Independent Auditor's 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

North Grove, LP

December 31, 2016



North Grove, LP

Index

	<u>Page</u>
Independent Auditor's Report	2
Sources of Funds	4
Certification of Actual Cost and Opinion as to Eligible Basis	5
Building by Building Credit Allocation	9

Independent Auditor's Report

Owner's Name:	North Grove, LP
Project Name:	North Grove Apartments
Project Number:	2014-006

We have audited the costs included in the accompanying Georgia Department of Community Affairs ("DCA") Certification of Actual Cost and opinion as to Eligible Basis, the Owner's Certification of Funding Sources and Project Subsidy, and the building allocation of Qualified Basis Worksheet (the "Final Cost Certification") of North Grove, LP (the "Owner") for North Grove Apartments ("the Project") as of December 31, 2016.

Management's Responsibility for the Final Cost Certification

Management is responsible for the preparation and fair presentation of the Final Cost Certification in accordance with financial reporting provisions and qualified allocation plan rules established by DCA. Management is also responsible for 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 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 audit opinion.

Opinion

In our opinion, the Final Cost Certification referred to above presents fairly, in all material respects, the actual costs of \$15,438,438 and eligible basis of \$13,684,818 of the Owner for the Project as of December 31, 2016, in accordance with financial reporting provisions and qualified allocation plan rules established by DCA.

Basis of Accounting

We draw attention to the financial reporting provisions of DCA, which require the Owner to account for actual costs and adjusted eligible basis in accordance with the basis of accounting the Owner uses for income tax purposes and to comply with the provisions of DCA's qualified allocation plan, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Restriction on Use

Our report is intended solely for the information and use of the Owner and DCA and is not intended to be and should not be used by anyone other than these specified parties.

Other

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

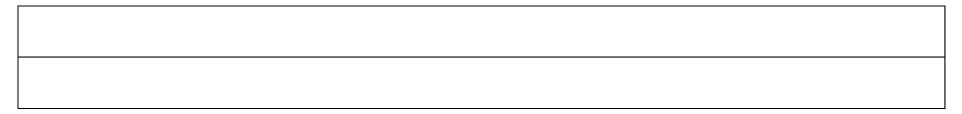
CohnReynickILP

Atlanta, Georgia March 7, 2017

PART THREE - SOURCES OF FUNDS - North Grove, LP - 2014-006

PERMANENT FINANCING								Interest	Term	Amort.	Annual Debt Svc		
Financing Type		Na	me of Fir	nancing E	ntity	Principa	I Amount	Rate	(Years)	(Years)	Per Terms Given	Loan Type	Balloon?
First Mortgage		SunTrust	Bank			1	,950,000	5.760%	18	30	136,705	Amortizing	
Second Mortgage													
Third Mortgage													
Other Source (specify)													
Other Source (specify)													
Deferred Developer Fees		Prestwick	k Develop	oment Co	mpany		14,348						
Federal Grant											•		
State, Local, or Private Grant								1					
Federal Housing Credit Equity		STCC No	STCC North Grove, LLC				,099,090	1					
State Housing Credit Equity		CDC Spe	ecial Limi	ted Partn	er, LLC	4	,375,000	1					
Historic Credit Equity													
Investment Earnings from Tax-Exempt Bo	onds							1					
Investment Earnings from Taxable Bonds								1					
Income from Operations								1					
Other Source (specify)								1					
Other Source (specify)								1					
Other Source (specify)								1					
Total Permanent Financing:						15,43	8,438	1					
Total Development Costs from Development	ent Cost Sched	lule:				15,43	8,438	1					
Surplus/(Shortage) of Permanent Funds t	o Development	Costs:)						
DCA HOME loan interest rate per	Year:	1 -7	8	9	10	11	12	13	14	15			
Operating Year for Projects located in Rural Areas:	Rate:]		

VII. OWNER COMMENTS AND CLARIFICATIONS



See Independent Auditor's Report.

