



**NOVOGRADAC
& COMPANY** LLP®
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Partners of
Madison Partners, L.P.:

We have performed the procedures enumerated below, which were agreed to by Madison Partners, L.P. (the "Partnership") and the Tennessee Housing Development Agency (collectively, the "Specified Users") solely to assist you with respect to the recalculating the Qualified Contract Price ("QCP") of Park Trace Apartments (the "Project") as of December 31, 2017 for the purpose of selling the Project in accordance with Internal Revenue Code ("IRC") Section 42(h)(6)(F). The Partnership's management ("Management") is responsible for the Partnership's accounting records and for the calculation of the QCP. The sufficiency of these procedures is solely the responsibility of the Specified Users. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- We obtained and read the Schedules K-1 from the U.S. Partnership Returns of Income for the Partnership for the years ended December 31, 1997 through December 31, 2015 (the "Tax Returns") and the Statements of Changes in Partners' Capital (Deficit) from the audited financial statements for the Partnership for the years ended December 31, 1997 through December 31, 2017 (the "Audits"). We noted and aggregated annual capital contributions made and multiplied the aggregate contributions by an allocation factor of 92.28%, based on the eligible basis listed in the Partnership's final cost certification. We multiplied the net investor equity by the consumer price index adjustment, calculated in accordance with Treasury Reg. 1.42-18(c)(4), based on monthly consumer price indexes obtained from the United States Department of Labor Bureau of Labor Statistics website (<http://www.bls.gov/cpi/>). Adjusted investor equity was calculated as \$4,643,609, as shown on Worksheet B.
- We obtained and read the Tax Returns and Audits. We noted any contributions that were not considered contributed capital or outstanding indebtedness for qualifying building costs. We noted total other capital contributions of \$332,505, as shown on Worksheet C.
- We obtained and read the Tax Returns and the Audits. We noted aggregate annual distributions of \$102,835, as shown on Worksheet D.
- We obtained and read the draft audited financial statements for the year ended December 31, 2017 and noted the following:
 - i. Operating cash account totaling \$25,561, of which all funds are available for distribution.
 - ii. Replacement reserve totaling \$7,529, of which no funds are available for distribution.
 - iii. Tenant security deposits cash account, insurance escrow, and property tax escrow totaling \$48,247, of which no funds are available for distribution.

We added the total outstanding debt allocated to qualifying building costs of \$1,373,244 from Worksheet A, the total adjusted investor equity of \$4,643,609 from Worksheet B, and the other contributions of \$332,505 from Worksheet C, subtracted the total cash distributions of \$102,835 and cash available for distribution of \$25,561 from Worksheet D, and added the fair market value of the non low-income portion of project buildings of \$129,600 to arrive at a QCP of \$6,350,562, as shown in the Calculation of Qualified Contract Price, supplemented by Worksheets A through D attached.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or a conclusion on the QCP. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Specified Users is not intended to be and should not be used by anyone other than those specified parties.

Novogradac & Company LLP

April 26, 2018

Calculation of Qualified Contract Amount

Project Name: Park Trace Apartments
Project Number: TN-97-026

A. Calculation of Low-Income Portion:

(i) Outstanding Unpaid Indebtedness secured by, or with respect to the Buildings (from <i>Worksheet A</i>)	\$	<u>1,373,244</u>
(ii) Adjusted Investor Equity (from <i>Worksheet B</i>)	\$	<u>4,643,609</u>
(iii) Other Capital Contributions not reflected in (i) or (ii) (from <i>Worksheet C</i>)	\$	<u>332,505</u>
(iv) Total of (i), (ii) and (iii)	\$	<u>6,349,358</u>
(v) Cash Distributions from, or available from, the Project (from <i>Worksheet D</i>)	\$	<u>128,396</u>
(vi) Line (iv) reduced by Line (v)	\$	<u>6,220,962</u>
(vii) Applicable fraction (as set forth in the Land Use Restrictive Covenant)		<u>100%</u>
(viii) Low-Income Portion of Qualified Contract Amount [Line (vi) multiplied by Line (vii)]	\$	<u>6,220,962</u>

