

GATEWAY PINES II HAHIRA, L.P.

**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 24, 2014

INDEPENDENT AUDITOR'S REPORT

Owner's Name: Gateway Pines II Hahira, LP
Project Name: Gateway Pines II Apartments
Project Number: TCAA # 2011-026

To the Partners
Gateway Pines II Hahira, LP

We have audited the costs included in the accompanying Tax Credit Allocation Agency ("TCAA") Final Cost Certification (the "Final Cost Certification") of Gateway Pines II Hahira, LP (the "Owner") for Gateway Pines II Apartments ("the Project") as of April 24, 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 \$8,021,638 and eligible basis of \$7,136,425 of the Owner for the Project as of April 24, 2014, on the basis of accounting described below.

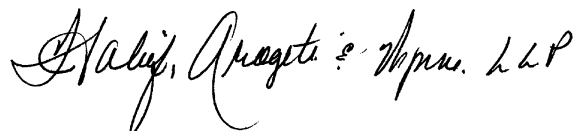
Basis of Accounting

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.

A handwritten signature in cursive script that reads "Stanley, Aronson & Wynn, LLP".

Atlanta, Georgia

April 24, 2014

PART FOUR - USES OF FUNDS - Gateway Pines II - 2011-026

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	5,000	5,000			
Market Study	5,150	5,150			
Environmental Report(s)	6,700	6,700			
Soil Borings	4,750	4,750			
Boundary and Topographical Survey	8,715	8,715			
Zoning/Site Plan Fees	176	176			
Other: Pre-development costs analysis	5,400	5,400			
Subtotal	35,891	35,891	-	-	-
ACQUISITION					
Land	347,014				347,014
Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures					
Subtotal	347,014		-		347,014
SITE IMPROVEMENTS					
Site Preparation (On-site)	868,477	868,477			
Site Preparation (Off-site)					
Subtotal	868,477	868,477	-	-	-
UNIT/BUILDING CONSTRUCTION					
Unit/Building Construction/New Construction	3,985,787	3,985,787			
Unit/Building Construction/Rehab					
Project Amenities / Accessory Buildings					
Other:					
Subtotal	3,985,787	3,985,787	-	-	-
CONTRACTOR SERVICES					
Builder's Overhead: 2.00%	97,085	97,085			
Builder Profit: 6.00%	291,256	271,960			
General Requirements 6.00%	291,256	273,002			
Payment/performance bond or letter-of-credit fee or premium					
Subtotal	642,047	642,047	-	-	-
Total Construction Costs	98,148.41 per unit				
	5,496,311	90.01 per sq ft			

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I. DEVELOPMENT COST SCHEDULE

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
CONSTRUCTION PERIOD FINANCING					
Construction Loan Fee	7,350	7,350			
Construction Loan Interest	60,893	39,549			21,344
Construction Legal Fees					
Construction Period Real Estate Tax	9,780	9,101			679
Construction Insurance	7,558	2,568			4,990
Bridge Loan Fee and Bridge Loan Interest	3,729	3,729			
Other: Builder's Risk Insurance	18,758	18,758			
Subtotal	108,068	81,055	-	-	27,013
PROFESSIONAL SERVICES					
Architectural Fee - Design	119,823	119,823			
Architectural Fee - Supervision	25,704	25,704			
Engineering	31,366	31,366			
Real Estate Attorney	69,753	39,753			30,000
Accounting	25,885	25,885			
Other: Construction Lender Inspection Fees	19,500	19,500			
Subtotal	292,031	262,031	-	-	30,000
LOCAL GOVERNMENT FEES					
Building Permits	10,305	10,305			
Impact Fees	85,500	85,500			
Water Tap Fees <i>waived?</i>	85,500	85,500			
Sewer Tap Fees <i>waived?</i>					
Real Estate Taxes					
Subtotal	181,305	181,305	-	-	-
PERMANENT FINANCING FEES					
Permanent Loan Fees					
Permanent Loan Legal Fees					
Title and Recording Fees	17,394	17,394			
As-Built Survey	6,511	6,511			
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other:					
Subtotal	23,905	23,905	-	-	-

