

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Tax Credit Exchange Program (Exchange) Eligible Disbursement

South Carolina State Housing Finance and Development Authority
300-C Outlet Pointe Blvd.
Columbia, SC 29210

Re: XXXXXXXXX (the "Project")

Pursuant to the requirements of the South Carolina State Housing Finance and Development Authority ("SCSHFDA") and at the request of the XXXXXXXXX, L.P. (the "Partnership"), we have applied the procedures enumerated below with respect to information supplied to us by the Partnership. The information includes development costs incurred in connection with the development of the Project and included in:

- Tax Credit Exchange Program Draw Request (the "Draw Request #1"), and
- Schedule of Eligible Costs Incurred (the "Cost Schedule #1").

The procedures, which were specified by the Partnership and SCSHFDA, were performed to determine that the development costs contained in Cost Schedule #1 constitute Eligible Costs, as defined in the Tax Credit Exchange Written Agreement (the "Exchange Agreement") between SCSHFDA and the Partnership dated XXXXXXXXX. For purposes of determining eligible costs, Exchange (Section 1602) follows the same requirements as LIHTCs. Section 1602 funds may pay for costs to the same extent as equity raised under Section 42 of the Internal Revenue Code.

This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures performed 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. This report is intended solely for SCSHFDA and the Partnership and should not be used by those who did not participate and/or agree in determining the procedures. However, this report is a matter of public record and its distribution is not limited.

Pursuant to the request of the Partnership and in accordance with the Exchange Agreement, we applied the following procedures:

1. We read IRC Section 42 and the Treasury Regulations thereunder;
2. We read the Exchange Agreement;
3. We read the definition of Eligible Costs as stated in the Exchange Agreement;
4. We read Draw Request #1 prepared by the management of the Partnership requesting a disbursement of \$XXXXXX;
5. We read Cost Schedule #1 detailing total Eligible Costs incurred of \$XXXXXX;
6. As needed, we discussed items included in Cost Schedule #1 with the Partnership to assess whether they would qualify as Eligible Costs;
7. We examined evidence supporting the Eligible Costs incurred as presented in Cost Schedule #1, and we calculated Eligible Costs incurred by the Owner as of _____, _____ to be \$XXXXXX; and
8. We acknowledge that we are familiar with recently issued Internal Revenue Service Technical Advice Memorandums 200043015, 200043016, 200043017, 200044004, 200044005, and 200203013, along with IRS Revenue Ruling 2002-9 (the "TAMs"). Further, we acknowledge that we have discussed the substance of these TAMs with the management of the Applicant.

Based on the procedures referred to above, the development costs included in Cost Schedule #1 totaling \$XXXXXX are properly classified as Eligible Costs in accordance with the Exchange Agreement, IRC Section 42, the Treasury Regulations thereunder, the income tax basis of accounting, and the aforementioned TAMs.

A copy of Draw Request #1 and Cost Schedule #1 are attached to this report.

These agreed-upon procedures do not constitute an audit, the objective of which is the expression of an opinion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

(signature)

(date)