CHESTNUT VILLAGE LAKELAND, LP

INDEPENDENT AUDITORS' REPORT CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS, OWNER'S CERTIFICATION OF FUNDING SOURCES AND PROJECT SUBSIDY AND BUILDING ALLOCATION OF QUALIFIED BASIS

APRIL 25, 2014



INDEPENDENT AUDITOR'S REPORT

Owner's Name: Chestnut Village Lakeland, LP Project Name: Chestnut Village Project Number: TCAA # 2011-027

To the Partners Chestnut Village Lakeland, LP

We have audited the costs included in the accompanying Tax Credit Allocation Agency ("TCAA") Final Cost Certification (the "Final Cost Certification") of Chestnut Village Lakeland, LP (the "Owner") for Chestnut Village ("the Project") as of April 25, 2014.

Owner and Owner Management's Responsibility for the Schedule

The Owner and the Owner's management are responsible for the preparation and fair presentation of the Final Cost Certification in accordance with contractual agreements with the TCAA; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Final Cost 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 Final Cost 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 Final Cost Certification is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Final Cost Certification. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Final Cost Certification, 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 Final Cost 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 the Owner and Owner's management, as well as evaluating the overall presentation of the Final Cost Certification.

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

Opinion

In our opinion, the Final Cost Certification presents fairly, in all material respects, the actual costs of \$7,594,710, eligible basis of \$6,801,815, and adjusted eligible basis of \$7,454,026 of the Owner for the Project as of April 25, 2014, on the basis of accounting described below.

Five Concourse Parkway ■ Suite 1000 ■ Atlanta, Georgia 30328 404.892.9651 ■ www.hawcpa.com An Independent Member of Baker Tilly International

Basis of Accounting

The Final Cost Certification is 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 basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the provisions of the contractual agreements with TCAA, referred to above. Our opinion is not modified with respect to that matter.

Restriction on Use

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.

Halif, Anageti : Mpnu. LLP

Atlanta, Georgia

April 28, 2014

FINAL ALLOCATION APPLICATION

PART FOUR - USES OF FUNDS - Chestnut Village - 2011-027

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

DEVELOPMENT COST SCHEDULE	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non- Depreciable Basis
PRE-DEVELOPMENT COSTS Property Appraisal Market Study	6,500 5,150		PRE-DEVELOP	6,500 5,150	
Environmental Report(s) Soil Borings Boundary and Topographical Survey Zoning/Site Plan Fees	10,575			10,575 	
Other: Pre-Construction Cost Analysis	5,400 Subtotal 27,909	-	-	<u>5,400</u> 27,909	-
ACQUISITION Land Demolition	150,152		ACQUIS	SITION	150,152
Acquisition Legal Fees (if existing structures) Existing Structures	10,000 1,872,897 Subtotal 2,033,049		10,000 1,794,908 1,804,908		77,989 228,141
SITE IMPROVEMENTS	331,845			331,845	
Site Preparation (On-site) Site Preparation (Off-site)	Subtotal 331,845		-	331,845	-
UNIT/BUILDING CONSTRUCTION					
Unit/Building Construction/New Construction Unit/Building Construction/Rehab Project Amenities / Accessory Buildings	2,771,614			2,771,614	
Other:	Subtotal 2,771,614	-	-	2,771,614	-
CONTRACTOR SERVICES			CONTRACTO		
Builder's Overhead:2.00%Builder Profit:6.00%General Requirements6.00%	62,069 62,069 186,208 186,207 186,208 186,207			62,069 186,207 186,207	
Payment/performance bond or letter-of-credit fee or premium Total Construction Costs 59,965.12 per 3,537,942 79.27 per		-	-	434,483	-

