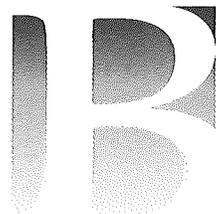


DAVIS PLACE, LLC
CHAPTER 40B MAXIMUM ALLOWABLE PROFIT
FROM SALES
CHAPTER 40B PROJECT COSTS
July 31, 2008



**Benoit
&
Associates, LLC**

DAVIS PLACE, LLC

**CHAPTER 40B MAXIMUM ALLOWABLE PROFIT
FROM SALES**

CHAPTER 40B PROJECT COSTS

July 31, 2008

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Benoit
&
Associates, LLC

William A. Benoit, CPA
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Certified Public Accountants & Advisors to Successful People

INDEPENDENT ACCOUNTANTS' REPORT

To the Members of
Davis Place, LLC

We have examined the accompanying Schedules of Chapter 40B Maximum Allowable Profit from Sales and Total Chapter 40B Project Costs of Davis Place, LLC as of July 31, 2008. These schedules are the responsibility of management of Davis Place, LLC. Our responsibility is to express an opinion on these schedules based on our examination.

Our examination was conducted in accordance with attestation standards established by the *American Institute of Certified Public Accountants* and, accordingly, included examining, on a test basis, evidence supporting Development Entity's Davis Place, LLC Schedules of Chapter 40B Maximum Allowable Profit from Sales and Total Chapter 40B Project Costs and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As described in Note 1, the schedules were prepared in conformity with the accounting practices prescribed by the requirements of the Massachusetts Housing Finance Agency ("MassHousing"), MGL Chapter 40B, and the Regulations, 760 CMR 31.00, et seq., *Guidelines for Housing Programs in Which Funding is Provided Through a Non-Governmental Entity*, issued by the Department of Housing and Community Development, and applicable sections of the Massachusetts Housing Partnership's *Local 40B Review and Decision Guidelines Appendix: Standards for Determining Whether Permit Conditions Make a 40B Development Uneconomic* (November 2005).

In our opinion, the schedules referred to above present fairly, in all material respects, the Chapter 40B Maximum Allowable Profit from Sales and Total Chapter 40B Project Costs of Development Entity: Davis Place, LLC as of July 31, 2008, in conformity with guidelines prescribed by the Department of Housing and Community Development of Housing and Community Development and MassHousing.

This report is intended solely for the information and use of the partners of Development Entity: Davis Place, LLC, the Commonwealth of Massachusetts, the Department of Housing and Community Development, and the Town of Acton, and is not intended to be and should not be used by anyone other than these specified parties.

Benoit & Associates, LLC

Benoit & Associates, LLC
July 31, 2008
Brockton, Massachusetts

DAVIS PLACE, LLC

Schedule of Chapter 40B Maximum Allowable Profit From Sales

July 31, 2008

This Schedule covers the period from December 2005 to July 31, 2008.

Affordable Unit Fraction 8.77%

SALES REVENUE

	Total Number of Units	Total Dollars
Market Unit Sales	5	\$ 3,006,398
*Market Unit Sales to Related Parties	1	\$ 613,750
Affordable Unit Sales	2	\$ 348,150
Total Sales Revenue		\$ 3,968,298 (A)
Total Project Costs (taken from Schedule of Total Chapter 40B Costs)		\$ 3,712,278 (B)
Computed Profit from Sales		\$ 256,020 (C) = (A) - (B)
**Maximum Allowable Profit - 20% of Total Project Costs		\$ 742,456 (D) = (B) x 20%
Excess Profit		\$ - (C) - (D)
Percent Profit		<u>6.45%</u> (C) / (A)

*Market Unit Sales to Related Parties - use the higher of X or Y:

<u>Unit #</u>	<u>Buyer</u>	Actual Sale Price (x)	Average Sale Price of Highest 3 Arm's Length Sales of Comparable Units (Y)
1	Louis & Gloria Levine	<u>613,750</u>	<u>540,238</u>

**Maximum Allowable Profit from Sales is limited to the lessor of 20% of Total Project Costs or the amount as directed in the Regulatory Agreement.

