

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
Mercy Housing Georgia 14, L.P.
July 31, 2016

COHN  REZNICK
ACCOUNTING • TAX • ADVISORY

Mercy Housing Georgia 14, L.P.

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Independent Auditor's Report

Owner's Name: Mercy Housing Georgia 14, L.P.
Project Name: Savannah Gardens Phase V
Project Number: 2013-009

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 Fund Sources and Project Subsidy, and the building allocation of Qualified Basis Worksheet (Parts Three, Four, and Eight of the "Final Cost Certification") of Mercy Housing Georgia 14, L.P. (the "Owner") for Savannah Gardens Phase V ("the Project") as of July 31, 2016. We have not audited the following parts: Project Information, Development Team Information, Utility Allowances, Projected Revenue & Expenses, Operating Pro Forma, and Narrative Description of Material Changes (Parts One, Two, Five, Six, Seven, and Nine) and thus express no opinion.

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 \$11,520,322 and adjusted eligible basis of \$12,788,234 of the Owner for the Project as of July 31, 2016, 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 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 certify that we have no financial interest in this Project other than in the practice of our profession.

CohnReznick LLP

Charlotte, North Carolina
August 18, 2016

PART ONE - PROJECT INFORMATION - Savannah Gardens V - 2013-009

Project Name	Savannah Gardens V	DCA Project Number	2013-009
Date of Final Allocation Application	6/11/13	Date of Architectural Clearance	
Start of First Year of Credit	1/1/16	Date of Compliance Clearance	

Accountant Completing Cost Certification

Name	Nicholas S. Mathias, CPA					
Address	525 N. Tryon Street, Suite 1000					
City	Charlotte	State	NC	Zip	28202	
Title	Partner	E-mail	Nic.Mathias@CohnReznick.com		Direct Line	(704) 900-2013
Office Phone	(704) 900-2013	Ext.	NA	Fax	(704) 332-6444	

Owner Contact for Application Review

Name	Mercy Housing Georgai 14, L.P. Attn: Tina Lowe						
Address	260 Peachtree Street, Suite 1800						
City	Atlanta	State	GA	Zip	30308		
Title	SVP of Real Estate	E-mail	tlowe@mercyhousing.org		Direct Line	(404) 975-4199	
Office Phone	(404) 975-4199	Ext.	NA	Fax	(404) 881-1191	Cellular	(404) 418-6199

I. Project Location

Street Address	202 Crescent Drive			Scattered Site?	No
City	Savannah	Zip+4	31404-1845	Acreage	2.65
Within City Limits?	Yes	County	Chatham	Census Tract #	36.01
In USDA Rural Area?	No	MSA name, if applicable		QCT/DDA?	Yes

II. Project Description

A. Type of Activity: Indicate number of units in each category that applies: New Construction Acq/Rhb Rehab

B. Buildings

Number of Residential Buildings	7
Number of Non-Residential Buildings	-
Total Number of Buildings	7

C. Unit Breakdown

Number of Low Income Units	59	(Include manager units that are income restricted)
Number of Market Rate Units	16	
Total Residential Units	75	
Common Space Units	1	(no rent may be charged)
Total Units	76	

D. Unit Area

Total Low Income Residential Square Footage	65,104
Total Market Rate Residential Square Footage	17,320
Total Residential Square Footage	82,424
Total Common Space Square Footage	2,233
Total Square Footage	84,657

E. Targeted Population

Family	
Number of Units Reserved for Special Needs	0
Number of Units Equipped for Mobility Impaired	4
Number of Units Equipped for Sight/Hearing Impaired	2

III. Tax Exempt Bond Financed Project

Issuer:	
Inducement Date:	
Applicable QAP:	

IV. Low Income Targeting

Number of 30% Units	0
Number of 50% Units	23
Number of 60% Units	36
Number of PBRA Units	0

V. Government Funding Sources (check all that apply)

Tax Credits	<input checked="" type="checkbox"/>	USDA 515	<input type="checkbox"/>	CDBG	<input checked="" type="checkbox"/>	AHP	<input type="checkbox"/>	Historic Rehab Credits	<input type="checkbox"/>
HOME	<input type="checkbox"/>	USDA 538	<input type="checkbox"/>	HUD	<input type="checkbox"/>			FHA Insured Mortgage	<input type="checkbox"/>
Tax Exempt Bonds	<input type="checkbox"/>	FHLB	<input type="checkbox"/>	Other	<input type="checkbox"/>	(describe)			
Taxable Bonds	<input type="checkbox"/>	HOPE VI	<input type="checkbox"/>	Other	<input type="checkbox"/>	(describe)			

