Georgia Department of Community Affairs Low Income Housing Tax Credits Final Allocation Application New Santa Ana Apartments, LLC

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

Auditor's Report and Certification of Actual Costs for New Santa Ana 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 Santa Ana Apartments, LLC

Santa Ana Apartments

Schedules of Certification of Actual Cost and Opinion as to Eligible Basis and Building by Building Credit

Allocation

Together with Auditors' Report





INDEPENDENT AUDITORS' REPORT

Owner's Name: New Santa Ana Apartments, LLC

Project Name: Santa Ana Apartments
Project Number: TCAA # 2011-522

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 Santa Ana Apartments, LLC (the "Owner") for Santa Ana 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 \$1,295,302 and eligible basis of \$1,143,641 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

DEVELOPMENT COST SCHEDULE	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
PRE-DEVELOPMENT COSTS			PRE-DEVELOPME	NT COSTS	
Property Appraisal	4,504			4,312	192
Market Study	3,000			3,000	
Environmental Report(s)	3,820	Hire e j v hier		3,820	
Soil Borings	Part Britain				
Boundary and Topographical Survey					
Zoning/Site Plan Fees			11		
Other: Alta Survey, Capital Needs Assessment	4,536		<u> </u>	4,449	87
Subtotal	15,860	-	<u> </u>	15,581	279
ACQUISITION			ACQUISITIO	ON	
Land	19,257				19,257
Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures	431,331		431,331		
Subtotal	450,588		431,331		19,257
SITE IMPROVEMENTS			SITE IMPROVE	MENTS	•
Site Preparation (On-site)	60,772	Partie a serie		60,772	
Site Preparation (Off-site)					
Subtotal	60,772	-		60,772	:-
UNIT/BUILDING CONSTRUCTION			UNIT/BUILDING CON	STRUCTION	
Unit/Building Construction/New Construction			111111111111		
Unit/Building Construction/Rehab	378,539			378,539	
Project Amenities / Accessory Buildings					
Other: Construction Costs Outside of Contract	6,342			6,342	
Subtotal	384,881	-		384,881	-
CONTRACTOR SERVICES			CONTRACTOR SE	RVICES	
Builder's Overhead: 2.00% 8,786	8,407			8,407	
Builder Profit: 6.00% 26,359	25,224		2 S S S S S S S S S S S S S S S S S S S	25,224	
General Requirements 6.00% 26,359	25,224			25,224	
Payment/performance bond or					
letter-of-credit fee or premium Subtotal	58,855	-	-	58,855	-
Total Construction Costs 31,531.75 per unit					
504,508 35.27 per sq ft					

CONSTRUCTION PERIOD FINANCING Construction Loan Fee CONSTRUCTION PERIOD FINANCING	560
Construction Loan Fee	560
	560
Construction Loan Interest 2,045 1,485	
Construction Legal Fees	<u> </u>
Construction Period Real Estate Tax 4,047 4,047	
Constitution in the contract of the contract o	
Bridge Loan Fee and Bridge Loan Interest	The state of the s
Other: Control Control	
Subtotal 9,510 - 8,950	560
PROFESSIONAL SERVICES PROFESSIONAL SERVICES	
Architectural Fee - Design 9,360 9,360	
Architectural Fee - Supervision 5,040 5,040	3 + + + + + + + + + + + + + + + + + + +
Engineering 3,400 State of the	
Real Estate Attorney 2.322 2.156	166
Accounting 10,000 10,000	
Other:	
Subtotal 30,122 - 2,156 27,800	166
LOCAL GOVERNMENT FEES LOCAL GOVERNMENT FEES	
Building Permits	
Impact Fees	
Water Tap Fees waived?	
Sewer Tap Fees waived?	
Real Estate Taxes	
Subtotal	
PERMANENT FINANCING FEES PERMANENT FINANCING FEES	
Permanent Loan Fees 4,920	4,920
Permanent Loan Legal Fees 4,370	4,370 150
Title and Recording Fees	
As-Built Survey	
Bond issuance Premium	13,809
Cost of issuance / Office white is discount	1,400
Other: Financial Advisor and Application Fees 1,400 Subtotal 24,649	24,649

l.	DEVELOPMENT COST SCHEDULE TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable of Non-Depreciable Basis
	DCA-RELATED COSTS DCA Loan Application Fee Tax Credit Application Fee DCA Waiver Fees LIHTC Allocation Processing Fee LIHTC Compliance Monitoring Fee DCA Front End Analysis Fee (when ID of Interest) DCA Final Inspection Fee Other: DCA Bond Allocation, DCA Bond Eligibility Option Subtotal 13,649		DCA-RELATE	COSTS	3,000 2,623 2,400 500 5,126 13,649
	EQUITY COSTS Partnership Organization Fees 160 Tax Credit Legal Opinion		EQUITY CO	OSTS	160
	Other: Subtotal 160	7 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		- 1	160
	DEVELOPER'S FEE Developer's Overhead 83,230 Consultant's Fee 83,230 Developer's Fee 83,230 Subtotal 166,460	Sec. 11.	32,556 32,556 65,112	50,674 50,674 101,348	-
	START-UP AND RESERVES		START-UP AND F	RESERVES	
	Marketing Rent -Up Reserves Operating Deficit Reserve: Replacement Reserve Furniture, Fixtures and Equipment Other: Subtotal 55,343			686	54,657 54,657
	OTHER COSTS		OTHER CO	STS	
	Relocation 469 Other: Project Admin Expenses 241 Other: Other Assets Purchased 23,743 Subtotal 24,453			469	241 23,743 23,984
	TOTAL DEVELOPMENT COST 1,295,302	-	498,599	659,342	137,361
	Per Unit 80,956.38 Per Square Foot 90.56				

