

# **Towne School Limited Partnership**

40B Cost Certification

September 30, 2012

**Nesseralla & Company, LLC**  
A Public Accounting Firm



TOWNE SCHOOL LIMITED PARTNERSHIP  
40B Cost Certification  
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September 30, 2012

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# NESSERALLA & COMPANY, LLC

*A Public Accounting Firm*

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## Independent Auditors' Report

To the Members of  
Towne School Limited Partnership  
Lowell, Massachusetts

Project Name: Old High School Commons

We have examined the accompanying Schedule of Actual and Budgeted Development Costs, Schedule of Total Chapter 40B Maximum Allowable Developer Fee and Overhead, Total Chapter 40B Project Development Costs, and Schedule Showing Calculation of Owner's Equity under Chapter 40B of Towne School Limited Partnership as of September 30, 2012 (hereinafter referred to as the "Schedules"). These Schedules are the responsibility of management of Towne School Limited Partnership. Our responsibility is to express an opinion on the 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 the Schedules 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 Inter-Agency 40B Rental Cost Certification Guidance for Owners, Certified Public Accountants, and Municipalities (the "Guidance").

Related Parties have been disclosed in the accompanying schedule and notes.

In our opinion, the Schedules present fairly, in all material respects, the Chapter 40B Maximum Allowable Developer Fee and Overhead, Total Chapter 40B Project Development Costs and Calculation of Owner's Equity under Chapter 40B of Towne School Limited Partnership as of September 30, 2012, in conformity with the Guidance.

This report is intended solely for the information and use of the owners of Towne School Limited Partnership, Massachusetts Department of Housing and Community Development, and the City/Town of Acton and is not intended to be and should not be used by anyone other than these specified parties.

*Nesseralla & Company, LLC*

Manchester, New Hampshire  
May 21, 2013



One-Stop Reference No.	USES OF FUNDS	Special Data	a	b	c	d	e
			Final Approved Budget	Actual Costs Paid or Incurred to Date	Accounts Payable Balances	b + c Total Actual Costs	a - d (Over)/Under Budget
<b>Developer Overhead and Fee</b>							
196	Developer Overhead		\$282,654	\$248,718	\$27,514	\$276,232	\$6,422
197	Developer Fee		\$282,654	\$0	\$276,233	\$276,233	\$6,421
	<b>Subtotal -- Developer Overhead &amp; Fee</b>		<b>\$565,308</b>	<b>\$248,718</b>	<b>\$303,747</b>	<b>\$552,465</b>	<b>\$12,843</b>
	<i>Developer Overhead &amp; Fee Percent (of Line 194):</i>		<b>11.62%</b>		<b>60.69%</b>	<b>11.64%</b>	
<b>Capitalized Reserves</b>							
209	Development Reserves		\$0	\$0	\$0	\$0	\$0
210	Initial Rent-Up Reserves		\$71,624	\$72,994	\$0	\$72,994	(\$1,370)
211	Operating Reserves		\$71,624	\$0	\$72,994	\$72,994	(\$1,370)
212	Net Worth Account		\$0	\$0	\$0	\$0	\$0
213	Other Capitalized Reserves		\$95,000	\$0	\$95,000	\$95,000	\$0
214	<b>Subtotal -- Capitalized Reserves</b>		<b>\$238,248</b>	<b>\$72,994</b>	<b>\$167,994</b>	<b>\$240,988</b>	<b>(\$2,740)</b>
198	<b>TOTAL DEVELOPMENT COSTS, including Developer Fee &amp; Overhead and Capitalized Reserves</b>		<b>\$5,667,526</b>	<b>\$4,566,221</b>	<b>\$972,214</b>	<b>\$5,538,435</b>	<b>\$129,091</b>
	<i>TOTAL ACTUAL Development Costs (including fees and reserves) per Res. Unit:</i>	\$369.229					
	<i>TOTAL ACTUAL Development Costs (including fees and reserves) per Gross Res. Sq. Ft.:</i>	\$263.03					

**ATTACHMENT A-1 -- SCHEDULE of ACTUAL and BUDGETED DEVELOPMENT SOURCES AND USES**

**(40B Developments with Tax-Credits)**

DHCD; MassHousing; MassDevelopment; MHP  
(Numbering Per Section 3 of the OneStop 2000 v1.19)

DEVELOPMENT NAME:                     OLD HIGH SCHOOL COMMONS                      
 DEVELOPMENT ENTITY:                     TOWNE SCHOOL LIMITED PARTNERSHIP                      
 Project No.                                     MA12-10107                                      
 Gross Residential Sq. Ft.:                     21056    
 Time Period Covered:                     9/16/2008 - 9/30/2012                      
 Date of this Report:                             9/30/2012    
 Prepared by:                                     NESSERALLA & COMPANY, LLC                    

Street Address:                     3 CHARTER ROAD    
 City or Town                                     ACTON, MA    
 Total No. of Units:                             15    
 Affordable Unit Percentage:                     100%  

Name and Title

  TOWNE SCHOOL LIMITED PARTNERSHIP  

Company or Organization Represented

		a.	b.	c.	d.	e.
SOURCES OF FUNDS		Final Approved Budget	Actual Sources Invested/Paid In to Date	Accounts Receivable Balances	b + c Total Actual Sources	a - d (Over)/Under Budget Budget
<b>Private Equity</b>						
81	Owner's Cash Equity	\$0	\$100	\$0	\$100	(\$100)
82	Tax Credit Equity (Net)	\$2,940,806	\$1,586,008	\$1,277,340	\$2,863,348	\$77,458
83	Developer Fee/Overhead Contributed or Loaned	\$83,720	\$0	\$0	\$0	\$83,720
84	Other Source: Massachusetts Historic Tax Credit (Net)	\$738,000	\$0	\$766,565	\$766,565	(\$28,565)
<b>Sub-Total -- Private Equity</b>		<b>\$3,762,526</b>	<b>\$1,586,108</b>	<b>\$2,043,905</b>	<b>\$3,630,013</b>	<b>\$132,513</b>
<b>Public Equity</b>						
85	HOME Funds, as Grant	\$0	\$0	\$0	\$0	\$0
86	Grant:	\$0	\$0	\$0	\$0	\$0
87	Grant:	\$0	\$0	\$0	\$0	\$0
88	<b>Sub-Total -- Public Equity</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Subordinate Debt</b>						
89	HOME Funds - DHCD	\$0	\$0	\$0	\$0	\$0
90	HOME Funds - Local	\$0	\$0	\$0	\$0	\$0
91	DHCD - HOME	\$675,000	\$50,631	\$614,569	\$665,200	\$9,800
92	DHCD - Afford Housing Trust	\$630,000	\$630,000	(\$9,147)	\$620,853	\$9,147
93	DHCD - Community Based Housing	\$300,000	\$285,000	\$10,644	\$295,644	\$4,356
	Construction Note Payable	\$0	\$1,668,435	(\$1,668,435)	\$0	\$0
	Sponsor Loan	\$300,000	\$300,000	\$0	\$300,000	\$0
	Utility Rebates	\$0	\$26,725	\$0	\$26,725	(\$26,725)
	Deferred Interest	\$0	\$0	\$0	\$0	\$0
	Intercompany Payable - CGDC	\$0	\$19,322	(\$19,322)	\$0	\$0
	Accrued Development Costs	\$0	\$0	\$0	\$0	\$0
94	<b>Sub-Total -- Subordinate Debt</b>	<b>\$1,905,000</b>	<b>\$2,980,113</b>	<b>(\$1,071,691)</b>	<b>\$1,908,422</b>	<b>(\$3,422)</b>
<b>Permanent Debt (Senior):</b>						
95 - 96	MassHousing Loan	\$0	\$0	\$0	\$0	\$0
97	MHP Fund Permanent Loan	\$0	\$0	\$0	\$0	\$0
98	Other Permanent Senior Mortgage	\$0	\$0	\$0	\$0	\$0
99	Other Permanent Senior Mortgage	\$0	\$0	\$0	\$0	\$0
100	<b>Sub-Total -- Permanent Debt (Senior)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
101	<b>TOTAL PERMANENT SOURCES:</b>	<b>\$5,667,526</b>	<b>\$4,566,221</b>	<b>\$972,214</b>	<b>\$5,538,435</b>	<b>\$129,091</b>

