

FARMINGTON CREEK, 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**

JANUARY 31, 2016



Certified Public Accountants and Business Advisors

INDEPENDENT AUDITOR'S REPORT

Owner's Name: Farmington Creek, L.P
Project Name: Farmington Creek
Project Number: TCAA # 2013-021

To the Partners of
Farmington Creek, L.P

We have audited the costs included in the accompanying Tax Credit Allocation Agency ("TCAA") Final Cost Certification (the "Final Cost Certification") of Farmington Creek, L.P (the "Owner") for Farmington Creek ("the Project") as of January 31, 2016.

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 \$9,434,419 and eligible basis of \$8,319,353 of the Owner for the Project as of January 31, 2016, on the basis of accounting described below.

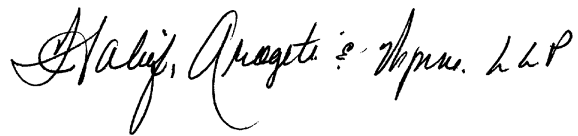
Basis of Accounting

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 black ink that reads "Halij, Aragto & Partners, LLP". The signature is written in a cursive, flowing style.

Atlanta, Georgia

February 11, 2016

PART FOUR - USES OF FUNDS - Farmington Creek - 2013-021

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					
Property Appraisal	5,850	5,850			
Market Study	5,605	5,605			
Environmental Report(s)	9,305	9,305			
Soil Borings	3,135	3,135			
Boundary and Topographical Survey	20,358	20,358			
Zoning/Site Plan Fees					
Other: Third party cost review	3,800	3,800			
Subtotal	48,053	48,053	-	-	-
ACQUISITION					
Land	773,100				773,100
Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures					
Subtotal	773,100		-		773,100
SITE IMPROVEMENTS					
Site Preparation (On-site)	1,496,499	1,496,499			
Site Preparation (Off-site)					
Subtotal	1,496,499	1,496,499	-	-	-
UNIT/BUILDING CONSTRUCTION					
Unit/Building Construction/New Construction	4,107,683	4,107,683			
Unit/Building Construction/Rehab					
Project Amenities / Accessory Buildings					
Other:					
Subtotal	4,107,683	4,107,683	-	-	-
CONTRACTOR SERVICES					
Builder's Overhead: 2.00%	112,084	112,084			
Builder Profit: 6.00%	336,251	328,861			
General Requirements 6.00%	336,251	336,251			
Payment/performance bond or letter-of-credit fee or premium					
Subtotal	777,196	777,196	-	-	-
Total Construction Costs					
	113,953.18 per unit				
	6,381,378	108.70 per sq ft			

PART FOUR - USES OF FUNDS - Farmington Creek - 2013-021

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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	68,397	68,397			
Construction Loan Interest	28,848	24,405			4,443
Construction Legal Fees	26,000	26,000			
Construction Period Real Estate Tax	8,561	7,297			1,264
Construction Insurance	3,125	1,800			1,325
Bridge Loan Fee and Bridge Loan Interest	95,830	65,790			30,040
Other:					
Subtotal	230,761	193,689	-	-	37,072
PROFESSIONAL SERVICES					
Architectural Fee - Design	102,242	102,242			
Architectural Fee - Supervision					
Engineering	29,797	29,797			
Real Estate Attorney	71,824	55,250			16,574
Accounting	19,400	19,400			
Other: Inspections	12,450	12,450			
Subtotal	235,713	219,139	-	-	16,574
LOCAL GOVERNMENT FEES					
Building Permits	17,847	17,847			
Impact Fees					
Water Tap Fees <i>waived?</i>	155,610	155,610			
Sewer Tap Fees <i>waived?</i>	143,400	143,400			
Real Estate Taxes					
Subtotal	316,857	316,857	-	-	-
PERMANENT FINANCING FEES					
Permanent Loan Fees					
Permanent Loan Legal Fees					
Title and Recording Fees	39,715	39,715			
As-Built Survey					
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other:					
Subtotal	39,715	39,715	-	-	-

