

**FREEDOM POINTE, 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**

**JANUARY 16, 2015**

## INDEPENDENT AUDITOR'S REPORT

Owner's Name: Freedom Pointe, LP  
Project Name: Freedom Pointe  
Project Number: TCAA # 2012-031

To the Partners  
Freedom Pointe, LP

We have audited the costs included in the accompanying Tax Credit Allocation Agency ("TCAA") Final Cost Certification (the "Final Cost Certification") of Freedom Pointe, LP (the "Owner") for Freedom Pointe ("the Project") as of January 16, 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 \$8,548,307, eligible basis of \$7,543,988, and adjusted eligible basis of \$9,807,184, of the Owner for the Project as of January 16, 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

March 2, 2015

**PART FOUR - USES OF FUNDS - Freedom Pointe Apartments - 2012-031**

**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>PRE-DEVELOPMENT COSTS</b>					
Property Appraisal					
Market Study	6,250	6,250			
Environmental Report(s)	33,030	33,030			
Soil Borings					
Boundary and Topographical Survey	24,395	24,395			
Zoning/Site Plan Fees					
Other:					
<b>Subtotal</b>	<b>63,675</b>	<b>63,675</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ACQUISITION</b>					
Land	500,000				500,000
Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures					
<b>Subtotal</b>	<b>500,000</b>		<b>-</b>		<b>500,000</b>
<b>SITE IMPROVEMENTS</b>					
Site Preparation (On-site)	1,060,825	1,060,825			
Site Preparation (Off-site)					
<b>Subtotal</b>	<b>1,060,825</b>	<b>1,060,825</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>UNIT/BUILDING CONSTRUCTION</b>					
Unit/Building Construction/New Construction	3,826,600	3,826,600			
Unit/Building Construction/Rehab					
Project Amenities / Accessory Buildings					
Other:					
<b>Subtotal</b>	<b>3,826,600</b>	<b>3,826,600</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONTRACTOR SERVICES</b>					
Builder's Overhead: 2.00%	97,749	96,027			
Builder Profit: 6.00%	293,246	288,082			
General Requirements 6.00%	293,246	288,082			
Payment/performance bond or letter-of-credit fee or premium	44,667	44,667			
<b>Subtotal</b>	<b>716,858</b>	<b>716,858</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Construction Costs</b>	<b>93,404.72 per unit</b>				
	<b>5,604,283</b>	<b>88.87 per sq ft</b>			

**PART FOUR - USES OF FUNDS - Freedom Pointe Apartments - 2012-031**

**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>		<b>CONSTRUCTION PERIOD FINANCING</b>			
Construction Loan Fee	60,149	60,149			
Construction Loan Interest	243,295	136,844			106,451
Construction Legal Fees	25,000	25,000			
Construction Period Real Estate Tax	4,875	2,453			2,422
Construction Insurance	30,448	22,572			7,876
Bridge Loan Fee and Bridge Loan Interest					
Other: Construction Inspection Fees	11,250	11,250			
<b>Subtotal</b>	<b>375,017</b>	<b>258,268</b>	<b>-</b>	<b>-</b>	<b>116,749</b>
<b>PROFESSIONAL SERVICES</b>		<b>PROFESSIONAL SERVICES</b>			
Architectural Fee - Design	151,850	151,850			
Architectural Fee - Supervision					
Engineering	83,285	83,285			
Real Estate Attorney	63,000	63,000			
Accounting	12,350	12,350			
Other: Earth Craft Community Costs	56,283	56,283			
<b>Subtotal</b>	<b>366,768</b>	<b>366,768</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LOCAL GOVERNMENT FEES</b>		<b>LOCAL GOVERNMENT FEES</b>			
Building Permits	13,489	13,489			
Impact Fees					
Water Tap Fees <i>waived?</i>	68,450	68,450			
Sewer Tap Fees <i>waived?</i>	61,000	61,000			
Real Estate Taxes					
<b>Subtotal</b>	<b>142,939</b>	<b>142,939</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PERMANENT FINANCING FEES</b>		<b>PERMANENT FINANCING FEES</b>			
Permanent Loan Fees	3,100				3,100
Permanent Loan Legal Fees					
Title and Recording Fees	20,892	20,892			
As-Built Survey	6,800	6,800			
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other:					
<b>Subtotal</b>	<b>30,792</b>	<b>27,692</b>	<b>-</b>	<b>-</b>	<b>3,100</b>