PART FOUR - USES OF FUNDS - Chestnut Village - 2011-027

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

. DEVELOPMENT COST SCHEDULE	ĺ	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non- Depreciable Basis
CONSTRUCTION PERIOD FINANCING				CONSTRUCTION F	PERIOD FINANCING	
Construction Loan Fee]					
Construction Loan Interest						
Construction Legal Fees		31,682			31,682	
Construction Period Real Estate Tax		21,594			13,912	7,682
Construction Insurance		11,467			5,039	6,428
Bridge Loan Fee and Bridge Loan Interest		5,972			5,972	
Other: Construction Lender Inspection Fees		18,000			18,000	
	Subtotal	88,715	-	-	74,605	14,110
PROFESSIONAL SERVICES				PROFESSION	AL SERVICES	
Architectural Fee - Design	1	110,925			110,925	
Architectural Fee - Supervision		24,500			24,500	
Engineering	-	11,496			11,496	
Real Estate Attorney	•	36,753			36,753	
Accounting		23,600			23,600	
Other:						
	Subtotal	207,274	-	-	207,274	-
LOCAL GOVERNMENT FEES	_			LOCAL GOVE	RNMENT FEES	
Building Permits	Γ	13,735			13,735	
Impact Fees	-					
Water Tap Fees waived?						
Sewer Tap Fees waived?						
Real Estate Taxes						
	Subtotal	13,735	-	-	13,735	-
PERMANENT FINANCING FEES				PERMANENT F	INANCING FEES	
Permanent Loan Fees						
Permanent Loan Legal Fees						
Title and Recording Fees		9,324			9,324	
As-Built Survey		4,235			4,235	
Bond Issuance Premium						
Cost of Issuance / Underwriter's Discount						
Other:						
	Subtotal	13,559	-	-	13,559	-

PART FOUR - USES OF FUNDS - Chestnut Village - 2011-027

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
	DCA-RELATED COSTS			DCA-RELA	TED COSTS	
	DCA Loan Application Fee	4,000				4,000
	Tax Credit Application Fee	1,500				1,500
	DCA Waiver Fees					
		40,177				40,177
	1 0	8,850				8,850
	DCA Front End Analysis Fee (when ID of Interest)					
	DCA Final Inspection Fee	3,000				3,000
	Other: Post Award Project Concept Amendment	1,500				1,500
	Su	btotal 59,027				59,027
	EQUITY COSTS			EQUITY	COSTS	
	Partnership Organization Fees	3,529				3,529
	Tax Credit Legal Opinion					
	Other: Syndicator Legal Fees	50,070				50,070
	Sul	btotal 53,599	-	-	-	53,599
	DEVELOPER'S FEE			DEVELO	PER'S FEE	
	Developer's Overhead	189,262			189,262	
	Consultant's Fee	757,049		270,736	486,313	
	Developer's Fee					
	Sul	btotal 946,311	-	270,736	675,575	-
	START-UP AND RESERVES			START-UP A	ND RESERVES	
	Marketing	4,596				4,596
	Rent -Up Reserves	44,333				44,333
	Operating Deficit Reserve:	181,100				181,100
	Replacement Reserve	41,029				41,029
	Furniture, Fixtures and Equipment	63,746			63,746	00.000
	Other: T&I Escrow and Security Deposit	36,960			00.740	36,960
		btotal 371,764	-	-	63,746	308,018
	OTHER COSTS			OTHER	COSTS	
	Relocation	75,295			75,295	
	Other: Accessibility Services and Energy Efficiency S				36,531	
	Other: Asset Mngt Fee (40,000) & Rental Assistance				444.000	130,000
	Su	btotal 241,826	-	-	111,826	130,000
	TOTAL DEVELOPMENT COST	7,594,710	-	2,075,644	4,726,171	792,895
	Per Unit	128,723.90				
	Per Square Foot	170.16				
	•					

