



NEWPORT TRACE APARTMENTS, LP
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
AND
INDEPENDENT AUDITOR'S REPORT

NOVEMBER 7, 2016



INDEPENDENT AUDITOR'S REPORT

Owner's Name: Newport Trace Apartments, LP
Project Name: Newport Trace Apartments
Project Number: TCAA # 2014-027

We have audited the costs included in the accompanying Tax Credit Allocation Agency ("TCAA") Final Cost Certification (the "Final Cost Certification") of Newport Trace Apartments, LP (the "Owner") for Newport Trace Apartments ("the Project") as of November 7, 2016. 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 \$6,777,810 and eligible basis of \$6,209,724 of the Owner for the Project as of November 7, 2016 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.

Tidwell Group, LLC

Birmingham, Alabama
November 15, 2016

PART THREE - SOURCES OF FUNDS - Newport Trace Apartments - 2014-027

I. PERMANENT FINANCING

Financing Type	Name of Financing Entity	Principal Amount	Interest Rate	Term (Years)	Amort. (Years)	Annual Debt Svc Per Terms Given	Loan Type	Balloon?
First Mortgage	DCA Home Loan	1,600,000	1.000%	20	20	88,300	DCA HOME IPS	Yes
Second Mortgage								
Third Mortgage								
Other Source (specify)								
Other Source (specify)								
Deferred Developer Fees	Gateway Construction Corporation	181,794						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	Affordable Equity Partners	3,655,342						
State Housing Credit Equity	Affordable Equity Partners	1,340,564						
Historic Credit Equity								
Investment Earnings from Tax-Exempt Bonds								
Investment Earnings from Taxable Bonds								
Income from Operations								
Other Source (specify) Contribution from General Partner	Gateway Newport Trace, LLC	100						
Other Source (specify) Contribution from Special Limited Partner	Tax Credit Holdings - Newport, L.L.C.	10						
Other Source (specify)								
Total Permanent Financing:		6,777,810						
Total Development Costs from Development Cost Schedule:		6,777,810						
Surplus/(Shortage) of Permanent Funds to Development Costs:		0						

See Independent Auditor's Report

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
PRE-DEVELOPMENT COSTS					
Property Appraisal	8,000	8,000			
Market Study	5,250	5,250			
Environmental Report(s)	5,000	5,000			
Soil Borings	1,500	1,500			
Boundary and Topographical Survey	33,463	33,463			
Zoning/Site Plan Fees					
Other: Earthcraft Fees	26,240	26,240			
Subtotal	79,453	79,453	-	-	-
ACQUISITION					
Land	320,000				320,000
Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures					
Subtotal	320,000	-	-	-	320,000
SITE IMPROVEMENTS					
Site Preparation (On-site)	1,073,350	1,073,350			
Site Preparation (Off-site)					
Subtotal	1,073,350	1,073,350	-	-	-
UNIT/BUILDING CONSTRUCTION					
Unit/Building Construction/New Construction	3,240,748	3,240,748			
Unit/Building Construction/Rehab					
Project Amenities / Accessory Buildings					
Other:					
Subtotal	3,240,748	3,240,748	-	-	-
CONTRACTOR SERVICES					
Builder's Overhead: 2.00%	86,282	84,640			
Builder Profit: 6.00%	258,846	201,220			
General Requirements 6.00%	258,846	220,902			
Payment/performance bond or letter-of-credit fee or premium					
Subtotal	506,762	506,762	-	-	-
Total Construction Costs	4,820,860	4,820,860	-	-	-
	<i>1,309.30 per unit</i>	<i>123.90 per sq ft</i>			