H.	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	- 1-4 I				
	Amount of federal below market rate loan					
	Amount of nonqualified nonrecourse financing					
	Costs of Nonqualifying units of higher quality	* * * * * * * * * * * * * * * * * * *		12.111		
	Nonqualifying excess portion of higher quality units					
	Historic Tax Credit (Residential Portion Only)	1 1 1 1 1 1 1 1				
	Other GA Power Rebate			14,300		
	Total Subtractions From Basis:	0		14,300		
	Eligible Basis Calculation	·				
	Total Basis	0	498,599	659,342		
	Less Total Subtractions From Basis (see above)	0		14,300		
	Total Eligible Basis	0	498,599	645,042		
	Eligible Basis Adjustment for DDA/QCT Location			100.00%		
	Adjusted Eligible Basis	0	498,599	645,042		
	Multiply Adjusted Eligible Basis by Applicable Fraction	100.00%	100.00%	100.00%		
	Qualified Basis	0	498,599	645,042		
	Multiply Qualified Basis by Applicable Credit Percentage		3.20%	3.20%		
	Maximum Tax Credit Amount	0	15,955	20,641		
	Total Basis Method Tax Credit Calculation		36,597			
III.	TAX CREDIT CALCULATION - GAP METHOD					
	Equity Gap Calculation	<u>-</u>				
	Total Development Cost		1,295,302			
	Subtract Non-LIHTC (excluding deferred fee) Source of Funds		738,144			
	Equity Gap		557,158			
	Divide Equity Gap by 10		/ 10			
	Annual Equity Required		55,716	Federal		State
	Enter Final Federal and State Equity Factors (not including GP contribution)		1.5200 =	1.1590	+	0.3610
	Total Gap Method Tax Credit Calculation		36,655			
IV.	TAX CREDIT CARRYOVER ALLOCATION Allocation Year	2011				
V.	FINAL TAX CREDIT ALLOCATION REQUEST		36,597			
	I certify that all information provided above is true, correct, complete and reflects the full development.	extent of all project co	sts and eligible basis which apply	(or are expected to apply	y) to the	above-mentioned
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	Owner Signature /	Name - Pl	ease Type Menner New S	enta ma Apolic		Date

FINAL ALLOCATION APPLICATION

Office of Affordable Housing

PART EIGHT - BUILDING BY BUILDING CREDIT ALLOCATION - Santa Ana Apartments - 2011-522

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Cost Certification Date:	7/10/2014		Carryover Allocation Date:	N/A	Project Address:	56 South Broad St	reet, Alamo GA 30411	
Type of Activity:	Acquisition	A SECTION OF THE SECT						:

	Building	Total Nbr of	Total Residential	Nbr of Low	Low Income	Building's	QCT/	Building's	Building's	Building's	Date Placed	Applic.	Tax		quest
	Identification	Residntl	Square	Income	Square	Eligible	DDA	Adjusted	Applicable	Qualified	ln .	Credit	Credit	Building's	Tax Credit
Building Address	<u>Number</u>	<u>Units</u>	<u>Footage</u>	<u>Units</u>	<u>Footage</u>	<u>Basis</u>	Boost	<u>Basis</u>	<u>Fraction</u>	Basis	<u>Service</u>	<u>%</u>	<u>Amount</u>	Qualified Basis	<u>Amount</u>
56 South Broad Street Alamo, GA 30411	GA-11-52201	6	5,109	6	5,109	182,409	100%	182,409	100.00%	182,409	7/25/2013	3.20%	5,837	182,409	5,837
	GA-11-52202	6	5,109	6	5,109	182,409	100%	182,409	100.00%	182,409	7/25/2013	3.20%	5,837	182,409	5,837
56 South Broad Street Alamo, GA 30411	GA-11-52203	4	3,747	4	3,747	133,781	100%	133,781	100.00%	133,781	7/25/2013	3.20%	4,281	133,781	4,281
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FINAL ALLOCATION APPLICATION

Office of Affordable Housing

PART EIGHT - BUILDING BY BUI	_DING CREDIT ALLOCATION - S	anta Ana Apartments - 2011-522

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Cost Certification Date:	7/10/2014	Carryover Allocation Date:	N/A	Project Addres	s: 56 South Br	oad Street, Ala	mo GA 30411	114,1,1	
Type of Activity:	Rehabilitation			- .					

