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

McRae-Helena Estates, LP

June 30, 2017



McRae-Helena Estates, LP

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Independent Auditor's Report

Owner's Name: McRae-Helena Estates, LP
Project Name: McRae-Helena Estates
Project Number: 2015-061

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 McRae-Helena Estates, LP (the "Owner") for McRae-Helena Estates ("the Project") as of June 30, 2017.

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 \$7,453,105 and eligible basis of \$6,622,568 of the Owner for the Project as of June 30, 2017, 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.

Atlanta, Georgia August 31, 2017

CohnReynickLLF

PART THREE - SOURCES OF FUNDS - McRae-Helena Estates, LP - 2015-061 PERMANENT FINANCING Interest Term Amort. Annual Debt Svc Financing Type Name of Financing Entity Principal Amount Rate (Years) (Years) Per Terms Given Loan Type Balloon? First Mortgage Second Mortgage Third Mortgage Other Source (specify) Other Source (specify) McRae-Helena Development, LLC 5,623 Deferred Developer Fees Federal Grant State, Local, or Private Grant Tax Credit Holdings - McRae-Helena, LLC 5,521,491 Federal Housing Credit Equity Tax Credit Holdings - McRae-Helena, LLC State Housing Credit Equity 1,925,991 Historic Credit Equity Investment Earnings from Tax-Exempt Bonds Investment Earnings from Taxable Bonds Income from Operations Other Source (specify) Other Source (specify) Other Source (specify) Total Permanent Financing: 7,453,105 Total Development Costs from Development Cost Schedule: 7,453,105 Surplus/(Shortage) of Permanent Funds to Development Costs: DCA HOME loan interest rate per Year: 9 10 Operating Year for Projects located in Rate: Rural Areas: VII. OWNER COMMENTS AND CLARIFICATIONS

PART FOUR - USES OF FUNDS - McRae-Helena Estates, LP - 2015-061

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				PRE-DEVEL	OPMEN	NT COSTS				
	Property Appraisal	ſ			T NE-DEVE	OI WILI	11 00313				
	Market Study		4,400	4,400							
	Environmental Report(s)		7,200	7,200							
	Soil Borings	ľ	6,670	6,670							
	Boundary and Topographical Survey		7,860	7,860							
	Zoning/Site Plan Fees										
	Other:		-	-							
		Subtotal	26,130	26,130	-		-		-		
	ACQUISITION				ACC	QUISITIO	ON				
	Land	Ĭ	300,000						300,000		
	Demolition										
	Acquisition Legal Fees (if existing structures	s)									
	Existing Structures										
		Subtotal	300,000		-				300,000		
	SITE IMPROVEMENTS				SITE IMF	PROVE	MENTS				
	Site Preparation (On-site)		766,607	733,607					33,000		
	Site Preparation (Off-site)		-								
		Subtotal	766,607	733,607	-		-		33,000		
	UNIT/BUILDING CONSTRUCTION				UNIT/BUILDIN	IG CON	STRUCTION				
	Unit/Building Construction/New Construction	n	3,847,719	3,847,719							
	Unit/Building Construction/Rehab										
	Project Amenities / Accessory Buildings										
	Other:		0.047.740								
		Subtotal	3,847,719	3,847,719	-		-		-		
	CONTRACTOR SERVICES		CONTRACTOR SERVICES								
	Builder's Overhead: 2.00%	92,287	92,275	92,275							
	Builder Profit: 6.00%	276,860	286,909	286,909							
	General Requirements 6.00%	276,860	260,612	260,612							
	Payment/performance bond or		000 700	-							
	letter-of-credit fee or premium	Subtotal	639,796	639,796	-		-		-		
	Total Construction Costs 109,460.88 5,254,122 111.52										
	0,204,122 111.02	uei sy ii									