B. Fair Market Value of Non Low-Income Portion (from *Worksheet E*) \$ 129,600

C. Qualified Contract Amount [sum of Line A(viii) and Line B)] \$ 6,350,562

Worksheet A
Calculation of Outstanding Unpaid Indebtedness
With Respect to Low-Income Building(s)

Instructions:

The Qualified Contract Amount includes the **unpaid** balance of all secured and unsecured indebtedness for the low-income buildings in the Project that does not exceed the amount of “qualified building costs,” as defined in the Regulations. Any refinancing indebtedness or additional debt in excess of “qualified building costs” are not considered outstanding unpaid indebtedness for purposes of *Worksheet A*. Outstanding unpaid indebtedness does not include debt used to finance non-depreciable land costs, syndication, legal or accounting costs, or operating deficit payments. *Worksheet A* requires certain information for each mortgage loan and other Project indebtedness including, without limitation, lender name, unpaid principal balance, accrued interest, maturity date, and other relevant information.

In the sections marked “Other Information” (subsections (v) for each loan), set forth any information with respect to the loan that may be relevant to THDA’s efforts to market the Project. Examples of relevant information include whether the loan has a “due-on-sale” clause or if any portion of the loan is payable from net cash flow (i.e., is “soft” debt).

In addition to secured indebtedness, also list any unsecured, long-term debt the proceeds of which were used directly in the construction, rehabilitation, or operations of the Project.

The unpaid principal balance and accrued interest for each loan presented on *Worksheet A* should be totaled and entered in Section A, Line (i) of the Calculation of Qualified Contract Amount form.

Worksheet B
Calculation of Adjusted Investor Equity

Instructions:

The Qualified Contract Amount includes the sum of the “Adjusted Investor Equity” for the Project as defined in Section 42(h)(6)(G) and in the Regulations.

Not all capital contributions with respect to the Project qualify as “Adjusted Investor Equity.” Specifically, cash invested in the Project should be included in *Worksheet B* only if each of the following is true:

- (i) The cash is contributed as a capital contribution and not as a loan or advance;
- (ii) The amount is reflected in the adjusted basis of the Project (ie. cash contributions used to directly fund adjusted basis and cash contributions used to pay off a construction or bridge loan, the proceeds of which directly funded adjusted basis, unless other guidance is provided by the IRS); and
- (iii) There was an obligation to invest the amount as of the beginning of the credit period (i.e. cash actually invested before the beginning of the credit period and cash invested after the beginning of the credit period for which there was an obligation to invest at the beginning of the credit period, unless other guidance is provided by the IRS).

Subsection (i) of *Worksheet B* requires identification of the investor for each calendar year. Typically, this will be the tax credit investor (i.e., the investor limited partner); however, it may include a general partner if the cash investment by a general partner otherwise satisfies the requirements.

Subsection (ii) of *Worksheet B* requires identification of the amount of qualifying cash equity that was invested in the Project for that calendar year. This amount should include only cash that was actually contributed to the Project that year; it should not include amounts for which there was a mere obligation to invest.

Subsection (iii) of *Worksheet B* identifies the cost-of-living adjustment for each calendar year. Investment amounts qualifying as investor equity are entitled to a cost-of-living adjustment. The applicable cost-of-living adjustment for each year is based on the Consumer Price Index – All Urban Consumers (“CPI”) available through the U.S. Department of Labor, Bureau of Labor Statistics. Pursuant to I.R.C.

§ 1(f)(4) and Section 42(h)(6)(G)(ii), the CPI adjustment is calculated for each twelve-month period ending August 31st. The CPI figures for each calendar year can be found at the following website: <http://www.bls.gov/data/>.

After calculating the investment amount and cost-of-living adjustment, if any, for each year, on *Worksheet B*, sum the subtotals to determine Total Adjusted Investor Equity and transfer this amount to Section (A), Line (ii) of the Calculation of Qualified Contract Amount Form.

