



**Frost | Cummings**  
TIDWELL GROUP  
Birmingham | Atlanta

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  
**STONY RIDGE APARTMENTS, LP**  
OCTOBER 1, 2014



### **Independent Auditors' Report**

Owner's Name: Stony Ridge Apartments, LP

Project Name: Stony Ridge Apartments

Project Number: TCAA # 2012-001

We have audited the costs included in the accompanying Tax Credit Allocation Agency ("TCAA") Final Cost Certification (the "Final Cost Certification") of Stony Ridge Apartments, LP (the "Owner") for Stony Ridge Apartments ("the Project") as of October 1, 2014. 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 \$8,312,454 and eligible basis of \$7,625,306 of the Owner for the Project as of October 1, 2014, 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.

*Frost Cummings Tidwell Group, LLC*

Birmingham, Alabama  
December 17, 2014

**PART THREE - SOURCES OF FUNDS - Stony Ridge Apartments - 2012-001**

**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              | 800,000          | 1.000%        | 20           | 20             | 44,150                          | DCA HOME IPS | Yes      |
| Second Mortgage   |                            |                  |               |              |                |                                 |              |          |
| Third Mortgage  |                            |                  |               |              |                |                                 |              |          |
| Other Source (specify)                                      |                            |                  |               |              |                |                                 |              |          |
| Other Source (specify)                                      |                            |                  |               |              |                |                                 |              |          |
| Deferred Developer Fees                                     | DASH/HEGM                  | 8,566            |               |              |                |                                 |              |          |
| Federal Grant   |                            |                  |               |              |                |                                 |              |          |
| State, Local, or Private Grant                              |                            |                  |               |              |                |                                 |              |          |
| Federal Housing Credit Equity                               | AFFORDABLE EQUITY PARTNERS | 5,778,087        |               |              |                |                                 |              |          |
| State Housing Credit Equity                                 | AFFORDABLE EQUITY PARTNERS | 1,725,801        |               |              |                |                                 |              |          |
| 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:                                  |                            | <b>8,312,454</b> |               |              |                |                                 |              |          |
| Total Development Costs from Development Cost Schedule:     |                            | <b>8,312,454</b> |               |              |                |                                 |              |          |
| Surplus/(Shortage) of Permanent Funds to Development Costs: |                            | <b>0</b>         |               |              |                |                                 |              |          |