Please do NOT include common space employee units!															
		Total	Total	Nbr	Low						Date			FINAL Tax Ci	redit Allocation
	Building	Nbr of	Residential	of Low	Income	Building's	QCT/	Building's	Building's	Building's	Placed	Applic.	Tax		uest
	Identification	Residnt	Square	Income	Square	Eligible	DDA	Adjusted	Applicable	Qualified	: In	Credit	Credit	Building's	Tax Credit
Building Address	Number	<u>Units</u>	<u>Footage</u>	<u>Units</u>	Footage	Basis	Boost	<u>Basis</u>	Fraction	<u>Basis</u>	Service	<u>%</u>	Amount	Qualified Basis	
56 South Broad Street Alamo, GA 30411	GA-11-52201	6	5,109	6	5,109	235,984	100%	235,984	100.00%	235,984	2/28/2014	3.20%	7,552	235,984	7,552
56 South Broad Street Alamo, GA 30411	GA-11-52202	6	5,109	6	5,109	235,984	100%	235,984	100.00%	235,984	2/28/2014	3.20%	7,551	235,984	7,551
56 South Broad Street Alamo, GA 30411	GA-11-52203	4	3,747	4	3,747	173,074	100%	173,074	100.00%	173,074	2/28/2014	3.20%	5,539	173,074	5,539
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		16	13,965	16	13,965	645,042	:	645,042		645,042	•	ļ	20,643	645,042	20,642

New Santa Ana Apartments, LLC Cost Allocation of Purchase Price

 Sales Price
 5101
 525,308.31

 Reallocation
 Draw #8
 (65.00)

 Add'l Recording Costs
 Draw #8
 182.66

 Settlement Charges
 5101
 3,562.52

 528,988.49

Acq Costs Title/Rec Total 5102 ¥ (54,656.82) Other Purchased Assets 78,400.36 78,400.36 23,743.54 1410 ineligible 0 19,100.00 Land 157.28 19,257.28 1410 ineligible Building 1 427,807.95 3,522.90 431,330.85 1410 eligible 525,308.31 3,680.18 528,988.49

Σ 1 446,907.95 Total land and building agrees to WP 5102 analysis

 Title/Recording
 3,680.18

 Allocation:
 157.28

 Building
 3,522.90

Assigned Values:
Land Appraised Value
Building Value

427,807.95 446,907.95

Allocation %
Land 4.27%
Building 95.73% ✓

Cells to enter data

*Reserves of \$54,656.82 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.



Corporate Office

355 E. Campus View Blvd. Suite 150 Columbus, OH 43235 tel 614.431.3332 fax 614.431.3376 www.crownappraisal.com

April 15, 2013

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

Re: Santa Ana Apartments 56 South Broad 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.

Prospective (Renovated) CRCU	<u>1 Bedroom</u> 450	2 Bedroom TH 515	
Value Opinions		Date of Value	<u>Value</u>
As-is Market Value, unrestricted rents	April 1, 2013	\$670,000	
Prospective Market Value, restricted rents	June 30, 2013	\$650,000	
Prospective Market Value, restricted rents	(RD)	April 1, 2015	\$690,000
Prospective Market Value subject to unres	stricted rents	April 1, 2015	\$780,000
Land Value		April 1, 2013	\$19,100
Interest Credit Subsidy Value (Existing 51	5 Loan)	April 1, 2013	\$244,400
LIHTC Value		April 1, 2015	\$573,229
Insurable Value		April 1, 2015	\$761,483

New Santa Ana Apartments, LLC Calculation of the Fifty Percent (50%) Test Aggregate Approach

Description Land Acquisition (cell 19)	Residentia Costs \$ 19,2	Costs	Depreciable Costs	Land \$ 19,257	Other Costs/ Expense \$ -	Eligible Basis	(A) Land & Building Basis \$ 19,257	(B) Costs Financed By Tax-Exempt Bonds
Building Acquisition/Other Assets Purchased (cells 22 & 127)	455,0		417,031	-	38,043	417,031	417,031	65,475
building Acquisition of the Assets 1 dichased (cells 22 & 121)	455,0	7-4	417,031		30,043	417,001	417,001	00,470
Rehab/New Construction (cells 26, 32, 34, 38-40)	504,5	- 08	504,508	-	-	504,508	504,508	504,508
Soft Costs (cells 9-15, 51-57, 61-66, 78-80, 120, 125)	66,0	87 9,510	55,642	375	560	55,642	56,017	56,017
Financing Fees & Expenses (cells 83 & 84)	15,2	09 15,209	-	-	-	-	-	-
Other Costs (cells 93-100, 104, 126)	14,0	50 13,649	-	-	401	-	-	-
Developer Costs (cells 111 & 112)	166,4	60 -	166,460	-	-	166,460	166,460	-
Development Reserves (cells 119 & 121)	54,6 \$ 1,295,3		\$ 1,143,641	\$ 19,632	54,657 \$ 93,661	\$ 1,143,641	\$1,163,273	\$ 626,000

50% Test Percentage Calculation

(B/A)

53.81%