

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**

**The Renaissance on Henderson, L.P.
December 31, 2013**

The Renaissance on Henderson, L.P.

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Independent Auditor's Report

Owner's Name: The Renaissance on Henderson, L.P.

Project Name: Renaissance on Henderson

Project Number: 2011-042

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 The Renaissance on Henderson, L.P. (the "Owner") for Renaissance on Henderson ("the Project") as of December 31, 2013.

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 \$18,169,924 and eligible basis of \$16,146,806 of the Owner for the Project as of December 31, 2013, 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.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Atlanta, Georgia
February 20, 2014

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	Prudential Huntoon Paige Associates, L.L.C.	7,270,000	3.400%	41	40	332,748	Amortizing	Yes
Second Mortgage	Cole Street Development Corporation c/o Marietta Housing Authority	1,000,000	1.000%	50	40	30,343	Amortizing	Yes
Third Mortgage								
Other Source (specify)								
Other Source (specify)								
Deferred Developer Fees	Lemon Street Renaissance Development, L.L.C.	160,676						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	Wells Fargo Affordable Housing Community Development Corporation	8,214,979						
State Housing Credit Equity	Walton Renaissance State Credit, L.L.C.	1,524,269						
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:		18,169,924						
Total Development Costs from Development Cost Schedule:		18,169,924						
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:									

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-DEVELOPMENT COSTS	
Property Appraisal	13,500			13,500	
Market Study	6,292			6,292	
Environmental Report(s)	26,419			26,419	
Soil Borings	8,650			8,650	
Boundary and Topographical Survey	5,640			5,640	
Zoning/Site Plan Fees	1,215			1,215	
Other: <u>Construction Cost Review and Construction Monitoring</u>	9,950			9,950	
Subtotal	71,666	-	-	71,666	-
ACQUISITION				ACQUISITION	
Land					
Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures					
Subtotal	-		-		-
SITE IMPROVEMENTS				SITE IMPROVEMENTS	
Site Preparation (On-site)	344,833			178,318	166,515
Site Preparation (Off-site)					
Subtotal	344,833	-	-	178,318	166,515
UNIT/BUILDING CONSTRUCTION				UNIT/BUILDING CONSTRUCTION	
Unit/Building Construction/New Construction					
Unit/Building Construction/Rehab	11,022,970			10,827,781	195,189
Project Amenities / Accessory Buildings					
Other:				-	
Subtotal	11,022,970	-	-	10,827,781	195,189
CONTRACTOR SERVICES				CONTRACTOR SERVICES	
Builder's Overhead: 2.00%	227,356			227,356	
Builder Profit: 6.00%	682,068			681,862	
General Requirements 6.00%	682,068			682,059	
Payment/performance bond or letter-of-credit fee or premium					
Subtotal	1,591,277	-	-	1,591,277	-
Total Construction Costs	12,959,080				
	<i>85,821.72 per unit</i>				
	<i>163.93 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	389,573			47,580	341,993
Construction Loan Interest	130,946			110,038	20,908
Construction Legal Fees					
Construction Period Real Estate Tax					
Construction Insurance	43,216			30,862	12,354
Bridge Loan Fee and Bridge Loan Interest					
Other: _____					
Subtotal	563,735	-	-	188,480	375,255
PROFESSIONAL SERVICES					
Architectural Fee - Design	327,815			327,815	-
Architectural Fee - Supervision					
Engineering	15,615			15,615	
Real Estate Attorney	238,375			130,942	107,433
Accounting	57,046			32,206	24,840
Other: <u>Blueprint/FedEx/Couriers, Consultant Fees</u>	105,537			105,537	-
Subtotal	744,388	-	-	612,115	132,273
LOCAL GOVERNMENT FEES					
Building Permits	44,857			44,857	
Impact Fees					
Water Tap Fees <i>waived?</i>	1,127			1,127	
Sewer Tap Fees <i>waived?</i>					
Real Estate Taxes					
Subtotal	45,984	-	-	45,984	-
PERMANENT FINANCING FEES					
Permanent Loan Fees					
Permanent Loan Legal Fees					
Title and Recording Fees	70,882			70,882	-
As-Built Survey					
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other: _____					
Subtotal	70,882	-	-	70,882	-

