	3,000				3,000
LIHTC Allocation Processing Fee	2,562 2,623				2,623
LIHTC Compliance Monitoring Fee	11,200 2,400				2,400
DCA Front End Analysis Fee (when ID of Interest)					
DCA Final Inspection Fee	500				500
Other: DCA Bond Allocation; DCA Bond Eligibility Option	5,126				5,126
<b>Subtotal</b>	<b>13,649</b>				<b>13,649</b>
<b>EQUITY COSTS</b>					
Partnership Organization Fees	160				160
Tax Credit Legal Opinion					
Other:					
<b>Subtotal</b>	<b>160</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>160</b>
<b>DEVELOPER'S FEE</b>					
Developer's Overhead					
Consultant's Fee	83,230		32,556	50,674	
Developer's Fee	83,230		32,556	50,674	
<b>Subtotal</b>	<b>166,460</b>	<b>-</b>	<b>65,112</b>	<b>101,348</b>	<b>-</b>
<b>START-UP AND RESERVES</b>					
Marketing					
Rent-Up Reserves					
Operating Deficit Reserve:					
Replacement Reserve	54,657				54,657
Furniture, Fixtures and Equipment	686			686	
Other:					
<b>Subtotal</b>	<b>55,343</b>	<b>-</b>	<b>-</b>	<b>686</b>	<b>54,657</b>
<b>OTHER COSTS</b>					
Relocation	469			469	
Other: Project Admin Expenses	241				241
Other: Other Assets Purchased	23,743				23,743
<b>Subtotal</b>	<b>24,453</b>	<b>-</b>	<b>-</b>	<b>469</b>	<b>23,984</b>
<b>TOTAL DEVELOPMENT COST</b>	<b>1,295,302</b>	<b>-</b>	<b>498,599</b>	<b>659,342</b>	<b>137,361</b>
<b>Per Unit</b>	<b>80,956.38</b>				
<b>Per Square Foot</b>	<b>90.56</b>				

PART FOUR - USES OF FUNDS - Santa Ana Apartments - 2011-522

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

II. TAX CREDIT CALCULATION - BASIS METHOD

	New Construction Basis	4% Acquisition Basis	Rehabilitation Basis
<b>Subtractions From Eligible Basis</b>			
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			14,300
GA Power Rebate			
<b>Total Subtractions From Basis:</b>	<b>0</b>		<b>14,300</b>
<b>Eligible Basis Calculation</b>			
Total Basis	0	498,599	659,342
Less Total Subtractions From Basis (see above)	0		14,300
Total Eligible Basis	0	498,599	645,042
Eligible Basis Adjustment for DDA/QCT Location			100.00%
Adjusted Eligible Basis	0	498,599	645,042
Multiply Adjusted Eligible Basis by Applicable Fraction	100.00%	100.00%	100.00%
Qualified Basis	0	498,599	645,042
Multiply Qualified Basis by Applicable Credit Percentage		3.20%	3.20%
Maximum Tax Credit Amount	0	15,955	20,641
<b>Total Basis Method Tax Credit Calculation</b>		<b>36,597</b>	

III. TAX CREDIT CALCULATION - GAP METHOD

<b>Equity Gap Calculation</b>			
Total Development Cost	1,295,302		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	738,144		
Equity Gap	557,158		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	55,716		
Enter Final Federal and State Equity Factors (not including GP contribution)	1.5200	=	Federal 1.1590 + State 0.3610
<b>Total Gap Method Tax Credit Calculation</b>	<b>36,655</b>		

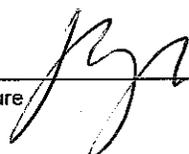
IV. TAX CREDIT CARRYOVER ALLOCATION

Allocation Year

V. FINAL TAX CREDIT ALLOCATION REQUEST

	36,597

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 J. W. Jozewski Member WWD LLC Date 11-10-2014  
Member New Santa Ana Apt LLC





New Santa Ana Apartments, LLC  
 Cost Allocation of Purchase Price

Sales Price	5101	525,308.31	✓
Reallocation	Draw #8	(65.00)	
Add'l Recording Costs	Draw #8	182.66	
Settlement Charges	5101	3,562.52	
		528,988.49	

	5102	Acq Costs	Title/Rec	Total				
Other Purchased Assets	✗	78,400.36	0	78,400.36	(54,656.82)	23,743.54	1410	ineligible
Land	ⓘ	19,100.00	157.28	19,257.28			1410	ineligible
Building	ⓘ	427,807.95	3,522.90	431,330.85			1410	eligible
		525,308.31	3,680.18	528,988.49				