PART FOUR - USES OF FUNDS - North Grove, LP - 2014-006

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

DEVELOPMENT COST SCHEDULE	ΤΟΤΑΙ	LCOST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
PRE-DEVELOPMENT COSTS				PRE-DEVELOPM	MENT COSTS	
Property Appraisal		7,750			7,750	
Market Study		5,700			5,700	
Environmental Report(s)		44,954			44,954	
Soil Borings						
Boundary and Topographical Survey						
Zoning/Site Plan Fees						
Other: 3rd Party Cost Review		2,115			2,115	-
	Subtotal	60,519	-	-	60,519	-
ACQUISITION				ACQUIS	ITION	
Land		615,758				615,758
Demolition						
Acquisition Legal Fees (if existing structures)						
Existing Structures		2,559,242		2,559,242		
J. J	Subtotal 3	3,175,000		2,559,242		615,758
SITE IMPROVEMENTS				SITE IMPRO	VEMENTS	
Site Preparation (On-site)	1	,093,821			894,924	198,897
Site Preparation (Off-site)		,000,021				-
	Subtotal 1	,093,821	-	-	894,924	198,897
UNIT/BUILDING CONSTRUCTION				UNIT/BUILDING C		
Unit/Building Construction/New Construction						
Unit/Building Construction/Rehab	6	6,210,679			6,210,679	
Project Amenities / Accessory Buildings		.,			0,210,010	
Other:						
	Subtotal 6	6,210,679	-	-	6,210,679	-
CONTRACTOR SERVICES				CONTRACTOR		
Builder's Overhead: 2.00%	146,090	146,090			146,090	
Builder Profit: 6.00%	438,270	446,433			446,433	
General Requirements 6.00%	438,270	430,061			430,061	
Payment/performance bond or						
letter-of-credit fee or premium	Subtotal 1	,022,584	-	-	1,022,584	-
Total Construction Costs 65,055.34 per						
8,327,084 63.88 per						

DEVELOPMENT COST SCHEDULE	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
CONSTRUCTION PERIOD FINANCING			CONSTRUCTION PE	RIOD FINANCING	
Construction Loan Fee	95,000			1,919	93,081
Construction Loan Interest	253,053			253,053	-
Construction Legal Fees	30,000			606	29,394
Construction Period Real Estate Tax	135,054			23,947	111,107
Construction Insurance	113,246			30,782	82,464
Bridge Loan Fee and Bridge Loan Interest					
Other:					
	Subtotal 626,353	-	-	310,307	316,046
PROFESSIONAL SERVICES	000 (00	·	PROFESSIONA		
Architectural Fee - Design	260,108			260,108	
Architectural Fee - Supervision	40,690			40,690	
Engineering	81,114		10,000	81,114 55,000	00,000
Real Estate Attorney	155,000 32,000		10,000	32,000	90,000
Accounting Other: Accessibility Consultant	5,300			5,300	-
Other: Inspection Fees	9,200			9,200	
	9,200			9,200	
Other:	Subtotal 583,412		10,000	483,412	90,000
	Subiolar				50,000
LOCAL GOVERNMENT FEES			LOCAL GOVER		
Building Permits	33,758			33,758	
Impact Fees					
Water Tap Fees waived?					
Sewer Tap Fees waived?					
Real Estate Taxes	Subtotal 33,758			33,758	
	Subtotal 33,758	-	-	33,758	-
PERMANENT FINANCING FEES			PERMANENT FIN	IANCING FEES	
Permanent Loan Fees	19,500				19,500
Permanent Loan Legal Fees					
Title and Recording Fees	50,742			49,066	1,676
As-Built Survey					
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other:					
	Subtotal 70,242	-	-	49,066	21,176

DEVELOPMENT COST SCHEDULE	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
DCA-RELATED COSTS			DCA-RELAT	ED COSTS	
DCA Loan Application Fee					
Tax Credit Application Fee	6,500				6,500
DCA Waiver Fees	2,500				2,500
	70,000 80,000 39,600 102,400				80,000 102,400
DCA Front End Analysis Fee (when ID of Interest)	102,400				102,400
DCA Final Inspection Fee	3,000				3,000
Other:					
Su	btotal 194,400				194,400
EQUITY COSTS			EQUITY	COSTS	
Partnership Organization Fees					
Tax Credit Legal Opinion					
Other:					
Su	btotal -	-	-	-	-
DEVELOPER'S FEE			DEVELOP		
Developer's Overhead	1,800,000		385,386	1,414,614	-
Consultant's Fee					
Developer's Fee	btotal 1,800,000		385,386	1,414,614	
	btotal 1,800,000	-			
START-UP AND RESERVES			START-UP AN	D RESERVES	[]
Marketing	8,726				8,726
Rent -Up Reserves Operating Deficit Reserve:	308,617				308,617
Replacement Reserve	500,017				000,017
Furniture, Fixtures and Equipment	112,958			112,958	
Other:					
Su	btotal 430,301	-	-	112,958	317,343
OTHER COSTS			OTHER	COSTS	
Relocation	137,369			137,369	-
Other:					
Other:				407.000	
Su	btotal 137,369	-	-	137,369	-
TOTAL DEVELOPMENT COST	15,438,438	-	2,954,628	10,730,190	1,753,620
Per Unit Per Square Foot	120,612.80 118.42				

