

**POPLAR POINTE, LP**

**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 10, 2015**

## INDEPENDENT AUDITOR'S REPORT

Owner's Name: Poplar Pointe, L.P.  
Project Name: Legacy at Walton Mill  
Project Number: TCAA # 2012-018

To the Partners  
Poplar Pointe, L.P.

We have audited the costs included in the accompanying Tax Credit Allocation Agency ("TCAA") Final Cost Certification (the "Final Cost Certification") of Poplar Pointe, L.P. (the "Owner") for Legacy at Walton Mill ("the Project") as of April 10, 2015.

### **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 \$13,830,353 and eligible basis of \$11,848,728 of the Owner for the Project as of April 10, 2015, 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 "Stanley, Aronson & Wynn, LLP".

Atlanta, Georgia

May 04, 2015

PART FOUR - USES OF FUNDS - Legacy at Walton Mill - 2012-018

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>PRE-DEVELOPMENT COSTS</b>					
Property Appraisal					
Market Study	5,840	5,840			
Environmental Report(s)	8,075	8,075			
Soil Borings	7,610	7,610			
Boundary and Topographical Survey	11,175	11,175			
Zoning/Site Plan Fees	4,371	4,371			
Other: Pre-development costs	7,350	7,350			
<b>Subtotal</b>	<b>44,421</b>	<b>44,421</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ACQUISITION</b>					
Land					
Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures					
<b>Subtotal</b>	<b>-</b>		<b>-</b>		<b>-</b>
<b>SITE IMPROVEMENTS</b>					
Site Preparation (On-site)	1,166,918	1,166,918			
Site Preparation (Off-site)					
<b>Subtotal</b>	<b>1,166,918</b>	<b>1,166,918</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>UNIT/BUILDING CONSTRUCTION</b>					
Unit/Building Construction/New Construction	7,695,606	7,695,606			
Unit/Building Construction/Rehab					
Project Amenities / Accessory Buildings					
Other:					
<b>Subtotal</b>	<b>7,695,606</b>	<b>7,695,606</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONTRACTOR SERVICES</b>					
Builder's Overhead: 2.00%	177,250	164,044			
Builder Profit: 6.00%	531,751	376,676			
General Requirements 6.00%	531,751	529,105			
Payment/performance bond or letter-of-credit fee or premium					
<b>Subtotal</b>	<b>1,069,825</b>	<b>1,069,825</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Construction Costs</b>	<b>94,593.80 per unit</b>				
	<b>9,932,349</b>	<b>86.89 per sq ft</b>			

**PART FOUR - USES OF FUNDS - Legacy at Walton Mill - 2012-018**

**CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS**

**I. DEVELOPMENT COST SCHEDULE**

	<b>TOTAL COST</b>	<b>New Construction Basis</b>	<b>Acquisition Basis</b>	<b>Rehabilitation Basis</b>	<b>Amortizable or Non-Depreciable Basis</b>
<b>CONSTRUCTION PERIOD FINANCING</b>					
Construction Loan Fee	25,000	25,000			
Construction Loan Interest	158,356	102,256			56,100
Construction Legal Fees	65,000	65,000			
Construction Period Real Estate Tax	7,220	7,220			
Construction Insurance	30,710	28,096			2,614
Bridge Loan Fee and Bridge Loan Interest					
Other: Plan Reviews and roof truss inspection	9,108	9,108			
<b>Subtotal</b>	<b>295,394</b>	<b>236,680</b>	<b>-</b>	<b>-</b>	<b>58,714</b>
<b>PROFESSIONAL SERVICES</b>					
Architectural Fee - Design	238,741	238,741			
Architectural Fee - Supervision					
Engineering	32,309	32,309			
Real Estate Attorney	40,392				40,392
Accounting	31,750	31,750			
Other: Landscape Architect	31,000	31,000			
<b>Subtotal</b>	<b>374,192</b>	<b>333,800</b>	<b>-</b>	<b>-</b>	<b>40,392</b>
<b>LOCAL GOVERNMENT FEES</b>					
Building Permits	85,122	85,122			
Impact Fees					
Water Tap Fees <i>waived?</i>	92,900	92,900			
Sewer Tap Fees <i>waived?</i>					
Real Estate Taxes					
<b>Subtotal</b>	<b>178,022</b>	<b>178,022</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PERMANENT FINANCING FEES</b>					
Permanent Loan Fees	140,960				140,960
Permanent Loan Legal Fees	30,000				30,000
Title and Recording Fees	51,119				51,119
As-Built Survey	1,800				1,800
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other: Mortgage Inspection Fees	25,905				25,905
<b>Subtotal</b>	<b>249,784</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>249,784</b>

