

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

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

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

New Shady Grove Apartments, LLC

Shady Grove 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 Shady Grove Apartments, LLC
Project Name: Shady Grove Apartments
Project Number: TCAA # 2011-530

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 Shady Grove Apartments, LLC (the "Owner") for Shady Grove Apartments ("the Project") as of December 6, 2013.

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 \$1,336,984 and eligible basis of \$1,240,774 of the Owner for the Project as of December 6, 2013, 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.

We have no financial interest in the Project other than in the practice of our profession.

Dixon Hughes Goodman LLP

*High Point, North Carolina
January 31, 2014*

PART FOUR - USES OF FUNDS - Shady Grove Apartments - 2011-530

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

DEVELOPMENT COST SCHEDULE	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
I. DEVELOPMENT COST SCHEDULE					
PRE-DEVELOPMENT COSTS					
Property Appraisal	4,304			4,354	4,354
Market Study	3,000			3,000	3,000
Environmental Report(s)	6,620			6,620	6,620
Soil Borings					
Boundary and Topographical Survey					
Zoning/Site Plan Fees					
Other: Site Survey, Capital Needs Assessment	5,290			5,214	5,214
Subtotal	19,414	-	-	19,188	226
ACQUISITION					
Land	15,416				15,416
Demolition					
Acquisition Legal Fees (if existing structures)	449,006		449,006		
Existing Structures	464,422				464,422
Subtotal	1,028,844		449,006		15,416
SITE IMPROVEMENTS					
Site Preparation (On-site)	61,724			61,724	61,724
Site Preparation (Off-site)					
Subtotal	61,724			61,724	
UNIT/BUILDING CONSTRUCTION					
Unit/Building Construction/New Construction					
Unit/Building Construction/Rehab	431,115			431,115	431,115
Project Amenities / Accessory Buildings					
Other: Construction Costs Outside of Contract	3,852			3,852	3,852
Subtotal	434,967			434,967	
CONTRACTOR SERVICES					
Builder's Overhead: 2.00%	9,857			9,854	9,854
Builder Profit: 6.00%	29,570			29,267	29,267
General Requirements 6.00%	29,570			29,267	29,267
Payment/performance bond or letter-of-credit fee or premium					
Subtotal	68,997			68,288	
Total Construction Costs	31,387.72 per unit				
564,979	37.92 per sq ft				

PART FOUR - USES OF FUNDS - Shady Grove Apartments - 2011-530

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	1,199			664	535
Construction Loan Interest					
Construction Legal Fees	1,609			1,609	
Construction Period Real Estate Tax	1,540			1,540	
Construction Insurance					
Bridge Loan Fee and Bridge Loan Interest					
Other:					
Subtotal	4,348	-	-	3,813	535
PROFESSIONAL SERVICES					
Architectural Fee - Design	10,530			10,530	
Architectural Fee - Supervision	5,670			5,670	
Engineering					
Real Estate Attorney	2,579		2,419		160
Accounting	10,000		10,000		
Other:					
Subtotal	28,779	-	2,419	26,200	160
LOCAL GOVERNMENT FEES					
Building Permits					
Impact Fees					
Water Tap Fees	waived?				
Sewer Tap Fees	waived?				
Real Estate Taxes					
Subtotal	-	-	-	-	-
PERMANENT FINANCING FEES					
Permanent Loan Fees	3,760				3,760
Permanent Loan Legal Fees	4,916				4,916
Title and Recording Fees	150				150
As-Built Survey					
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other: Financial Advisor and Application Fees	1,496				1,496
Subtotal	25,822	-	-	-	25,822

PART FOUR - USES OF FUNDS - Shady Grove Apartments - 2011-530

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 Loan Application Fee					
Tax Credit Application Fee					3,000
DCA Waiver Fees					2,830
LIHTC Allocation Processing Fee	2,815				2,700
LIHTC Compliance Monitoring Fee	12,600				500
DCA Front End Analysis Fee (when ID of Interest)					5,163
DCA Final Inspection Fee					14,193
Other: DCA Bond Allocation DCA Bond Eligibility Option					
Subtotal					
EQUITY COSTS					
Partnership Organization Fees	160				160
Tax Credit Legal Opinion					
Other:					
Subtotal	160				160
DEVELOPER'S FEE					
Developer's Overhead	86,197				
Consultant's Fee	86,197				
Developer's Fee	172,394				
Subtotal	358,591				
START-UP AND RESERVES					
Marketing					
Rent-Up Reserves					
Operating Deficit Reserve:					
Replacement Reserve	18,151				
Furniture, Fixtures and Equipment	1,300				
Other: PRR Escrow	3,960				
Subtotal	23,411				
OTHER COSTS					
Relocation	1,475				
Other: Project Admin Expenses	192				
Other: Other Assets Purchased	17,395				
Subtotal	19,062				
TOTAL DEVELOPMENT COST					
	1,336,984		519,221	721,553	96,210
Per Unit	74,276.89				
Per Square Foot	89.74				

PART FOUR - USES OF FUNDS - Shady Grove Apartments - 2011-530

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

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

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	519,221	0	519,221	721,553
0		0		0
0		0		721,553
				100.00%
0		0		721,553
100.00%		100.00%		100.00%
0		0		721,553
				3.27%
0	16,615	0	16,615	23,595
				40,210

III. TAX CREDIT CALCULATION - GAP METHOD

- Equity Gap Calculation
- Total Development Cost
- Subtract Non-LHTC (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

1,336,984		
630,400		
706,584		
/ 10		
70,658		
1.7500		
40,376		

Federal	1,334,000	+	State	0,41600
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IV. TAX CREDIT CARRYOVER ALLOCATION

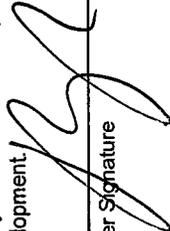
Allocation Year

2011

V. FINAL TAX CREDIT ALLOCATION REQUEST

40,210

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 D. Wilcox New Shady Grove Apt LLC

Date 2-5-14