**PART FOUR - USES OF FUNDS - Freedom Pointe Apartments - 2012-031**

**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>		<b>DCA-RELATED COSTS</b>			
DCA Loan Application Fee	6,500				6,500
Tax Credit Application Fee					-
DCA Waiver Fees	2,500				2,500
LIHTC Allocation Processing Fee	49,430	56,491			56,491
LIHTC Compliance Monitoring Fee	42,000	48,000			48,000
DCA Front End Analysis Fee (when ID of Interest)					
DCA Final Inspection Fee	3,000				3,000
Other:					
<b>Subtotal</b>	<b>116,491</b>				<b>116,491</b>
<b>EQUITY COSTS</b>		<b>EQUITY COSTS</b>			
Partnership Organization Fees	2,500				2,500
Tax Credit Legal Opinion					
Other:					
<b>Subtotal</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,500</b>
<b>DEVELOPER'S FEE</b>		<b>DEVELOPER'S FEE</b>			
Developer's Overhead					
Consultant's Fee					
Developer's Fee	1,023,953	1,023,953			
<b>Subtotal</b>	<b>1,023,953</b>	<b>1,023,953</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>START-UP AND RESERVES</b>		<b>START-UP AND RESERVES</b>			
Marketing					
Rent -Up Reserves	40,061				40,061
Operating Deficit Reserve:	130,158				130,158
Replacement Reserve	15,000				15,000
Furniture, Fixtures and Equipment	67,544	67,544			
Other: miscellaneous bank fees	760				760
<b>Subtotal</b>	<b>253,523</b>	<b>67,544</b>	<b>-</b>	<b>-</b>	<b>185,979</b>
<b>OTHER COSTS</b>		<b>OTHER COSTS</b>			
Relocation					
Other: Utilities & Landscaping	48,866	48,866			
Other: 45L Energy Credit Study	19,500				19,500
<b>Subtotal</b>	<b>68,366</b>	<b>48,866</b>	<b>-</b>	<b>-</b>	<b>19,500</b>
<b>TOTAL DEVELOPMENT COST</b>	<b>8,548,307</b>	<b>7,603,988</b>	<b>-</b>	<b>-</b>	<b>944,319</b>
<b>Per Unit</b>	<b>142,471.78</b>				
<b>Per Square Foot</b>	<b>135.56</b>				

**PART FOUR - USES OF FUNDS - Freedom Pointe Apartments - 2012-031**

**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 <u>45L credit basis reduction by 50%</u>	60,000		
<b>Total Subtractions From Basis:</b>	<b>60,000</b>		<b>0</b>
<b>Eligible Basis Calculation</b>			
Total Basis	7,603,988	0	0
Less Total Subtractions From Basis (see above)	60,000		0
Total Eligible Basis	7,543,988	0	0
Eligible Basis Adjustment for DDA/QCT Location	130.00%		
Adjusted Eligible Basis	9,807,184	0	0
Multiply Adjusted Eligible Basis by Applicable Fraction	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Qualified Basis	9,807,184	0	0
Multiply Qualified Basis by Applicable Credit Percentage	9.00%		
Maximum Tax Credit Amount	882,647	0	0
Total Basis Method Tax Credit Calculation	<b>882,647</b>		

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

**Equity Gap Calculation**

Total Development Cost	8,548,307		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	394,000		
Equity Gap	8,154,307		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	815,431		
Enter Final Federal and State Equity Factors (not including GP contribution)	1.1040	=	Federal
Total Gap Method Tax Credit Calculation	<b>738,615</b>		State
			0.8540 + 0.2500

**IV. TAX CREDIT CARRYOVER ALLOCATION**

Allocation Year 2013 706,143

**V. FINAL TAX CREDIT ALLOCATION REQUEST**

706,143

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 - Freedom Pointe Apartments - 2012-031**

**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	Sterling Bank	310,000	6.000%	20	30	22,303	Amortizing	Yes
Second Mortgage								
Third Mortgage								
Other Source (specify)								
Other Source (specify)								
Deferred Developer Fees	R Square, Inc.	359,697						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	Tax Credit Holdings - Freedom, LLC	5,968,948						
State Housing Credit Equity	Tax Credit Holdings - Freedom, LLC	1,825,662						
Historic Credit Equity								
Investment Earnings from Tax-Exempt Bonds								
Investment Earnings from Taxable Bonds								
Income from Operations								
Other Source (specify) 45L credits	Tax Credit Holdings - Freedom, LLC	84,000						
Other Source (specify)								
Other Source (specify)								
Total Permanent Financing:		<b>8,548,307</b>						
Total Development Costs from Development Cost Schedule:		<b>8,548,307</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**