PART FOUR - USES OF FUNDS - Chestnut Village - 2011-027

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

	CERTIFICATION OF ACTUAL	COST AND OPINION	AS TO ELIGIBLE BASIS				
П.	TAX CREDIT CALCULATION - BASIS METHOD	New Construction Basis	4% Acquisition Basis	Ĩ	Rehabilitation Basis		
	Subtractions From Eligible Basis			4			
	Amount of federal grant(s) used to finance qualifying development costs						
	Amount of federal below market rate loan						
	Amount of nonqualified nonrecourse financing						
	Costs of Nonqualifying units of higher quality						
	Nonqualifying excess portion of higher quality units						
	Historic Tax Credit (Residential Portion Only)						
	Other						
	Total Subtractions From Basis:	0			0		
	Eligible Basis Calculation						
	Total Basis	0	2,075,644	1	4,726,171		
	Less Total Subtractions From Basis (see above)	0	11-	1	0		
	Total Eligible Basis	0	2,075,644	Т	4,726,171		
	Eligible Basis Adjustment for DDA/QCT Location			4	113.80%		
	Adjusted Eligible Basis	0	2,075,644	T	5,378,382		
	Multiply Adjusted Eligible Basis by Applicable Fraction	100.00%	100.00%	1	100.00%		
	Qualified Basis	0	2,075,644	1	5,378,382		
	Multiply Qualified Basis by Applicable Credit Percentage		3.20%		9.00%		
	Maximum Tax Credit Amount	0	66,421		484,054		
	Total Basis Method Tax Credit Calculation		550,475				
Ш.	TAX CREDIT CALCULATION - GAP METHOD						
	Equity Gap Calculation						
	Total Development Cost		7,594,710	Т			
	Subtract Non-LIHTC (excluding deferred fee) Source of Funds		1,588,921	1			
	Equity Gap		6,005,789	1			
	Divide Equity Gap by 10	L	/ 10	4			
	Annual Equity Required]	600,579	T	Federal		State
	Enter Final Federal and State Equity Factors (not including GP contribution)		1.0910	1 =	0.8510	+	0.2400
	Total Gap Method Tax Credit Calculation		550,485	1		-	
11/	TAX CREDIT CARRYOVER ALLOCATION Allocation Year	2012	572.054				
IV.	TAX CREDIT CARRYOVER ALLOCATION Allocation Year	2012	573,951	1			
۷.	FINAL TAX CREDIT ALLOCATION REQUEST		550,475				

I certify that all information provided above is true, correct, complete and reflects the full extent of all project costs and eligible basis which apply (or are expected to apply) to the above-mentioned development.

Owner Signature

Name - Please Type

Date

PART THREE - SOURCES OF FUNDS - Chestnut Village - 2011-027

PERMANENT FINANCIN	G								Interest	Term	Amort.	Annual Debt Svc		
Financing Type			Na	ame of Fi	nancing E	ntity	Principa	I Amount	Rate	(Years)	(Years)	Per Terms Given	Loan Type	Balloon
First Mortgage			USDA 51	5 Loan A	ssumptio	n	1	,510,932	1.000%	50	50	38,413	Adjusted Interest	
Second Mortgage														
Third Mortgage														
Other Source (specify)														
Other Source (specify)														
Deferred Developer Fees			ABC Dev	eloper				1,044						
Federal Grant												•		
State, Local, or Private G	rant													
Federal Housing Credit E	quity		Raymono	d James ⁻	Tax Credit	Fund 39,	4	,683,605						
State Housing Credit Equ	ity		Chestnut	State Inv	estor, LL	C	1	,321,140						
Historic Credit Equity														
Investment Earnings from	n Tax-Exempt Bon	nds												
Investment Earnings from	Taxable Bonds													
Income from Operations														
Other Source (specify)	Transferred at P	urchase	Replacer	nent Res	erve			41,029						
Other Source (specify)	Transferred at P	urchase	Tax & Ins	surance F	Reserve			23,691						
Other Source (specify)	Transferred at P	urchase	Security	Deposit F	Reserve			13,269						
Total Permanent Financir	ng:						7,594	1,710						
Total Development Costs	from Developme	nt Cost Schedule	e:				7,594	1,710						
Surplus/(Shortage) of Per	manent Funds to	Development C	osts:				(0)						
DCA HOME loan interest	rate per	Year:	1 -7	8	9	10	11	12	13	14	15			
Operating Year for Projec Rural Areas:	ts located in	Rate:]		

