

THE VILLAGE AT WALKERS BEND, 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**

FEBRUARY 26, 2013



INDEPENDENT AUDITOR'S REPORT

Owner's Name: The Village at Walker's Bend, L.P.
Project Name: The Village at Walker's Bend
Project Number: TCAA # 2010-043

To the Partners
The Village at Walker's Bend, L.P.

We have audited the costs included in the accompanying Tax Credit Allocation Agency ("TCAA") Final Cost Certification (the "Final Cost Certification") of The Village at Walker's Bend, L.P. (the "Owner") for The Village at Walker's Bend ("the Project") as of February 26, 2013.

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 \$6,729,664, eligible basis of \$6,262,127, and adjusted eligible basis of \$8,140,765 of the Owner for the Project as of February 26, 2013, 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, August & Wynn, LLP". The signature is written in a cursive, flowing style.

Atlanta, Georgia

February 26, 2013

PART FOUR - USES OF FUNDS - The Village at Walkers Bend - 2010-043

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					
Market Study	6,180	6,180			
Environmental Report(s)	8,160	8,160			
Soil Borings	4,725	4,725			
Boundary and Topographical Survey	28,000	28,000			
Zoning/Site Plan Fees					
Other: Third Party Plan & Spec Reviews	47,294	47,294			
Subtotal	94,359	94,359	-	-	-
ACQUISITION					
Land	253,000				253,000
Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures					
Subtotal	253,000		-		253,000
SITE IMPROVEMENTS					
Site Preparation (On-site)	820,996	820,996			
Site Preparation (Off-site)					
Subtotal	820,996	820,996	-	-	-
UNIT/BUILDING CONSTRUCTION					
Unit/Building Construction/New Construction	3,220,893	3,220,893			
Unit/Building Construction/Rehab					
Project Amenities / Accessory Buildings					
Other:					
Subtotal	3,220,893	3,220,893	-	-	-
CONTRACTOR SERVICES					
Builder's Overhead: 2.00%	80,838	80,838			
Builder Profit: 6.00%	242,513	104,222			
General Requirements 6.00%	242,513	294,866			
Payment/performance bond or letter-of-credit fee or premium					
Subtotal	479,926	479,926	-	-	-
Total Construction Costs	4,521,815	4,521,815	-	-	-
	<i>141,306.72 per unit</i>				
	<i>95.90 per sq ft</i>				

PART FOUR - USES OF FUNDS - The Village at Walkers Bend - 2010-043

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
CONSTRUCTION PERIOD FINANCING		CONSTRUCTION PERIOD FINANCING			
Construction Loan Fee	65,250	65,250			
Construction Loan Interest	172,034	172,034			
Construction Legal Fees	38,000	38,000			
Construction Period Real Estate Tax	5,322	5,322			
Construction Insurance	20,900	20,900			
Bridge Loan Fee and Bridge Loan Interest					
Other:					
Subtotal	301,506	301,506	-	-	-
PROFESSIONAL SERVICES		PROFESSIONAL SERVICES			
Architectural Fee - Design	64,000	64,000			
Architectural Fee - Supervision	24,550	24,550			
Engineering	47,910	47,910			
Real Estate Attorney	1,385	1,385			
Accounting	20,200	20,200			
Other:					
Subtotal	158,045	158,045	-	-	-
LOCAL GOVERNMENT FEES		LOCAL GOVERNMENT FEES			
Building Permits	107,253	107,253			
Impact Fees					
Water Tap Fees <i>waived?</i>	71,200	71,200			
Sewer Tap Fees <i>waived?</i>	115,200	115,200			
Real Estate Taxes					
Subtotal	293,653	293,653	-	-	-
PERMANENT FINANCING FEES		PERMANENT FINANCING FEES			
Permanent Loan Fees					
Permanent Loan Legal Fees					
Title and Recording Fees	17,773	17,773			
As-Built Survey	6,400	6,400			
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other:					
Subtotal	24,173	24,173	-	-	-

PART FOUR - USES OF FUNDS - The Village at Walkers Bend - 2010-043

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-RELATED COSTS			
DCA Loan Application Fee					
Tax Credit Application Fee	4,000				4,000
DCA Waiver Fees					
LIHTC Allocation Processing Fee	51,102				51,102
LIHTC Compliance Monitoring Fee	22,400				22,400
DCA Front End Analysis Fee (when ID of Interest)	2,750				2,750
DCA Final Inspection Fee	3,000				3,000
Other: <u>DCA Concept Change Fee</u>	3,000				3,000
Subtotal	86,252				86,252
EQUITY COSTS		EQUITY COSTS			
Partnership Organization Fees	4,378				4,378
Tax Credit Legal Opinion					
Other:					
Subtotal	4,378	-	-	-	4,378
DEVELOPER'S FEE		DEVELOPER'S FEE			
Developer's Overhead					
Consultant's Fee	122,099	122,099			
Developer's Fee	691,872	691,872			
Subtotal	813,971	813,971	-	-	-
START-UP AND RESERVES		START-UP AND RESERVES			
Marketing	23				23
Rent -Up Reserves	36,815				36,815
Operating Deficit Reserve:	73,629				73,629
Replacement Reserve	13,440				13,440
Furniture, Fixtures and Equipment	54,605	54,605			
Other:					
Subtotal	178,512	54,605	-	-	123,907
OTHER COSTS		OTHER COSTS			
Relocation					
Other:					
Other:					
Subtotal	-	-	-	-	-
TOTAL DEVELOPMENT COST	6,729,664	6,262,127	-	-	467,537
Per Unit	210,302.01				
Per Square Foot	142.72				

PART FOUR - USES OF FUNDS - The Village at Walkers Bend - 2010-043

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	6,262,127	0	0
Less Total Subtractions From Basis (see above)	0		0
Total Eligible Basis	6,262,127	0	0
Eligible Basis Adjustment for DDA/QCT Location	130.00%		
Adjusted Eligible Basis	8,140,765	0	0
Multiply Adjusted Eligible Basis by Applicable Fraction	100.00%	100.00%	100.00%
Qualified Basis	8,140,765	0	0
Multiply Qualified Basis by Applicable Credit Percentage	9.00%		
Maximum Tax Credit Amount	732,669	0	0
Total Basis Method Tax Credit Calculation	732,669		

III. TAX CREDIT CALCULATION - GAP METHOD

Equity Gap Calculation

Total Development Cost	6,729,664		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	110		
Equity Gap	6,729,554		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	672,955		
Enter Final Federal and State Equity Factors (not including GP contribution)	0.9210	=	Federal
Total Gap Method Tax Credit Calculation	730,647		+ State
			0.6644 + 0.2567

IV. TAX CREDIT CARRYOVER ALLOCATION

Allocation Year 2010 730,032

V. FINAL TAX CREDIT ALLOCATION REQUEST

730,032

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 - The Village at Walkers Bend - 2010-043

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								
Second Mortgage								
Third Mortgage								
Other Source (specify)								
Other Source (specify)								
Deferred Developer Fees		5,366						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	Tax Credit Holdings-Walkers Bend,LLC	4,850,107						
State Housing Credit Equity	Tax Credit Holdings-Walkers Bend,LLC	1,874,081						
Historic Credit Equity								
Investment Earnings from Tax-Exempt Bonds								
Investment Earnings from Taxable Bonds								
Income from Operations								
Other Source (specify) Special Limited Partner	Tax Credit Holdings-Walkers Bend,LLC	10						
Other Source (specify) GP	Potemkin-Covington LLC	100						
Other Source (specify)								
Total Permanent Financing:		6,729,664						
Total Development Costs from Development Cost Schedule:		6,729,664						
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

