

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

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

Auditor's Report and Certification of Actual Costs for New Talbot Village Apartments, LLC prepared by Dixon Hughes Goodman LLP is attached.

**New Talbot Village Apartments, LLC**

**Talbot 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 Talbot Village Apartments, LLC

Project Name: Talbot Village Apartments

Project Number: TCAA # 2011-504

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 Talbot Village Apartments, LLC (the "Owner") for Talbot Village Apartments ("the Project") as of January 22, 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 presents fairly, in all material respects, the actual costs of \$3,256,532 and eligible basis of \$3,439,084 of the Owner for the Project as of January 22, 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  
January 31, 2014*

PART FOUR - USES OF FUNDS - Talbot Village Apartments - 2011-504

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>			<b>PRE-DEVELOPMENT COSTS</b>		
Property Appraisal	7,144			6,988	156
Market Study	5,250			5,250	
Environmental Report(s)	4,565			4,565	
Soil Borings					
Boundary and Topographical Survey					
Zoning/Site Plan Fees					
Other: <u>Alta Survey Capital Needs Assessment</u>	9,857			9,724	133
<b>Subtotal</b>	<b>26,816</b>	<b>-</b>	<b>-</b>	<b>26,527</b>	<b>289</b>
<b>ACQUISITION</b>			<b>ACQUISITION</b>		
Land	26,984				26,984
Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures	1,212,619				
<b>Subtotal</b>	<b>1,239,603</b>	<b>-</b>	<b>1,212,619</b>	<b>-</b>	<b>26,984</b>
<b>SITE IMPROVEMENTS</b>			<b>SITE IMPROVEMENTS</b>		
Site Preparation (On-site)	159,607			159,607	
Site Preparation (Off-site)					
<b>Subtotal</b>	<b>159,607</b>	<b>-</b>	<b>-</b>	<b>159,607</b>	<b>-</b>
<b>UNIT/BUILDING CONSTRUCTION</b>			<b>UNIT/BUILDING CONSTRUCTION</b>		
Unit/Building Construction/New Construction					
Unit/Building Construction/Rehab	936,432			936,432	
Project Amenities / Accessory Buildings					
Other: <u>Construction Costs Outside of Contract</u>	26,208			26,208	
<b>Subtotal</b>	<b>962,640</b>	<b>-</b>	<b>-</b>	<b>962,640</b>	<b>-</b>
<b>CONTRACTOR SERVICES</b>			<b>CONTRACTOR SERVICES</b>		
Builder's Overhead: 2.00%	21,921			21,902	
Builder Profit: 6.00%	65,762			65,709	
General Requirements	65,762			65,709	
Payment/performance bond or letter-of-credit fee or premium					
<b>Subtotal</b>	<b>153,320</b>	<b>-</b>	<b>-</b>	<b>153,320</b>	<b>-</b>
<b>Total Construction Costs</b>	<b>1,275,567</b>	<b>-</b>	<b>-</b>	<b>1,275,567</b>	<b>-</b>
	<i>26,574.31 per unit</i>				
	<i>36.64 per sq ft</i>				

PART FOUR - USES OF FUNDS - Talbot Village Apartments - 2011-504

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	2,846			1,913	933
Construction Loan Interest					
Construction Legal Fees	74,831			4,831	
Construction Period Real Estate Tax	37,756			37,756	
Construction Insurance					
Bridge Loan Fee and Bridge Loan Interest					
Other:					
<b>Subtotal</b>	<b>11,433</b>	<b>-</b>	<b>-</b>	<b>10,500</b>	<b>933</b>
<b>PROFESSIONAL SERVICES</b>					
Architectural Fee - Design	24,678			24,678	
Architectural Fee - Supervision	13,288			13,288	
Engineering	4,200			4,200	
Real Estate Attorney	6,426		6,097		329
Accounting	10,000			10,000	
Other:					
<b>Subtotal</b>	<b>58,592</b>	<b>-</b>	<b>6,097</b>	<b>52,166</b>	<b>329</b>
<b>LOCAL GOVERNMENT FEES</b>					
Building Permits					
Impact Fees					
Water Tap Fees	waived?				
Sewer Tap Fees	waived?				
Real Estate Taxes					
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PERMANENT FINANCING FEES</b>					
Permanent Loan Fees	16,880				16,880
Permanent Loan Legal Fees	13,110				13,110
Title and Recording Fees	150				150
As-Built Survey					
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount	39,522				39,522
Other: Financial Advisor and Application Fees	3,319				3,319
<b>Subtotal</b>	<b>72,981</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,981</b>

