

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

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

Auditor's Report and Certification of Actual Costs for New Rosewood 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 Rosewood Village Apartments, LLC**

Rosewood 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 Rosewood Village Apartments, LLC

Project Name: Rosewood Village Apartments

Project Number: TCAA # 2011-507

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 Rosewood Village Apartments, LLC (the "Owner") for Rosewood 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 \$1,682,334 and eligible basis of \$1,503,664 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 - Rosewood Village Apartments - 2011-507

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	5,368			5,179	189
Market Study	3,000			3,000	
Environmental Report(s)	3,720			3,720	
Soil Borings					
Boundary and Topographical Survey					
Zoning/Site Plan Fees					
Other: <u>Alta Survey, Capital Needs Assessment</u>	5,553			5,446	107
<b>Subtotal</b>	<b>17,641</b>	<b>-</b>	<b>-</b>	<b>17,345</b>	<b>296</b>
<b>ACQUISITION</b>					
Land	21,656				21,656
Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures	593,866		593,866		
<b>Subtotal</b>	<b>615,522</b>	<b>-</b>	<b>593,866</b>	<b>-</b>	<b>21,656</b>
<b>SITE IMPROVEMENTS</b>					
Site Preparation (On-site)	57,738			57,738	
Site Preparation (Off-site)					
<b>Subtotal</b>	<b>57,738</b>	<b>-</b>	<b>-</b>	<b>57,738</b>	<b>-</b>
<b>UNIT/BUILDING CONSTRUCTION</b>					
Unit/Building Construction/New Construction					
Unit/Building Construction/Rehab	511,300			511,300	
Project Amenities / Accessory Buildings					
Other:					
<b>Subtotal</b>	<b>511,300</b>	<b>-</b>	<b>-</b>	<b>511,300</b>	<b>-</b>
<b>CONTRACTOR SERVICES</b>					
Builder's Overhead: 2.00%	11,381			11,376	
Builder Profit: 6.00%	34,142			34,139	
General Requirements 6.00%	34,142			34,139	
Payment/performance bond or letter-of-credit fee or premium					
<b>Subtotal</b>	<b>79,654</b>	<b>-</b>	<b>-</b>	<b>79,654</b>	<b>-</b>
<b>Total Construction Costs</b>	<b>27,028.83 per unit</b>				
	<b>648,692</b>				
	<b>38.11 per sq ft</b>				

PART FOUR - USES OF FUNDS - Rosewood Village Apartments - 2011-507

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>CONSTRUCTION PERIOD FINANCING</b>					
Construction Loan Fee					
Construction Loan Interest	2,141			1,901	240
Construction Legal Fees					
Construction Period Real Estate Tax	6,198			6,198	
Construction Insurance	4,737			4,737	
Bridge Loan Fee and Bridge Loan Interest					
Other:					
<b>Subtotal</b>	<b>13,076</b>	<b>-</b>	<b>-</b>	<b>12,836</b>	<b>240</b>
<b>PROFESSIONAL SERVICES</b>					
Architectural Fee - Design	12,140			12,140	
Architectural Fee - Supervision	6,537			6,537	
Engineering	1,500			1,500	
Real Estate Attorney	3,417		3,198		219
Accounting	10,000			10,000	
Other:					
<b>Subtotal</b>	<b>33,594</b>	<b>-</b>	<b>3,198</b>	<b>30,177</b>	<b>219</b>
<b>LOCAL GOVERNMENT FEES</b>					
Building Permits					
Impact Fees					
Water Tap Fees <i>waived?</i>					
Sewer Tap Fees <i>waived?</i>					
Real Estate Taxes					
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PERMANENT FINANCING FEES</b>					
Permanent Loan Fees	5,860				5,860
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	25,174				25,174
Other: Financial Advisor and Application Fees	1,809				1,809
<b>Subtotal</b>	<b>39,548</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,548</b>

