



**Independent Accountant's Report on  
Applying Agreed-Upon Procedures**

**Cleveland Partners, L.P.**

**December 31, 2017**



Independent Accountant's Report on  
Applying Agreed-Upon Procedures

To:

Tennessee Housing Development Agency (THDA)  
Andrew Jackson Building Third Floor  
502 Deaderick St., Nashville, TN 37243

And

Tim Palmieri  
Cleveland Partners, L.P.  
c/o Ambling Companies  
348 Enterprise Drive  
Valdosta, GA 31601

Re: Parktowne Apartments (the Project)

At the request of the general partner of the Owner, we have performed certain procedures as enumerated below which were agreed to by the general partner of the Owner and in accordance with THDA requirements with respect to the computations and Exhibit A and Worksheets A through E of Exhibit A (collectively, the Supporting Schedules) supplied to us and attached to this report as well as other records and information supplied to us. These procedures were performed solely to assist you with respect to whether the appropriate items and amounts were included in the calculation of the Qualified Contract Price of the Project as of December 31, 2017 in accordance with Internal Revenue Code (IRC) Section 42(h)(6)(F) through (H) and Treasury Regulation (Treas. Reg.) Section 1.42-18(c)(1) through (6) (the Calculation). Management of the Owner is responsible for preparation of the Calculation and its records supporting the Calculation. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Owner and THDA. Consequently, we make no representations regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and findings identified were as follows:

**A) Worksheet A – Calculation of Outstanding Indebtedness With Respect to the Low-Income Building(s) [IRC Section 42(h)(6)(F)(i)(I) and Treas. Reg. Section 1.42-18(c)(3)]**

1. We compared the outstanding balance of the mortgage payable to the outstanding balance on the audited financial statements obtained from the Owner.

**No exceptions were noted.**

2. We recalculated “total indebtedness”.

**No exceptions were noted.**

3. We recalculated the Outstanding Indebtedness Limitation for original non-Qualifying Building Costs funded by the total indebtedness.

**No exceptions were noted.**

4. We compared the Qualifying Building Costs in accordance with Treas. Reg. Sections 1.42-18(b)(4)(i) and 1.42-18(b)(4)(ii) to the eligible building and other depreciable assets as reflected on the cost certification obtained from the Owner.

**No exceptions were noted.**

5. We recalculated the limitations for original non-Qualifying Building Costs funded by the total indebtedness.

**No exceptions were noted.**

6. We compared the additional Qualifying Building Costs in accordance with Treas. Reg. Section 1.42-18(b)(4)(iii) to fixed asset additions as reflected in tax returns obtained from the Owner.

**No exceptions were noted.**

7. We recalculated total Qualifying Building Cost Limitation.

**No exceptions were noted.**

8. We agreed the Outstanding Indebtedness was the lesser of the Outstanding Indebtedness Limitation, as recalculated in procedure 3 above, and the Qualifying Building Cost Limitation as recalculated in procedure 7 above.

**No exceptions were noted.**

**B) Worksheet B – Calculation of Adjusted Investor Equity in the Low-Income Building [IRC Section 42(h)(6)(F)(i)(II) and Treas. Reg. Section 1.42-18(c)(4)]**

1. We compared the unadjusted investment amount for each year to the capital contributions in each year's audited financial statement obtained from the Owner.

**We compared the unadjusted investment amount each year to the capital contributions in each year's federal tax return from 1998 to 2001 and audited financial statement from 2002 to 2017 obtained from the Owner. No exceptions were noted.**

2. We recalculated the cost-of-living adjustment percentage for each year by dividing the CPI-U index for the Base Calendar Year by the CPI-U index for the 'as of' date, the Base Calendar Year as established pursuant to the definition of Base Calendar Year under IRC Sec. 42(h)(6)(G)(i) and Treas. Reg. Section 1.42-18(c)(4)(iv) and adjusting for CPI-U annual increases exceeding 5% under IRC Sec. 42(h)(6)(G)(ii) and Reg. 1.42-18(c)(4)(vi)(D) (CPI-U factors obtained from the Department of Labor CPI report) and subtracting 1 (one) from the result.

**No exceptions were noted.**

3. We recalculated the adjusted investment amount for each year by multiplying each year's unadjusted investment amount by the cost-of-living adjustment percentage applicable to such year and adding the product to the unadjusted investment amount for each applicable year.