**ATTACHMENT A-2 -- SCHEDULE of ACTUAL and BUDGETED DEVELOPMENT SOURCES AND USES  
SHOWING COST ALLOCATIONS**

**(40B Developments with Tax-Credits)**

DHCD: MassHousing; MassDevelopment; MHP  
(Numbering Per Section 3 of the OneStop 2000 v1.19)

DEVELOPMENT NAME:	<u>OLD HIGH SCHOOL COMMONS</u>	Street Address:	<u>3 CHARTER ROAD</u>
DEVELOPMENT ENTITY:	<u>TOWNE SCHOOL LIMITED PARTNERSHIP</u>	City or Town:	<u>ACTON, MA</u>
Project No.:	<u>MA12-10107</u>	Total No. of Units:	<u>15</u>
Gross Residential Sq. Ft.:	<u>21056</u>	Affordable Unit Percentage:	<u>100%</u>
Time Period Covered:	<u>9/16/2008 - 9/30/2012</u>		
Date of this Report:	<u>9/30/2012</u>		
Prepared by:	<u>NESSERALLA &amp; COMPANY, LLC</u>		
	Name and Title		
		Company or Organization Represented	

One-Stop Reference No.	USES OF FUNDS	a. Land	b. Building Shell	c. Rehabilitation or Construction Costs	d. Amortized and Expensed Costs	e. Non-Deductible Costs	f. (sum of a thru e) Total Actual Costs
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**Acquisition Costs**

161	Acquisition: Land	\$0	\$0	\$0	\$27,500	\$0	\$27,500
162	Acquisition: Building	\$0	\$0	\$0	\$0	\$0	\$0
163	<b>Subtotal -- Acquisition Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$27,500</b>	<b>\$0</b>	<b>\$27,500</b>

**Construction Costs -- Structural**

164	Building Structure Costs*	\$0	\$0	\$2,871,739	\$0	\$0	\$2,871,739
165	Contingency	\$0	\$0	\$0	\$0	\$0	\$0
166	<b>Sub-Total -- Building Structure Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,871,739</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,871,739</b>

\* NOTE: At its sole discretion, the Subsidizing Agency may require line item detail for structural

**Construction Costs -- Site Work**

144	Earth Work	\$0	\$0	\$37,590	\$0	\$0	\$37,590
145	Site Utilities	\$0	\$0	\$0	\$0	\$0	\$0
146	Roads & Walks	\$0	\$0	\$0	\$0	\$0	\$0
147	Site Improvement	\$0	\$0	\$94,221	\$0	\$0	\$94,221
148	Lawns & Planting	\$0	\$0	\$85,082	\$0	\$0	\$85,082
149	Geotechnical Conditions	\$0	\$0	\$0	\$0	\$0	\$0
150	Environmental Remediation	\$0	\$0	\$0	\$0	\$0	\$0
151	Demolition	\$0	\$0	\$0	\$0	\$0	\$0
152	Unusual Site Cond	\$0	\$0	\$0	\$0	\$0	\$0
153	<b>Subtotal -- Site Work</b>	<b>\$0</b>	<b>\$0</b>	<b>\$216,893</b>	<b>\$0</b>	<b>\$0</b>	<b>\$216,893</b>

154	<b>Subtotal -- Total Improvement Costs (Structural and Sitework)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,088,632</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,088,632</b>
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**Construction Costs -- General Conditions and Builders Overhead & Profit**

155	General Conditions	\$0	\$0	\$125,423	\$0	\$0	\$125,423
157	Builders Overhead	\$0	\$0	\$0	\$0	\$0	\$0
158	Builders Profit	\$0	\$0	\$304,376	\$0	\$0	\$304,376
	<b>Subtotal -- General Conditions and Builders Overhead &amp; Profit</b>	<b>\$0</b>	<b>\$0</b>	<b>\$429,799</b>	<b>\$0</b>	<b>\$0</b>	<b>\$429,799</b>

159	<b>TOTAL Construction Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,518,431</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,518,431</b>
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One-Stop Reference No.	USES OF FUNDS	a. Land	b. Building Shell	c. Rehabilitation or Construction Costs	d. Amortized and Expensed Costs	e. Non-Deductible Costs	f. (sum of a thru e) Total Actual Costs
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**General Development Costs**

167	Architecture and Engineering	\$0	\$0	\$201,938	\$0	\$0	\$201,938
168	Survey and Permits	\$0	\$0	\$11,312	\$0	\$0	\$11,312
169	Clerk of the Works	\$0	\$0	\$60,728	\$0	\$0	\$60,728
170	Environmental Engineer	\$0	\$0	\$54,466	\$0	\$0	\$54,466
171	Bond Premium	\$0	\$0	\$48,167	\$0	\$0	\$48,167
172	Legal	\$54,388	\$0	\$88,261	\$18,573	\$63,557	\$224,779
173	Title and Recording	\$0	\$0	\$12,918	\$0	\$0	\$12,918
174	Accounting and Cost Certification (Incl. 40B)	\$0	\$0	\$16,672	\$0	\$0	\$16,672
175	Marketing and Rent-Up	\$0	\$0	\$0	\$56,752	\$0	\$56,752
176	Real Estate Taxes	\$0	\$0	\$2,196	\$0	\$0	\$2,196
177	Insurance	\$0	\$0	\$28,275	\$0	\$26,000	\$54,275
178	Relocation	\$0	\$0	\$0	\$0	\$0	\$0
179	Appraisal	\$0	\$0	\$10,250	\$0	\$0	\$10,250
180	Security	\$0	\$0	\$0	\$0	\$0	\$0
181	Construction Loan Interest	\$0	\$0	\$57,050	\$21,754	\$0	\$78,804
182	Inspecting Engineer	\$0	\$0	\$20,420	\$0	\$0	\$20,420
183	Fees to: Historic Consultant	\$0	\$0	\$18,536	\$0	\$0	\$18,536
184	Fees to: Municipal Water & Sewer Fee	\$0	\$0	\$174,882	\$0	\$0	\$174,882
185	MIP	\$0	\$0	\$0	\$0	\$0	\$0
186	Tax Credit Fees	\$0	\$0	\$0	\$41,652	\$0	\$41,652
187	Letter of Credit Fees	\$0	\$0	\$6,375	\$0	\$0	\$6,375
188	Other Financing Fees	\$0	\$0	\$0	\$0	\$0	\$0
189	Development Consultant	\$0	\$0	\$85,000	\$0	\$0	\$85,000
190	Other Consultants: MHIC Syndication Costs	\$0	\$0	\$0	\$0	\$0	\$0
190	Other Consultants: MHIC Interest	\$0	\$0	\$0	\$0	\$0	\$0
191	Syndication Costs	\$0	\$0	\$0	\$0	\$0	\$0
192	Soft Cost Contingency	\$0	\$0	\$18,929	\$0	\$0	\$18,929
	Cash - Development Account	\$0	\$0	\$0	\$0	\$0	\$0
193	<b>Subtotal -- General Development Costs</b>	<b>\$54,388</b>	<b>\$0</b>	<b>\$916,375</b>	<b>\$138,731</b>	<b>\$89,557</b>	<b>\$1,199,051</b>