PART FOUR - USES OF FUNDS - Rosewood Village Apartments - 2011-507

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>DCA-RELATED COSTS</b>					
DCA Loan Application Fee					
Tax Credit Application Fee					
DCA Waiver Fees	3,000				3,000
LIHTC Allocation Processing Fee	3,368 3,325				3,325
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	5,298				5,298
<b>Subtotal</b>	<b>15,723</b>				<b>15,723</b>
<b>EQUITY COSTS</b>					
Partnership Organization Fees	160				160
Tax Credit Legal Opinion					
Other:					
<b>Subtotal</b>	<b>160</b>				<b>160</b>
<b>DEVELOPER'S FEE</b>					
Developer's Overhead					
Consultant's Fee	108,316		44,829	63,487	
Developer's Fee	108,316		44,829	63,487	
<b>Subtotal</b>	<b>216,632</b>		<b>89,658</b>	<b>126,974</b>	
<b>START-UP AND RESERVES</b>					
Marketing					
Rent -Up Reserves					
Operating Deficit Reserve:					
Replacement Reserve	47,953				47,953
Furniture, Fixtures and Equipment	1,899			1,899	
Other:					
<b>Subtotal</b>	<b>49,852</b>			<b>1,899</b>	<b>47,953</b>
<b>OTHER COSTS</b>					
Relocation	919			919	
Other: Project Admin Expenses	241				241
Other: Other Assets Purchased	30,734				30,734
<b>Subtotal</b>	<b>31,894</b>			<b>919</b>	<b>30,975</b>
<b>TOTAL DEVELOPMENT COST</b>	<b>1,682,334</b>		<b>686,722</b>	<b>838,842</b>	<b>156,770</b>
<b>Per Unit</b>	<b>70,097.25</b>				
<b>Per Square Foot</b>	<b>98.84</b>				

PART FOUR - USES OF FUNDS - Rosewood Village Apartments - 2011-507

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>GA Power Rebate</u>			21,900
<b>Total Subtractions From Basis:</b>	<b>0</b>		<b>21,900</b>
<b>Eligible Basis Calculation</b>			
Total Basis	0	686,722	838,842
Less Total Subtractions From Basis (see above)	0		21,900
Total Eligible Basis	0	686,722	816,942
Eligible Basis Adjustment for DDA/QCT Location			100.00%
Adjusted Eligible Basis	0	686,722	816,942
Multiply Adjusted Eligible Basis by Applicable Fraction	100.00%	100.00%	100.00%
Qualified Basis	0	686,722	816,942
Multiply Qualified Basis by Applicable Credit Percentage		3.20%	3.20%
Maximum Tax Credit Amount	0	21,975	26,142
Total Basis Method Tax Credit Calculation		48,117	

III. TAX CREDIT CALCULATION - GAP METHOD

Equity Gap Calculation

Total Development Cost	1,682,334		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	931,663		
Equity Gap	750,671		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	75,067		
Enter Final Federal and State Equity Factors (not including GP contribution)	1.4900	=	Federal 1.1360 + State 0.3540
Total Gap Method Tax Credit Calculation	50,381		

IV. TAX CREDIT CARRYOVER ALLOCATION

Allocation Year

V. FINAL TAX CREDIT ALLOCATION REQUEST

48,117

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. Wilkowsky, Member West, LLC  
 Name - Please Type  
Member New Rosewood Village Apts, LLC

11-10-2014  
 Date





**PART EIGHT - BUILDING BY BUILDING CREDIT ALLOCATION - Rosewood Village Apartments - 2011-507**

Cost Certification Date: **7/10/2014** Carryover Allocation Date: **N/A** Project Address: **760 South Peterson Street, Willacoochee GA 31650**  
 Type of Activity: **Rehabilitation**

**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
760 South Peterson Street Willacoochee, GA 31650	GA-90-01601	4	2,600	4	2,600	130,494	100%	130,494	100.00%	130,494	1/31/2014	3.20%	4,176	130,494	4,176
760 South Peterson Street Willacoochee, GA 31650	GA-90-01602	6	3,900	6	3,900	195,741	100%	195,741	100.00%	195,741	1/31/2014	3.20%	6,264	195,741	6,264
760 South Peterson Street Willacoochee, GA 31650	GA-90-01603	4	3,277	4	3,277	164,472	100%	164,472	100.00%	164,472	1/31/2014	3.20%	5,262	164,472	5,262
760 South Peterson Street Willacoochee, GA 31650	GA-90-01604	6	3,900	6	3,900	195,741	100%	195,741	100.00%	195,741	1/31/2014	3.20%	6,264	195,741	6,264
760 South Peterson Street Willacoochee, GA 31650	GA-90-01605	4	2,600	4	2,600	130,494	100%	130,494	100.00%	130,494	1/31/2014	3.20%	4,176	130,494	4,176
		24	16,277	24	16,277	816,942		816,942		816,942			26,141	816,942	26,142

