

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

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

Auditor's Report and Certification of Actual Costs for New Houston Village Apartments, LLC prepared by Dixon Hughes Goodman LLP is attached. Also attached are work papers supporting the allocation of land cost and the calculations for the 50% test aggregate basis.

New Houston Village Apartments, LLC

Houston Village 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 Houston Village Apartments, LLC

Project Name: Houston Village Apartments

Project Number: TCAA # 2011-515

We have audited the costs included in the accompanying Georgia Department of Community Affairs ("DCA") Final Cost Certification Schedules of Certification of Actual Cost and Opinion as to Eligible Basis and the Building by Building Credit Allocation (the "Schedules") of New Houston Village Apartments, LLC (the "Owner") for Houston Village Apartments ("the Project") as of July 10, 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 the 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 \$1,622,471 and eligible basis of \$1,451,323 of the Owner for the Project as of July 10, 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
November 3, 2014*

PART FOUR - USES OF FUNDS - Houston Village Apartments - 2011-515

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	4,504			4,381	123
Market Study	3,000			3,000	
Environmental Report(s)	3,620			3,620	
Soil Borings					
Boundary and Topographical Survey					
Zoning/Site Plan Fees					
Other: Alta Survey, Capital Needs Assessment	6,053			5,970	83
Subtotal	17,177	-	-	16,971	206
ACQUISITION					
Land	17,330				17,330
Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures	616,676		616,676		
Subtotal	634,006	-	616,676	-	17,330
SITE IMPROVEMENTS					
Site Preparation (On-site)	40,491			40,491	
Site Preparation (Off-site)					
Subtotal	40,491	-	-	40,491	-
UNIT/BUILDING CONSTRUCTION					
Unit/Building Construction/New Construction					
Unit/Building Construction/Rehab	456,612			456,612	
Project Amenities / Accessory Buildings					
Other: Construction Costs Outside of Contract	15,083			15,083	
Subtotal	471,695	-	-	471,695	-
CONTRACTOR SERVICES					
Builder's Overhead: 2.00%	9,942			9,941	
Builder Profit: 6.00%	29,826			29,825	
General Requirements 6.00%	29,826			29,825	
Payment/performance bond or letter-of-credit fee or premium					
Subtotal	69,591	-	-	69,591	-
Total Construction Costs	24,240.71 per unit				
581,777	34.68 per sq ft				

PART FOUR - USES OF FUNDS - Houston Village Apartments - 2011-515

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 Loan Fee					
Construction Loan Interest	2,515			1,826	689
Construction Legal Fees					
Construction Period Real Estate Tax	4,863			4,863	
Construction Insurance	5,354			5,354	
Bridge Loan Fee and Bridge Loan Interest					
Other:					
Subtotal	12,732	-	-	12,043	689
PROFESSIONAL SERVICES					
Architectural Fee - Design	10,880			10,880	
Architectural Fee - Supervision	5,858			5,858	
Engineering	1,500			1,500	
Real Estate Attorney	3,342		3,154		188
Accounting	10,000			10,000	
Other:					
Subtotal	31,580	-	3,154	28,238	188
LOCAL GOVERNMENT FEES					
Building Permits					
Impact Fees					
Water Tap Fees <i>waived?</i>					
Sewer Tap Fees <i>waived?</i>					
Real Estate Taxes					
Subtotal	-	-	-	-	-
PERMANENT FINANCING FEES					
Permanent Loan Fees	8,500				8,500
Permanent Loan Legal Fees	6,555				6,555
Title and Recording Fees	150				150
As-Built Survey					
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount	19,738				19,738
Other: Financial Advisor and Application Fees	1,778				1,778
Subtotal	36,721	-	-	-	36,721