TAX CREDIT CALCULATION - BASIS METHOD	New Construction Basis	4% Acquisition Basis	Rehabilitation Basis	
Subtractions From Eligible Basis				
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	2,954,628	10,730,190	
Less Total Subtractions From Basis (see above)	0		0	
Total Eligible Basis	0	2,954,628	10,730,190	
Eligible Basis Adjustment for DDA/QCT Location	0.00%		130.00%	
Adjusted Eligible Basis	0	2,954,628	13,949,247	
Multiply Adjusted Eligible Basis by Applicable Fraction	100.00%	100.00%	100.00%	
Qualified Basis	0	2,954,628	13,949,247	
Multiply Qualified Basis by Applicable Credit Percentage	0.00%	3.20%	9.00%	
Maximum Tax Credit Amount	0	94,546	1,255,432	
Total Basis Method Tax Credit Calculation		1,349,978		
TAX CREDIT CALCULATION - GAP METHOD				
Equity Gap Calculation				
Total Development Cost		15,438,438		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds		1,950,000		
Equity Gap		13,488,438		
Divide Equity Gap by 10		/ 10		
Annual Equity Required	Γ	1,348,844	Federal	State
Enter Final Federal and State Equity Factors (not including GP contributi	on)	1.3475	= 0.9100	+ 0.4375
Total Gap Method Tax Credit Calculation		1,000,997		
TAX CREDIT CARRYOVER ALLOCATION Allocation Year	2014	1,000,000		
FINAL TAX CREDIT ALLOCATION REQUEST		1,000,000		

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 abovementioned development.

Owner Signature

Name - Please Type

Date

	PART EIGHT	- BUI	LDING B	Y BUI		REDIT AL	LOCA	ATION -	North C	srove, Li	- 2014-	006			
Cost Certification Date:	12/31/2016	1	Carryove	r Alloc	ation Date	12/22/2	014	Project A	ddress:	198 Old Hu	ull Road , At	thens G	A 30601-5	568	
Type of Activity:	Rehabilitation	1]												
			Please	do NC)T include	common	space	e employe	ee units!						
		Total	Total	Nbr	Low						Date			FINAL T	ax Credit
	Building	Nbr of	Residential	of Low	Income	Building's	QCT/	Building's	Building's	Building's	Placed	Applic.	Tax	Allocation	Request
	Identification	Residnt	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	Basis	Boost	Basis	Fraction	Basis	Service	<u>%</u>	<u>Amount</u>	Qualified Basis	Amount
198 Old Hull Rd -Bldg 1	GA-95-06201	4	2,867	4	2,867	237,758	130%	309,085	100.00%	309,085	10/19/2016	9.00%	27,818	222,922	20,063
199 Old Hull Rd -Bldg 2	GA-95-06202	4	2,814	4	2,814	233,362	130%	303,371	100.00%	303,371	10/1/2015	9.00%	27,303	218,800	19,692
200 Old Hull Rd -Bldg 3	GA-95-06203	8	7,812	8	7,812	647,842	130%	842,195	100.00%	842,195	5/18/2016	9.00%	75,798	607,422	54,668
201 Old Hull Rd -Bldg 4	GA-95-06204	· 11	10,761	11	10,761	892,400	130%	1,160,120	100.00%	1,160,120	5/18/2016	9.00%	104,411	836,711	75,304
202 Old Hull Rd -Bldg 5	GA-95-06205	10	9,726	10	9,726	806,568	130%	1,048,538	100.00%	1,048,538	10/19/2016		94,368	756,233	68,061
203 Old Hull Rd -Bldg 6	GA-95-06206	10	9,726	10	9,726	806,568	130%	1,048,538	100.00%	1,048,538	10/19/2016	9.00%	94,368	756,233	68,061
204 Old Hull Rd -Bldg 7	GA-95-06207	10	9,726	10	9,726	806,568	130%	1,048,538	100.00%	1,048,538	10/1/2015	9.00%	94,368	756,233	68,061
205 Old Hull Rd -Bldg 8	GA-95-06208	10	11,296	10	11,296	936,767	130%	1,217,797	100.00%	1,217,797	10/1/2015	9.00%	109,602	878,311	79,048
206 Old Hull Rd -Bldg 9	GA-95-06209	10	11,296	10	11,296	936,767	130%	1,217,797	100.00%	1,217,797	1/21/2016	9.00%	109,602	878,311	79,048
207 Old Hull Rd -Bldg 10	GA-95-06210	10	9,726	10	9,726	806,568	130%	1,048,538	100.00%	1,048,538	1/21/2016	9.00%	94,368	756,233	68,061
208 Old Hull Rd -Bldg 11	GA-95-06211	8	9,064	8	9,064	751,669	130%	977,170	100.00%	977,170	5/18/2016	9.00%	87,945	704,756	63,428
209 Old Hull Rd -Bldg 12	GA-95-06212	8	9,064	8	9,064	751,669	130%	977,170	100.00%	977,170	5/18/2016	9.00%	87,945	704,756	63,428
210 Old Hull Rd -Bldg 13	GA-95-06213	8	8,292	8	8,292	687,647	130%	893,941	100.00%	893,941	1/21/2016	9.00%	80,455	644,733	58,026
211 Old Hull Rd -Bldg 14	GA-95-06214	8	8,928	8	8,928	740,390	130%	962,507	100.00%	962,507	5/18/2016	9.00%	86,626	694,200	62,478
212 Old Hull Rd -Bldg 15	GA-95-06215	8	8,292	8	8,292	687,647	130%	893,942	100.00%	893,942	10/1/2015	9.00%	80,455	644,744	58,027