Worksheet B
Calculation of Adjusted Investor Equity

Project Name: Park Trace Apartments

Project Number: TN-97-026

As of December 31, 2017

1. 1997 Adjusted Investor Equity

(i) Investor:	<u>Boston Capital Tax Credit Fund IV, L.P. – Series 30</u>	
(ii) Investment Amount		\$ 3,353,303
(iii) Cost of Living Adjustment:	<u>50.0720378173%</u>	<u>1,679,067</u>
	Subtotal	\$ 5,032,370

Total Adjusted Investor Equity (sum of all Subtotals) \$ 5,032,370

Allocation Factor (See Attachment) 92.28%

Total Adjusted Investor Equity Allocated to Eligible Basis \$ 4,643,609

Worksheet C
Calculation of Other Capital Contributions

Instructions:

The Qualified Contract Amount includes the amount of other capital contributions made for the Project. “Other capital contributions” are not limited to cash and may include “in-kind” contributions such as land, and any loan used to finance capital improvements after the first year of the low-income housing credit period so long as the loan is not secured by the capital improvement itself or the building. Any non-cash contributions included in *Worksheet C* must be described in detail and must include, without limitation, the type of contribution, the value assigned to the contribution, and justification for assigning that value.

Do not include in *Worksheet C* any amounts included in *Worksheets A or B*. Further, all amounts included in *Worksheet C* must constitute contributed capital and not be a debt or advance. “Other capital contributions” do not include expenditures for land costs, operating deficit payments, credit adjuster payment and payments for legal, syndication and accounting costs.

After identifying the contributions, if any, for each year, on *Worksheet C*, sum the subtotals to determine Total of Other Contributions and transfer this amount to Section (A), Line (iii) of the Calculation of Qualified Contract Amount Form.

Attachment to Worksheet B
Computation of Allocation Factor

	<u>Cost or basis</u>	<u>Allocation Factor - Basis</u>	<u>Allocation Factor - Non-basis</u>
Land	\$302,350	0.00%	5.74%
Site Work	277,884	5.28%	0.00%
New Building Hard Costs	3,379,809	64.19%	0.00%
General Requirements	207,890	3.95%	0.00%
Contractor Overhead	77,312	1.47%	0.00%
Contractor Profit	231,605	4.40%	0.00%
Architect Fee-Design	43,680	0.83%	0.00%
Architect Fee-Supervision	10,920	0.21%	0.00%
Real Estate Attorney	8,580	0.00%	0.16%
Other-Engineering	35,853	0.68%	0.00%
Construction Interest	46,500	0.88%	0.00%
Construction Loan Origin Fee	27,600	0.52%	0.00%
Legal	23,791	0.19%	0.26%
Taxes	208	0.00%	0.00%
Permanent Loan Origin Fee	9,200	0.00%	0.17%
Title and Recording	11,093	0.00%	0.21%
Property Appraisal	3,500	0.07%	0.00%
Market Study	900	0.02%	0.00%
Environmental Study	2,100	0.04%	0.00%
Tax Credit Fees	18,261	0.35%	0.00%
Monitoring Fees	16,800	0.00%	0.32%
Other: Inspection Fees	8,616	0.16%	0.00%
Other: Personal Property	17,454	0.33%	0.00%
Other: Accounting Fee	4,000	0.08%	0.00%
Other: Bank Fees	182	0.00%	0.00%
Other: Filing Fees	338	0.01%	0.00%
Developer's Fee	454,000	8.62%	0.00%
Rent-Up Reserve	45,000	0.00%	0.85%
	<u>\$ 5,265,426</u>	<u>92.28%</u>	<u>7.72%</u>

Worksheet C
Calculation of Other Capital Contributions

Project Name: Park Trace Apartments

Project Number: TN-97-026

1. 2016 Investment Amount **\$ 332,505**

(i) Name of Investor: Park Wood, LLC

(ii) Date of Investment: 2000 – 2015

(iii) Use of Contributions/Proceeds: Qualifying Building Costs

(iv) Other Information:

Total of Other Contributions (Sum of all Investment Amounts) **\$ 332,505**

Worksheet D
***Calculation of Cash Distributions from,
or available from, the Project***

Instructions:

The Qualified Contract Amount is reduced by the total of all cash distributions from, or available from, the Project.