194	<b>Subtotal -- Total Development Costs not including Developer Fee,</b>	<b>\$54,388</b>	<b>\$0</b>	<b>\$4,434,806</b>	<b>\$166,231</b>	<b>\$89,557</b>	<b>\$4,744,982</b>
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One-Stop Reference No.	USES OF FUNDS	a.	b.	c.	d.	e.	f.
		Land	Building Shell	Rehabilitation or Construction Costs	Amortized and Expensed Costs	Non-Deductible Costs	(sum of a thru e) Total Actual Costs
<b>Developer Overhead and Fee</b>							
196	Developer Overhead	\$0	\$0	\$276,232	\$0	\$0	\$276,232
197	Developer Fee	\$0	\$0	\$266,233	\$10,000	\$0	\$276,233
	<b>Subtotal -- Developer Overhead &amp; Fee</b>	<b>\$0</b>	<b>\$0</b>	<b>\$542,465</b>	<b>\$10,000</b>	<b>\$0</b>	<b>\$552,465</b>
<b>Capitalized Reserves</b>							
209	Development Reserves	\$0	\$0	\$0	\$0	\$0	\$0
210	Initial Rent-Up Reserves	\$0	\$0	\$0	\$0	\$72,994	\$72,994
211	Operating Reserves	\$0	\$0	\$0	\$0	\$72,994	\$72,994
212	Net Worth Account	\$0	\$0	\$0	\$0	\$0	\$0
213	Other Capitalized Reserves	\$0	\$0	\$0	\$0	\$95,000	\$95,000
214	<b>Subtotal -- Capitalized Reserves</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$240,988</b>	<b>\$240,988</b>
198	<b>TOTAL DEVELOPMENT COSTS, including Developer Fee &amp; Overhead and Capitalized Reserves</b>	<b>\$54,388</b>	<b>\$0</b>	<b>\$4,977,271</b>	<b>\$176,231</b>	<b>\$330,545</b>	<b>\$5,538,435</b>

**ATTACHMENT A-2 -- SCHEDULE of ACTUAL and BUDGETED DEVELOPMENT SOURCES AND USES**  
**SHOWING COST ALLOCATIONS**  
**(40B Developments with Tax-Credits)**  
 DHCD; MassHousing; MassDevelopment; MHP  
*(Numbering Per Section 3 of the OneStop 2000 v1.19)*

DEVELOPMENT NAME: OLD HIGH SCHOOL COMMONS  
 DEVELOPMENT ENTITY: TOWNE SCHOOL LIMITED PARTNERSHIP  
 Project No. MA12-10107  
 Gross Residential Sq. Ft.: 21056  
 Time Period Covered: 9/16/2008 - 9/30/2012  
 Date of this Report: 9/30/2012  
 Prepared by: NESSERALLA & COMPANY, LLC  
 Name and Title

Street Address: 3 CHARTER ROAD  
 City or Town ACTON, MA  
 Total No. of Units: 15  
 Affordable Unit Percentage: 100%

TOWNE SCHOOL LIMITED PARTNERSHIP  
 Company or Organization Represented

One-Stop Reference No.	SOURCES OF FUNDS	a.	b.	c.	d.	e.	Total Budgeted Sources
<b>Private Equity</b>							
81	Owner's Cash Equity						\$100
82	Tax Credit Equity (Net)						\$2,863,348
83	Developer Fee/Overhead Contributed or Loaned						\$0
84	Other Source: Massachusetts Historic Tax Credit (Net)						\$766,565
	<b>Sub-Total -- Private Equity</b>						<b>\$3,630,013</b>
<b>Public Equity</b>							
85	HOME Funds, as Grant						\$0
86	Grant:						\$0
87	Grant:						\$0
88	<b>Sub-Total -- Public Equity</b>						<b>\$0</b>
<b>Subordinate Debt</b>							
89	HOME Funds - DHCD						\$0
90	HOME Funds - Local						\$0
91	DHCD - HOME						\$665,200
92	DHCD - Afford Housing Trust						\$620,853
93	DHCD - Community Based Housing						\$295,644
	Construction Note Payable						\$0
	Sponsor Loan						\$300,000
	Utility Rebates						\$26,725
	Accounts Payable						\$0
	Intercompany Payable - CGDC						\$0
	Accrued Development Costs						\$0
94	<b>Sub-Total -- Subordinate Debt</b>						<b>\$1,908,422</b>
<b>Permanent Debt (Senior):</b>							
95 - 96	MassHousing Loan						\$0
97	MHP Fund Permanent Loan						\$0
98	Other Permanent Senior Mortgage						\$0
99	Other Permanent Senior Mortgage						\$0
100	<b>Sub-Total -- Permanent Debt (Senior)</b>						<b>\$0</b>
101	<b>TOTAL SOURCES:</b>						<b>\$5,538,435</b>

**ATTACHMENT B -- SCHEDULE of TOTAL CHAPTER 40B MAXIMUM ALLOWABLE DEVELOPER FEE AND OVERHEAD  
(40B Developments with Tax Credits)**

DHCD; MassHousing; MassDevelopment; MHP

**Development Name:** OLD HIGH SCHOOL COMMONS  
**Development Entity:** TOWNE SCHOOL LIMITED PARTNERSHIP  
**Prepared by:** NESSERALLA & COMPANY, LLC  
**Company or Organization Represented:** TOWNE SCHOOL LIMITED PARTNERSHIP  
**Date of this Report:** 9/30/2012

**Step 1: CALCULATION OF 5% OF ALLOWABLE ACQUISITION COST**

ALLOWABLE ACQUISITION COST (AAC): <i>Lesser of:</i> PRE-PERMIT LAND VALUE and ACTUAL ACQUISITION COST	27,500	lesser of Lines 160 and 163, Att A-1
TIMES 5%	x 0.05	
<b>Equals: SUB-TOTAL #1</b>		<b>\$ 1,375</b>

**Step 2: CALCULATION OF ADJUSTED DEVELOPMENT COST**

TOTAL DEVELOPMENT COST (equals: Allowable Acquisition Cost + Hard Costs + Soft Costs + Fee and Overhead and Reserves)	5,538,435	AAC (above) plus subtotals on Att A-1 for hard costs, soft costs, fees/overhead, and reserves
LESS:		
Allowable Acquisition Cost	27,500	Allowable Acquisition Cost (AAC), above in Step 1
Developer Fee (paid and deferred)	276,233	Line 197, Att A-1
Developer Overhead	276,232	Line 196, Att A-1
Development Consulting Fees*	103,536	Lines 183 and 189, Att A-1
Syndication Costs	240,988	Line 191, Att A-1
Capitalized Reserves	240,988	Line 214, Att A-1
Total Deductions	924,489	
<b>Equals: ADJUSTED DEVELOPMENT COST (Sub-Total #2)</b>		<b>\$ 4,613,946</b>

\*Development Consulting Fees must include all development and financing consultants, including consultants involved in financing, development, historic preservation, tenant relocation, et. al.