VII. OWNER COMMENTS AND CLARIFICATIONS

Georgia Department of Community Affairs

FINAL ALLOCATION APPLICATION

	PART EIGHT - BUILDING BY BUILDING CREDIT ALLOCATION - Chestnut Village - 2011-027																
Cost Certification Date:	4/25/2014]	Carryover	Allocati	ion Date:	1/30/20)12	Project Address: 23 Chestnut Ridge Circle, Lakeland GA 31635								
Type of Activity:	Acquisition	า	-														
	Please do NOT include common space employee units!																
	Total Total Nbr Low Date FINAL Tax Credit Allocation																
		Building	Nbr of	Residential	of Low	Income	Building's	QCT/	Building's	Building's	Building's	Placed	Applic.	Тах	Requ	uest	
	Identification	Residntl	Square	Income	Square	Eligible	DDA	Adjusted	Applicable	Qualified	In	Credit	Credit	Building's	Tax Credit		
Building Address		<u>Number</u>	<u>Units</u>	Footage	<u>Units</u>	Footage	Basis	Boost	Basis	Fraction	Basis	Service	<u>%</u>	Amount	Qualified Basis	Amount	
23 Chestnut Ridge Circle, Bldg A	, Lakeland, GA 316	GA-90-13605	6	4,076	6	4,076	200,035	1	200,035	100.00%	200,035	11/30/2012	3.20%	6,402	200,035	6,402	
23 Chestnut Ridge Circle, Bldg B	, Lakeland, GA 316	GA-90-13604	4	2,726	4	2,726	133,783	1	133,783	100.00%	133,783	11/30/2012	3.20%	4,281	133,783	4,281	
23 Chestnut Ridge Circle, Bldg C	, Lakeland, GA 316	GA-90-13603	6	4,076	6	4,076	200,036	1	200,036	100.00%	200,036	11/30/2012	3.20%	6,401	200,036	6,401	
23 Chestnut Ridge Circle, Bldg D	, Lakeland, GA 316	GA-90-13602	6	4,392	6	4,392	215,544	1	215,544	100.00%	215,544	11/30/2012	3.20%	6,897	215,544	6,897	
23 Chestnut Ridge Circle, Bldg E	, Lakeland, GA 316	GA-90-13601	6	4,076	6	4,076	200,036	1	200,036	100.00%	200,036	11/30/2012	3.20%	6,401	200,036	6,401	
23 Chestnut Ridge Circle, Bldg F,	Lakeland, GA 316	GA-92-00301	6	5,546	6	5,546	272,179	1	272,179	100.00%	272,179	11/30/2012	3.20%	8,710	272,179	8,710	

		0	1,072	0	1,072	210,011		210,011	100.0070	210,011	11/00/2012	0.2070	0,077	210,011	0,077
23 Chestnut Ridge Circle, Bldg E, Lakeland, GA 316	GA-90-13601	6	4,076	6	4,076	200,036	1	200,036	100.00%	200,036	11/30/2012	3.20%	6,401	200,036	6,401
23 Chestnut Ridge Circle, Bldg F, Lakeland, GA 316		6	5,546	6	5,546	272,179	1	272,179	100.00%	272,179	11/30/2012	3.20%	8,710	272,179	8,710
23 Chestnut Ridge Circle, Bldg G, Lakeland, GA 31	GA-92-00302	6	4,030	6	4,030	197,779	1	197,779	100.00%	197,779	11/30/2012	3.20%	6,329	197,779	6,329
23 Chestnut Ridge Circle, Bldg H, Lakeland, GA 316		4	2,694	4	2,694	132,212	1	132,212	100.00%	132,212	11/30/2012	3.20%	4,231	132,212	4,231
23 Chestnut Ridge Circle, Bldg I, Lakeland, GA 316	GA-92-00304	4	3,024	4	3,024	148,408	1	148,408	100.00%	148,408	11/30/2012	3.20%	4,749	148,408	4,749
23 Chestnut Ridge Circle, Bldg J, Lakeland, GA 316		6	4,030	6	4,030	197,779	1	197,779	100.00%	197,779	11/30/2012	3.20%	6,329	197,779	6,329
23 Chestnut Ridge Circle, Bldg K, Lakeland, GA 316	GA-92-00306	4	3,624	4	3,624	177,853	1	177,853	100.00%	177,853	11/30/2012	3.20%	5,691	177,853	5,691
		58	42,294	58	42,294	2,075,644		2,075,644		2,075,644			66,421	2,075,644	66,421