**No exceptions were noted.**

4. We recalculated the total adjusted investor equity by adding the adjusted investment amount for each year.

**No exceptions were noted.**

5. We recalculated the reduction for non-Qualifying Building Costs funded by the investment amount.

**No exceptions were noted.**

**C) Worksheet C – Calculation of Other Capital Contributions [IRC Section 42(h)(6)(F)(i)(III) and Treas. Reg. Section 1.42-18(c)(5)]**

1. We compared the investment amount for each year to the 'other capital contributions' in each year's audited financial statement obtained from the Owner.

**We compared the investment amount for each year to the 'other capital contributions' in each year's federal tax return from 1998 to 2001 and audited financial statement from 2002 to 2017 obtained from the Owner. No exceptions were noted.**

**D) Worksheet D – Calculation of Cash Distributions From or Available From the Project [IRC Section 42(h)(6)(F)(ii) and Treas. Reg. Section 1.42-18(c)(6)]**

1. We compared the total distribution amount for each year to the distributions per each year's audited financial statement obtained from the Owner.

**We compared the total distribution amount for each year to the distributions per each year's federal tax return from 1998 to 2001 and audited financial statement from 2002 to 2017 obtained from the Owner. No exceptions were noted.**

2. We compared the total cash available for distribution to the cash balances per the balance sheet in the most recent audited financial statement and obtained a representation from the Owner that the amounts excluded as cash available for distribution remain with the building following the sale.

**We compared the total cash available for distribution to the cash balances per the balance sheet in the audited financial statement as of December 31, 2017 and obtained a representation from the Owner that the amounts excluded as cash available for distribution remain with the building following the sale. No exceptions were noted.**

**E) Worksheet E – Fair market value of non low-income portion of the building [IRC Sec. 42(h)(6)(F)]**

1. We compared the Fair Market Value of the non low-income portion of the building to the property appraisal obtained from the Owner.

**No exceptions were noted.**

**F) Exhibit A - Calculation of Qualified Contract Price**

1. We compared the component amounts of the Qualified Contract Price as presented on Exhibit A to the applicable supporting schedule (Worksheets A through E of Exhibit A).

**No exceptions were noted.**

2. We compared the applicable fraction as presented on Exhibit A to the Extended Low-Income Housing Agreement obtained from the Owner.

**No exceptions were noted.**

3. We recalculated the Qualified Contract Price as \$6,921,736 presented on Exhibit A.

**No exceptions were noted.**

We were not engaged to, and did not perform an audit or examination, the objective of which would be the expression of an opinion or conclusion on the calculation of the Qualified Contract Price and Supporting Schedules. 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 the Owner and THDA and is not intended to be and should not be used by anyone other than these specified parties.

*Tidwell Group, LLC*

Atlanta, Georgia  
January 30, 2018

**Parktowne Apartments  
Worksheet A**

**December 31, 2017**

**Calculation of Outstanding Indebtedness With Respect to Low-Income Building(s)\*  
IRC Section 42 (h)(6)(F) and Treas. Reg. Section 1.42-18(c)(3)**

**First Mortgage Loan:**

Lender:	Greystone Funding Corporation	
Principal Balance		\$ 2,272,929
Accrued Interest		\$ 7,368
Maturity Date	1/1/2051	
Other information	Fixed Interest Rate at 3.89%	
	Subtotal	\$ 2,280,297

**Second Mortgage Loan:**

Lender:		
Principal Balance		
Accrued Interest		
Maturity Date		
Other Information		
	Subtotal	\$ -

**Third Mortgage Loan:**

Lender:		
Principal Balance		\$ -
Accrued Interest		
Maturity Date		
Other Information		
	Subtotal	\$ -

**Other Indebtedness:**

Lender:		
Principal Balance		
Accrued Interest		
Maturity Date		
Other Information		
	Subtotal	\$ -

**Other Indebtedness:**

Lender:		
Principal Balance		
Accrued Interest		\$ -
Maturity Date		
Other Information		
	Subtotal	\$ -

Total Indebtedness	\$ 2,280,297
Total Indebtedness with Respect to Building(s)	\$ 2,280,297
Qualifying Building Cost Limitation	\$ 1,526,426
<b>Total Indebtedness with Respect to Low-Income Portion of the Building(s)</b>	<b>\$ 1,526,426</b>

See Independent Accountant's Report.

**Parktowne Apartments**  
**Worksheet B**  
**December 31, 2017**  
**Calculation of Adjusted Investor Equity In the Low-Income Building(s)**  
**IRC Section 42 (h)(6)(F)(i)(II)**

The Cost of Living Adjustment is calculated using the Base Calendar Year as the beginning point for the adjustment. Base Calendar Year means the calendar year with or within which the first taxable year of the credit period ends.