PART FOUR - USES OF FUNDS - Gateway Pines II - 2011-026

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 Loan Application Fee	2,500				2,500
Tax Credit Application Fee	4,000				4,000
DCA Waiver Fees	1,500				1,500
LIHTC Allocation Processing Fee	43,924				43,924
LIHTC Compliance Monitoring Fee	33,600				39,200
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
Subtotal	95,624				95,624
EQUITY COSTS					
Partnership Organization Fees	6,825				6,825
Tax Credit Legal Opinion	2,680				2,680
Other: Syndicator Legal Fees	41,000				41,000
Subtotal	50,505				50,505
DEVELOPER'S FEE					
Developer's Overhead	190,760	190,760			
Consultant's Fee					
Developer's Fee	763,038	763,038			
Subtotal	953,798	953,798			-
START-UP AND RESERVES					
Marketing	30,141				30,141
Rent -Up Reserves	42,750				42,750
Operating Deficit Reserve:	166,636				166,636
Replacement Reserve	14,000				14,000
Furniture, Fixtures and Equipment	72,752	72,752			
Other: Tax and Insurance Escrow	18,530				18,530
Subtotal	344,809	72,752			272,057
OTHER COSTS					
Relocation					
Other: Accessibility Inspection & Energy Efficiency Sustain	29,377	29,377			
Other: Prepaid Investor Service Fee	63,000				63,000
Subtotal	92,377	29,377			63,000
TOTAL DEVELOPMENT COST	8,021,638	7,136,425			885,213
Per Unit	143,243.54				
Per Square Foot	131.36				

PART FOUR - USES OF FUNDS - Gateway Pines II - 2011-026

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

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	7,136,425	0	0
Less Total Subtractions From Basis (see above)	0		0
Total Eligible Basis	7,136,425	0	0
Eligible Basis Adjustment for DDA/QCT Location	100.00%		
Adjusted Eligible Basis	7,136,425	0	0
Multiply Adjusted Eligible Basis by Applicable Fraction	100.00%	100.00%	100.00%
Qualified Basis	7,136,425	0	0
Multiply Qualified Basis by Applicable Credit Percentage	9.00%		
Maximum Tax Credit Amount	642,278	0	0
Total Basis Method Tax Credit Calculation	642,278		

III. TAX CREDIT CALCULATION - GAP METHOD

Equity Gap Calculation			
Total Development Cost	8,021,638		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	1,369,239		
Equity Gap	6,652,399		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	665,240		
Enter Final Federal and State Equity Factors (not including GP contribution)	1.0602	=	Federal
Total Gap Method Tax Credit Calculation	627,489		0.8102
			+ State
			0.2500

IV. TAX CREDIT CARRYOVER ALLOCATION

Allocation Year 2012 627,481

V. FINAL TAX CREDIT ALLOCATION REQUEST

627,481

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 - Gateway Pines II - 2011-026

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	1,369,239	1.000%	20	20	75,565	DCA HOME IPS	
Second Mortgage								
Third Mortgage								
Other Source (specify)								
Other Source (specify)								
Deferred Developer Fees	ABC Developer, Inc.	1,100						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	Regions Bank	5,082,596						
State Housing Credit Equity	HG Gateway Pines II, LLC	1,568,703						
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:		8,021,638						
Total Development Costs from Development Cost Schedule:		8,021,638						
Surplus/(Shortage) of Permanent Funds to Development Costs:		0						

DCA HOME loan interest rate per Operating Year for Projects located in Rural Areas:

Year:	1 -7	8	9	10	11	12	13	14	15
Rate:									

VII. OWNER COMMENTS AND CLARIFICATIONS

Original Home Funds granted were \$1,470,000; however, we reduced the Home Funds to be received by \$100,761 due to being over sourced.

PART EIGHT - BUILDING BY BUILDING CREDIT ALLOCATION - Gateway Pines II - 2011-026

Cost Certification Date: 4/24/2014 Carryover Allocation Date: 1/30/2012 Project Address: 1022 West Stanfill Street, Valdosta GA 31632

Type of Activity: New Construction

Please do NOT include common space employee units!

Table with columns: Building Address, Building Identification Number, Total Nbr of Residential Units, Total Residential Square Footage, Nbr of Low Income Units, Low Income Square Footage, Building's Eligible Basis, QCT/DDA Boost, Building's Adjusted Basis, Building's Applicable Fraction, Building's Qualified Basis, Date Placed In Service, Applic. Credit %, Tax Credit Amount, FINAL Tax Credit Allocation Request (Building's Qualified Basis, Tax Credit Amount).