



**Independent Auditors' Report**

Owner's Name: Magnolia Trace, L.P

Project Name: Magnolia Trace

Project Number: TCAA # 2010-032

We have audited the costs included in the accompanying Tax Credit Allocation Agency ("TCAA") Final Cost Certification (the "Final Cost Certification") of Magnolia Trace, L.P. (the "Owner") for Magnolia Trace ("the Project") as of January 31, 2013. The Final Cost Certification is the responsibility of the Owner and the Owner's management. Our responsibility is to express an opinion on the Final Cost Certification based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Final Cost Certification is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Final Cost Certification. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Final Cost Certification presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Final Cost Certification was prepared in conformity with the accounting practices prescribed by the Internal Revenue Service, under the accrual method of accounting, and in conformity with the format and qualified allocation plan rules set by TCAA, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion the Final Cost Certification presents fairly, in all material respects, the actual costs of \$9,724,151 and eligible basis of \$8,674,200 of the Owner for the Project as of January 31, 2013, on the basis of accounting described above.

This report is intended solely for the information and use of the Owner and the Owner's management and for filing with TCAA and should not be used for any other purpose.

We have no financial interest in the Project other than in the practice of our profession.

*Betsy May*

**Coffman and Company, P.C.**

Poplar Bluff, Missouri

March 5, 2013

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

I. DEVELOPMENT COST SCHEDULE

	TOTAL COST	New Construction Basis	Acquisition Basis	PRE-DEVELOPMENT COSTS	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
<b>PRE-DEVELOPMENT COSTS</b>						
Property Appraisal	6,388	-				
Market Study	6,388	6,388				
Environmental Report(s)	7,498	7,498				
Soil Borings	11,865	11,865				
Boundary and Topographical Survey	57,847	57,847				
Zoning/Site Plan Fees	350	350				
Other: 3rd party inspect/reports-Newbanks,Zeffert,Imery	50,334	50,334				
<b>Subtotal</b>	<b>134,282</b>	<b>134,282</b>				
<b>ACQUISITION</b>						
Land	675,000					
Demolition						
Acquisition Legal Fees (if existing structures)						
Existing Structures						
<b>Subtotal</b>	<b>675,000</b>					
<b>SITE IMPROVEMENTS</b>						
Site Preparation (On-site)	337,390	192,265				
Site Preparation (Off-site)						
<b>Subtotal</b>	<b>337,390</b>	<b>192,265</b>				
<b>UNIT/BUILDING CONSTRUCTION</b>						
Unit/Building Construction/New Construction	5,846,066	5,846,066				
Unit/Building Construction/Rehab						
Project Amenities / Accessory Buildings						
Other:						
<b>Subtotal</b>	<b>5,846,066</b>	<b>5,846,066</b>				
<b>CONTRACTOR SERVICES</b>						
Builder's Overhead:	123,669	123,669				
Builder Profit:	371,007	306,262				
General Requirements	371,007	351,646				
Payment/performance bond or letter-of-credit fee or premium						
<b>Subtotal</b>	<b>781,577</b>	<b>781,577</b>				
<b>Total Construction Costs</b>	<b>139,300.67 per unit</b>					
	<b>97.01 per sq ft</b>					



CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

I. DEVELOPMENT COST SCHEDULE

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
<b>CONSTRUCTION PERIOD FINANCING</b>					
Construction Loan Fee	67,635	67,635			
Construction Loan Interest	108,521	108,521			
Construction Legal Fees					
Construction Period Real Estate Tax	20,163	20,163			
Construction Insurance					
Bridge Loan Fee and Bridge Loan Interest					
Other:					
<b>Subtotal</b>	<b>196,319</b>	<b>196,319</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PROFESSIONAL SERVICES</b>					
Architectural Fee - Design	90,400	90,400			
Architectural Fee - Supervision	35,000	35,000			
Engineering	73,719	73,719			
Real Estate Attorney	20,413	20,413			
Accounting	10,000	10,000			
Other:					
<b>Subtotal</b>	<b>229,532</b>	<b>229,532</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LOCAL GOVERNMENT FEES</b>					
Building Permits	108,509	108,509			
Impact Fees					
Water Tap Fees					
Sewer Tap Fees					
Real Estate Taxes	4,110	4,110			
<b>Subtotal</b>	<b>112,619</b>	<b>112,619</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PERMANENT FINANCING FEES</b>					
Permanent Loan Fees					
Permanent Loan Legal Fees	16,717	16,717			
Title and Recording Fees	7,500	7,500			
As-Built Survey					
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other:					
<b>Subtotal</b>	<b>24,217</b>	<b>24,217</b>	<b>-</b>	<b>-</b>	<b>-</b>