F = Fiscal or C = Calendar Year

Base Year for Adjustments

On what year-end tax return did the property first claim credits?

Cost of Living Adjustment for Base Year

C
1998
1998
50.0720%

Year	General Partner(s)/ Managing Member(s)	Limited Partner (s)/ Investor Member (s)	Other Partner (s) / Other Member (s)	Total Investor Equity Contribution	Cost of Living Adjustment	Total Adjusted Investor Equity Contribution
1997	\$ -	\$ 3,363,087	\$ -	\$ 3,363,087	50.0720%	\$ 5,047,053
1998	-	-	-	-	50.0720%	-
1999	-	-	-	-	50.0720%	-
2000	-	-	-	-	50.0720%	-
2001	-	-	-	-	50.0720%	-
2002	-	-	-	-	50.0720%	-
2003	-	-	-	-	50.0720%	-
2004	-	-	-	-	50.0720%	-
2005	-	-	-	-	50.0720%	-
2006	-	-	-	-	50.0720%	-
2007	-	-	-	-	50.0720%	-
2008	-	-	-	-	50.0720%	-
2009	-	-	-	-	50.0720%	-
2010	-	-	-	-	50.0720%	-
2011	-	-	-	-	50.0720%	-
2012	-	-	-	-	50.0720%	-
2013	-	-	-	-	50.0720%	-
2014	-	-	-	-	50.0720%	-
2015	-	-	-	-	50.0720%	-
2016	-	-	-	-	50.0720%	-
2017	-	-	-	-	50.0720%	-
Totals	\$ -	\$ 3,363,087	\$ -	\$ 3,363,087		\$ 5,047,053

See Independent Accountant's Report.



**Parktowne Apartments  
Worksheet C  
December 31, 2017  
Other Capital Contributions  
IRC Section 42 (h)(6)(F)(i)(II)**

Year	Name of Investor	Investment Amount	Use of Contributions/Proceeds
1998		\$ -	
1999		-	
2000	Boston Capital Tax Credit Fund IV, L.P., BCTC 94, Inc. & Parkland LLC, G.P.	10,513	Qualifying Building Costs
2001	Boston Capital Tax Credit Fund IV, L.P., BCTC 94, Inc. & Parkland LLC, G.P.	14,104	Qualifying Building Costs
2002	Boston Capital Tax Credit Fund IV, L.P., BCTC 94, Inc. & Parkland LLC, G.P.	12,773	Qualifying Building Costs
2003	Boston Capital Tax Credit Fund IV, L.P., BCTC 94, Inc. & Parkland LLC, G.P.	23,887	Qualifying Building Costs
2004	Boston Capital Tax Credit Fund IV, L.P., BCTC 94, Inc. & Parkland LLC, G.P.	13,479	Qualifying Building Costs
2005	Boston Capital Tax Credit Fund IV, L.P., BCTC 94, Inc. & Parkland LLC, G.P.	4,653	Qualifying Building Costs
2006	Boston Capital Tax Credit Fund IV, L.P., BCTC 94, Inc. & Parkland LLC, G.P.	27,031	Qualifying Building Costs
2007	Boston Capital Tax Credit Fund IV, L.P., BCTC 94, Inc. & Parkland LLC, G.P.	49,077	Qualifying Building Costs
2008	Boston Capital Tax Credit Fund IV, L.P., BCTC 94, Inc. & Parkland LLC, G.P.	25,033	Qualifying Building Costs
2009	Boston Capital Tax Credit Fund IV, L.P., BCTC 94, Inc. & Parkland LLC, G.P.	27,623	Qualifying Building Costs
2010	Boston Capital Tax Credit Fund IV, L.P., BCTC 94, Inc. & Parkland LLC, G.P.	26,379	Qualifying Building Costs
2011	Boston Capital Tax Credit Fund IV, L.P., BCTC 94, Inc. & Parkland LLC, G.P.	19,030	Qualifying Building Costs
2012	Boston Capital Tax Credit Fund IV, L.P., BCTC 94, Inc. & Parkland LLC, G.P.	48,178	Qualifying Building Costs
2013	Boston Capital Tax Credit Fund IV, L.P., BCTC 94, Inc. & Parkland LLC, G.P.	21,024	Qualifying Building Costs
2014	Parktowne LP Holdings, LLC & Parkland, LLC	41,323	Qualifying Building Costs
2015	Parktowne LP Holdings, LLC & Parkland, LLC	83,943	Qualifying Building Costs + Cash Contributions
2016	Parktowne LP Holdings, LLC & Parkland, LLC	125,247	Qualifying Building Costs
2017	Parktowne LP Holdings, LLC & Parkland, LLC	29,942	Qualifying Building Costs
		<u>\$ 603,239</u>	Total

See Independent Accountant's Report.