PART FOUR - USES OF FUNDS - Houston Village Apartments - 2011-515

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					
DCA Waiver Fees	3,000				3,000
LIHTC Allocation Processing Fee	3,251 3,234				3,234
LIHTC Compliance Monitoring Fee	16,800 3,600				3,600
DCA Front End Analysis Fee (when ID of Interest)					
DCA Final Inspection Fee	500				500
Other: DCA Bond Allocation, DCA Bond Eligibility Option	5,270				5,270
Subtotal	15,604				15,604
EQUITY COSTS		EQUITY COSTS			
Partnership Organization Fees	160				160
Tax Credit Legal Opinion					
Other:					
Subtotal	160				160
DEVELOPER'S FEE		DEVELOPER'S FEE			
Developer's Overhead					
Consultant's Fee	104,692		46,532	58,160	
Developer's Fee	104,692		46,532	58,160	
Subtotal	209,384		93,064	116,320	
START-UP AND RESERVES		START-UP AND RESERVES			
Marketing					
Rent -Up Reserves					
Operating Deficit Reserve:					
Replacement Reserve	57,849				57,849
Furniture, Fixtures and Equipment	3,659			3,659	
Other:					
Subtotal	61,508			3,659	57,849
OTHER COSTS		OTHER COSTS			
Relocation	521			521	
Other: Project Admin Expenses	241				241
Other: Other Assets Purchased	21,060				21,060
Subtotal	21,822			521	21,301
TOTAL DEVELOPMENT COST	1,622,471		712,894	759,529	150,048
Per Unit	67,602.96				
Per Square Foot	96.71				

PART FOUR - USES OF FUNDS - Houston Village Apartments - 2011-515

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 GA Power Rebate

Total Subtractions From Basis:

	New Construction Basis	4% Acquisition Basis	Rehabilitation Basis
			21,100
Total Subtractions From Basis:	0		21,100

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

	0	712,894	759,529
	0		21,100
	0	712,894	738,429
			100.00%
	0	712,894	738,429
	100.00%	100.00%	100.00%
	0	712,894	738,429
		3.20%	3.20%
	0	22,813	23,630
		46,442	

III. TAX CREDIT CALCULATION - GAP METHOD

Equity Gap Calculation

Total Development Cost
 Subtract Non-LIHTC (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

	1,622,471		
	1,083,045		
	539,426		
	/ 10		
	53,943		
	1.1300	=	Federal
	47,737		0.8620
			+ State
			0.2680

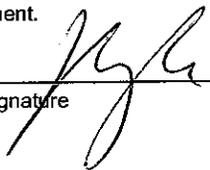
IV. TAX CREDIT CARRYOVER ALLOCATION

Allocation Year

V. FINAL TAX CREDIT ALLOCATION REQUEST

	46,442

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 WVD, LLC
 Name - Please Type
 Member, New Houston Village Apts LLC

11-10-2014
 Date

PART EIGHT - BUILDING BY BUILDING CREDIT ALLOCATION - Houston Village Apartments - 2011-515

Cost Certification Date: **7/10/2014** Carryover Allocation Date: **N/A** Project Address: **55 South Jefferson Street, Alamo GA 30411**
 Type of Activity: **Acquisition**

Please do NOT include common space employee units!

Building Address	Building Identification Number	Total Nbr of Resident Units	Total Residential Square Footage	Nbr of Low Income Units	Low Income Square Footage	Building's Eligible Basis	QCT/DDA Boost	Building's Adjusted Basis	Building's Applicable Fraction	Building's Qualified Basis	Date Placed In Service	Applic. Credit %	Tax Credit Amount	FINAL Tax Credit Allocation Request	
														Building's Qualified Basis	Tax Credit Amount
55 South Jefferson Street Alamo, GA 30411	GA-93-02801	6	3,966	6	3,966	175,057	100%	175,057	100.00%	175,057	7/25/2013	3.20%	5,602	175,057	5,602
55 South Jefferson Street Alamo, GA 30411	GA-93-02802	8	5,536	8	5,536	244,355	100%	244,355	100.00%	244,355	7/25/2013	3.20%	7,819	244,355	7,819
55 South Jefferson Street Alamo, GA 30411	GA-93-02803	6	3,966	6	3,966	175,057	100%	175,057	100.00%	175,057	7/25/2013	3.20%	5,602	175,057	5,602
55 South Jefferson Street Alamo, GA 30411	GA-93-02804	4	2,683	4	2,683	118,425	100%	118,425	100.00%	118,425	7/25/2013	3.20%	3,790	118,425	3,790
		24	16,151	24	16,151	712,894		712,894		712,894			22,813	712,894	22,813

New Houston Village Apartments, LLC
 Cost Allocation of Purchase Price

Sales Price	5101	708,172.30	✓
Reallocation	Draw #7	(84.00)	
Add'l Recording Costs	Draw #7	182.66	
Settlement Charges	5101	4,642.75	
		712,913.71	

