

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

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

Auditor's Report and Certification of Actual Costs for New Willowpeg Lane Apartments, LLC prepared by Dixon Hughes Goodman LLP is attached.

**New Willowpeg Lane Apartments,  
LLC**

Willowpeg Lane 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



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

**INDEPENDENT AUDITORS' REPORT**

Owner's Name: New Willowpeg Lane Apartments, LLC

Project Name: Willowpeg Lane Apartments

Project Number: TCAA # 2011-528

We have audited the costs included in the accompanying Georgia Department of Community Affairs ("DCA") Final Cost Schedules of Certification of Actual Cost and Opinion as to Eligible Basis and the Building by Building Credit Allocation (the "Schedules") of New Willowpeg Lane Apartments, LLC (the "Owner") for Willowpeg Lane Apartments ("the Project") as of January 22, 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 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 \$3,760,294 and eligible basis of \$3,391,463 of the Owner for the Project as of January 22, 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 19, 2014*



PART FOUR - USES OF FUNDS - Willowpeg Lane Apartments - 2011-528

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	3,975			2,926	1,049
Construction Loan Interest					
Construction Legal Fees	2,944			2,944	
Construction Period Real Estate Tax	9,870			9,870	
Construction Insurance					
Bridge Loan Fee and Bridge Loan Interest					
Other:					
<b>Subtotal</b>	<b>16,789</b>	<b>-</b>	<b>-</b>	<b>15,740</b>	<b>1,049</b>
<b>PROFESSIONAL SERVICES</b>					
Architectural Fee - Design	27,663			27,663	
Architectural Fee - Supervision	14,895			14,895	
Engineering	2,400			2,400	
Real Estate Attorney	6,433		5,919		514
Accounting	10,000			10,000	
Other:					
<b>Subtotal</b>	<b>61,391</b>	<b>-</b>	<b>5,919</b>	<b>54,958</b>	<b>514</b>
<b>LOCAL GOVERNMENT FEES</b>					
Building Permits					
Impact Fees					
Water Tap Fees	waived?				
Sewer Tap Fees	waived?				
Real Estate Taxes					
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PERMANENT FINANCING FEES</b>					
Permanent Loan Fees	37,860				37,860
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	41,239				41,239
Other: Financial Advisor, Bond Costs, Application Fees	3,672				3,672
<b>Subtotal</b>	<b>96,031</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>96,031</b>

PART FOUR - USES OF FUNDS - Willowpeg Lane Apartments - 2011-528

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	4,500				4,500
Tax Credit Application Fee	7,534				7,534
DCA Waiver Fees	7,200				7,200
LIHTC Allocation Processing Fee	7,659				
LIHTC Compliance Monitoring Fee	33,600				
DCA Front End Analysis Fee (when ID of Interest)	500				500
DCA Final Inspection Fee	4,893				4,893
Other: <u>DCA Bond Allocation</u> , <u>DCA Bond Eligibility Option</u>					
<b>Subtotal</b>	<b>24,627</b>				<b>24,627</b>
<b>EQUITY COSTS</b>					
Partnership Organization Fees	210				210
Tax Credit Legal Opinion					
Other:	210				210
<b>Subtotal</b>	<b>210</b>				<b>210</b>
<b>DEVELOPER'S FEE</b>					
Developer's Overhead	240,329				
Consultant's Fee	240,329				
Developer's Fee	480,658				
<b>Subtotal</b>	<b>480,658</b>				
<b>START-UP AND RESERVES</b>					
Marketing					
Rent -Up Reserves					
Operating Deficit Reserve:					
Replacement Reserve	90,645				90,645
Furniture, Fixtures and Equipment	1,182				1,182
Other:					
<b>Subtotal</b>	<b>91,827</b>				<b>90,645</b>
<b>OTHER COSTS</b>					
Relocation	432				432
Other: <u>Project Admin Expenses</u>	241				241
Other: <u>Other Assets Purchased</u>	38,652				38,652
<b>Subtotal</b>	<b>39,325</b>				<b>38,893</b>
<b>TOTAL DEVELOPMENT COST</b>	<b>3,760,294</b>		<b>1,613,426</b>		<b>328,431</b>
<b>Per Unit</b>	<b>78,339.46</b>				
<b>Per Square Foot</b>	<b>90.09</b>				

PART FOUR - USES OF FUNDS - Willowpeg Lane Apartments - 2011-528

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

II. TAX CREDIT CALCULATION - BASIS METHOD

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

New Construction Basis	0
4% Acquisition Basis	40,400
Rehabilitation Basis	40,400

Total Subtractions From Basis:

Eligible Basis Calculation

- Total Basis
- Less Total Subtractions From Basis (see above)
- Total Eligible Basis
- Eligible Basis Adjustment for DDA/QCT Location
- Adjusted Eligible Basis
- Multiply Adjusted Eligible Basis by Applicable Fraction
- Qualified Basis
- Multiply Qualified Basis by Applicable Credit Percentage
- Maximum Tax Credit Amount
- Total Basis Method Tax Credit Calculation

Total Basis	1,613,426
Less Total Subtractions From Basis (see above)	40,400
Total Eligible Basis	1,778,037
Eligible Basis Adjustment for DDA/QCT Location	100.00%
Adjusted Eligible Basis	1,778,037
Multiply Adjusted Eligible Basis by Applicable Fraction	100.00%
Qualified Basis	1,778,037
Multiply Qualified Basis by Applicable Credit Percentage	3.25%
Maximum Tax Credit Amount	57,786
Total Basis Method Tax Credit Calculation	57,786

III. TAX CREDIT CALCULATION - GAP METHOD

Equity Gap Calculation

- Total Development Cost
- Subtract Non-LHTC (excluding deferred fee) Source of Funds
- Equity Gap
- Divide Equity Gap by 10
- Annual Equity Required
- Enter Final Federal and State Equity Factors (not including GP contribution)
- Total Gap Method Tax Credit Calculation

Total Development Cost	3,760,294
Subtract Non-LHTC (excluding deferred fee) Source of Funds	3,309,504
Equity Gap	450,790
Divide Equity Gap by 10	/ 10
Annual Equity Required	45,079
Enter Final Federal and State Equity Factors (not including GP contribution)	0.4000
Total Gap Method Tax Credit Calculation	112,698

IV. TAX CREDIT CARRYOVER ALLOCATION

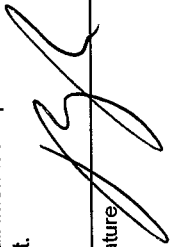
Allocation Year

2011

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



J. W. Kozlowski, Member HWJ, LLC  
 Name - Please Type  
 J.W. Kozlowski, Member HWJ, LLC

2-25-11  
 Date

Federal + State  
 0.3050 + 0.0950