VI. Owner Certification

Deeper Targeting	<input type="checkbox"/>
Government Financial Assistance	<input type="checkbox"/>

VII. OWNER COMMENTS AND CLARIFICATIONS

Please note that any of the above information that changed from the initial application must be noted in this box and must include the date that DCA approved the change. A summary of all changes should be included in the "Changes Narrative" Tab of this application.

I. OWNERSHIP INFORMATION

A. OWNERSHIP ENTITY

Office Street Address
City
Name of Principal
10-Digit Office Phone / Ext.

Mercy Housing Georgia 14, L.P. (Enter name as it will appear on all legal documents)				
260 Peachtree Street, Suite 1800				
Atlanta				
State		GA	Zip	30303
Name of Principal		Tina Lowe		Federal Tax ID Nbr: 46-2787254
10-Digit Office Phone / Ext.		(404) 975-4199	Title	SVP of Real Estate
		Fax	(404) 881-1191	Direct Line (404) 975-4199
			E-mail	tlowe@mercyhousing.org
			Cellular	(404) 975-4199

B. PARTNERSHIP INFORMATION

1. GENERAL PARTNER(S)

a. Managing Gen'l Partner
Office Street Address
City
Name of Principal
10-Digit Office Phone / Ext.

b. Other General Partner
Office Street Address
City
Name of Principal
10-Digit Office Phone / Ext.

MHSE Savannah Gardens Phase V GP, LLC				
260 Peachtree Street, Suite 1800				
Atlanta				
State		GA	Zip	30303
Name of Principal		Tina Lowe		Federal Tax ID Nbr: 46-2777338
10-Digit Office Phone / Ext.		(404) 975-4199	Title	SVP of Real Estate
		Fax	(404) 881-1191	Direct Line (404) 975-4199
			E-mail	tlowe@mercyhousing.org
			Cellular	(404) 975-4199

State			Zip	
Name of Principal				Federal Tax ID Nbr:
10-Digit Office Phone / Ext.				
		Fax		Direct Line
			E-mail	
			Cellular	

2. LIMITED PARTNERS

a. Federal Limited Partner
Office Street Address
City
Name of Principal
10-Digit Office Phone / Ext.

b. State Limited Partner
Office Street Address
City
Name of Principal
10-Digit Office Phone / Ext.

STCC Savannah Gardens V, LLC; CDC Special Limited Partner, L.L.C.				
1155 Peachtree Street, N.E.				
Atlanta				
State		GA	Zip	30309
Name of Principal		Brian Womble		Federal Tax ID Nbr: 58-2391673
10-Digit Office Phone / Ext.		(404) 588-8775	Title	First VP
		Fax	(404) 824-6025	Direct Line (404) 588-8775
			E-mail	brian.womble@suntrust.com
			Cellular	

CDC Special Limited Partner				
1155 Peachtree Street, N.E.				
Atlanta				
State		GA	Zip	30309
Name of Principal		Brian Womble		Federal Tax ID Nbr: 58-2391673
10-Digit Office Phone / Ext.		(404) 588-8775	Title	First VP
		Fax	(404) 824-6025	Direct Line (404) 588-8775
			E-mail	brian.womble@suntrust.com
			Cellular	

3. NONPROFIT SPONSOR

Nonprofit Sponsor*
Office Street Address
City
Name of Principal
10-Digit Office Phone / Ext.

Mercy Community Housing Georgia, Inc.				
260 Peachtree Street, Suite 1800				
Atlanta				
State		GA	Zip	30303
Name of Principal		Tina Lowe		Federal Tax ID Nbr: 58-2434289
10-Digit Office Phone / Ext.		(404) 975-4199	Title	SVP of Real Estate
		Fax	(404) 881-1191	Direct Line (404) 975-4199
			E-mail	tlowe@mercyhousing.org
			Cellular	(404) 975-4199

II. DEVELOPER(S)

A. DEVELOPER

Office Street Address
City
Name of Principal
10-Digit Office Phone / Ext.