**Parktowne Apartments**  
**Worksheet D**  
**December 31, 2017**  
**Cash Distributions From or Available From the Project**  
**IRC Section 42 (h)(6)(F)(ii)**

**Section A. Cash Distributed**

Year	General Partner(s)/ Managing Member(s)	Limited Partner (s)/ Investor Member (s)	Other Partner (s) / Other Member (s)	Total Distributions	Description
1998	\$ -	\$ -	\$ -	\$ -	
1999	-	-	-	-	
2000	-	-	-	-	
2001	-	-	-	-	
2002	-	8,000	-	8,000	Asset Management Fee
2003	-	8,000	-	8,000	Asset Management Fee
2004	-	8,000	-	8,000	Asset Management Fee
2005	-	-	-	-	
2006	-	-	-	-	
2007	-	-	-	-	Partnership Management Fee
2008	-	24,000	-	24,000	Asset Management Fee
2009	-	8,000	-	8,000	Asset Management Fee
2010	-	8,000	-	8,000	Asset Management Fee
2011	-	8,000	-	8,000	Asset Management Fee
2012	-	16,000	-	16,000	Asset Management Fee
2013	-	-	-	-	
2014	-	-	-	-	
2015	29,333	23,333	-	52,666	Partnership Management Fee & AMF
2016	22,293	7,333	-	29,626	Partnership Management Fee & AMF
2017	31,689	8,000	-	39,689	Partnership Management Fee & AMF
Totals	\$ 83,315	\$ 126,666	\$ -	\$ 209,981	

See Independent Accountant's Report.

**Parktowne Apartments**  
**Worksheet D - continued**  
**December 31, 2017**  
**Cash Distributions From or Available From the Project**  
**IRC Section 42 (h)(6)(F)(ii)**

**Section B Available for Distribution**

Amounts Held in Replacement Reserve Account(s)	\$ 163,005
Amount Available for Distribution	\$ -
Amounts Held in Operating Reserve Account(s)	\$ -
Amount Available for Distribution	\$ -
Amounts Held in Other Reserve Accounts	
<b>Cash</b>	
Amount Held	\$ 45,001
Amount Available for Distribution	\$ 45,001
<b>Security Deposits</b>	
Amount Held	\$ 22,741
Amount Available for Distribution	\$ -
<b>Tax and Insurance</b>	
Amount Held	\$ 61,609
Amount Available for Distribution	\$ -
Total Amount Available for Distribution:	\$ 45,001
Total Cash Dist. & Avail. For Dist.	\$ 254,982

See Independent Accountant's Report.

**Parktowne Apartments**  
**Worksheet E**  
**December 31, 2017**  
**Fair Market Value of Non-Low Income Portion of Building and Land**  
**IRC Section 42 (h)(6)(F)(ii)**

The fair market value of the non-low-income portion of the Project is:   \$255,800  

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: [www.epls.gov](http://www.epls.gov).

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.

See Independent Accountant's Report.

**Parktowne Apartments**  
**Exhibit A**  
**December 31, 2017**  
**Calculation of Qualified Contract Price**  
**IRC Section 42 (h)(6)(F) and Treas. Reg. Section 1.42-18(c)(1) through (6)**

**A. Calculation of Low-Income Portion of Payment:**

(i)	Outstanding Indebtedness secured by or with respect to the Buildings <i>(from Worksheet A)</i>	\$ 1,526,426
(ii)	Adjusted Investor Equity <i>(from Worksheet B)</i>	\$ 5,047,053
(iii)	Other Capital Contributions not reflected in (i) or (ii) <i>(from Worksheet C)</i>	\$ 603,239
(iv)	Total of (i), (ii) and (iii)	\$ 7,176,718
(v)	Cash Distributions from or available from the Project <i>(from Worksheet D)</i>	\$ (254,982)
(vi)	Line (iv) reduced by Line (v)	\$ 6,921,736
(vii)	Applicable fraction	100.00%
(viii)	Low-Income Portion of Qualified Contract Price (Line (vi) multiplied by Line (vii))	\$ 6,921,736

**B. Fair Market Value of Non Low-Income Portion of Building(s) *(from Worksheet E)*** \$ 255,800

**C. Qualified Contract Price (Sum of Line A (viii) and Line B)** \$ 7,177,536

See Independent Accountant's Report.