DAVIS PLACE, LLC
Schedule of Total Chapter 40B Costs
July 31, 2008

<u>Development Item</u>	<u>Total Cost</u>	<u>Per Unit Cost</u>
Site Acquisition	\$ <u>739,317</u>	\$ <u>92,415</u>
Hard Costs		
Site Development Costs		
Roads (including utilities in roads)	31,117	3,890
On-site Septic System	-	-
On-site Water System	-	-
Blasting/Ledge Removal	5,520	690
Rough Grading/Site Prep.	243,066	30,383
Landscaping	95,893	11,987
Utility Connections	18,229	2,279
Residential Construction*	1,779,835	222,479
Sub-total Hard Costs	<u>2,173,660</u>	<u>271,708</u>
Related Party Details**		
Builder's Profit 6%	130,420	16,302
Builder's Overhead 2%	43,473	5,434
General Requirements 6%	130,420	16,302
Total Hard Costs	<u>\$ 2,477,972</u>	<u>\$ 309,747</u>
Soft Costs		
Permits/Surveys	15,375	1,922
Architectural	32,539	4,067
Engineering	20,712	2,589
Legal	25,000	3,125
Insurance	15,624	1,953
Security	3,486	436
Construction Manager	-	-
Property Taxes	9,540	1,193
Construction Loan Interest	49,153	6,144
Closing costs on sales	20,820	2,603
Appraisal	3,300	413
Utilities	101,785	12,723
Accounting	7,170	896
Commissions/Advertising	-	-
Affordable Units	-	-
Market Units	138,485	23,081
Lottery	20,000	2,500
Developer' s Overhead	32,000	4,000
Total Soft Costs	<u>\$ 494,989</u>	<u>\$ 67,644</u>
Total Development Costs	<u>\$ 3,712,278</u>	<u>\$ 469,805</u>
Per Square Foot Hard Costs		
Market Type 1	\$ 122.82	
Market Type 2	\$ 129.01	
Affordable Unit	\$ 117.63	

*To be supported by RS Means data.

**To be completed when General Contractor or Construction Manager is a Related Party.

The costs listed here should not be included in the other cost line items.

DAVIS PLACE, LLC

Notes to Schedules

July 31, 2008

1. Organization and Significant Accounting Policies

Organization:

Davis Place, LLC, a Massachusetts limited liability company, was formed on September 25, 2006, to acquire, develop and sell 8 units of residential housing, including 2 units for qualifying low income families in Acton, Massachusetts. Substantial completion of the project occurred in April 2008, when the last of the certificates of occupancy was obtained. The members of Davis Place, LLC are Northeast Site Development, LLC (50%) and John J. Flannery, Inc. (50%). The members of Northeast Site Development, LLC are Joseph M. Levine and Gloria J. Levine (Michael D. Levine was a member, but his membership was terminated during the project). Edward W. Flannery is the sole stockholder of John J. Flannery, Inc.

Basis of Presentation:

The accompanying Schedules have been prepared utilizing the format prescribed by the Massachusetts Housing Finance Agency, as Project Administrator for the Department of Housing and Community Development. The purpose of these Schedules is to facilitate the review and determination of the project's allowable profit from sales.

Basis of Accounting:

The accompanying Schedules have been prepared in conformity with the accounting practices prescribed by the requirements of the Massachusetts Housing Finance Agency ("MassHousing"), MGL Chapter 40B, and the Regulations, 760 CMR 31.00, et seq., *Guidelines for Housing Programs in Which Funding is Provided Through a Non-Governmental Entity*, issued by the Department of Housing and Community Development, and applicable sections of the Massachusetts Housing Partnership's *Local 40B Review and Decision Guidelines Appendix: Standards for Determining Whether Permit Conditions Make a 40B Development Uneconomic* (November 2005) using the accrual basis of accounting.

Estimates:

The presentation of the Schedules in conformity with the basis of accounting described above requires management to make estimates and assumptions that affect the reported amounts of sales and costs during the reporting period. Actual results could differ from those estimates.

2. Financing

Construction financing, in the amount of \$1,500,000, was provided by a construction loan by Middlesex Savings Bank. The loan has been repaid in full. Interest was payable monthly at a rate of 9.25% during construction.

Interest expense consists of the following:

Interest paid monthly	\$	36,537
Points and fees paid		12,616
Total	\$	<u>49,153</u>

DAVIS PLACE, LLC

Notes to Schedules

July 31, 2008

3. Related Party Transactions

Sales of units to Related Parties:

<u>Name of Payee</u>	<u>Nature of Relationship</u>	<u>Amount Paid</u>
Louis & Gloria Levine	Member, Father & wife of Member - Unit 1	\$ 613,750

Purchases of materials/supplies from a Related Party:

<u>Name of Payee</u>	<u>Nature of Relationship</u>	<u>Amount Paid</u>
Barbara Smith	Daughter of Edward W. Flannery Cleaning	\$ 2,400
Flannery Plumbing R S Flannery	Son of Edward W. Flannery-Plumber Distant Cousin of Edward W. Flannery Demolition, Grounds & Sprinkler	\$ 119,916
Scott Flannery	Distant Cousin of Edward W. Flannery Concrete	\$ 14,168
Ernest Merrill Excavating	Grandson of Edward W. Flannery Site Work	\$ 1,260
L. Flannery, III Irrigation	Distant Cousin of Edward W. Flannery Irrigation	\$ 4,925
		\$ 7,800

Purchases of services from a Related Party:

<u>Name of Payee</u>	<u>Nature of Relationship</u>	<u>Amount Paid</u>
D'Agostine, Levine, Parra & Netburn, PC	Father of Joseph M. Levine Husband of Gloria J. Levine Legal Services	\$ 25,000
Joseph M. Levine d/b/a Northeast Site Realty	Joseph M. Levine - Real Estate Broker Edward W. Flannery, Jr. (son of Edward W. Flannery) - Real Estate Salesman	\$ 69,242
Northeast Site Development, LLC	Member of Davis Place, LLC Lottery Agent	\$ 20,000