Mercy Housing Southeast				
260 Peachtree Street, Suite 1800				
Atlanta				
State		GA	Zip	30303
Name of Principal		Tina Lowe		Federal Tax ID Nbr: 56-1993872
10-Digit Office Phone / Ext.		(404) 975-4199	Title	SVP of Real Estate
		Fax	(404) 881-1191	Direct Line (404) 975-4199
			E-mail	tlowe@mercyhousing.org
			Cellular	(404) 975-4199

B. CO-DEVELOPER 1

Office Street Address
City
Name of Principal
10-Digit Office Phone / Ext.

State			Zip	
Name of Principal				Federal Tax ID Nbr:
10-Digit Office Phone / Ext.				
		Fax		Direct Line
			E-mail	
			Cellular	

C. CO-DEVELOPER 2

Office Street Address
City
Name of Principal
10-Digit Office Phone / Ext.

State			Zip	
Name of Principal				Federal Tax ID Nbr:
10-Digit Office Phone / Ext.				
		Fax		Direct Line
			E-mail	
			Cellular	

D. DEVELOPMENT CONSULTANT

Office Street Address
City
Name of Principal
10-Digit Office Phone / Ext.

National Affordable Housing Trust				
2335 North Bank Drive				
Columbus				
State		OH	Zip	432205423
Name of Principal		Amy Rowland		Federal Tax ID Nbr:
10-Digit Office Phone / Ext.		(614) 451-9929	Title	VP
		Fax	(614) 451-3370	Direct Line (801) 359-0379
			E-mail	arowland@naht.org
			Cellular	

III. OTHER PROJECT TEAM MEMBERS

A. OWNERSHIP CONSULTANT

Office Street Address
City
Name of Principal
10-Digit Office Phone / Ext.

Federal Tax ID Nbr:			
State	Zip	E-mail	
Title	Direct Line		Cellular
Fax			

B. GENERAL CONTRACTOR

Office Street Address
City
Name of Principal
10-Digit Office Phone / Ext.

Federal Tax ID Nbr: 26-3189928			
State	Zip	E-mail	
Title	Direct Line		Cellular
Fax			

C. MANAGEMENT COMPANY

Office Street Address
City
Name of Principal
10-Digit Office Phone / Ext.

Federal Tax ID Nbr: 82-0376108			
State	Zip	E-mail	
Title	Direct Line		Cellular
Fax			

D. ATTORNEY

Office Street Address
City
Name of Principal
10-Digit Office Phone / Ext.

Federal Tax ID Nbr:			
State	Zip	E-mail	
Title	Direct Line		Cellular
Fax			

E. ACCOUNTANT

Office Street Address
City
Name of Principal
10-Digit Office Phone / Ext.

Federal Tax ID Nbr:			
State	Zip	E-mail	
Title	Direct Line		Cellular
Fax			

F. ARCHITECT

Office Street Address
City
Name of Principal
10-Digit Office Phone / Ext.

Federal Tax ID Nbr:			
State	Zip	E-mail	
Title	Direct Line		Cellular
Fax			

IV. OTHER REQUIRED INFORMATION (Answer each of the 6 questions below for each participant listed below.)

Participant	1. Is this entity a MBE / WBE?	2. Has any person, principal, or agent for this entity ever been convicted of a felony (Yes or No)? If yes, attach explanation.	3. Does this entity have an identity of interest with any other entity in this chart? If yes, attach explanation.	4. Does this entity have an identity of interest with any member, officer, or employee of DCA? If yes, attach explanation.	5. Has this entity ever been debarred or suspended from any local, state, or federal housing program? If yes, attach explanation.	6. Applicable Organizational Type (For Profit, Nonprofit, CHDO)	7. Project Ownership Percentage
Managing General Partner	No	No	Yes	No	No	For Profit	0.010%
Other General Partner 1							
Other General Partner 2							
Federal Limited Partner	No	No	No	No	No	For Profit	99.980%
State Limited Partner	No	No	No	No	No	For Profit	0.010%
Nonprofit Sponsor	No	No	Yes	No	No	Nonprofit	0.000%
Developer	No	No	Yes	No	No	Nonprofit	0.000%
Co-Developer 1							
Co-Developer 2							
Owner Consultant							
Developer Consultant	No	No	No	No	No	Nonprofit	0.000%
Contractor	No	No	No	No	No	For Profit	0.000%
Management Company	No	No	Yes	No	No	Nonprofit	0.000%