**Step 3: CALCULATION OF MAXIMUM ALLOWABLE 40B DEVELOPER FEE AND OVERHEAD**

SUBTOTAL #1 (COPY from above)	1,375	
PLUS: 15% of First \$3,000,000 of Sub-Total #2	450,000	
PLUS: 12.5% of Next \$2,000,000 of Sub-Total #2	201,743	
PLUS: 10% of (Sub-Total #2 Minus \$5,000,000)	-	
<b>Equals: TOTAL OF FOUR LINES ABOVE (Sub-Total #3)</b>		<b>\$ 653,118</b>

Sub-Total #3 is MAXIMUM ALLOWABLE 40B DEVELOPER FEE AND OVERHEAD

**Step 4: CALCULATION OF TOTAL DEVELOPMENT FEES AND OVERHEAD ACTUALLY RECEIVED**

ACTUAL PAID DEVELOPER FEE	276,232	Sum of paid and deferred
Plus: ACTUAL PAID DEVELOPER OVERHEAD	276,233	Sum of paid and deferred
Plus: ACTUAL PAID DEVELOPMENT CONSULTING FEES	103,536	Sum of paid and deferred - development and historical consultants
Plus: 80% of All Reserves to be Funded to Owner within 5 years of completion	-	applicant supplies this figure
<b>Equals: TOTAL OF THREE LINES ABOVE (Sub-Total #4)</b>		<b>\$ 656,001</b>

Sub-Total #4 is TOTAL DEVELOPMENT FEES AND OVERHEAD ACTUALLY RECEIVED BY DEVELOPER OR DEVELOPMENT CONSULTANTS. IT MAY NOT EXCEED Sub-Total #3; if it does, paid developer fee must be reduced at Attachment A so that Sub-Total #4 equals Sub-Total #3.

**ATTACHMENT C -- SCHEDULE SHOWING CALCULATION OF OWNER'S EQUITY and LIMITED DIVIDEND UNDER CHAPTER 40B  
(40B Developments with Tax Credits)**

DHCD; MassHousing; MassDevelopment; MHP

**Development Name:** OLD HIGH SCHOOL COMMONS  
**Development Entity:** TOWNE SCHOOL LIMITED PARTNERSHIP  
**Prepared by:** NESSERALLA & COMPANY, LLC  
**Company or Organization Represented:** TOWNE SCHOOL LIMITED PARTNERSHIP  
**Date of this Report:** 9/30/2012

**COST METHOD**

Step 1: MAXIMUM ALLOWABLE DEVELOPMENT FEE FOR PURPOSES OF CALCULATING LIMITED DIVIDEND

**MAXIMUM ALLOWABLE DEVELOPMENT FEE** as CALCULATED At Sub-Total #3 of Attachment B  
 (Sub-Total #1)

\$ 653,118

from Att B

Step 2: CALCULATION OF TOTAL DEVELOPMENT FEES AND OVERHEAD ACTUALLY RECEIVED

ACTUAL PAID DEVELOPER FEE	<u>276,232</u>	from Att B
ACTUAL PAID DEVELOPER OVERHEAD	<u>276,233</u>	from Att B
ACTUAL PAID DEVELOPMENT CONSULTING FEES	<u>103,536</u>	from Att B
<b>Equals: TOTAL OF THREE LINES ABOVE (Sub-Total #2)</b>		\$ <u>656,001</u>

*Sub-Total #2 is TOTAL DEVELOPMENT FEES AND OVERHEAD ACTUALLY RECEIVED BY DEVELOPER OR DEVELOPMENT CONSULTANTS. IT MAY NOT EXCEED Sub-Total #3 ON ATTACHMENT B.*

Step 3: CALCULATION OF OWNER'S EQUITY

CASH EQUITY INVESTED BY OWNER	<u>1,586,108</u>	Att A-1: lines 81 + 82 + 84
PLUS: Deferred Portion of Sub-Total #1 (i.e., Deferred Portion of Maximum Allowable Development Fee)	<u>(2,883)</u>	Sub-Total #1 above minus Sub-Total #2 above. Unless Max Allowable Fee has been exceeded, it should equal line 83 in Att A. If Max Allowable fee has been exceeded, the paid Developer Fee figure must be reduced in Att A so that Max Allowable Fee is not exceeded.
PLUS: As-is Market Value of Land, if any, that Exceeds Purchase Price	<u>1,670,500</u>	Att. A: If greater than zero, Pre-Permit Value (at line 160) minus Actual Acquisition (at line 161).
LESS: Amount, if any, by which Acquisition Cost Exceeds Pre-Permit Land Value	<u>-</u>	Att. A: If greater than zero, Actual Acquisition Cost (at line 161) minus Pre-Permit Land Value (at line 160).
<b>Equals: OWNER'S EQUITY by COST METHOD (Sub-Total #3)</b>		\$ <u>3,253,725</u>

**VALUE METHOD**

AS-COMPLETE APPRAISED VALUE	<u>\$ 890,000</u>	from appraisal engaged by Subsidizing Agency
LESS: Permanent Debt		
First Mortgage Loan	<u>\$ -</u>	provided by applicant
PLUS: Subordinate Loans, if any (itemize)		
Name of Subordinate Lender: DHCD - HOME	<u>\$ 675,000</u>	provided by applicant
Name of Subordinate Lender: DHCD - AFFORD HOUSING TRUST	<u>\$ 630,000</u>	provided by applicant
Name of Subordinate Lender: DHCD - COMMUNITY BASED HOUSING	<u>\$ 300,000</u>	provided by applicant
Name of Subordinate Lender: SPONSOR LOAN	<u>\$ 300,000</u>	provided by applicant
Name of Subordinate Lender: _____	<u>\$ -</u>	provided by applicant
TOTAL PERMANENT DEBT	<u>\$ 1,905,000</u>	
<b>Equals: OWNER'S EQUITY (by Value Method)</b>		\$ <u>(1,015,000)</u>

**CALCULATION OF ANNUAL LIMITED DIVIDEND**

Owner Equity (greater of Cost Method or Value Method)	\$	3,253,725
TIMES: 10%	x	<u>0.1</u>
<b>Equals: Annual Limited Dividend</b>	\$	<u>325,373</u>

## ATTACHMENT D

### OWNER'S CERTIFICATE

This Certificate is provided in connection with the cost certification of Towne School Limited Partnership (the "Owner") for a Chapter 40B development known as Old High School Commons (the "Development"), located in Acton, Massachusetts (the "Municipality"), for purposes of assisting the Subsidizing Agency ("Subsidizing Agency") in determining the Owner's compliance with the limitations on profit and distributions from the Development pursuant to the provisions of the Commonwealth of Massachusetts comprehensive permit process (M.G.L. Chapter 40B, 760 C.M.R. 56, and the Massachusetts Department of Housing and Community Development's Comprehensive permit Guidelines)(collectively, the "Comprehensive Permit Rules).