**PART FOUR - USES OF FUNDS - Legacy at Walton Mill - 2012-018**

**CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS**

**I. DEVELOPMENT COST SCHEDULE**

	<b>TOTAL COST</b>	<b>New Construction Basis</b>	<b>Acquisition Basis</b>	<b>Rehabilitation Basis</b>	<b>Amortizable or Non-Depreciable Basis</b>
<b>DCA-RELATED COSTS</b>					
DCA Loan Application Fee					
Tax Credit Application Fee	6,500				6,500
DCA Waiver Fees	1,000				1,000
LIHTC Allocation Processing Fee	56,000 64,000				64,000
LIHTC Compliance Monitoring Fee	73,500 84,000				84,000
DCA Front End Analysis Fee (when ID of Interest)					
DCA Final Inspection Fee	3,000				3,000
Other:					
<b>Subtotal</b>	158,500				158,500
<b>EQUITY COSTS</b>					
Partnership Organization Fees	940				940
Tax Credit Legal Opinion	5,000				5,000
Other: Tax Credit Orgination Fee	143,000				143,000
<b>Subtotal</b>	148,940	-	-	-	148,940
<b>DEVELOPER'S FEE</b>					
Developer's Overhead					
Consultant's Fee					
Developer's Fee	1,663,300	926,339			736,961
<b>Subtotal</b>	1,663,300	926,339	-	-	736,961
<b>START-UP AND RESERVES</b>					
Marketing	39,243				39,243
Rent -Up Reserves	153,460				153,460
Operating Deficit Reserve:					
Replacement Reserve					
Furniture, Fixtures and Equipment	164,042	164,042			
Other: Working Capital Reserve	395,631				395,631
<b>Subtotal</b>	752,376	164,042	-	-	588,334
<b>OTHER COSTS</b>					
Relocation					
Other: Green Building Costs	33,075	33,075			
Other:					
<b>Subtotal</b>	33,075	33,075	-	-	-
<b>TOTAL DEVELOPMENT COST</b>	<b>13,830,353</b>	<b>11,848,728</b>	<b>-</b>	<b>-</b>	<b>1,981,625</b>
<b>Per Unit</b>	131,717.65				
<b>Per Square Foot</b>	120.98				

**PART FOUR - USES OF FUNDS - Legacy at Walton Mill - 2012-018**

**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			
<b>Total Subtractions From Basis:</b>	<b>0</b>		<b>0</b>
<b>Eligible Basis Calculation</b>			
Total Basis	11,848,728	0	0
Less Total Subtractions From Basis (see above)	0		0
Total Eligible Basis	11,848,728	0	0
Eligible Basis Adjustment for DDA/QCT Location	100.00%		
Adjusted Eligible Basis	11,848,728	0	0
Multiply Adjusted Eligible Basis by Applicable Fraction	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Qualified Basis	11,848,728	0	0
Multiply Qualified Basis by Applicable Credit Percentage	9.00%		
Maximum Tax Credit Amount	1,066,386	0	0
Total Basis Method Tax Credit Calculation	<b>1,066,386</b>		

**III. TAX CREDIT CALCULATION - GAP METHOD**

<b>Equity Gap Calculation</b>			
Total Development Cost	13,830,353		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	3,655,000		
Equity Gap	10,175,353		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	1,017,535		
Enter Final Federal and State Equity Factors (not including GP contribution)	1.1900	=	Federal
Total Gap Method Tax Credit Calculation	<b>855,072</b>		State
			1.0100 + 0.1800

**IV. TAX CREDIT CARRYOVER ALLOCATION**

Allocation Year 2012 800,000

**V. FINAL TAX CREDIT ALLOCATION REQUEST**

800,000

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 - Legacy at Walton Mill - 2012-018**

**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	Prudential Huntoon Paige (HUD loan)	3,655,000	4.900%	40	40	208,595	Amortizing	Yes
Second Mortgage								
Third Mortgage								
Other Source (specify)								
Other Source (specify)								
Deferred Developer Fees	KDTA Development	736,961	0.000%	10	10	73,696	Cash Flow	Yes
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	STCC Poplar Pointe, LLC	7,998,392						
State Housing Credit Equity	Walton Pointe Tax Credit, LLC	1,440,000						
Historic Credit Equity								
Investment Earnings from Tax-Exempt Bonds								
Investment Earnings from Taxable Bonds								
Income from Operations								
Other Source (specify)								
Other Source (specify)								
Other Source (specify)								
Total Permanent Financing:		<b>13,830,353</b>						
Total Development Costs from Development Cost Schedule:		<b>13,830,353</b>						
Surplus/(Shortage) of Permanent Funds to Development Costs:		<b>0</b>						

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**