In Section A of *Worksheet D*, set forth all cash distributions from the Project beginning with the Base Calendar Year “BCY” (the calendar year of the first taxable year of the credit period) through the date of the completion of *Worksheet D*. “All cash distributions” shall include all cash payments and distributions from net operating income (i.e., “below the line” distributions and payments, after the payment of operation expenses, debt service and reserve). Distributions set forth in Section A of *Worksheet D* shall include, but not be limited to, (i) amounts paid to partners or affiliates as fees (including, but not limited to, investor fees, partnership management fees, incentive management fees and guaranty fees) and (ii) amounts distributed to partners as a return of capital or otherwise. Section A of *Worksheet D* provides for distributions of net operating income for each year. If there were more in any calendar year, attach an addendum to *Worksheet D* setting forth the recipient, characterization and amount of such distribution.

The Qualified Contract Amount is reduced by cash distributions made and by all cash that is available for distribution. In Section B of *Worksheet D*, set forth all amounts held in reserve and in other Project accounts and the amounts that are available for distribution. Proceeds from refinancing indebtedness or additional secured debt in excess of qualified building costs are not considered cash available for distribution.

To complete *Worksheet D*, total the qualifying cash distributed for all calendar years under Section A and the cash available (or that shall be available) for distribution in Section B. The total of Sections A and B should be entered in Section A, Line (v) of the Calculation of Qualified Contract Amount Form.

Worksheet D
Calculation of Cash Distributions from,
or available from, the Project

Project Name: Park Trace Apartments

Project Number: TN-97-026

Section A: CASH DISTRIBUTED

1. 2000 Distribution
 - (i) **Total Distributions** \$ 3,835
 - (ii) Recipient: Park Wood, LLC
 - (iii) Characterization of Distribution (i.e. return of capital, fee, etc.): Partnership Management Fee
 - _____
 - _____

2. 2000 Distribution
 - (i) **Total Distributions** \$ 8,000
 - (ii) Recipient: BCTC 94, Inc.
 - (iii) Characterization of Distribution (i.e. return of capital, fee, etc.): Asset Management Fee
 - _____
 - _____

3. 2001 Distribution
 - (i) **Total Distributions** \$ 8,000
 - (ii) Recipient: BCTC 94, Inc.
 - (iii) Characterization of Distribution (i.e. return of capital, fee, etc.): Asset Management Fee
 - _____
 - _____

4. 2002 Distribution
 - (i) **Total Distributions** \$ 8,000
 - (ii) Recipient: BCTC 94, Inc.
 - (iii) Characterization of Distribution (i.e. return of capital, fee, etc.): Asset Management Fee
 - _____
 - _____

5. 2004 Distribution
- (i) **Total Distributions** \$ 16,000
 - (ii) Recipient: BCTC 94, Inc.
 - (iii) Characterization of Distribution (i.e. return of capital, fee, etc.): Asset Management Fee
-
-
6. 2008 Distribution
- (i) **Total Distributions** \$ 32,000
 - (ii) Recipient: BCTC 94, Inc.
 - (iii) Characterization of Distribution (i.e. return of capital, fee, etc.): Asset Management Fee
-
-
7. 2009 Distribution
- (i) **Total Distributions** \$ 8,000
 - (ii) Recipient: BCTC 94, Inc.
 - (iii) Characterization of Distribution (i.e. return of capital, fee, etc.): Asset Management Fee
-
-
8. 2017 Distribution
- (i) **Total Distributions** \$ 19,000
 - (ii) Recipient: Park Trace LP Holdings, LLC
 - (iii) Characterization of Distribution (i.e. return of capital, fee, etc.): Asset Management Fee
-
-