Σ ⓘ 446,907.95 Total land and building agrees to WP 5102 analysis

Title/Recording	3,680.18
Allocation:	
Land	157.28
Building	3,522.90

Assigned Values:	
Land Appraised Value	✓ 19,100.00 See appraisal report at PF-1408
Building Value	427,807.95
	446,907.95

Allocation %	
Land	4.27%
Building	95.73% ✓

Cells to enter data

✗ Reserves of \$54,656.82 were purchased at acquisition and are included in the other purchased assets. An AJE has been made to break out the required reserve amount on a separate line. Per Kyle Harrelson at Boyd Management, entire reserves purchased at closing were replacement reserves.



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April 15, 2013

Greystone Servicing Corporation, Inc.

Attn: Jane Sadler

1715 Aaron Brenner Drive, Suite 500

Memphis, TN 38120

**Re: Santa Ana Apartments**

**56 South Broad Street**

**Alamo, Georgia**

Dear Jane Sadler:

At your request, we have completed an inspection and analysis of the referenced property for the purpose of developing and reporting an opinion of value for the property. The specific real property interest, real estate, type of report, and type of value are detailed within the body of the accompanying report. The accompanying report has been prepared in conformance with the requirements established by the Appraisal Institute. The appraisal is in conformance with USPAP requirements. The liability of Crown Appraisal Group, Inc. and its employees is limited to the fee collected for the preparation of the appraisal report. There is no accountability or liability to any third party. Based on discussions with market participants, the marketing period and exposure period for the property is estimated at 12 months. The following summarizes the interest being appraised, types of values, effective dates of values, and value opinions.

<i>Competitive Rent Comparable Unit Conclusions (CRCU)</i>		
	<u>1 Bedroom</u>	<u>2 Bedroom TH</u>
Prospective (Renovated) CRCU	450	515
<i>Value Opinions</i>	<u>Date of Value</u>	<u>Value</u>
As-is Market Value, unrestricted rents	April 1, 2013	\$670,000
Prospective Market Value, restricted rents (FNMA)	June 30, 2013	\$650,000
Prospective Market Value, restricted rents (RD)	April 1, 2015	\$690,000
Prospective Market Value subject to unrestricted rents	April 1, 2015	\$780,000
<b>Land Value</b>	<b>April 1, 2013</b>	<b>\$19,100</b>
Interest Credit Subsidy Value (Existing 515 Loan)	April 1, 2013	\$244,400
LIHTC Value	April 1, 2015	\$573,229
Insurable Value	April 1, 2015	\$761,483

**New Santa Ana Apartments, LLC  
Calculation of the Fifty Percent (50%) Test  
Aggregate Approach**

Description	Residential Costs	Amortizable Costs	Depreciable Costs	Land	Other Costs/ Expense	Eligible Basis	(A) Land & Building Basis	(B) Costs Financed By Tax-Exempt Bonds
Land Acquisition (cell 19)	\$ 19,257	\$ -	\$ -	\$ 19,257	\$ -	\$ -	\$ 19,257	\$ -
Building Acquisition/Other Assets Purchased (cells 22 & 127)	455,074	-	417,031	-	38,043	417,031	417,031	65,475
Rehab/New Construction (cells 26, 32, 34, 38-40)	504,508	-	504,508	-	-	504,508	504,508	504,508
Soft Costs (cells 9-15, 51-57, 61-66, 78-80, 120, 125)	66,087	9,510	55,642	375	560	55,642	56,017	56,017
Financing Fees & Expenses (cells 83 & 84)	15,209	15,209	-	-	-	-	-	-
Other Costs (cells 93-100, 104, 126)	14,050	13,649	-	-	401	-	-	-
Developer Costs (cells 111 & 112)	166,460	-	166,460	-	-	166,460	166,460	-
Development Reserves (cells 119 & 121)	54,657	-	-	-	54,657	-	-	-
	<u>\$ 1,295,302</u>	<u>\$ 38,368</u>	<u>\$ 1,143,641</u>	<u>\$ 19,632</u>	<u>\$ 93,661</u>	<u>\$ 1,143,641</u>	<u>\$ 1,163,273</u>	<u>\$ 626,000</u>

50% Test Percentage Calculation

(B/A)

53.81%