I.	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	48,099	14,696			33,403
	Construction Loan Interest	77,117	70,962			6,155
	Construction Legal Fees					
	Construction Period Real Estate Tax	642	351			291
	Construction Insurance	17,720	3,878			13,842
	Bridge Loan Fee and Bridge Loan Interest					
	Other: Title and Recording Fees	18,675	17,933			742
		Subtotal 162,253	107,820	-	-	54,433
	PROFESSIONAL SERVICES			PROFESSIONA	SERVICES	
	Architectural Fee - Design	79,120	79,120			
	Architectural Fee - Supervision	9,890	9,890			
	Engineering	81,963	81,963			
	Real Estate Attorney	155,750	89,946			65,804
	Accounting	25,000	25,000			
	Other: Construction Period Inspection	4,800	4,800			
		Subtotal 356,523	290,719	-	=	65,804
	LOCAL GOVERNMENT FEES			LOCAL GOVERN	NMENT FEES	
	Building Permits	6,919	6,919			
	Impact Fees					
	Water Tap Fees waived?	3,550	3,550			
	Sewer Tap Fees waived?					
	Real Estate Taxes					
		Subtotal 10,469	10,469	-	-	-
	PERMANENT FINANCING FEES			PERMANENT FINA	ANCING FEES	
	Permanent Loan Fees					-
	Permanent Loan Legal Fees					
	Title and Recording Fees					-
	As-Built Survey					
	Bond Issuance Premium					
	Cost of Issuance / Underwriter's Discount		<u> </u>			
	Other:	Subtotal	<u> </u>	<u> </u>	<u> </u>	
		Subtotal -	-	-	-	-

I. DEVELOPMENT COST SCHEDULE	TOTAL	COST	New Construction Basis		Acquisition Basis		Rehabilitation Basis		Amortizable or Non-Depreciable Basis
DCA-RELATED COSTS					DCA-RI	ELATED	COSTS		
DCA Loan Application Fee									
Tax Credit Application Fee		6,500							6,500
DCA Waiver Fees									
LIHTC Allocation Processing Fee		52,497							52,497
LIHTC Compliance Monitoring Fee		38,400							38,400
DCA Front End Analysis Fee (when ID of Inte DCA Final Inspection Fee	rest)	3,000							3,000
Other: Project Concept Change Fee		1,500							1,500
Other. Froject Concept Change ree	Subtotal 1	01,897							101,897
	- Subtotal	01,007							101,001
EQUITY COSTS					EQI	UITY COS	STS		
Partnership Organization Fees		995							995
Tax Credit Legal Opinion									
Other:	Subtotal	995			_				995
	Subtotal	995							993
DEVELOPER'S FEE					DEVE	LOPER'S	FEE	i	r
Developer's Overhead			-						
Consultant's Fee	0.	30,000	930,000						-
Developer's Fee		30,000	930,000						
	<u> </u>	50,000	300,000					ļ	
START-UP AND RESERVES		45.000			START-UI	P AND RI	ESERVES	ı	15,000
Marketing Rent -Up Reserves		15,000 36,715							36,715
Operating Deficit Reserve:		22,693							222,693
Replacement Reserve		22,000							222,000
Furniture, Fixtures and Equipment	;	32,358	32,358						-
Other:			·						
	Subtotal 3	06,766	32,358		-		-		274,408
OTHER COSTS					ОТІ	HER COS	STS		
Relocation									
Other:									-
Other: As Built Survey		3,950	3,950						
	Subtotal	3,950	3,950		-		-		-
TOTAL DEVELOPMENT COST	7,4	53,105	6,622,568	<u> </u>	-		-		830,537
Per Unit	155,2	273.02							
Per Square Foot		158.20							