**PART FOUR - USES OF FUNDS - Stony Ridge Apartments - 2012-001**

**CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS**

**I. DEVELOPMENT COST SCHEDULE**

|   | <b>TOTAL COST</b> | <b>New Construction Basis</b> | <b>Acquisition Basis</b> | <b>Rehabilitation Basis</b> | <b>Amortizable or Non-Depreciable</b> |
|---|-------------------|-------------------------------|--------------------------|-----------------------------|---------------------------------------|
| <b>PRE-DEVELOPMENT COSTS</b>                                |                   |                               |                          |                             |                                       |
| Property Appraisal  | 5,000             | 5,000                         |                          |                             |                                       |
| Market Study  | 10,100            | 10,100                        |                          |                             |                                       |
| Environmental Report(s)                                     | 9,917             | 9,917                         |                          |                             |                                       |
| Soil Borings  | 9,470             | 9,470                         |                          |                             |                                       |
| Boundary and Topographical Survey                           | 16,179            | 16,179                        |                          |                             |                                       |
| Zoning/Site Plan Fees                                       |                   |                               |                          |                             |                                       |
| Other: <u>Earthcraft Fees</u>                               | 18,370            | 18,370                        |                          |                             |                                       |
| <b>Subtotal</b>   | <b>69,036</b>     | <b>69,036</b>                 | -                        | -                           | -                                     |
| <b>ACQUISITION</b>  |                   |                               |                          |                             |                                       |
| Land  | 372,300           |                               |                          |                             | 372,300                               |
| Demolition  |                   |                               |                          |                             |                                       |
| Acquisition Legal Fees (if existing structures)             |                   |                               |                          |                             |                                       |
| Existing Structures   |                   |                               |                          |                             |                                       |
| <b>Subtotal</b>   | <b>372,300</b>    |                               | -                        |                             | <b>372,300</b>                        |
| <b>SITE IMPROVEMENTS</b>                                    |                   |                               |                          |                             |                                       |
| Site Preparation (On-site)                                  |                   |                               |                          |                             |                                       |
| Site Preparation (Off-site)                                 |                   |                               |                          |                             |                                       |
| <b>Subtotal</b>   | -                 | -                             | -                        | -                           | -                                     |
| <b>UNIT/BUILDING CONSTRUCTION</b>                           |                   |                               |                          |                             |                                       |
| Unit/Building Construction/New Construction                 | 5,171,672         | 5,171,672                     |                          |                             |                                       |
| Unit/Building Construction/Rehab                            |                   |                               |                          |                             |                                       |
| Project Amenities / Accessory Buildings                     |                   |                               |                          |                             |                                       |
| Other:  |                   |                               |                          |                             |                                       |
| <b>Subtotal</b>   | <b>5,171,672</b>  | <b>5,171,672</b>              | -                        | -                           | -                                     |
| <b>CONTRACTOR SERVICES</b>                                  |                   |                               |                          |                             |                                       |
| Builder's Overhead: 2.00%                                   | 103,433           | 100,000                       |                          |                             |                                       |
| Builder Profit: 6.00%                                       | 310,300           | 300,000                       |                          |                             |                                       |
| General Requirements 6.00%                                  | 310,300           | 303,250                       |                          |                             |                                       |
| Payment/performance bond or letter-of-credit fee or premium | 58,130            | 58,130                        |                          |                             |                                       |
| <b>Subtotal</b>   | <b>761,380</b>    | <b>761,380</b>                | -                        | -                           | -                                     |
| <i>Total Construction Costs 105,947.36 per unit</i>         |                   |                               |                          |                             |                                       |
| <i>5,933,052 86.99 per sq ft</i>                            |                   |                               |                          |                             |                                       |

See Independent Auditor's Report

I. DEVELOPMENT COST SCHEDULE

|   | TOTAL COST     | New Construction Basis | Acquisition Basis | Rehabilitation Basis | Amortizable or Non-Depreciable Basis |
|---|----------------|------------------------|-------------------|----------------------|--------------------------------------|
| <b>CONSTRUCTION PERIOD FINANCING</b>      |                |                        |                   |                      |                                      |
| Construction Loan Fee                     |                |                        |                   |                      |                                      |
| Construction Loan Interest                |                |                        |                   |                      |                                      |
| Construction Legal Fees                   |                |                        |                   |                      |                                      |
| Construction Period Real Estate Tax       | 8,595          | 7,371                  |                   |                      | 1,225                                |
| Construction Insurance                    | 11,492         | 9,854                  |                   |                      | 1,638                                |
| Bridge Loan Fee and Bridge Loan Interest  |                |                        |                   |                      |                                      |
| Other: <u>Loan Closing Fees</u>           | 15,000         | 15,000                 |                   |                      |                                      |
| <b>Subtotal</b>                           | <b>35,087</b>  | <b>32,225</b>          | <b>-</b>          | <b>-</b>             | <b>2,862</b>                         |
| <b>PROFESSIONAL SERVICES</b>              |                |                        |                   |                      |                                      |
| Architectural Fee - Design                | 123,521        | 123,521                |                   |                      |                                      |
| Architectural Fee - Supervision           | 30,880         | 30,880                 |                   |                      |                                      |
| Engineering                               | 5,393          | 5,393                  |                   |                      |                                      |
| Real Estate Attorney                      | 50,000         | 50,000                 |                   |                      |                                      |
| Accounting                                | 19,250         | 19,250                 |                   |                      |                                      |
| Other: _____                              |                | -                      |                   |                      |                                      |
| <b>Subtotal</b>                           | <b>229,044</b> | <b>229,044</b>         | <b>-</b>          | <b>-</b>             | <b>-</b>                             |
| <b>LOCAL GOVERNMENT FEES</b>              |                |                        |                   |                      |                                      |
| Building Permits                          | 13,026         | 13,026                 |                   |                      |                                      |
| Impact Fees                               |                | -                      |                   |                      |                                      |
| Water Tap Fees <i>waived?</i>             |                | -                      |                   |                      |                                      |
| Sewer Tap Fees <i>waived?</i>             | 222,375        | 222,375                |                   |                      |                                      |
| Real Estate Taxes                         |                | -                      |                   |                      |                                      |
| <b>Subtotal</b>                           | <b>235,401</b> | <b>235,401</b>         | <b>-</b>          | <b>-</b>             | <b>-</b>                             |
| <b>PERMANENT FINANCING FEES</b>           |                |                        |                   |                      |                                      |
| Permanent Loan Fees                       |                |                        |                   |                      |                                      |
| Permanent Loan Legal Fees                 |                |                        |                   |                      |                                      |
| Title and Recording Fees                  | 28,258         | 27,003                 |                   |                      | 1,255                                |
| As-Built Survey                           |                | -                      |                   |                      |                                      |
| Bond Issuance Premium                     |                | -                      |                   |                      |                                      |
| Cost of Issuance / Underwriter's Discount |                | -                      |                   |                      |                                      |
| Other: _____                              |                | -                      |                   |                      |                                      |
| <b>Subtotal</b>                           | <b>28,258</b>  | <b>27,003</b>          | <b>-</b>          | <b>-</b>             | <b>1,255</b>                         |