I. DEVELOPMENT COST SCHEDULE

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
CONSTRUCTION PERIOD FINANCING					
Construction Loan Fee					
Construction Loan Interest					
Construction Legal Fees	72,750	72,750			
Construction Period Real Estate Tax	473	473			
Construction Insurance	9,928	9,928			
Bridge Loan Fee and Bridge Loan Interest					
Other: <u>Payment and Performance Bond</u>	40,758	40,758			
Subtotal	123,909	123,909	-	-	-
PROFESSIONAL SERVICES					
Architectural Fee - Design	80,640	80,640			
Architectural Fee - Supervision	20,160	20,160			
Engineering	96,047	96,047			
Real Estate Attorney					
Accounting	23,150	23,150			
Other: <u>Construction Consultant</u>	27,824	27,824			
Subtotal	247,821	247,821	-	-	-
LOCAL GOVERNMENT FEES					
Building Permits	18,389	18,389			
Impact Fees					
Water Tap Fees <i>waived?</i>	140,207	140,207			
Sewer Tap Fees <i>waived?</i>					
Real Estate Taxes					
Subtotal	158,597	158,597	-	-	-
PERMANENT FINANCING FEES					
Permanent Loan Fees					
Permanent Loan Legal Fees					
Title and Recording Fees	17,582	16,752			
As-Built Survey					830
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other: _____					
Subtotal	17,582	16,752	-	-	830

See Independent Auditor's Report

I. DEVELOPMENT COST SCHEDULE

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
DCA-RELATED COSTS					
DCA Loan Application Fee					6,500
Tax Credit Application Fee	6,500				2,000
DCA Waiver Fees	2,000				29,797
LIHTC Allocation Processing Fee	26,073				33,600
LIHTC Compliance Monitoring Fee	2,577,400				
DCA Front End Analysis Fee (when ID of Interest)					
DCA Final Inspection Fee					
Other:					
Subtotal	71,897				71,897
EQUITY COSTS					
Partnership Organization Fees	500				500
Tax Credit Legal Opinion	2,000				2,000
Other:					
Subtotal	2,500				2,500
DEVELOPER'S FEE					
Developer's Overhead					
Consultant's Fee					
Developer's Fee	729,312	729,312			
Subtotal	729,312	729,312			
START-UP AND RESERVES					
Marketing	26,392				26,392
Rent -Up Reserves	38,109				38,109
Operating Deficit Reserve:	90,188				90,188
Replacement Reserve					
Furniture, Fixtures and Equipment					
Other: Tax and Insurance Escrow	18,170				18,170
Subtotal	172,859				172,859
OTHER COSTS					
Relocation					
Other: Furnishing and Equipment	33,020	33,020			
Other:					
Subtotal	33,020	33,020			
TOTAL DEVELOPMENT COST	6,777,810	6,209,724			568,086
Per Unit	1,840.80				
Per Square Foot	174.20				

See Independent Auditor's Report

II. 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	6,209,724	0	0
Less Total Subtractions From Basis (see above)	0	0	0
Total Eligible Basis	6,209,724	0	0
Eligible Basis Adjustment for DDA/QCT Location	100.00%		
Adjusted Eligible Basis	6,209,724	0	0
Multiply Adjusted Eligible Basis by Applicable Fraction	100.00%	100.00%	100.00%
Qualified Basis	6,209,724	0	0
Multiply Qualified Basis by Applicable Credit Percentage	9.00%		
Maximum Tax Credit Amount	558,875	0	0
Total Basis Method Tax Credit Calculation		558,875	

III. TAX CREDIT CALCULATION - GAP METHOD

Equity Gap Calculation			
Total Development Cost	6,777,810		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	1,600,110		
Equity Gap	5,177,700		
Divide Equity Gap by 10	517,770		
Annual Equity Required	1.3415	Federal	State
Enter Final Federal and State Equity Factors (not including GP contribution)	386,963	0.9915	0.3500
Total Gap Method Tax Credit Calculation			

IV. TAX CREDIT CARRYOVER ALLOCATION

Allocation Year **2015**

372,467

V. FINAL TAX CREDIT ALLOCATION REQUEST

372,467

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

Owner Signature

Allan Rappuhn
Name - Please Type

11/21/2016
Date

