

MYRTLE TERRACES, LP

**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**

MARCH 15, 2015

INDEPENDENT AUDITOR'S REPORT

Owner's Name: Myrtle Terraces, LP
Project Name: Myrtle Terraces Apartments
Project Number: TCAA # 2012-057

To the Partners
Myrtle Terraces, LP

We have audited the costs included in the accompanying Tax Credit Allocation Agency ("TCAA") Final Cost Certification (the "Final Cost Certification") of Myrtle Terraces, LP (the "Owner") for Myrtle Terraces Apartments ("the Project") as of March 15, 2015.

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 \$11,968,072, eligible basis of \$10,519,183, and adjusted eligible basis of \$13,674,938, of the Owner for the Project as of March 15, 2015, 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

March 30, 2015

PART FOUR - USES OF FUNDS - Myrtle Terraces Apartments - 2012-057

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	2,500	2,500			
Market Study	3,680	3,680			
Environmental Report(s)	3,000	3,000			
Soil Borings	4,925	4,925			
Boundary and Topographical Survey	8,000	8,000			
Zoning/Site Plan Fees					
Other:					
Subtotal	22,105	22,105	-	-	-
ACQUISITION					
Land	850,000				850,000
Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures					
Subtotal	850,000		-		850,000
SITE IMPROVEMENTS					
Site Preparation (On-site)	739,774	739,774			
Site Preparation (Off-site)					
Subtotal	739,774	739,774	-	-	-
UNIT/BUILDING CONSTRUCTION					
Unit/Building Construction/New Construction	6,449,318	6,449,318			
Unit/Building Construction/Rehab					
Project Amenities / Accessory Buildings					
Other:					
Subtotal	6,449,318	6,449,318	-	-	-
CONTRACTOR SERVICES					
Builder's Overhead: 2.00%	143,782	143,782			
Builder Profit: 6.00%	431,346	117,532			
General Requirements 6.00%	431,346	431,346			
Payment/performance bond or letter-of-credit fee or premium					
Subtotal	692,660	692,660	-	-	-
<i>Total Construction Costs</i>	<i>93,830.38 per unit</i>				
	<i>7,881,752</i>	<i>116.58 per sq ft</i>			

PART FOUR - USES OF FUNDS - Myrtle Terraces Apartments - 2012-057

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
CONSTRUCTION PERIOD FINANCING					
Construction Loan Fee	84,299	84,299			
Construction Loan Interest	384,339	333,490			50,849
Construction Legal Fees					
Construction Period Real Estate Tax	2,619	2,619			
Construction Insurance	5,493	5,493			
Bridge Loan Fee and Bridge Loan Interest					
Other: Construction Period Inspection Fees	16,242	16,242			
Subtotal	492,992	442,143	-	-	50,849
PROFESSIONAL SERVICES					
Architectural Fee - Design	210,000	210,000			
Architectural Fee - Supervision	30,000	30,000			
Engineering	60,003	60,003			
Real Estate Attorney	27,719	27,719			
Accounting	16,475	13,500			2,975
Other: Radon Testing	8,675	8,675			
Subtotal	352,872	349,897	-	-	2,975
LOCAL GOVERNMENT FEES					
Building Permits	24,335	24,335			
Impact Fees	162,194	162,194			
Water Tap Fees <i>waived?</i>					
Sewer Tap Fees <i>waived?</i>					
Real Estate Taxes					
Subtotal	186,529	186,529	-	-	-
PERMANENT FINANCING FEES					
Permanent Loan Fees	24,000				24,000
Permanent Loan Legal Fees					
Title and Recording Fees	22,548	22,548			
As-Built Survey	3,500	3,500			
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other:					
Subtotal	50,048	26,048	-	-	24,000

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	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	6,500				6,500
DCA Waiver Fees					
LIHTC Allocation Processing Fee	60,200 68,800				68,800
LIHTC Compliance Monitoring Fee	58,800 67,200				67,200
DCA Front End Analysis Fee (when ID of Interest)					
DCA Final Inspection Fee	3,000				3,000
Other:					
Subtotal	145,500				145,500
EQUITY COSTS		EQUITY COSTS			
Partnership Organization Fees	525				525
Tax Credit Legal Opinion					
Other:					
Subtotal	525	-	-	-	525
DEVELOPER'S FEE		DEVELOPER'S FEE			
Developer's Overhead					
Consultant's Fee					
Developer's Fee	1,389,801	1,389,801			
Subtotal	1,389,801	1,389,801	-	-	-
START-UP AND RESERVES		START-UP AND RESERVES			
Marketing	2,950				2,950
Rent -Up Reserves	100,184				100,184
Operating Deficit Reserve:	271,906				271,906
Replacement Reserve					
Furniture, Fixtures and Equipment	192,991	192,991			
Other:					
Subtotal	568,031	192,991	-	-	375,040
OTHER COSTS		OTHER COSTS			
Relocation					
Other: SMA Fee (installation of the fiber for each resident)	6,300	6,300			
Other: Green Building Program Certification	21,617	21,617			
Subtotal	27,917	27,917	-	-	-
TOTAL DEVELOPMENT COST	11,968,072	10,519,183	-	-	1,448,889
Per Unit	142,477.05				
Per Square Foot	177.02				

PART FOUR - USES OF FUNDS - Myrtle Terraces Apartments - 2012-057

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	10,519,183	0	0
Less Total Subtractions From Basis (see above)	0		0
Total Eligible Basis	10,519,183	0	0
Eligible Basis Adjustment for DDA/QCT Location	130.00%		
Adjusted Eligible Basis	13,674,938	0	0
Multiply Adjusted Eligible Basis by Applicable Fraction	90.48%	90.48%	90.48%
Qualified Basis	12,372,563	0	0
Multiply Qualified Basis by Applicable Credit Percentage	9.00%		
Maximum Tax Credit Amount	1,113,531	0	0
Total Basis Method Tax Credit Calculation	1,113,531		

III. TAX CREDIT CALCULATION - GAP METHOD

Equity Gap Calculation

Total Development Cost	11,968,072		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	2,400,110		
Equity Gap	9,567,962		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	956,796		
Enter Final Federal and State Equity Factors (not including GP contribution)	1.1000	=	Federal
Total Gap Method Tax Credit Calculation	869,815		0.8500
			+ State
			0.2500

IV. TAX CREDIT CARRYOVER ALLOCATION

Allocation Year 2013 860,000

V. FINAL TAX CREDIT ALLOCATION REQUEST

860,000

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 - Myrtle Terraces Apartments - 2012-057

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	2,400,000	6.250%	20	30	177,327	Amortizing	
Second Mortgage								
Third Mortgage								
Other Source (specify)								
Other Source (specify)								
Deferred Developer Fees	Deferred Developer Fee	109,424						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	Affordable Equity Partners	7,235,438						
State Housing Credit Equity	Affordable Equity Partners	2,223,100						
Historic Credit Equity								
Investment Earnings from Tax-Exempt Bonds								
Investment Earnings from Taxable Bonds								
Income from Operations								
Other Source (specify) Equity	General Partner Equity	100						
Other Source (specify) Equity	SLP Equity	10						
Other Source (specify)								
Total Permanent Financing:		11,968,072						
Total Development Costs from Development Cost Schedule:		11,968,072						
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