II.	TAX CREDIT CALCULATION - BASIS METHOD	New Construction Basis	1	4% Acquisition Basis		Rehabilitation Basis		
	Subtractions From Eligible Basis	Basis		Dasis	ļ	Dasis		
	Amount of federal grant(s) used to finance qualifying development costs		7				1	
	Amount of federal below market rate loan		-					
	Amount of nonqualified nonrecourse financing		-					
			4					
	Costs of Nonqualifying units of higher quality		4					
	Nonqualifying excess portion of higher quality units		-					
	Historic Tax Credit (Residential Portion Only)		4					
	Other		4			_		
	Total Subtractions From Basis:	0	_			0		
	Eligible Basis Calculation		,				ı	
	Total Basis	6,622,568		0		0		
	Less Total Subtractions From Basis (see above)	0	╛.			0		
	Total Eligible Basis	6,622,568		0		0		
	Eligible Basis Adjustment for DDA/QCT Location	130.00%						
	Adjusted Eligible Basis	8,609,339		0		0		
	Multiply Adjusted Eligible Basis by Applicable Fraction	100.00%		100.00%		100.00%		
	Qualified Basis	8,609,339		0		0		
	Multiply Qualified Basis by Applicable Credit Percentage	9.00%	1					
	Maximum Tax Credit Amount	774,840	1	0		0		
	Total Basis Method Tax Credit Calculation			774,840				
III.	TAX CREDIT CALCULATION - GAP METHOD	_						
	Equity Gap Calculation			7 450 405				
	Total Development Cost		<u> </u>	7,453,105				
	Subtract Non-LIHTC (excluding deferred fee) Source of Funds			0				
	Equity Gap			7,453,105				
	Divide Equity Gap by 10			/ 10				
	Annual Equity Required			745,311		Federal	ı	State
	Enter Final Federal and State Equity Factors (not including GP contribution)			1.1350	=	0.8500	+	0.2850
	Total Gap Method Tax Credit Calculation			656,661				
IV.	TAX CREDIT CARRYOVER ALLOCATION Allocation Year	2016		656,215				
٧.	FINAL TAX CREDIT ALLOCATION REQUEST			656,215				
	I certify that all information provided above is true, correct, complete and reflects the ful development.	l extent of all project	costs and	eligible basis which	apply (or	are expected to ap	ply) to the	e above-mentioned
	Owner Signature	Name - F	Please Typ	pe				Date

PART EIGHT - BUILDING BY BUILDING CREDIT ALLOCATION - McRae-Helena Estates, LP - 2015-061 Cost Certification Date: 6/30/2017 Carryover Allocation Date: 1/25/2016 Project Address: 7 Industrial Blvd, McRae GA 31055 Type of Activity: New Construction

Please do NOT include common space employee units!

Please do NOT include common space employee units!															
	Total Nbr Low Date												FINAL Tax Credit Allocation		
	Building	Nbr of	Residential	of Low	Income	Building's	QCT/ DDA	Building's	Building's	Building's	Placed	Applic.	Tax	Req	uest
	Identification	Residntl	Square	Income	Square	Eligible	QC1/ DDA	Adjusted	Applicable	Qualified	In	Credit	Credit	Building's	Tax Credit
Building Address	Number	<u>Units</u>	<u>Footage</u>	<u>Units</u>	<u>Footage</u>	<u>Basis</u>	Boost	<u>Basis</u>	Fraction	<u>Basis</u>	<u>Service</u>	<u>%</u>	<u>Amount</u>	Qualified Basis	<u>Amount</u>
7 Industrial Blvd McRae, GA 31055	GA-16-26101	24	24,500	24	24,500	3,443,983	130%	4,477,178	100.00%	4,477,178	10/26/2016	9.00%	402,946	3,791,744	341,257
7 Industrial Blvd McRae, GA 31055	GA-16-26102	24	22,612	24	22,612	3,178,585	130%	4,132,161	100.00%	4,132,161	10/1/2016	9.00%	371,894	3,499,533	314,958
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		48	47,112	48	47,112	6,622,568		8,609,339		8,609,339			774,840	7,291,277	656,215
		40	41,112	40	41,112	0,022,000		0,005,559	J	0,009,339	l		114,040	1,231,211	000,210



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