PART FOUR - USES OF FUNDS - Talbot Village Apartments - 2011-504

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	3,000				3,000
Tax Credit Application Fee	7,697				7,697
DCA Waiver Fees	7,200				7,200
LIHTC Allocation Processing Fee	7,803				
LIHTC Compliance Monitoring Fee	33,600				
DCA Front End Analysis Fee (when ID of Interest)	500				500
DCA Final Inspection Fee	6,074				6,074
Other: <u>DCA Bond Allocation</u> <u>DCA Bond Eligibility Option</u>					
<b>Subtotal</b>	<b>24,471</b>				<b>24,471</b>
<b>EQUITY COSTS</b>					
Partnership Organization Fees	160				160
Tax Credit Legal Opinion	160				
Other:					
<b>Subtotal</b>	<b>160</b>				<b>160</b>
<b>DEVELOPER'S FEE</b>					
Developer's Overhead	210,635		91,463	119,172	
Consultant's Fee	210,635		91,463	119,172	
Developer's Fee	421,270		182,926	238,344	
<b>Subtotal</b>	<b>421,270</b>		<b>182,926</b>	<b>238,344</b>	
<b>START-UP AND RESERVES</b>					
Marketing					
Rent -Up Reserves					
Operating Deficit Reserve:					
Replacement Reserve	69,311				69,311
Furniture, Fixtures and Equipment	3,386			3,386	
Other:					
<b>Subtotal</b>	<b>72,697</b>			<b>3,386</b>	<b>69,311</b>
<b>OTHER COSTS</b>					
Relocation	1,673			1,673	
Other: <u>Project/Admin Expenses</u>	192				192
Other: <u>Other Assets Purchased</u>	51,077				51,077
<b>Subtotal</b>	<b>52,942</b>			<b>1,673</b>	<b>51,269</b>
<b>TOTAL DEVELOPMENT COST</b>	<b>3,256,532</b>		<b>1,401,642</b>	<b>1,608,163</b>	<b>246,727</b>
Per Unit	67,844.42				
Per Square Foot	93.54				

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

II. TAX CREDIT CALCULATION - BASIS METHOD

New Construction Basis	4% Acquisition Basis	Rehabilitation Basis
0	40,900	40,900

**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

GAP Power Rebate	0
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**Total Subtractions From Basis:**

**Eligible Basis Calculation**

Total Basis	1,401,642
Less Total Subtractions From Basis (see above)	0
Total Eligible Basis	1,401,642
Eligible Basis Adjustment for DDA/QCCT Location	130.00%
Adjusted Eligible Basis	2,037,442
Multiply Adjusted Eligible Basis by Applicable Fraction	100.00%
Qualified Basis	1,401,642
Multiply Qualified Basis by Applicable Credit Percentage	320%
Maximum Tax Credit Amount	44,853
Total Basis Method Tax Credit Calculation	111,477

III. TAX CREDIT CALCULATION - GAP METHOD

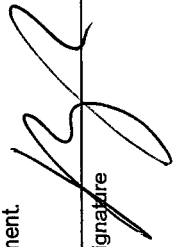
- Equity Gap Calculation**
- Total Development Cost
- Subtract Non-LIHTC (excluding deferred fee) Source of Funds
- Equity Gap
- Divide Equity Gap by 10
- Annual Equity Required
- Enter Final Federal and State Equity Factors (not including GP contribution)
- Total Gap Method Tax Credit Calculation

3,256,532	
2,071,792	
1,184,740	
/ 10	
118,474	
1,0600	
111,768	

IV. TAX CREDIT CARRYOVER ALLOCATION

V. FINAL TAX CREDIT ALLOCATION REQUEST

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. Ki. Kerevork, New Talbot Village Apts LLC  
 Name - Please Type