I. DEVELOPMENT COST SCHEDULE

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
DCA-RELATED COSTS				DCA-RELATED COSTS	
DCA Loan Application Fee	-				-
Tax Credit Application Fee	4,000				4,000
DCA Waiver Fees	4,500				4,500
LIHTC Allocation Processing Fee	- 59,277				59,277
LIHTC Compliance Monitoring Fee	- 106,400				106,400
DCA Front End Analysis Fee (when ID of Interest)	-				-
DCA Final Inspection Fee	3,000				3,000
Other: _____					
Subtotal	177,177				177,177
EQUITY COSTS				EQUITY COSTS	
Partnership Organization Fees					
Tax Credit Legal Opinion					
Other: _____					
Subtotal	-	-	-	-	-
DEVELOPER'S FEE				DEVELOPER'S FEE	
Developer's Overhead	1,207,200			1,207,200	-
Consultant's Fee					
Developer's Fee					
Subtotal	1,207,200	-	-	1,207,200	-
START-UP AND RESERVES				START-UP AND RESERVES	
Marketing	88,629				88,629
Rent -Up Reserves	246,000				246,000
Operating Deficit Reserve:	346,700				346,700
Replacement Reserve	-				-
Furniture, Fixtures and Equipment	261,067			129,787	131,280
Other: Working Capital Reserve	164,100				164,100
Subtotal	1,106,496	-	-	129,787	976,709
OTHER COSTS				OTHER COSTS	
Relocation	1,223,316			1,223,316	-
Other: _____					
Other: _____					
Subtotal	1,223,316	-	-	1,223,316	-
TOTAL DEVELOPMENT COST	18,169,924	-	-	16,146,806	2,023,118
Per Unit	120,330.62				
Per Square Foot	229.84				

II. TAX CREDIT CALCULATION - BASIS METHOD

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:

	New Construction Basis	4% Acquisition Basis	Rehabilitation Basis
	0		0
Eligible Basis Calculation			
Total Basis	0	0	16,146,806
Less Total Subtractions From Basis (see above)	0		0
Total Eligible Basis	0	0	16,146,806
Eligible Basis Adjustment for DDA/QCT Location			100.00%
Adjusted Eligible Basis	0	0	16,146,806
Multiply Adjusted Eligible Basis by Applicable Fraction			96.66%
Qualified Basis	0	0	15,606,945
Multiply Qualified Basis by Applicable Credit Percentage			9.00%
Maximum Tax Credit Amount	0	0	1,404,625
Total Basis Method Tax Credit Calculation		1,404,625	

III. TAX CREDIT CALCULATION - GAP METHOD

Equity Gap Calculation

Total Development Cost
 Subtract Non-Tax Credit (excluding deferred fee) Source of Funds
 Equity Gap
 Divide Equity Gap by 10
 Annual Equity Required
 Enter Final Federal and State Equity Factors (not including GP contribution)
 Total Gap Method Tax Credit Calculation

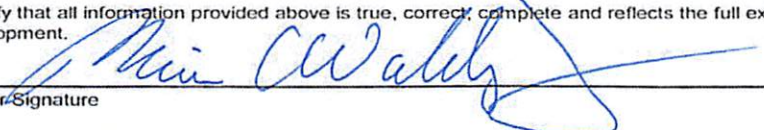
	18,169,924		
	8,270,000		
	9,899,924		
	/ 10		
	989,992		
	1.1600	Federal	State
		= 0.9800	+ 0.1800
	853,442		
	846,816		
	846,816		

IV. TAX CREDIT CARRYOVER ALLOCATION

Allocation Year

V. FINAL TAX CREDIT ALLOCATION REQUEST

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

Marion C. Waldrep, Jr.
 Name - Please Type

2/21/2014
 Date

Cost Certification Date: **12/31/2013** Carryover Allocation Date: **1/30/2012** Project Address: **55 Henderson Street, GA 30064**
 Type of Activity: **Rehabilitation**

Please do NOT include common space employee units!

Building Address	Building Identification Number	Total Nbr of Residntl Units	Total Residntl Square Footage	Nbr of Low Income Units	Low Income Square Footage	Building's Eligible Basis	OCT/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
55 Henderson Street, Bldg A, Marietta, GA 30064	GA-12-24201	150	78,392	145	75,771	16,146,806	100%	16,146,806	96.66%	15,606,945	9/13/2013	9.00%	1,404,625	9,409,067	846,816
		150	78,392	145	75,771	16,146,806		16,146,806		15,606,945			1,404,625	9,409,067	846,816

See Independent Auditor's Report.