I. DEVELOPMENT COST SCHEDULE

|  | TOTAL COST        | New Construction Basis | Acquisition Basis | Rehabilitation Basis | Amortizable or Non-Depreciable |
|--|-------------------|------------------------|-------------------|----------------------|--------------------------------|
| <b>DCA-RELATED COSTS</b>                         |                   |                        |                   |                      |                                |
| DCA Loan Application Fee                         |                   |                        |                   |                      |                                |
| Tax Credit Application Fee                       | 6,500             |                        |                   |                      | 6,500                          |
| DCA Waiver Fees                                  |                   |                        |                   |                      | -                              |
| LIHTC Allocation Processing Fee                  | 46,688 53,358     |                        |                   |                      | 53,358                         |
| LIHTC Compliance Monitoring Fee                  | 39,200 44,800     |                        |                   |                      | 44,800                         |
| DCA Front End Analysis Fee (when ID of Interest) | 2,500             |                        |                   |                      | 2,500                          |
| DCA Final Inspection Fee                         |                   |                        |                   |                      | -                              |
| Other:   |                   |                        |                   |                      | -                              |
| <b>Subtotal</b>                                  | <b>107,158</b>    |                        |                   |                      | <b>107,158</b>                 |
| <b>EQUITY COSTS</b>                              |                   |                        |                   |                      |                                |
| Partnership Organization Fees                    | 500               |                        |                   |                      | 500                            |
| Tax Credit Legal Opinion                         | 2,000             |                        |                   |                      | 2,000                          |
| Other:   |                   | -                      |                   |                      | -                              |
| <b>Subtotal</b>                                  | <b>2,500</b>      | <b>-</b>               | <b>-</b>          | <b>-</b>             | <b>2,500</b>                   |
| <b>DEVELOPER'S FEE</b>                           |                   |                        |                   |                      |                                |
| Developer's Overhead                             |                   | -                      |                   |                      |                                |
| Consultant's Fee                                 | 10,797            | 10,797                 |                   |                      | -                              |
| Developer's Fee                                  | 1,034,679         | 1,034,679              |                   |                      | -                              |
| <b>Subtotal</b>                                  | <b>1,045,476</b>  | <b>1,045,476</b>       | <b>-</b>          | <b>-</b>             | <b>-</b>                       |
| <b>START-UP AND RESERVES</b>                     |                   |                        |                   |                      |                                |
| Marketing  | 25,000            |                        |                   |                      | 25,000                         |
| Rent -Up Reserves                                | 51,242            |                        |                   |                      | 51,242                         |
| Operating Deficit Reserve:                       | 124,830           |                        |                   |                      | 124,830                        |
| Replacement Reserve                              |                   |                        |                   |                      | -                              |
| Furniture, Fixtures and Equipment                | 25,193            | 25,193                 |                   |                      | -                              |
| Other: Taxes and Insurance                       | 28,876            | 28,876                 |                   |                      | -                              |
| <b>Subtotal</b>                                  | <b>255,141</b>    | <b>54,069</b>          | <b>-</b>          | <b>-</b>             | <b>201,072</b>                 |
| <b>OTHER COSTS</b>                               |                   |                        |                   |                      |                                |
| Relocation                                       |                   |                        |                   |                      |                                |
| Other:   |                   |                        |                   |                      |                                |
| Other:   |                   |                        |                   |                      |                                |
| <b>Subtotal</b>                                  | <b>-</b>          | <b>-</b>               | <b>-</b>          | <b>-</b>             | <b>-</b>                       |
| <b>TOTAL DEVELOPMENT COST</b>                    | <b>8,312,454</b>  | <b>7,625,306</b>       | <b>-</b>          | <b>-</b>             | <b>687,148</b>                 |
| <b>Per Unit</b>                                  | <b>148,436.67</b> |                        |                   |                      |                                |
| <b>Per Square Foot</b>                           | <b>121.87</b>     |                        |                   |                      |                                |