PART FOUR - USES OF FUNDS - Farmington Creek - 2013-021

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	6,500				6,500
Tax Credit Application Fee					
DCA Waiver Fees					
LIHTC Allocation Processing Fee	46,610 53,269				53,269
LIHTC Compliance Monitoring Fee	39,200 44,800				44,800
DCA Front End Analysis Fee (when ID of Interest)					
DCA Final Inspection Fee	3,000				3,000
Other:					
Subtotal	107,569				107,569
EQUITY COSTS					
Partnership Organization Fees	3,759				3,759
Tax Credit Legal Opinion	25,000				25,000
Other:					
Subtotal	28,759	-	-	-	28,759
DEVELOPER'S FEE					
Developer's Overhead					
Consultant's Fee					
Developer's Fee	1,086,840	1,086,840			
Subtotal	1,086,840	1,086,840	-	-	-
START-UP AND RESERVES					
Marketing	1,567				1,567
Rent -Up Reserves	11,072				11,072
Operating Deficit Reserve:	138,173				138,173
Replacement Reserve					
Furniture, Fixtures and Equipment	11,287	11,287			
Other: Miscellaneous Costs	1,180				1,180
Subtotal	163,279	11,287	-	-	151,992
OTHER COSTS					
Relocation					
Other: Green Building Costs	22,395	22,395			
Other:					
Subtotal	22,395	22,395	-	-	-
TOTAL DEVELOPMENT COST	9,434,419	8,319,353	-	-	1,115,066
Per Unit	168,471.77				
Per Square Foot	160.71				

PART FOUR - USES OF FUNDS - Farmington Creek - 2013-021

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

II. TAX CREDIT CALCULATION - BASIS METHOD

	New Construction Basis	4% Acquisition Basis	Rehabilitation Basis
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			
Total Subtractions From Basis:	0		0
Eligible Basis Calculation			
Total Basis	8,319,353	0	0
Less Total Subtractions From Basis (see above)	0		0
Total Eligible Basis	8,319,353	0	0
Eligible Basis Adjustment for DDA/QCT Location	126.00%		
Adjusted Eligible Basis	10,482,385	0	0
Multiply Adjusted Eligible Basis by Applicable Fraction	100.00%	100.00%	100.00%
Qualified Basis	10,482,385	0	0
Multiply Qualified Basis by Applicable Credit Percentage	9.00%		
Maximum Tax Credit Amount	943,415	0	0
Total Basis Method Tax Credit Calculation	943,415		

III. TAX CREDIT CALCULATION - GAP METHOD

Equity Gap Calculation			
Total Development Cost	9,434,419		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	1,044,000		
Equity Gap	8,390,419		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	839,042		
Enter Final Federal and State Equity Factors (not including GP contribution)	1.2600	=	Federal
Total Gap Method Tax Credit Calculation	665,906		+ State
			0.8800 + 0.3800

IV. TAX CREDIT CARRYOVER ALLOCATION

Allocation Year 2013 665,861

V. FINAL TAX CREDIT ALLOCATION REQUEST

665,861

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 - Farmington Creek - 2013-021

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	Regions Bank	1,044,000						
Second Mortgage								
Third Mortgage								
Other Source (specify)								
Other Source (specify)								
Deferred Developer Fees	MHL, Inc.	1,256						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	Regions Bank	5,800,295						
State Housing Credit Equity	DTC Farmington Creek, LLC	2,588,868						
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:		9,434,419						
Total Development Costs from Development Cost Schedule:		9,434,419						
Surplus/(Shortage) of Permanent Funds to Development Costs:		0						

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

State Housing Credit Equity Partner is paying \$.88 for 1% share of federal credits = \$58,596. State Housing Credit Equity Partner is paying \$.38 for 100% share of state credits = \$2,530,272.

