

**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**

**Effingham Goshen Crossing II, LP**

**December 31, 2014**

# Effingham Goshen Crossing II, LP

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## Independent Auditor's Report

Owner's Name: Effingham Goshen Crossing II, LP  
Project Name: Effingham Goshen Crossing II  
Project Number: 2012-035

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 Effingham Goshen Crossing II, L.P. (the "Owner") for Effingham Goshen Crossing II ("the Project") as of December 31, 2014.

### *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 \$8,776,839 and adjusted eligible basis of \$9,842,150 of the Owner for the Project as of December 31, 2014, 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 12, 2015

**PART THREE - SOURCES OF FUNDS - Effingham Goshen Crossing II - 2012-035**

**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	Sterling Bank	710,000	7.000%	20	20	66,055	Amortizing	Yes
Second Mortgage								
Third Mortgage								
Other Source (specify)								
Other Source (specify)								
Deferred Developer Fees	Rea Ventures Group, LLC/ QHD Developer	5,688						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	Affordable Equity Partners	6,016,062						
State Housing Credit Equity	Affordable Equity Partners	2,045,089						
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>8,776,839</b>						
Total Development Costs from Development Cost Schedule:		<b>8,776,839</b>						
Surplus/(Shortage) of Permanent Funds to Development Costs:		<b>0</b>						

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:									

**PART FOUR - USES OF FUNDS - Effingham Goshen Crossing II - 2012-035**

**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 Basis</b>
<b>PRE-DEVELOPMENT COSTS</b>						
Property Appraisal						
Market Study		4,335	4,335			
Environmental Report(s)		7,600	7,600			
Soil Borings						
Boundary and Topographical Survey						
Zoning/Site Plan Fees						
Other: <u>Inspections</u>		17,081	17,081			
	<b>Subtotal</b>	29,016	29,016	-	-	-
<b>ACQUISITION</b>						
Land		466,383				466,383
Demolition						
Acquisition Legal Fees (if existing structures)						
Existing Structures						
	<b>Subtotal</b>	466,383		-		466,383
<b>SITE IMPROVEMENTS</b>						
Site Preparation (On-site)		1,093,216	1,070,771			22,445
Site Preparation (Off-site)						
	<b>Subtotal</b>	1,093,216	1,070,771	-	-	22,445
<b>UNIT/BUILDING CONSTRUCTION</b>						
Unit/Building Construction/New Construction		4,065,043	4,065,043			
Unit/Building Construction/Rehab						
Project Amenities / Accessory Buildings						
Other: _____						
	<b>Subtotal</b>	4,065,043	4,065,043	-	-	-
<b>CONTRACTOR SERVICES</b>						
Builder's Overhead: 2.00%	103,165	101,823	101,823			
Builder Profit: 6.00%	309,496	305,469	305,469			
General Requirements 6.00%	309,496	238,363	238,363			
Payment/performance bond or letter-of-credit fee or premium						
	<b>Subtotal</b>	645,655	645,655	-	-	-
<b>Total Construction Costs</b>	<b>96,731.90 per unit</b>					
	<b>5,803,914</b>					
	<b>87.48 per sq ft</b>					

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	70,262	42,108			28,154
Construction Loan Interest	139,818	89,275			50,543
Construction Legal Fees					
Construction Period Real Estate Tax	3,525	1,959			1,566
Construction Insurance	88,000	67,694			20,306
Bridge Loan Fee and Bridge Loan Interest					
Other: _____					
<b>Subtotal</b>	<b>301,605</b>	<b>201,036</b>	-	-	<b>100,569</b>
<b>PROFESSIONAL SERVICES</b>					
Architectural Fee - Design	147,000	147,000			
Architectural Fee - Supervision					
Engineering	84,155	84,155			
Real Estate Attorney	110,150	93,500			16,650
Accounting	26,500	26,500			
Other: Green Building/EEC	63,978	63,978			
<b>Subtotal</b>	<b>431,783</b>	<b>415,133</b>	-	-	<b>16,650</b>
<b>LOCAL GOVERNMENT FEES</b>					
Building Permits	19,030	19,030			
Impact Fees	192,267	192,267			
Water Tap Fees <i>waived?</i>	93,351	93,351			
Sewer Tap Fees <i>waived?</i>					
Real Estate Taxes					
<b>Subtotal</b>	<b>304,648</b>	<b>304,648</b>	-	-	-
<b>PERMANENT FINANCING FEES</b>					
Permanent Loan Fees					
Permanent Loan Legal Fees					
Title and Recording Fees	25,117	23,469			1,648
As-Built Survey					
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other: _____					
<b>Subtotal</b>	<b>25,117</b>	<b>23,469</b>	-	-	<b>1,648</b>