2-5-14  
 Date

Federal 0.8080 + State 0.2520

2011 Allocation Year

111,477



**PART EIGHT - BUILDING BY BUILDING CREDIT ALLOCATION - Talbot Village Apartments - 2011-504**

Cost Certification Date: 1/22/2014  
 Type of Activity: Acquisition

Carryover Allocation Date: N/A

Project Address: 260 Clark Street, Talbot, GA 31827

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
260 Clark Street, Talbot, GA 31827	GA-88-08301	4	2,537	4	2,537	106,025	100%	106,025	100.00%	106,025	7/25/2013	3.20%	3,393	106,025	3,393
260 Clark Street, Talbot, GA 31827	GA-88-08302	4	2,537	4	2,537	106,025	100%	106,025	100.00%	106,025	7/25/2013	3.20%	3,393	106,025	3,393
260 Clark Street, Talbot, GA 31827	GA-88-08303	4	2,537	4	2,537	106,025	100%	106,025	100.00%	106,025	7/25/2013	3.20%	3,393	106,025	3,393
260 Clark Street, Talbot, GA 31827	GA-88-08304	4	2,537	4	2,537	106,025	100%	106,025	100.00%	106,025	7/25/2013	3.20%	3,393	106,025	3,393
260 Clark Street, Talbot, GA 31827	GA-88-08305	2	1,269	2	1,269	53,033	100%	53,033	100.00%	53,033	7/25/2013	3.20%	1,697	53,033	1,697
260 Clark Street, Talbot, GA 31827	GA-88-08306	4	3,533	4	3,533	147,649	100%	147,649	100.00%	147,649	7/25/2013	3.20%	4,725	147,649	4,725
260 Clark Street, Talbot, GA 31827	GA-88-08307	2	1,269	2	1,269	53,033	100%	53,033	100.00%	53,033	7/25/2013	3.20%	1,699	53,033	1,699
133 Dennis Creek Road, Talbot, GA 31827	GA-92-01501	6	4,784	6	4,784	199,930	100%	199,930	100.00%	199,930	7/25/2013	3.20%	6,398	199,930	6,398
133 Dennis Creek Road, Talbot, GA 31827	GA-92-01502	6	4,784	6	4,784	199,930	100%	199,930	100.00%	199,930	7/25/2013	3.20%	6,398	199,930	6,398
133 Dennis Creek Road, Talbot, GA 31827	GA-92-01503	4	2,584	4	2,584	107,989	100%	107,989	100.00%	107,989	7/25/2013	3.20%	3,455	107,989	3,455
133 Dennis Creek Road, Talbot, GA 31827	GA-92-01504	4	2,584	4	2,584	107,989	100%	107,989	100.00%	107,989	7/25/2013	3.20%	3,455	107,989	3,455
133 Dennis Creek Road, Talbot, GA 31827	GA-92-01505	4	2,584	4	2,584	107,989	100%	107,989	100.00%	107,989	7/25/2013	3.20%	3,455	107,989	3,455
		48	33,539	48	33,539	1,401,642		1,401,642		1,401,642			44,852	1,401,642	44,852

**PART EIGHT - BUILDING BY BUILDING CREDIT ALLOCATION - Talbot Village Apartments - 2011-504**

Cost Certification Date: **1/22/2014**

Type of Activity: **Rehabilitation**

Carryover Allocation Date: **N/A**

Project Address: **260 Clark Street, Talbotton, GA 31827**

**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
260 Clark Street, Talbotton, GA 31827	GA-89-03301	4	2,537	4	2,537	118,553	100%	154,119	100.00%	154,119	10/31/2013	3.27%	5,040	154,119	5,040
260 Clark Street, Talbotton, GA 31827	GA-89-03302	4	2,537	4	2,537	118,553	100%	154,119	100.00%	154,119	10/31/2013	3.27%	5,040	154,119	5,040
260 Clark Street, Talbotton, GA 31827	GA-89-03303	4	2,537	4	2,537	118,553	100%	154,119	100.00%	154,119	10/31/2013	3.27%	5,040	154,119	5,040
260 Clark Street, Talbotton, GA 31827	GA-89-03304	4	2,537	4	2,537	118,553	100%	154,119	100.00%	154,119	10/31/2013	3.27%	5,040	154,119	5,040
260 Clark Street, Talbotton, GA 31827	GA-89-03305	2	1,269	2	1,269	59,300	100%	77,090	100.00%	77,090	10/31/2013	3.27%	2,521	77,090	2,521
260 Clark Street, Talbotton, GA 31827	GA-89-03306	4	3,533	4	3,533	165,096	100%	214,625	100.00%	214,625	10/31/2013	3.27%	7,018	214,625	7,018
260 Clark Street, Talbotton, GA 31827	GA-89-03307	2	1,269	2	1,269	59,300	100%	77,090	100.00%	77,090	10/31/2013	3.27%	2,521	77,090	2,521
133 Dennis Creek Road, Talbotton, GA 31827	GA-92-01501	6	4,784	6	4,784	223,554	100%	290,620	100.00%	290,620	10/31/2013	3.27%	9,503	290,620	9,503
133 Dennis Creek Road, Talbotton, GA 31827	GA-92-01502	6	4,784	6	4,784	223,554	100%	290,620	100.00%	290,620	10/31/2013	3.27%	9,503	290,620	9,503
133 Dennis Creek Road, Talbotton, GA 31827	GA-92-01503	4	2,584	4	2,584	120,749	100%	156,974	100.00%	156,974	10/31/2013	3.27%	5,132	156,974	5,132
133 Dennis Creek Road, Talbotton, GA 31827	GA-92-01504	4	2,584	4	2,584	120,749	100%	156,974	100.00%	156,974	10/31/2013	3.27%	5,132	156,974	5,132
133 Dennis Creek Road, Talbotton, GA 31827	GA-92-01505	4	2,584	4	2,584	120,749	100%	156,974	100.00%	156,974	10/31/2013	3.27%	5,132	156,974	5,132
		48	33,539	48	33,539	1,567,263		2,037,442		2,037,442			66,624	2,037,442	66,624