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

I. DEVELOPMENT COST SCHEDULE

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
<b>DCA-RELATED COSTS</b>					
DCA Loan Application Fee	4,000				
Tax Credit Application Fee					
DCA Waiver Fees	69,856				
LIHTC Allocation Processing Fee	35,000				
LIHTC Compliance Monitoring Fee					
DCA Front End Analysis Fee (when ID of Interest)	3,000				
DCA Final Inspection Fee					
Other:					
<b>Subtotal</b>	<b>111,856</b>				
<b>EQUITY COSTS</b>					
Partnership Organization Fees	1,172				
Tax Credit Legal Opinion					
Other:					
<b>Subtotal</b>	<b>1,172</b>				
<b>DEVELOPER'S FEE</b>					
Developer's Overhead					
Consultant's Fee	1,122,142				
Developer's Fee	1,122,142				
<b>Subtotal</b>	<b>1,122,142</b>				
<b>START-UP AND RESERVES</b>					
Marketing					
Rent -Up Reserves					
Operating Deficit Reserve:	112,000				
Replacement Reserve					
Furniture, Fixtures and Equipment	39,979				
Other:					
<b>Subtotal</b>	<b>151,979</b>				
<b>OTHER COSTS</b>					
Relocation					
Other:					
Other:					
<b>Subtotal</b>	<b>-</b>				
<b>TOTAL DEVELOPMENT COST</b>	<b>9,724,151</b>	<b>8,674,200</b>			
<b>Per Unit</b>	<b>194,483.03</b>				
<b>Per Square Foot</b>	<b>135.43</b>				





Magnolia Trace, LP  
Project No.2010-032  
Contractor's Cost Certification  
February 27, 2013

Howe & Associates, PC  
Columbia, Missouri

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**HOWE & ASSOCIATES, PC**  
*Certified Public Accountants*  
104 East Broadway  
Columbia, Missouri 65203  
(573) 874-1040 (573) 442-2323 fax

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INDEPENDENT AUDITOR'S REPORT

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To the Partners

We have audited the accompanying DCA Office of Affordable Housing Contractor's Cost Certification Form (certification) through February 19, 2013, pertaining to the development contract on Magnolia Trace, LP, Project No.2010-032.

**Management's Responsibility for the Certification Form**

Management is responsible for the preparation and fair presentation of this certification in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of certification that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the certification based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the certification is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the certification. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the certification in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the certification.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the accompanying DCA Office of Affordable Housing Contractor's Cost Certification Form presents fairly, in all material respects, the actual cost in the amount of \$6,965,033.38 of Magnolia Trace, LP, in accordance with accounting principles generally accepted in the United States of America.

*Howe & Associates PC.*

Howe & Associates, PC  
Columbia, Missouri  
February 27, 2013

Contractor's Cost Certification

<b>Project Name</b>	<b>Magnolia Trace</b>
<b>DCA Project Number</b>	<b>2010-032</b>
<b>Location</b>	<b>Martinez, GA</b>