I. DEVELOPMENT COST SCHEDULE

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
<b>DCA-RELATED COSTS</b>					
DCA Loan Application Fee					
Tax Credit Application Fee	6,500				6,500
DCA Waiver Fees					
LIHTC Allocation Processing Fee	50,055 57,205				57,205
LIHTC Compliance Monitoring Fee	42,000 48,000				48,000
DCA Front End Analysis Fee (when ID of Interest)	1,000				1,000
DCA Final Inspection Fee					
Other:					
<b>Subtotal</b>	<b>112,705</b>				<b>112,705</b>
<b>EQUITY COSTS</b>					
Partnership Organization Fees					
Tax Credit Legal Opinion					
Other:					
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEVELOPER'S FEE</b>					
Developer's Overhead					
Consultant's Fee					
Developer's Fee	1,046,174	1,043,822			2,352
<b>Subtotal</b>	<b>1,046,174</b>	<b>1,043,822</b>	<b>-</b>	<b>-</b>	<b>2,352</b>
<b>START-UP AND RESERVES</b>					
Marketing	12,000				12,000
Rent -Up Reserves	-				-
Operating Deficit Reserve:	153,028				153,028
Replacement Reserve	15,000				15,000
Furniture, Fixtures and Equipment	73,219	73,219			
Other: Utilities during Construction	1,908	1,908			
<b>Subtotal</b>	<b>255,155</b>	<b>75,127</b>	<b>-</b>	<b>-</b>	<b>180,028</b>
<b>OTHER COSTS</b>					
Relocation					
Other: Other: Bank Charges	339				339
Other:					
<b>Subtotal</b>	<b>339</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>339</b>
<b>TOTAL DEVELOPMENT COST</b>	<b>8,776,839</b>	<b>7,873,720</b>	<b>-</b>	<b>-</b>	<b>903,119</b>
<b>Per Unit</b>	<b>146,280.65</b>				
<b>Per Square Foot</b>	<b>132.28</b>				

**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:**

	<b>New Construction Basis</b>	<b>4% Acquisition Basis</b>	<b>Rehabilitation Basis</b>
<b>Total Subtractions From Basis:</b>	<b>0</b>		<b>0</b>

**Eligible Basis Calculation**

Total Basis  
 Less Total Subtractions From Basis (see above)  
 Total Eligible Basis  
 Eligible Basis Adjustment for DDA/QCT Location  
 Adjusted Eligible Basis  
 Multiply Adjusted Eligible Basis by Applicable Fraction  
 Qualified Basis  
 Multiply Qualified Basis by Applicable Credit Percentage  
 Maximum Tax Credit Amount  
 Total Basis Method Tax Credit Calculation

Total Basis	7,873,720	0	0
Less Total Subtractions From Basis (see above)	0		0
Total Eligible Basis	7,873,720	0	0
Eligible Basis Adjustment for DDA/QCT Location	125.00%		
Adjusted Eligible Basis	9,842,150	0	0
Multiply Adjusted Eligible Basis by Applicable Fraction	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Qualified Basis	9,842,150	0	0
Multiply Qualified Basis by Applicable Credit Percentage	9.00%		
Maximum Tax Credit Amount	885,794	0	0
<b>Total Basis Method Tax Credit Calculation</b>	<b>885,794</b>		

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

**Equity Gap Calculation**

Total Development Cost  
 Subtract Non-LIHTC (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

Total Development Cost	8,776,839		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	710,000		
Equity Gap	8,066,839		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	806,684		
Enter Final Federal and State Equity Factors ( <b>not including GP contribution</b> )	1.1275	=	Federal
Total Gap Method Tax Credit Calculation	<b>715,462</b>		0.8500
			+
			State
			0.2775

**IV. TAX CREDIT CARRYOVER ALLOCATION**

Allocation Year

**715,066**

**V. FINAL TAX CREDIT ALLOCATION REQUEST**

**715,066**

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