	5102	Acq Costs	Title/Rec	Total			
Other Purchased Assets	✗	78,909.00	✓	0	78,909.00	(57,849.20)	21,059.80 1410 ineligible
Land	ⓘ	17,200.00	129.60	17,329.60	1410	ineligible	
Building	ⓘ	612,063.30	4,611.81	616,675.11	1410	eligible	
		708,172.30	4,741.41	712,913.71			

Σ ⓘ 629,263.30 Total land and building agrees to WP 5102 analysis

Title/Recording	4,741.41
Allocation:	
Land	129.60
Building	4,611.81

Assigned Values:	
Land Appraised Value	✓ 17,200.00 See appraisal report at PF-1408
Building Value	✓ 612,063.30
	629,263.30

Allocation %	
Land	2.73%
Building	97.27% ✓

Cells to enter data

✗ Reserves of \$57,849.20 were purchased at acquisition and are included in the other purchased assets. An AJE has been made to break out the required reserve amount on a separate line. Per Kyle Harrelson at Boyd Management, entire reserves purchased at closing were replacement reserves.



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April 15, 2013

Greystone Servicing Corporation, Inc.
Attn: Jane Sadler
1715 Aaron Brenner Drive, Suite 500
Memphis, TN 38120

**Re: Houston Village Apartments
55 South Jefferson Street
Alamo, Georgia**

Dear Jane Sadler:

At your request, we have completed an inspection and analysis of the referenced property for the purpose of developing and reporting an opinion of value for the property. The specific real property interest, real estate, type of report, and type of value are detailed within the body of the accompanying report. The accompanying report has been prepared in conformance with the requirements established by the Appraisal Institute. The appraisal is in conformance with USPAP requirements. The liability of Crown Appraisal Group, Inc. and its employees is limited to the fee collected for the preparation of the appraisal report. There is no accountability or liability to any third party. Based on discussions with market participants, the marketing period and exposure period for the property is estimated at 12 months. The following summarizes the interest being appraised, types of values, effective dates of values, and value opinions.

Competitive Rent Comparable Unit Conclusions (CRCU)

	<u>1 Bedroom</u>	<u>2 Bedroom</u>
Prospective (Renovated) CRCU	470	510

<i>Value Opinions</i>	<u>Date of Value</u>	<u>Value</u>
As-is Market Value, unrestricted rents	April 1, 2013	\$800,000
Prospective Market Value, restricted rents (FNMA)	June 30, 2013	\$860,000
Prospective Market Value, restricted rents (RD)	April 1, 2015	\$860,000
Prospective Market Value subject to unrestricted rents	April 1, 2015	\$980,000
Land Value	April 1, 2013	\$17,200
Interest Credit Subsidy Value (Existing 515 Loan)	April 1, 2013	\$331,500
LIHTC Value	April 1, 2015	\$526,623
Insurable Value	April 1, 2015	\$868,546

**New Houston Village Apartments, LLC
Calculation of the Fifty Percent (50%) Test
Aggregate Approach**

Description	Residential Costs	Amortizable Costs	Depreciable Costs	Land	Other Costs/ Expense	Eligible Basis	(A) Land & Building Basis	(B) Costs Financed By Tax-Exempt Bonds
Land Acquisition (cell 19)	\$ 17,330	\$ -	\$ -	\$ 17,330	\$ -	\$ -	\$ 17,330	\$ -
Building Acquisition/Other Assets Purchased (cells 22 & 127)	637,736	-	595,576	-	42,160	595,576	595,576	123,343
Rehab/New Construction (cells 26, 32, 34, 38-40)	581,777	-	581,777	-	-	581,777	581,777	581,777
Soft Costs (cells 9-15, 51-57, 61-66, 78-80, 120, 125)	80,874	15,305	64,586	294	689	64,586	64,880	64,880
Financing Fees & Expenses (cells 83 & 84)	21,516	21,516	-	-	-	-	-	-
Other Costs (cells 93-100, 104, 126)	16,005	15,604	-	-	401	-	-	-
Developer Costs (cells 111 & 112)	209,384	-	209,384	-	-	209,384	209,384	-
Development Reserves (cells 119 & 121)	57,849	-	-	-	57,849	-	-	-
	<u>\$ 1,622,471</u>	<u>\$ 52,425</u>	<u>\$ 1,451,323</u>	<u>\$ 17,624</u>	<u>\$ 101,099</u>	<u>\$ 1,451,323</u>	<u>\$ 1,468,947</u>	<u>\$ 770,000</u>

50% Test Percentage Calculation

(B/A)

52.42%