**\*\*do not add or delete rows**

DIV.	TRADE ITEM	BUDGETED AMOUNT	ACTUAL COST	DIFFERENCE
3	Concrete	574,246.00	501,690.00	(72,556.00)
4	Masonry	344,926.00	366,450.00	21,524.00
5	Metals	-	-	
6	Rough Carpentry	597,477.00	618,918.00	21,441.00
6	Finish Carpentry	97,918.00	104,019.00	6,101.00
7	Waterproofing	-	-	
7	Insulation	59,322.00	57,735.00	(1,587.00)
7	Roofing	330,428.00	282,290.00	(48,138.00)
7	Siding/stucco	355,286.00	449,350.00	94,064.00
8	Doors	138,545.00	191,965.00	53,420.00
8	Windows/glass	86,849.00	66,317.00	(20,532.00)
9	Drywall	221,518.00	298,000.00	76,482.00
9	Tile work	-	-	
9	Resilient/wood flooring	139,335.00	149,675.00	10,340.00
9	Painting/Decorating	104,874.00	186,013.00	81,139.00
10	Specialties	118,864.00	32,088.00	(86,776.00)
11	Special Equipment	-	-	
11	Cabinets	165,223.00	148,462.00	(16,761.00)
11	Appliances	81,513.00	84,014.00	2,501.00
12	Blinds & Shades	20,388.00	12,250.00	(8,138.00)
12	Carpets	62,935.00	62,935.00	0.00
13	Special Construction	-	-	
14	Elevators	-	-	
15	Plumbing	217,997.00	302,581.00	84,584.00
15	Heat & Ventilation	224,554.00	197,920.00	(26,634.00)
15	Air Conditioning	Included in Heat & Ventilation		
16	Electrical	418,908.00	322,779.00	(96,129.00)
	Subtotal (structures)	4,361,106.00	4,435,451.00	74,345.00
2	Earth Work	150,411.00	337,390.00	186,979.00
2	Site Utilities	563,659.00	598,137.00	34,478.00
2	Roads and Walks	340,773.00	389,187.00	48,414.00
2	Site Improvements	58,785.00	71,002.00	12,217.00
2	Landscaping	170,466.00	352,289.00	181,823.00
2	Unusual Site Conditions	-	-	
	Total (Land Improvements)	1,284,094.00	1,748,005.00	463,911.00
	Total (Structure & Land Imprvmts)	5,645,200.00	6,183,456.00	538,256.00



DIV.	TRADE ITEM	BUDGETED AMOUNT	ACTUAL COST	DIFFERENCE
	Profit	338,712.00	306,262.39	(32,449.61)
1	General Requirements	322,726.00	351,645.87	28,919.87
	General Overhead	112,904.00	123,669.12	10,765.12
	Bond Premium			
	Misc. (Labor & Materials*)			
	Other Fees Paid by Contractor	15,986.00		(15,986.00)
	<b>Total Costs</b>	<b>6,435,528.00</b>	<b>6,965,033.38</b>	<b>529,505.38</b>

\*Total of materials & labor amounting to less than \$1,000 may be included as a lump sum.

General Requirements (Job Overhead)		Other Fees Paid by Contractor	
ITEM	TOTAL	ITEM	TOTAL
Supervision	133,459.00		
Field Engineering	12,095.00		
Labor	6,692.00		
Field Office Expense	76,043.00		
Temporary Facilities	13,018.00		
Temporary Utilities	19,804.00		
Equipment Rental	6,318.00		
Cleaning & Rubbish Removal	44,329.00		
Testing	17,663.00		
Small Tools	5,534.00		
On-site Camera & Monitoring	9,700.00		
Inspection fees	2,740.00		
Personnel screening	507.61		
Office Equipment	1,251.52		
Uniforms	1,144.28		
Misc GR	1,347.46		
<b>Total General Requirements</b>	<b>351,645.87</b>	<b>Total Other Fees</b>	<b>0.00</b>

GA DCA #2010-032

Magnolia Trace  
Martinez, GA

HUD Contractor Cost Certification Analysis

\*explain all bold items (+/- 10% & \$10,000 change) per DCA Guidelines for  
Completing the Contractor Cost Certification section 4a