New Rosewood Village Apartments, LLC  
 Cost Allocation of Purchase Price

Sales Price	5101	689,761.77	✓
Reallocation	Draw #7	(84.00)	
Add'l Recording Costs	Draw #7	182.66	
Settlement Charges	5101	4,349.63	
		694,210.06	

	5102	Acq Costs	Title/Rec	Total				
Other Purchased Assets	✗	78,686.97	0	78,686.97	(47,952.69)	30,734.28	1410	ineligible
Land	ⓘ	21,500.00	156.51	21,656.51	1410			ineligible
Building	ⓘ	589,574.80	4,291.78	593,866.58	1410			eligible
		689,761.77	4,448.29	694,210.06				

Σ ⓘ 611,074.80 Total land and building agrees to WP 5102 analysis

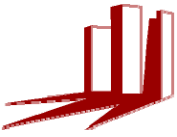
Title/Recording	4,448.29
Allocation:	
Land	156.51
Building	4,291.78

Assigned Values:	
Land Appraised Value	✓ 21,500.00 See appraisal report at PF-1408
Building Value	589,574.80
	611,074.80

Allocation %	
Land	3.52%
Building	96.48% ✓

Cells to enter data

✗ Reserves of \$47,952.69 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.



# Crown Appraisal Group

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April 15, 2013

Greystone Servicing Corporation, Inc.

Attn: Jane Sadler

1715 Aaron Brenner Drive, Suite 500

Memphis, TN 38120

**Re: Rosewood Village Apartments  
760 South Peterson Street  
Willacoochee, 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	450	535

### *Value Opinions*

	<u>Date of Value</u>	<u>Value</u>
As-is Market Value, unrestricted rents	April 1, 2013	\$830,000
Prospective Market Value, restricted rents (FNMA)	June 30, 2013	\$560,000
Prospective Market Value, restricted rents (RD)	April 1, 2015	\$780,000
Prospective Market Value subject to unrestricted rents	April 1, 2015	\$1,020,000
<b>Land Value</b>	<b>April 1, 2013</b>	<b>\$21,500</b>
Interest Credit Subsidy Value (Existing 515 Loan)	April 1, 2013	\$318,800
LIHTC Value	April 1, 2015	\$684,630
Insurable Value	April 1, 2015	\$904,503

**New Rosewood 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)	\$ 21,656	\$ -	\$ -	\$ 21,656	\$ -	\$ -	\$ 21,656	\$ -
Building Acquisition/Other Assets Purchased (cells 22 & 127)	624,600	-	571,966	-	52,634	571,966	571,966	82,521
Rehab/New Construction (cells 26, 32, 34, 38-40)	648,692	-	648,692	-	-	648,692	648,692	648,692
Soft Costs (cells 9-15, 51-57, 61-66, 78-80, 120, 125)	79,694	12,667	66,374	413	240	66,374	66,787	66,787
Financing Fees & Expenses (cells 83 & 84)	26,983	26,983	-	-	-	-	-	-
Other Costs (cells 93-100, 104, 126)	16,124	15,723	-	-	401	-	-	-
Developer Costs (cells 111 & 112)	216,632	-	216,632	-	-	216,632	216,632	-
Development Reserves (cells 119 & 121)	47,953	-	-	-	47,953	-	-	-
	<u>\$ 1,682,334</u>	<u>\$ 55,373</u>	<u>\$ 1,503,664</u>	<u>\$ 22,069</u>	<u>\$ 101,228</u>	<u>\$ 1,503,664</u>	<u>\$ 1,525,733</u>	<u>\$ 798,000</u>

50% Test Percentage Calculation

(B/A)

52.30%