V. OWNER COMMENTS AND CLARIFICATIONS

There should be no change in the Development Team unless the Owner has received prior written approval from DCA. For liability and tax reasons, MHSE Savannah Gardens Phase V GP, LLC is a for profit corporation. However, Mercy Community Housing Georgia, Inc. is the sole Member and Non-Profit Sponsor of the General Partner. Documentation of the Non-Profit's ownership interest is included behind Tab 19 and 32. Documentation regarding Identity of Interest and Debarment is included behind Tab 18. National Affordable Housing Trust (NAHT) is being used as an development consultant to help run a financial analysis on the proposed project.

PART THREE - SOURCES OF FUNDS - Savannah Gardens V - 2013-009

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	SunTrust Bank	1,403,306	6.440%	18	30	105,775	Amortizing	Yes
Second Mortgage	Community Housing Services Agency	269,833	3.000%	30	0		Cash Flow	Yes
Third Mortgage								
Other Source (specify)								
Other Source (specify)								
Deferred Developer Fees	Mercy Housing Southeast	0						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	STCC Savannah Gardens V, LLC	7,012,310						
State Housing Credit Equity	STCC Savannah Gardens V, LLC	2,834,763						
Historic Credit Equity								
Investment Earnings from Tax-Exempt Bonds								
Investment Earnings from Taxable Bonds								
Income from Operations								
Other Source (specify) GP Equity	MHSE Savannah Gardens Phase V G	10						
Other Source (specify) SLP Equity	CDC Special Limited Partner, LLC	100						
Other Source (specify)								
Total Permanent Financing:		11,520,322						
Total Development Costs from Development Cost Schedule:		11,520,322						
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

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	12,250	12,250		-	-
Market Study	5,369	5,369		-	-
Environmental Report(s)	9,541	9,541		-	-
Soil Borings	-	-		-	-
Boundary and Topographical Survey	-	-		-	-
Zoning/Site Plan Fees	-	-		-	-
Other: <u>Other (Specify)</u>	-	-		-	-
Subtotal	27,160	27,160			
ACQUISITION					
Land	549,833				549,833
Demolition	-				-
Acquisition Legal Fees (if existing structures)	-		-		-
Existing Structures	-				-
Subtotal	549,833				549,833
SITE IMPROVEMENTS					
Site Preparation (On-site)	1,008,716	805,466		-	203,250
Site Preparation (Off-site)	-	-		-	-
Subtotal	1,008,716	805,466			203,250
UNIT/BUILDING CONSTRUCTION					
Unit/Building Construction/New Construction	5,532,358	5,532,358		-	-
Unit/Building Construction/Rehab	-	-		-	-
Project Amenities / Accessory Buildings	-	-		-	-
Other: <u>Furniture, Fixtures and Equipment within the contract</u>	334,610	334,610		-	-
Subtotal	5,866,968	5,866,968			
CONTRACTOR SERVICES					
Builder's Overhead: 2.00%	137,514	137,514		-	2,441
Builder Profit: 6.00%	412,541	412,541		-	2,336
General Requirements 6.00%	412,541	401,100		-	-
Payment/performance bond or letter-of-credit fee or premium	66,030	66,030		-	-
Subtotal	1,021,962	1,017,185			4,777
<i>Total Construction Costs 103,916.39 per unit</i>	<i>7,897,646</i>				
	<i>93.29 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	79,194	5,230		-	73,964
Construction Loan Interest	221,206	130,412		-	90,794
Construction Legal Fees	20,000	3,012		-	16,988
Construction Period Real Estate Tax	9,548	8,928		-	620
Construction Insurance	79,497	79,497		-	-
Bridge Loan Fee and Bridge Loan Interest	-	-		-	-
Other: <u>Title and Recording Fees</u>	46,045	2,773		-	43,272
Subtotal	455,490	229,852			225,638
PROFESSIONAL SERVICES					
Architectural Fee - Design	181,000	181,000		-	-
Architectural Fee - Supervision	-	-		-	-
Engineering	111,615	111,615		-	-
Real Estate Attorney	31,980	31,980		-	-
Accounting	28,661	16,800		-	11,861
Other: <u>Green Building Consultant Fee</u>	26,951	26,951		-	-
Subtotal	380,207	368,346			11,861
LOCAL GOVERNMENT FEES					
Building Permits	49,552	49,552		-	-
Impact Fees	-	-		-	-
Water Tap Fees <i>waived?</i>	3,696	3,696		-	-
Sewer Tap Fees <i>waived?</i>	-	-		-	-
Real Estate Taxes	-	-		-	-
Subtotal	53,248	53,248			
PERMANENT FINANCING FEES					
Permanent Loan Fees	16,840				16,840
Permanent Loan Legal Fees	30,000				30,000
Title and Recording Fees	-	-		-	-
As-Built Survey	-	-		-	-
Bond Issuance Premium	-	-		-	-
Cost of Issuance / Underwriter's Discount	-	-		-	-
Other: <u>Other/Conversion Fee</u>	-	-		-	-
Subtotal	46,840				46,840

