

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

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

Auditor's Report and Certification of Actual Costs for New Falls Park 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 Falls Park Apartments, LLC

Falls Park Apartments

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

INDEPENDENT AUDITORS' REPORT

Owner's Name: New Falls Park Apartments, LLC

Project Name: Falls Park Apartments

Project Number: TCAA # 2011-527

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 Falls Park Apartments, LLC (the "Owner") for Falls Park Apartments Apartments ("the Project") as of December 8, 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 \$3,428,042 and eligible basis of \$3,021,795 of the Owner for the Project as of December 8, 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
February 6, 2015*

PART FOUR - USES OF FUNDS - Falls Park Apartments - 2011-527

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			PRE-DEVELOPMENT COSTS		
Property Appraisal	5,368			4,920	448
Market Study	3,000			3,000	
Environmental Report(s)	4,320			4,320	
Soil Borings					
Boundary and Topographical Survey					
Zoning/Site Plan Fees	8,607			8,097	510
Other: Alta Survey, Capital Needs Assessment	21,295			20,337	958
Subtotal					

ACQUISITION

Land	98,893				98,893
Demolition					
Acquisition Legal Fees (if existing structures)	1,085,592		1,085,592		
Existing Structures	1,184,485				98,893
Subtotal					

SITE IMPROVEMENTS

Site Preparation (On-site)	136,775			136,775	
Site Preparation (Off-site)	136,775			136,775	
Subtotal					

UNIT/BUILDING CONSTRUCTION

Unit/Building Construction/New Construction					
Unit/Building Construction/Rehab	1,086,008			1,086,008	
Project Amenities / Accessory Buildings	35,470			35,470	
Other: Construction Costs Outside of Contract	1,121,478			1,121,478	
Subtotal					

CONTRACTOR SERVICES

Builder's Overhead:	24,456			24,454	
Builder Profit	73,367			73,367	
General Requirements	73,367			73,367	
Payment/performance bond or letter-of-credit fee or premium					
Subtotal					

Total Construction Costs	29,780.02 per unit
1,429,441	33.46 per sq ft

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I. DEVELOPMENT COST SCHEDULE

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
CONSTRUCTION PERIOD FINANCING					
Construction Loan Fee	6,455			5,747	708
Construction Loan Interest					
Construction Legal Fees	15,279			15,279	
Construction Period Real Estate Tax	12,116			12,116	
Construction Insurance					
Bridge Loan Fee and Bridge Loan Interest					
Other:					
Subtotal	33,850	-	-	33,142	708
PROFESSIONAL SERVICES					
Architectural Fee - Design	26,291			26,291	
Architectural Fee - Supervision	14,157			14,157	
Engineering	3,000			3,000	
Real Estate Attorney	6,425		5,712		713
Accounting	10,000			10,000	
Other:					
Subtotal	59,873	-	5,712	53,448	713
LOCAL GOVERNMENT FEES					
Building Permits					
Impact Fees					
Water Tap Fees					
Sewer Tap Fees					
Real Estate Taxes					
Subtotal	-	-	-	-	-
PERMANENT FINANCING FEES					
Permanent Loan Fees	25,780				25,780
Permanent Loan Legal Fees	13,110				13,110
Title and Recording Fees	150				150
As-Built Survey					
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount	42,290				42,290
Other: Financial Advisor and Application Fees	3,374				3,374
Subtotal	84,704	-	-	-	84,704

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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					
Tax Credit Application Fee	3,000				3,000
DCA Waiver Fees	6,634				6,634
LIHTC Allocation Processing Fee	7,200				7,200
LIHTC Compliance Monitoring Fee	6,769				
DCA Front End Analysis Fee (when ID of Interest)	33,600				
DCA Final Inspection Fee	500				500
Other: DCA Bond Allocation, DCA Bond Eligibility Option	6,124				6,124
Subtotal	23,458				23,458
EQUITY COSTS					
Partnership Organization Fees	210				210
Tax Credit Legal Opinion					
Other:					
Subtotal	210				210
DEVELOPER'S FEE					
Developer's Overhead	217,176		81,988	135,188	
Consultant's Fee	217,176		81,988	135,188	
Developer's Fee	434,352		163,976	270,376	
Subtotal					
START-UP AND RESERVES					
Marketing					
Rent -Up Reserves					
Operating Deficit Reserve:					
Replacement Reserve	102,603				102,603
Furniture, Fixtures and Equipment	1,688			1,688	
Other:					
Subtotal	104,291			1,688	102,603
OTHER COSTS					
Relocation	283			283	
Other: Project Admin Expenses	242				242
Other: Other Assets Purchased	51,558				51,558
Subtotal	52,083			283	51,800
TOTAL DEVELOPMENT COST	3,428,042		1,255,280	1,908,715	364,047
Per Unit	71,417.54				
Per Square Foot	80.24				

New Falls Park Apartments, LLC
 Cost Allocation of Purchase Price

Sales Price	5101	1,328,067.62	✓
Reallocation	Draw #11	(216.00)	
Add'l Recording Costs	Draw #11	332.66	
Settlement Charges	5101	10,461.63	
		1,338,645.91	

	5102	Acq Costs	Title/Rec	Total					
Other Purchased Assets	✗	154,160.82	✓	0	154,160.82	(102,603.11)	51,557.71	1410	ineligible
Land	ⓘ	98,010.00		883.19	98,893.19			1410	ineligible
Building	ⓘ	1,075,896.80		9,695.10	1,085,591.90			1410	eligible
		1,328,067.62		10,578.29	1,338,645.91				

Σ ⓘ 1,173,906.80 Total land and building agrees to WP 5102 analysis

Title/Recording	10,578.29
Allocation:	
Land	883.19
Building	9,695.10

Assigned Values:	
Land Appraised Value	98,010.00 See appraisal report at PF-1408
Building Value	1,075,896.80
	1,173,906.80

Allocation %	
Land	8.35%
Building	91.65%

New Falls Park 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)	\$ 98,893	\$ -	\$ -	\$ 98,893	\$ -	\$ -	\$ 98,893	\$ -
Building Acquisition/Other Assets Purchased (cells 22 & 127)	1,137,150	-	1,043,392	-	93,758	1,043,392	1,043,392	78,471
Rehab/New Construction (cells 26, 32, 34, 38-40)	1,429,441	-	1,429,441	-	-	1,429,441	1,429,441	1,429,441
Soft Costs (cells 9-15, 51-57, 61-66, 78-80, 120, 125)	156,029	39,233	114,610	1,478	708	114,610	116,088	116,088
Financing Fees & Expenses (cells 83 & 84)	45,664	45,664	-	-	-	-	-	-
Other Costs (cells 93-100, 104, 126)	23,910	23,458	-	-	452	-	-	-
Developer Costs (cells 111 & 112)	434,352	-	434,352	-	-	434,352	434,352	-
Development Reserves (cells 119 & 121)	102,603	-	-	-	102,603	-	-	-
	<u>\$ 3,428,042</u>	<u>\$ 108,355</u>	<u>\$ 3,021,795</u>	<u>\$ 100,371</u>	<u>\$ 197,521</u>	<u>\$ 3,021,795</u>	<u>\$ 3,122,166</u>	<u>\$ 1,624,000</u>

50% Test Percentage Calculation

(B/A)

52.02%