The undersigned hereby certifies to the Subsidizing Agency, DHCD and the Municipality, under pains and penalties of perjury, as follows:

1. As of the date of this Certificate, the Owner has a legal existence and is in good standing with the Commonwealth of Massachusetts.
2. Construction of the Development has been completed in good and workmanlike manner, in accordance with the plans and specifications approved pursuant to the Comprehensive Permit, and all materials and fixtures required by the plans and specifications have been furnished and installed and are of the best quality called for.
3. The information contained in the Schedule of Actual and Budgeted Development Costs, the Schedule of Total Chapter 40B Maximum Allowable Developer Fee and Overhead, and the Schedule Showing Calculation of Owner's Equity and Annual Limited Dividend under Chapter 40B (collectively, "the Schedules") is accurate and complete. The Schedules are fairly presented in conformity with the Comprehensive Permit Rules and instructions provided by the Subsidizing Agency.
4. All amounts shown on the Schedule of Actual and Budgeted Development Costs have been paid other than items listed as accruals.
5. The information on the Schedule of Total Chapter 40B Maximum Allowable Developer Fee and Overhead reflects revenue from all aspects of the Development.
6. I/We have identified all accounting estimates that could be material to the information in the Schedules and we believe the estimates are reasonable.
7. I/We have made available all necessary financial records and related data to the CPA who is conducting an examination of the Schedules.
8. There are no material transactions related to the Development that have not been properly recorded in the accounting records underlying the information in the Schedules.
9. Except as noted on Exhibit A attached hereto, none of the amounts listed on the Schedule of Actual and Budgeted Development Costs were paid to a Related Party. A "Related Party" is (i)

any person that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the Owner; (ii) any person that is an officer of, member in, or trustee of, or serves in a similar capacity with respect to the Owner or of which the Owner is an officer, member, or trustee, or with respect to which the Owner serves in a similar capacity; (iii) any person that, directly or indirectly, is the beneficial owner of, or controls, 10% or more of any class of equity securities of, or otherwise has a substantial beneficial interest (10% or more) in, the Owner, or of which the Owner is directly or indirectly the owner of 10% or more of any class of equity securities, or in which the Owner has a substantial beneficial interest (10% or more); (iv) any spouse or "significant other" cohabiting with the Owner; (v) any parent, grandparent, sibling, child or grandchild (natural, step, half or in-law) of the Owner; (vi) any employee of Owner, and (vii) any spouse, parent grandparent, sibling, child, or grandchild (natural, step, half or in-law) of an employee of the Owner, or any "significant other" of an employee of the Owner. The term "Owner", as used in this section, shall be deemed to include the Developer, as defined in the Comprehensive Permit Rules.

10. Except as set forth on Exhibit A attached hereto, there are no:
  - a. Payments for purchases of land from a Related Party, as defined in Section 9 above.
  - b. Rentals of units to a Related Party.
  - c. Contracts or subcontracts with a Related Party.
  - d. Purchases of materials/supplies from a Related Party.
  - e. Financing provided by a Related Party, or
  - f. Any other transactions in connection with the Development with a Related Party.
11. We have reviewed the information presented in the RS Means Cost Estimation Analysis for the Development submitted to the Subsidizing Agency, and this analysis is an appropriate representation of the Development.
12. There are no costs listed in the Schedule of Actual and Budgeted Development Costs that are included more than once.
13. There are no costs listed in the Schedule of Actual and Budgeted Development Costs that do not relate directly to the Development.
14. The costs shown in the Schedule of Actual and Budgeted Development Costs are net of all kickbacks, rebates, adjustments, discounts, promotional or advertising recoupment or similar reimbursement made or to be made to the Owner or any Related Party.
15. There have been no communications from regulatory agencies concerning noncompliance with zoning or environmental laws or noncompliance with, or deficiencies in, financial reporting practices related to the Development.
16. I/We have no knowledge of any fraud or suspected fraud affecting the Owner or the Development involving
  - a. Management,
  - b. Subcontractors,
  - c. Employees who have significant roles in internal control, or
  - d. Others where the fraud could have a material effect on the Schedules.

17. I/We have no knowledge of any allegations of fraud or suspected fraud affecting the Owner or the Development received in communications from employees, former employees, subcontractors, regulators, or others.
18. I/We have complied with all aspects of the executed Use Restriction (as defined in the Comprehensive Permit Rules) for the Development and all provisions outlined in the Inter-Agency 40B Rental Cost Certification Guidance for Owners, Certified Public Accountants, and Municipalities.
19. I/We will retain all records underlying the information provided in the Schedules for a period of at least four years from the date the Subsidizing Agency has accepted the final report, and will allow the Subsidizing Agency and the Municipality the right to inspect such records at reasonable times during the retention period.
20. I/We acknowledge that the term "Owner" as used herein includes the Developer, as defined in the Comprehensive Permit Rules.

EXECUTED under seal under the pains and penalties of perjury, this 25<sup>th</sup> day of July, 2012.

Owner: Towne School Limited Partnership

Signature: William K. Kopych

Title: Manager

Hereunto Duly Authorized

**Exhibit A to Attachment D**

**DISCLOSURE OF RELATED PARTY TRANSACTIONS**

**Payments for Purchase of Land from Related Parties**

Name of Payee	Items(s) Purchased and Nature of Relationship	Payment Amount
NONE		

**Rental of Units to Related Parties**

Name of Party to Whom Unit is Rented	Identification of Units Rented and Nature of Relationship to Owner	Rent/Month
NONE		

**List of Contractors and Subcontractors Which Are Related Parties**

Name of Contractor/Subcontractor	Work Performed and Nature of Relationship to Owner	Amount Paid
NONE		

**Purchases of Materials and Supplies from Related Parties**

Name of Supplies	Work Performed and Nature of Relationship to Owner	Amount Paid
NONE		

**Purchases of Services from Related Parties**

Name of Service Provider	Work Performed and Nature of Relationship to Owner	Amount Paid
NONE		

**Financing Provided by Related Parties**

Name of Source of Financing	Type of Financing and Nature of Relationship to Owner	Financing Amount and Terms
NONE		

If there are any other transactions with a Related Party, please describe them below:

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ATTACHMENT E

ARCHITECT CERTIFICATION REGARDING THE RS MEANS  
COST ESTIMATION ANALYSIS

Maugel Architects, Inc. has completed a cost estimate for Towne School Limited Partnership (the "Development") employing the RS Means Costworks program for the RS Means Square Foot Cost Book, and has attached a copy of the RS Means Cost Analysis Reporting Form hereto as Exhibit 1. The undersigned certifies (see note below) under pains and penalties of perjury that such costs reasonably reflect, to the extent possible given the tools used, the specifications and costs of the Development, and acknowledges that the Subsidizing Agency reserves the right to request clarification, modification, and/or additional evidence or justification of data included in the RS Means Cost Analysis Reporting Form attached hereto.