TRADE	BUDGET	ACTUAL	CHANGE (%)	CHANGE (\$)	
<b>Concrete</b>	<b>574,246.00</b>	<b>501,690.00</b>	<b>-13%</b>	<b>(72,556.00)</b>	Concrete was less than anticipated vs. historical comparisons used in projections.
Masonry	344,926.00	366,450.00	6%	21,524.00	
Metals	-	-			
Rough Carpentry	597,477.00	618,918.00	4%	21,441.00	
Finish Carpentry	97,918.00	104,019.00	6%	6,101.00	
Waterproofing	-	-			
Insulation	59,322.00	57,735.00	-3%	(1,587.00)	
<b>Roofing</b>	<b>330,428.00</b>	<b>282,290.00</b>	<b>-15%</b>	<b>(48,138.00)</b>	Price of asphalt shingles went down in pricing compared to 6 months prior.
<b>Siding/stucco</b>	<b>355,286.00</b>	<b>449,350.00</b>	<b>26%</b>	<b>94,064.00</b>	Siding was not clear on the original plans. Final approved
<b>Doors</b>	<b>138,545.00</b>	<b>191,965.00</b>	<b>39%</b>	<b>53,420.00</b>	Access controls and key fobs were added to the project.
<b>Windows/glass</b>	<b>86,849.00</b>	<b>66,317.00</b>	<b>-24%</b>	<b>(20,532.00)</b>	Proposal from vendors came in lower than original budget.
<b>Drywall</b>	<b>221,518.00</b>	<b>298,000.00</b>	<b>35%</b>	<b>76,482.00</b>	Due to demand in the market, drywall was higher than projected.
Tile work	-	-			
Resilient/wood flooring	139,335.00	149,675.00	7%	10,340.00	
<b>Painting/Decorating</b>	<b>104,874.00</b>	<b>186,013.00</b>	<b>77%</b>	<b>81,139.00</b>	Proposals came in higher than projected, paint materials were upgraded to eggshell, caulking of garage floors and painting roof flashing.
<b>Specialties</b>	<b>118,864.00</b>	<b>32,088.00</b>	<b>-73%</b>	<b>(86,776.00)</b>	Toilet and Bath accessories were less than projected and custom shelving was replaced with a standard shelving product.
Special Equipment	-	-			
<b>Cabinets</b>	<b>165,223.00</b>	<b>148,462.00</b>	<b>-10%</b>	<b>(16,761.00)</b>	Value engineered this scope and negotiated a lower price with the vendor.
Appliances	81,513.00	84,014.00	3%	2,501.00	
Blinds & Shades	20,388.00	12,250.00	-40%	(8,138.00)	
Carpets	62,935.00	62,935.00	0%	0.00	
Special Construction	-	-			
Elevators	-	-			
<b>Plumbing</b>	<b>217,997.00</b>	<b>302,581.00</b>	<b>39%</b>	<b>84,584.00</b>	Extended exterior sewer laterals, relocated backflow preventers, added backflow preventers, additional permit and testing fees directed by the county and city inspectors; grease trap added at the community building per city inspector and roll-in showers in place of tubs for AD compliance.
<b>Heat &amp; Ventilation</b>	<b>224,554.00</b>	<b>197,920.00</b>	<b>-12%</b>	<b>(26,634.00)</b>	After review of the approved plans, lower pricing was negotiated with the subcontractor.
Air Conditioning	Included in Heat & Ventilation				
<b>Electrical</b>	<b>418,908.00</b>	<b>322,779.00</b>	<b>-23%</b>	<b>(96,129.00)</b>	Value engineered fixtures and after various meetings with the subcontractor, negotiated a lower price with the vendor.
Subtotal (structures)	4,361,106.00	4,435,451.00		74,345.00	
<b>Earth Work</b>	<b>150,411.00</b>	<b>337,390.00</b>	<b>124%</b>	<b>186,979.00</b>	Haul in and haul off for unsuitable soils lime to meet Columbia County specs.
Site Utilities	563,659.00	598,137.00	6%	34,478.00	

<b>Roads and Walks</b>	<b>340,773.00</b>	<b>389,187.00</b>	<b>14%</b>	<b>48,414.00</b>	Per direction from the County, lime was required to meet the county restrictions; additional sidewalks after clarification of plans; and ADA curb added at clubhouse.
<b>Site Improvements</b>	<b>58,785.00</b>	<b>71,002.00</b>	<b>21%</b>	<b>12,217.00</b>	Fencing was added to the perimeter of the property with the exception of the wooded areas by the Owner and a playground area was added per the architect's Field Order #6.
<b>Landscaping</b>	<b>170,466.00</b>	<b>352,289.00</b>	<b>107%</b>	<b>181,823.00</b>	The original plans were not clarified on the placement of the sod and when the final plans were approved there was more sod than originally projected.
<b>Unusual Site Conditions</b>	-	-			

Total (Land Improvements)	1,284,094.00	1,748,005.00		463,911.00
Total (Structure & Land Imprvmts)	5,645,200.00	6,183,456.00		538,256.00