Georgia Department of Community Affairs

FINAL ALLOCATION APPLICATION

PART EIGHT - BUILDING BY BUILDING CREDIT ALLOCATION - Chestnut Village - 2011-027

Cost Co	ertification Date:	4/25/2014	l c	arrvover Allocation Date:	1/30/2012	Proiect Address:	23 Chestnut Ridge Circle, Lakeland GA 31635
Type of	Activity:	Rehabilitation		,			
				Please do NOT include	e common space	employee units!	

Please do NOT include common space employee units:															
		Total	Total	Nbr	Low						Date			FINAL Tax Cre	
	Building	Nbr of	Residential	of Low	Income	Building's	QCT/	Building's	Building's	Building's	Placed	Applic.	Тах	Requ	
	Identification	Residntl	Square	Income	Square	Eligible	DDA	Adjusted	Applicable	Qualified	In	Credit	Credit	Building's	Tax Credit
Building Address	Number	<u>Units</u>	Footage	<u>Units</u>	Footage	<u>Basis</u>	Boost	Basis	Fraction	<u>Basis</u>	Service	<u>%</u>	<u>Amount</u>	Qualified Basis	<u>Amount</u>
23 Chestnut Ridge Circle, Bldg A, Lakeland, GA 316		6	4,076	6	4,076	455,476	1.138	518,331	100.00%	518,331	5/23/2013	9.00%	46,651	518,331	46,651
23 Chestnut Ridge Circle, Bldg B, Lakeland, GA 316		4	2,726	4	2,726	304,619	1.138	346,656	100.00%	346,656	8/30/2013	9.00%	31,199	346,656	31,199
23 Chestnut Ridge Circle, Bldg C, Lakeland, GA 316		6	4,076	6	4,076	455,475	1.138	518,331	100.00%	518,331	8/30/2013	9.00%	46,650	518,331	46,650
23 Chestnut Ridge Circle, Bldg D, Lakeland, GA 316		6	4,392	6	4,392	490,787	1.138	558,516	100.00%	558,516	5/8/2013	9.00%	50,266	558,516	50,266
23 Chestnut Ridge Circle, Bldg E, Lakeland, GA 316		6	4,076	6	4,076	455,475	1.138	518,331	100.00%	518,331	4/26/2013	9.00%	46,650	518,331	46,650
23 Chestnut Ridge Circle, Bldg F, Lakeland, GA 316		6	5,546	6	5,546	619,741	1.138	705,265	100.00%	705,265	9/30/2013	9.00%	63,474	705,265	63,474
23 Chestnut Ridge Circle, Bldg G, Lakeland, GA 316		6	4,030	6	4,030	450,335	1.138	512,481	100.00%	512,481	10/10/2013	9.00%	46,123	512,481	46,123
23 Chestnut Ridge Circle, Bldg H, Lakeland, GA 316	GA-92-00303	4	2,694	4	2,694	301,043	1.138	342,587	100.00%	342,587	10/31/2013	9.00%	30,832	342,587	30,832
23 Chestnut Ridge Circle, Bldg I, Lakeland, GA 3163		4	3,024	4	3,024	337,919	1.138	384,552	100.00%	384,552	11/27/2013	9.00%	34,609	384,552	34,609
23 Chestnut Ridge Circle, Bldg J, Lakeland, GA 316		6	4,030	6	4,030	450,335	1.138	512,481	100.00%	512,481	11/26/2013	9.00%	46,123	512,481	46,123
23 Chestnut Ridge Circle, Bldg K, Lakeland, GA 316	GA-92-00306	4	3,624	4	3,624	404,966	1.138	460,851	100.00%	460,851	12/29/2013	9.00%	41,477	460,851	41,477
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														1 1	
		EO	42.204	EO	12 204	4 704 171		E 270 202		E 270 202			404 OF 4	E 270 202	404 OF 4
		58	42,294	58	42,294	4,726,171		5,378,382		5,378,382			484,054	5,378,382	484,054