Name/Signature: Brent A. Maugel, AIA  Date: 7/25/2012

As Architect of Record for the Project: Old High School Commons, Acton, MA

Note: The certification herein is solely a statement of the Architect's opinion, based on his observation of conditions, to the best of the Architect's professional knowledge, information and belief. Certification pertains only to the scope of services the Architect is contractually obligated to provide. Such a statement of opinion does not constitute a warranty, either expressed or implied. It is understood that the Architect's certification shall not relieve the Client or the Client's Contractors of any responsibility or obligation they may have by industry custom or under any contract.

Exhibit 1 to Attachment E  
**RS Means Cost Analysis Reporting Form**

*Instructions: To be completed by the project architect or contractor. You may use either the R. S. Means Square Foot Cost Book, issued annually, or the on-line R. S. Means Costworks program. In either case, please attach the R. S. Means worksheets. The yellow cells contain formulas and are protected from your use -- please use the unshaded cells to input the data.*

**Step I -- Preliminary Building Structure Costs**

Building type	# buildings	RS Means structure cost	Total RS Means Structure cost
	1	\$2,692,500	\$2,692,500
x	0	\$0	\$0
x	0	\$0	\$0
x	0	\$0	\$0
x	0	\$0	\$0
x	0	\$0	\$0
x	0	\$0	\$0
x	0	\$0	\$0
x	0	\$0	\$0
x	0	\$0	\$0
<b>I. Total Preliminary Building Structure Costs</b>			<b>\$2,692,500</b>

**Step II -- Site Development Costs**

*(If Site Development Costs are greater than 10% of Building Structure Costs, attach explanation.)*

Item	Cost	
Earth Work	\$37,590	
Site Utilities	\$66,570	
Roads & Walks	\$39,770	
Site Improvement	\$39,770	
Lawns & Planting	\$33,275	
Geotechnical Conditions	\$10,000	
Environmental Remediation	\$47,000	
Demolition	\$72,500	
Unusual Site Conditions	Tree removal and protection	\$17,390
Fences & Gates	\$22,650	
Pest Control	\$1,500	
Ledge Removal	\$14,365	
<b>II. Total site development costs</b>		<b>\$402,380</b>

**Step III -- Calculation of Variance between Actual and R.S. Means Estimated Costs**

a Total RS Means Hard Costs (I.+ II.)	\$3,094,880
b General Contractor Fees <sup>(1)</sup>	\$433,283
c Total RS Means Construction Cost (a+b)	\$3,528,163
d Actual Total Construction Cost (from Attachment A)	\$3,515,199
e Difference	-\$12,964
f Percent difference	0%

<sup>(1)</sup> This estimated figure must not exceed 14% of Total RS Means Hard Costs.

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**Exhibit 1 – Step II, Site Development Costs**

Project: Old High School Commons, Acton, MA

Prepared by: Mangel Architects, Inc.

Date: July 18, 2012

**Explanation of Site Development Costs in Excess of 10% of the Building Structure Costs**

The project involved rehabilitation of an historic property. There were extensive environmental, sub-surface, grading, and site conditions that needed to be removed and/or modified in order to facilitate development of the project. For example: lead and asbestos abatement were required within an existing building; existing concrete slabs, structural framing, and masonry were modified; boulders and ledge were removed; mature vegetation was removed, protected, and in some cases replaced; and former utility structures and septic tanks needed to be decommissioned and disposed. Site permitting requirements (Comprehensive Permit) mandated specific site elements, such as fences and drainage structures, as well as creating new site access to the main roadway.

Partial funding for the project is coming from historic tax credits; therefore, all visible elements on the site and the building were required to meet strict preservation guidelines. Extensive site work was further required to achieve compliance with accessibility guidelines relative to the parking lot and building entrances.

# Square Foot Cost Estimate Report

Estimate Name: **OHSC**

**Mass Ave**  
**Acton, MA**  
**MA**  
**01720**

Building Type: **Apartment, 1-3 Story with Face Brick with Concrete Block Back-up / Steel Joists**

Location: **FRAMINGHAM, MA**

Stories Count (L.F.): **2.00**

Stories Height: **11.00**

Floor Area (S.F.): **20,858.00**

LaborType: **Open Shop**

Basement Included: **No**

Data Release: **Year 2011 Quarter 4**

Cost Per Square Foot: **\$174.26**

Total Building Cost: **\$3,634,500**



Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.

		% of Total	Cost Per SF	Cost
<b>A Substructure</b>		<b>5.2%</b>		
<b>A1010</b>	<b>Standard Foundations</b>		<b>6.76</b>	<b>\$141,008</b>
	Strip footing, concrete, reinforced, load 5.1 KLF, soil bearing capacity 3 KSF, 12" deep x 24" wide		<b>2.25</b>	<b>\$47,000</b>
	Strip footing, concrete, reinforced, load 18.4 KLF, soil bearing capacity 6 KSF, 12" deep x 40" wide			
	Spread footings, 3000 PSI concrete, load 150K, soil bearing capacity 6 KSF, 5' - 6" square x 18" deep			
<b>A1030</b>	<b>Slab on Grade</b>		<b>2.66</b>	<b>\$53,500</b>
	Slab on grade, 4" thick, non industrial, reinforced			
<b>A2010</b>	<b>Basement Excavation</b>		<b>0.10</b>	<b>\$2,000</b>
	Excavate and fill, 30,000 SF, 4' deep, sand, gravel, or common earth, on site storage			
<b>A2020</b>	<b>Basement Walls</b>		<b>1.85</b>	<b>\$38,500</b>
	Foundation wall, CIP, 4' wall height, direct chute, .099 CY/LF, 4.8 PLF, 8" thick			
	Foundation wall, CIP, 4' wall height, direct chute, .148 CY/LF, 7.2 PLF, 12" thick			
<b>B Shell</b>		<b>25.1%</b>		
<b>B1010</b>	<b>Floor Construction</b>		<b>10.04</b>	<b>\$209,500</b>
	Floor, concrete, slab form, open web bar joist @ 2' OC, on W beam and column, 25'x25' bay, 29" deep, 65 PSF supt			
	Floor, concrete, slab form, open web bar joist @ 2' OC, on W beam and column, 25'x25' bay, 29" deep, 65 PSF supt			
	Fireproofing, gypsum board, fire rated, 3 layer, 1.5" thick, 8" steel column, 3 hour rating, 23 PLF			
<b>B1020</b>	<b>Roof Construction</b>		<b>4.51</b>	<b>\$94,000</b>
	Floor, steel joists, beams, 1.5" 22 ga metal deck, on columns, 25'x25' bay, 20" deep, 40 PSF superimposed load, 60			
	Floor, steel joists, beams, 1.5" 22 ga metal deck, on columns, 25'x25' bay, 20" deep, 40 PSF superimposed load, 60			
<b>B2010</b>	<b>Exterior Walls</b>		<b>12.06</b>	<b>\$251,500</b>
	Brick veneer wall, standard face, 20 ga x 3-5/8" NLB @ 24" metal stud back-up, running bond			
<b>B2020</b>	<b>Exterior Windows</b>		<b>2.16</b>	<b>\$45,000</b>
	Windows, aluminum, sliding, standard glass, 5' x 3'			
<b>B2030</b>	<b>Exterior Doors</b>		<b>0.36</b>	<b>\$7,500</b>
	Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-6" x 7'-0" opening			
<b>B3010</b>	<b>Roof Coverings</b>		<b>3.21</b>	<b>\$67,000</b>
	Roofing, asphalt flood coat, gravel, base sheet, 3 plies 15# asphalt felt, mopped			