See Independent Auditor's Report

**II. TAX CREDIT CALCULATION - BASIS METHOD**

|   | New Construction<br>Basis | 4% Acquisition<br>Basis | Rehabilitation<br>Basis |
|---|---------------------------|-------------------------|-------------------------|
| <b>Subtractions From Eligible Basis</b>                                 |                           |                         |                         |
| 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   |                           |                         |                         |
| <b>Total Subtractions From Basis:</b>                                   | <b>0</b>                  |                         | <b>0</b>                |
| <b>Eligible Basis Calculation</b>                                       |                           |                         |                         |
| Total Basis   | 7,625,306                 | 0                       | 0                       |
| Less Total Subtractions From Basis (see above)                          | 0                         |                         | 0                       |
| Total Eligible Basis  | 7,625,306                 | 0                       | 0                       |
| Eligible Basis Adjustment for DDA/QCT Location                          | 130.00%                   |                         | 130.00%                 |
| Adjusted Eligible Basis   | 9,912,898                 | 0                       | 0                       |
| Multiply Adjusted Eligible Basis by Applicable Fraction                 | 100.00%                   | 100.00%                 | 100.00%                 |
| Qualified Basis   | 9,912,898                 | 0                       | 0                       |
| Multiply Qualified Basis by Applicable Credit Percentage                | 7.43%                     |                         | 7.43%                   |
| Maximum Tax Credit Amount   | 736,528                   | 0                       | 0                       |
| <b>Total Basis Method Tax Credit Calculation</b>                        | <b>736,528</b>            |                         |                         |

**III. TAX CREDIT CALCULATION - GAP METHOD**

|  |           |   |         |
|--|-----------|---|---------|
| <b>Equity Gap Calculation</b>  |           |   |         |
| Total Development Cost   | 8,312,454 |   |         |
| Subtract Non-LIHTC (excluding deferred fee) Source of Funds                  | 800,000   |   |         |
| Equity Gap   | 7,512,454 |   |         |
| Divide Equity Gap by 10  | / 10      |   |         |
| Annual Equity Required   | 751,245   |   |         |
| Enter Final Federal and State Equity Factors (not including GP contribution) | 1.1252    | = | Federal |
| Total Gap Method Tax Credit Calculation                                      | 667,655   |   | 0.8752  |
|  |           | + | State   |
|  |           |   | 0.2500  |

**IV. TAX CREDIT CARRYOVER ALLOCATION**

Allocation Year 2012 666,970

**V. FINAL TAX CREDIT ALLOCATION REQUEST**

666,970

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