Section B: CASH AVAILABLE FOR DISTRIBUTION:

1. Amounts Held in Replacement Reserve Accounts	\$	7,529		
a. Amount available for Distribution			\$	0
2. Amounts Held in Operating Reserve Account	\$	0		
a. Amount available for Distribution			\$	0
3. Amounts Held in Other Reserve Accounts	\$	48,247		
<i>(Identify each account, the terms thereof, and amount paid therein)</i>				
escrow, and insurance escrow accounts			<u>Tenant security deposits, property tax</u>	
a. Amount available for Distribution			\$	0
4. Amounts Held in Partnership Accounts	\$	25,561		
a. Amount available for Distribution			\$	25,561
Total Cash Available for Distribution				
(Sum of Lines 1a – 4a)			\$	25,561
Total Cash Distributed and Available for Distribution				
(Sum of Sections A and B)			\$	128,396

Worksheet E
Fair Market Value of Non-Low-Income Portion of the Project

Project Name: Park Trace Apartments

Project Number: TN-97-026

The fair market value of the non-low-income portion of the Project is: \$129,600

Attach to *Worksheet E* an appraisal, study, methodology proof or other support for the fair market value of the non-low-income portion of the Project. The fair market value of the non-low-income portion shall include the fair market value of the land underlying the entire Project (both the non-low-income portion and the low-income portion). This value must take into account the existing and continuing requirements contained in the Land Use Restrictive Covenant for the Project.

By entering a number in the section above, you are certifying that the appraiser used is not currently on any list for active suspension or revocation for performing appraisals in any State and is not listed on the Excluded Parties Lists System (EPLS) maintained by the General Services Administration for the United States Government found at:

The fair market value of the underlying land included in the fair market value of the non-low-income portion of the Project stated above was determined in one of the following ways:

- (i) X the value attributed to the underlying land by the county property appraiser in the most recent year assessed value of the Project, in which case a copy of the Project appraiser's assessment, with a break-out of the land value, is included as an attachment to this worksheet; or
- (ii) ___ The "owner's appraised value" as that term is used in Section 1.42-18(b)(3), in which case a copy of the real estate appraisal which meets the requirements of Section 1.42-18(b)(3) is included as an attachment to this worksheet.

The fair market value identified above should be entered in Section B of the Calculation of Qualified Contract Request Form.

State of Tennessee  Comptroller of the Treasury
Real Estate Assessment Data

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County Number: **057**

County Name: **MADISON**

Tax Year: **2017**

Property Owner and Mailing Address

Jan 1 Owner:

MADISON PARTNERS LP
FELLERS SCHEWESCOTT ETAL
P O BOX 450233
ATLANTA, GA 31145

Current Owner:

MADISON PARTNERS LP
FELLERS SCHEWESCOTT ETAL
P O BOX 450233
ATLANTA, GA 31145

Property Location

Address: PARK WOOD TRACE 100

Map: 064 Grp: Ctrl Map: 064 Parcel: 074.00 Pl: S/I: 000

Value Information

Reappraisal Year: 2014

Land Mkt Value: \$129,600

Improvement Value: \$1,514,700

Total Market Appraisal: \$1,644,300

Assessment %: 40

Assessment: \$657,720

General Information

Class: 08 - COMMERCIAL

City #: 359 City: JACKSON

SSD1: 000 SSD2: 000

District: 05 Mkt Area: F50

Bldgs: 12 # Mobile Homes: 0

Utilities - Water / Sewer: 03 - PUBLIC / INDIVIDUAL Utilities - Electricity: 01 - PUBLIC

Utilities - Gas / Gas Type: 00 - NONE Zoning:

Subdivision Data

Subdivision:

Plat Bk: Plat Pg: Block: Lot:

Additional Description

PROP ADD CORRECTED PER CARLOS E911 03/20/2017 #49