% of Total	Cost Per SF	Cost
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Insulation, rigid, roof deck, composite with 2" EPS, 1" perlite  
Roof edges, aluminum, duranodic, .050" thick, 6" face  
Flashing, aluminum, no backing sides, .018"

<b>C Interiors</b>		24.2%	31.19	\$650,500
<b>C1010</b>	<b>Partitions</b>		6.30	\$131,500
	Metal partition, 5/8" fire rated gypsum board face, no base, 3 -5/8" @ 24" OC framing, same opposite face, no insulation 1/2" fire rated gypsum board, taped & finished, painted on metal furring			
<b>C1020</b>	<b>Interior Doors</b>		7.00	\$146,000
	Door, single leaf, wood frame, 3'-0" x 7'-0" x 1-3/8", birch, solid core Door, single leaf, wood frame, 3'-0" x 7'-0" x 1-3/8", birch, hollow core			
<b>C1030</b>	<b>Fittings</b>		2.88	\$60,000
	Cabinets, residential, wall, two doors x 48" wide			
<b>C2010</b>	<b>Stair Construction</b>		2.83	\$59,000
	Stairs, steel, cement filled metal pan & picket rail, 16 risers, with landing			
<b>C3010</b>	<b>Wall Finishes</b>		2.71	\$56,500
	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats Vinyl wall covering, fabric back, medium weight Ceramic tile, thin set, 4-1/4" x 4-1/4"			
<b>C3020</b>	<b>Floor Finishes</b>		6.36	\$111,500
	Carpet tile, nylon, fusion bonded, 18" x 18" or 24" x 24", 24 oz Carpet tile, nylon, fusion bonded, 18" x 18" or 24" x 24", 35 oz Carpet, padding, add to above, minimum Carpet, padding, add to above, maximum Vinyl, composition tile, minimum Vinyl, composition tile, maximum Tile, ceramic natural clay			
<b>C3030</b>	<b>Ceiling Finishes</b>		4.12	\$86,000
	Gypsum board ceilings, 5/8" fire rated gypsum board, painted and textured finish, 1-5/8" metal stud furring, 24" OC spacing			
<b>D Services</b>		45.6%	68.80	\$1,226,500
<b>D1010</b>	<b>Elevators and Lifts</b>		4.91	\$102,500
	Hydraulic passenger elevator, 3500 lb., 3 floors, 10' story height, 125 FPM			
<b>D2010</b>	<b>Plumbing Fixtures</b>		14.56	\$303,500
	Kitchen sink w/trim, countertop, PE on CI, 24" x 21", single bowl Laundry sink w/trim, PE on CI, black iron frame, 24" x 20", single compmt Service sink w/trim, PE on CI, corner floor, 28" x 28", w/rim guard Bathroom, lavatory & water closet, 2 wall plumbing, stand alone Bathroom, three fixture, 2 wall plumbing, lavatory, water closet & bathtub, stand alone			
<b>D2020</b>	<b>Domestic Water Distribution</b>		4.58	\$95,500
	Gas fired water heater, residential, 100< F rise, 30 gal tank, 32 GPH			
<b>D2040</b>	<b>Rain Water Drainage</b>		0.48	\$10,000
	Roof drain, DWV PVC, 4" diam, diam, 10' high Roof drain, DWV PVC, 4" diam, for each additional foot add			
<b>D3010</b>	<b>Energy Supply</b>		8.77	\$183,000
	Apartment building heating system, fin tube radiation, forced hot water, 20,000 SF area, 200,000 CF vol			
<b>D3030</b>	<b>Cooling Generating Systems</b>		9.23	\$192,500
	Packaged chiller, air cooled, with fan coil unit, medical centers, 20,000 SF, 46.66 ton			
<b>D4010</b>	<b>Sprinklers</b>		3.40	\$71,000
	Wet pipe sprinkler systems, steel, light hazard, 1 floor, 5000 SF Wet pipe sprinkler systems, steel, light hazard, each additional floor, 5000 SF			
<b>D5010</b>	<b>Electrical Service/Distribution</b>		3.04	\$63,500



ATTACHMENT F

FORM OF RELEASE FOR OWNER'S CPA TO SHARE  
INFORMATION WITH SUBSIDIZING AGENCY

July 31, 2012

Michael Nesseralla, CPA  
Nesseralla & Company, LLC  
497 Hooksett Road  
Manchester, New Hampshire 03104

Dear Michael,

We have completed Towne School Limited Partnership, a Chapter 40B development, and have submitted to the Subsidizing Agency, the cost certification report for the Development, which include a Schedule of Actual and Budgeted Development Costs, Schedule of Total Chapter 40B Maximum Allowable Developer Fee and Overhead and Schedule Showing Calculation of Owner's Equity and Annual Limited Dividend under Chapter 40B. You have examined these schedules according to the Inter-Agency 40B Rental Cost Certification Guidance to Owners and Municipalities provided by the Subsidizing Agency and have issued an Independent Certified Public Accountant's Report on these schedules with a date of July 31, 2012. We recognize that these schedules and notes thereto contain information that is highly summarized.

We understand that the Subsidizing Agency, in the fulfillment of its responsibilities as subsidizing agency, including gaining a fuller understanding of the detailed information behind the summarized data on the schedules, may wish to ask you for clarification of items reported on those schedules or notes thereto either through verbal discussions or through a review of the workpapers you gathered and generated during your examination.

We hereby authorize you to respond fully and without limitation to any information requests from the Subsidizing Agency, their designee(s) (if any), and the Town of Acton ("Municipality").

Very truly yours,

  
\_\_\_\_\_  
William Lipchitz  
Town School Limited Partnership

## ATTACHMENT G

### GENERAL CONTRACTOR'S CERTIFICATE

This certificate is provided in connection with the cost certification of Towne School Limited Partnership (the "Owner") for a Chapter 40B development known as Old High School Commons (the "Development"), located in Acton, Massachusetts (the "Municipality"), for purposes of assisting the Subsidizing Agency for the Development in determining the Owner's compliance with the limitations on profit from the Development pursuant to the provisions of the Commonwealth of Massachusetts comprehensive permit process (M.G.L. Chapter 40B, 760 C.M.R. 56) and the Massachusetts Department of Housing and Community Development's Comprehensive Permit Guidance (collectively, the "Comprehensive Permit Rules").

The undersigned hereby certifies to the Subsidizing Agency and the Municipality, under the pains and penalties of perjury, as follows:

1. The undersigned served as General Contractor for the Development pursuant to a contract dated May 31st 2011 (the "Construction Contract").
2. All amounts shown on the Schedule of Actual and Budgeted Development Costs dated JUNE 30, 2012, provided to you by the Owner, listed under the following line items, have been paid to the General Contractor, its subcontractors or suppliers:
3. The original amount due under the Construction Contract was \$ 3,211,119.00. Change orders were approved in the amount of \$ 307,314.83, for a total contract sum of \$ 3,518,433.83.