Georgia Department of Community Affairs  
Office of Affordable Housing

**CERTIFICATION OF INDEPENDENT CERTIFIED PUBLIC  
ACCOUNTANT**

The undersigned does certify that in his/her opinion, the General Contractor's Certification of Actual Costs presents fairly, in all material respects, the actual cost of labor, materials and necessary services for the above. This is intended solely for the information and use of the Owner of the Project and for filing with the Georgia Department of Community Affairs. We have no financial interest in the project other than in the practice of our profession. This certification is supported by an audit report and an opinion letter prepared in accordance with Generally Accepted Accounting Principals and Generally Accepted Auditing Standards.

Howe & Associates, PC  
Name of Firm

By: Howe & Associates PC.  
(Signature)

Project Name: Magnolia Trace, LP

Project Location: Martinez, GA

**Georgia Department of Community Affairs  
Office of Affordable Housing**

**MULTIFAMILY LOAN  
CONTRACTOR'S CERTIFICATE OF ACTUAL PROJECT COST**

This form and certification is to be used by the General Contractor to certify the actual cost of project construction and development. It must be completed by the project general contractor subsequent to the completion of construction and prior to the release of the retainage. It is required so that DCA can make a determination of the actual project costs compared to the budgeted project costs, prevent windfall profits, and to ensure that the project has not been over subsidized. The Certificate requires that the Project General Contractor certify that the actual cost of labor, materials, and necessary services for construction of the below referenced project, after deduction of all kickbacks, rebates, adjustments, discounts, promotional, or advertising recoupment made or to be made to the General Contractor.

This Certificate must also be supported by an audit report and an opinion letter prepared by a Certified Public Accountant in accordance with auditing standards generally accepted in the United States of America and the government auditing standards issued by the comptroller general of the United States.

Project Name: Magnolia Trace

DCA Number: 2010-032

Owner Name: Magnolia Trace, L.P.

General Contractor Name: Fairway Construction Co., Inc.

Location of Project: Martinez, GA

Date of project completion: December 20, 2012

Date of Certification: January 24, 2013

Georgia Department of Community Affairs  
Office of Affordable Housing

GENERAL CONTRACTOR CERTIFICATION

The undersigned certifies that the actual cost of labor, materials and necessary services set forth in the attached schedule, for the construction of the physical improvements in connection with the project described above, is true and accurate. Such schedule sets forth the actual cost of labor, materials, and necessary services after deduction of all rebates, adjustments, or discounts made or to be made to the owner, general contractor or any corporation, trust, partnership, joint venture, or other legal or business entity in which the undersigned borrower or general contractor, or any of their members, stockholders, officers, directors, beneficiaries, or partners hold any interest. I further certify that all soft costs associated with construction of the project, as set forth herein are correct as represented herein. This certificate of actual costs is supported by an audit report and an opinion letter prepared by a Certified Public Accountant in accordance with auditing standards generally accepted in the United States of America and the government auditing standards issued by the comptroller general of the United States. I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Convictions may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012, 31 U.S.C. 3729, 3802).

The undersigned also certifies that (check as appropriate):

There has not been and is not now any identify of interest between or among the borrower and/or general contractor and any subcontractor, material supplier, equipment lessor or payee (including any of their members, officers, directors, beneficiaries, or partners).

There is an identity of interest between or among the borrower and/or general contractor and any subcontractor, material supplier, equipment lessor, or payee. Attached to and made a part of this certificate is a signed statement fully describing any such identity of interest.

Attached to and made a part of this certificate is a signed statement fully describing any rebates adjustments, discounts or any other devices which may have or have had the effect of reducing project costs.

Fairway Construction Co., Inc.  
General Contractor

Project Name: Magnolia Trace

By: 

Project Location: Martinez, GA

Title: Vice-President



## Identity of Interest

There is an identity of interest between the following entities for Magnolia Trace project in Martinez, Georgia.

### Contractor

Fairway Construction Co., Inc.

Jeffrey E. Smith

Its: President

### Equipment Lessor

Metro Equipment Rental Co., L.C.

Jeffrey E. Smith

Its: President

Signed by:

X



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Will Markel  
Vice-President