					*****										*****
							•••••								
							•••••								
		127	129,390	127	129.390	10,730,190		13,949,247		13,949,247		I	1.255.432	10.060.598	905.454

PART EIGHT - BUILDING BY BUILDING CREDIT ALLOCATION - North Grove, LP - 2014-006

Type of Activity:	Acquisition															
							common	space	employe	e units!		•				•
			Total	Total	Nbr	Low						Date			FINAL T	
		Building	Nbr of	Residential	of Low	Income	Building's	QCT/	-	Building's	Building's	Placed	Applic.	Тах	Allocation	
		entification	Residnt	Square	Income	Square	Eligible	DDA	Adjusted	Applicable	Qualified	ln o	Credit	Credit	Building's	Tax Credit
Building Address		Number	<u>Units</u>	Footage	<u>Units</u>	Footage	Basis	Boost	Basis	Fraction	Basis	Service	<u>%</u>	Amount	Qualified Basi	Amount
198 Old Hull Rd -Bldg 1	-	A-95-06201	4	2,867	4	2,867	65,468		65,468	100.00%	65,468	6/2/2015	3.20%	2,095	65,468	2,095
199 Old Hull Rd -Bldg 2	-	4-95-06202	4	2,814	4	2,814	64,258		64,258	100.00%	64,258	6/2/2015	3.20%	2,056	64,258	2,056
200 Old Hull Rd -Bldg 3		4-95-06203	8	7,812	8	7,812	178,387		178,387	100.00%	178,387	6/2/2015	3.20%	5,708	178,387	5,708
201 Old Hull Rd -Bldg 4		4-95-06204	11	10,761	11	10,761	245,728		245,728	100.00%	245,728	6/2/2015	3.20%	7,863	245,728	7,863
202 Old Hull Rd -Bldg 5		4-95-06205	10	9,726	10	9,726	222,094		222,094	100.00%	222,094	6/2/2015	3.20%	7,107	222,094	7,107
203 Old Hull Rd -Bldg 6		4-95-06206	10	9,726	10	9,726	222,094		222,094	100.00%	222,094	6/2/2015	3.20%	7,107	222,094	7,107
204 Old Hull Rd -Bldg 7	GA	4-95-06207	10	9,726	10	9,726	222,094		222,094	100.00%	222,094	6/2/2015	3.20%	7,107	222,094	7,107
205 Old Hull Rd -Bldg 8	GA	4-95-06208	10	11,296	10	11,296	257,945		257,945	100.00%	257,945	6/2/2015	3.20%	8,254	257,945	8,254
206 Old Hull Rd -Bldg 9	GA	4-95-06209	10	11,296	10	11,296	257,945		257,945	100.00%	257,945	6/2/2015	3.20%	8,254	257,945	8,254
207 Old Hull Rd -Bldg 10	GA	4-95-06210	10	9,726	10	9,726	222,094		222,094	100.00%	222,094	6/2/2015	3.20%	7,107	222,094	7,107
208 Old Hull Rd -Bldg 11	GA	4-95-06211	8	9,064	8	9,064	206,977		206,977	100.00%	206,977	6/2/2015	3.20%	6,623	206,977	6,623
209 Old Hull Rd -Bldg 12	GA	4-95-06212	8	9,064	8	9,064	206,977		206,977	100.00%	206,977	6/2/2015	3.20%	6,623	206,977	6,623
210 Old Hull Rd -Bldg 13	GA	4-95-06213	8	8,292	8	8,292	189,348		189,348	100.00%	189,348	6/2/2015	3.20%	6,059	189,348	6,059
211 Old Hull Rd -Bldg 14	GA	4-95-06214	8	8,928	8	8,928	203,871		203,871	100.00%	203,871	6/2/2015	3.20%	6,524	203,871	6,524
212 Old Hull Rd -Bldg 15	GA	4-95-06215	8	8,292	8	8,292	189,348		189,348	100.00%	189,348	6/2/2015	3.20%	6,059	189,348	6,059
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						~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~		••••••							•	
			107	120 200	127	120 200	2 054 629		2 054 629		2 054 629		1	04 546	2 054 629	04 546
			127	129,390	127	129,390	2,954,628		2,954,628	I	2,954,628	J		94,546	2,954,628	94,546

See Independent Auditor's Report.

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