Except as noted in the chart below this paragraph, none of the foregoing amounts were paid to a Related Party to the Owner. A "Related Party" is (i) any person that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the Owner; (ii) any person that is an officer of, member in, or trustee of, or serves in a similar capacity with respect to the Owner or of which the Owner is an officer, member, or trustee, or with respect to which the Owner serves in a similar capacity; (iii) any person that, directly or indirectly, is the beneficial owner of, or controls, 10% or more of any class of equity securities of, or otherwise has a substantial beneficial interest (10% or more) in, the Owner, or of which the Owner is directly or indirectly the owner of 10% or more of any class of equity securities, or in which the Owner has a substantial beneficial interest (10% or more); (iv) any spouse or "significant other" cohabiting with the Owner; (v) any parent, grandparent, sibling, child or grandchild (natural, step, half or in-law) of the Owner; (vi) any employee of Owner, and (vii) and spouse, parent grandparent, sibling, child, or grandchild (natural, step, half or in-law) of an employee of the Owner, or any "significant other" of an employee of the Owner. The term "Owner", as used in this section, shall be deemed to include the Developer, as defined in the Comprehensive Permit Rules.

**List of Contractors and Subcontractors Which Are Related Parties to the Owner**

Name of Contractor/Subcontractor	Work Performed and Nature of Relationship	Amount Paid
N/A	N/A	N/A

If the General Contractor is a Related Party to the Owner, as defined herein, the undersigned here certifies that the General Contractor performed all of the following tasks that are typically required of general contractors.

- Construction of buildings
- Supervision and coordination of work
- Job site safety
- Project scheduling
- Submission of shop drawings
- Preparation of payment requests
- Warranty of work

EXECUTED under seal under the pains and penalties of perjury, this 28 day of JUNE, 2012

General Contractor:

Signature:

ROB HENNESSY

Title:

PROJECT MANAGER

Hereunto Duly Authorized



**PETER C. PATNO**  
**NOTARY PUBLIC**  
 COMMONWEALTH OF MASSACHUSETTS  
 MY COMMISSION EXPIRES  
 APRIL 23, 2015



## 1. Summary of Significant Accounting Policies

### *Organizational Structure*

Towne School Limited Partnership (the "Partnership"), a Massachusetts limited partnership, was formed on December 17, 2010 to acquire and develop 15 units of qualifying low income elderly housing in Acton, Massachusetts. Substantial completion of the development occurred on June 14, 2012, when the last of the certificates of occupancy were obtained.

### *Basis of Presentation*

The accompanying schedule has been prepared utilizing the format prescribed by the Massachusetts Department of Housing and Community Development. The purpose of these Schedules is to facilitate the review and determination of the Owner's maximum allowable developer fee and overhead.

### *Accounting Method*

The accompanying Schedules have been prepared utilizing the format prescribed by the Massachusetts Department of Housing and Community Development. Capitalized costs have been designated between acquisition, construction/rehabilitation and other qualifying uses.

### *Low Income Housing Tax Credits*

The project is being funded, in part, with equity derived from the sale of low-income housing tax credits. The project was allocated \$283,082 through a Carryover Allocation in 2012. The applicable credit rate for the rehabilitation expenditures has been set at 9%. The annual allocation is subject to adjustment by the Department of Housing and Community Development after its review of this certification.

## 2. Financing

### *Construction Loan – Enterprise Bank*

The Partnership obtained a construction loan from Enterprise Bank and Trust Company in the amount of \$2,400,000. Interest on the unpaid balance of the note is calculated using a rate of 1% over the Wall Street Journal Prime Rate. Monthly payments of all accrued unpaid interest is due beginning July 15, 2011. All outstanding principal and accrued unpaid interest shall be due on December 15, 2012. The loan had an outstanding principal balance of \$1,668,435 at September 30, 2012. The loan is expected to be repaid in 2013.

### *Permanent Loan – DHCD Affordable Housing Trust Funds*

The Partnership obtained a non-interest bearing permanent loan from the Massachusetts Department of Housing and Community Development through its Affordable Housing Trust Fund in the amount of \$630,000. After September 30, 2012, the principal amount of the note was reduced to \$620,853 due to project savings during development. The loan had an outstanding principal balance of \$630,000 at September 30, 2012.

### *Permanent Loan – DHCD Community-Based Housing Funds*

The Partnership obtained a non-interest bearing permanent loan from the Massachusetts Department of Housing and Community Development through its Community-Based Housing Fund program in the amount of \$300,000. After September 30, 2012, the principal amount of the note was reduced to \$295,644 due to project savings during development. The loan had an outstanding principal balance of \$285,000 at September 30, 2012.

**2. Financing (continued)**

*Permanent Loan – DHCD HOME Funds*

The Partnership obtained a non-interest bearing permanent loan from the Massachusetts Department of Housing and Community Development through its HOME program in the amount of \$675,000. After September 12, 2012, the principal amount of the note was reduced to \$665,200 due to project savings during development. The loan had an outstanding principal balance of \$50,631 at September 30, 2012.

*Permanent Loan – Sponsor Loan*

The Partnership obtained a permanent loan from Common Ground Development Corporation in the amount of \$300,000. Interest at the rate of 2.5% per annum, compounded annually, shall accrue on the outstanding principal balance of this note. All principal and accrued interest shall be due and payable on May 20, 2041. The loan had an outstanding principal balance of \$300,000 at September 30, 2012.

**3. Partnership Capital Contributions**

The Partnership's general partner committed capital to the Partnership in the amount of \$100. The total capital contributed through September 30, 2012 was \$100.

The Partnership's limited partners committed capital to the Partnership in the amount of \$2,883,659. This commitment is contingent upon the Partnership receiving stipulated low-income housing tax credits, to be determined by Massachusetts Department of Housing and Community Development. The total capital contributed through September 30, 2012 was \$1,586,008.

**4. Anticipated Receipts and Related Disbursements of Development Funds**

In accordance with obligations entered into between the developer, the investor member and the Partnership, the managing member believes that the supplemental schedule of Anticipated Receipts and Related Disbursements of Development Funds depicts the anticipated financial activity subsequent to the filed date of this report.

**5. Uses of Development Fee and Interest**

Pursuant to contracts entered into between the developer and the Partnership, the managing member believes that the supplemental schedule of Uses of Development Fee and Interest depicts the required uses of the development fee and interest.

TOWNE SCHOOL LIMITED PARTNERSHIP  
Notes to 40B Cost Certification  
September 30, 2012

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**6. Related Party Transactions**

*Development Fee*

For services rendered in connection with the development of the project, the Partnership has agreed to pay Common Ground Development Corporation, a party related to the partnership, a development fee in the amount of \$276,354 plus up to an additional \$276,354 as reimbursement for reasonable out-of-pocket expenses incurred in connection with the project. As of September 30, 2012, \$248,718 of the development fee had been paid. The developer fee obligation outstanding of \$303,747 will be paid in accordance with the terms outlined in the partnership and development services agreements. The entire balance of the development fee has been included in the development costs.

**7. Accrued Development Costs**

Accrued development costs consisted of the following at September 30, 2012:

Construction contractor	\$ 438,151
Accounting	12,225
DHCD LIHTC fee	18,738
Architectural & engineering	6,404
Legal	443
Marketing & rent up	7,812
Historic preservation consultant	1,356
Development consultant	25,000
Construction loan interest	6,106
Construction inspection fees	1,306
Operating reserve	72,994
Replacement reserve	95,000
Fees to historic	2,250
	<u>\$ 687,785</u>