PART FOUR - USES OF FUNDS - Savannah Gardens V - 2013-009

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	-				-
Tax Credit Application Fee	10,100				10,100
DCA Waiver Fees	-				-
LHTC Allocation Processing Fee	52,219				-
LHTC Compliance Monitoring Fee	45,600				60,800
DCA Front End Analysis Fee (when ID of Interest)	-				-
DCA Final Inspection Fee	-				-
Other: Tax Credit Reservation Fee	59,685				59,685
Subtotal	130,585				130,585
EQUITY COSTS					
Partnership Organization Fees	118				118
Tax Credit Legal Opinion	35,000				35,000
Other: Other (Specify)	-				-
Subtotal	35,118				35,118
DEVELOPER'S FEE					
Developer's Overhead	-				-
Consultant's Fee	-				-
Developer's Fee	1,469,774	1,425,107			44,667
Subtotal	1,469,774	1,425,107			44,667
START-UP AND RESERVES					
Marketing	19,966				19,966
Rent -Up Reserves	117,494				117,494
Operating Deficit Reserve:	264,386				264,386
Replacement Reserve	28,804				28,804
Furniture, Fixtures and Equipment	23,125	23,125			-
Other: Other (Specify)	-				-
Subtotal	453,775	23,125			430,650
OTHER COSTS					
Relocation	-				-
Other: Other Lender Inspection	20,646	20,646			-
Other: Other (Specify)	-				-
Subtotal	20,646	20,646			-
TOTAL DEVELOPMENT COST	11,520,322	9,837,103			1,683,219
Per Unit	151,583.18				
Per Square Foot	136.08				

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	9,837,103		0
Less Total Subtractions From Basis (see above)	0		0
Total Eligible Basis	9,837,103		0
Eligible Basis Adjustment for DDA/QCT Location	130.00%		130.00%
Adjusted Eligible Basis	12,788,234		0
Multiply Adjusted Eligible Basis by Applicable Fraction	79.22%		79.22%
Qualified Basis	10,131,177		0
Multiply Qualified Basis by Applicable Credit Percentage	9.00%		-
Maximum Tax Credit Amount	911,806		0
Total Basis Method Tax Credit Calculation		911,806	

III. TAX CREDIT CALCULATION - GAP METHOD

Equity Gap Calculation

Total Development Cost	11,520,322
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	1,673,249
Equity Gap	9,847,073
Divide Equity Gap by 10	/ 10
Annual Equity Required	984,707
Enter Final Federal and State Equity Factors (not including GP contribution)	1.3200
Total Gap Method Tax Credit Calculation	745,990

=

Federal	0.9400
---------	--------

 +

State	0.3800
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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.

Tina Lowe
Owner Signature

TINA LOWE
Name - Please Type

9/1/2016
Date

VI. OWNER COMMENTS AND CLARIFICATIONS

PART FIVE - UTILITY ALLOWANCES - Savannah Gardens V - 2013-009

I. UTILITY ALLOWANCE SCHEDULE #1

Source of Utility Allowances
 Date of Utility Allowances

Utility	Fuel	Paid By (check one):		Tenant-Paid Utility Allowances by Unit Size				
		Tenant	Owner	0 BR	1 BR	2 BR	3 BR	4 BR
Heat	Natural Gas							
Heat	Electric							
Heat	Propane							
Heat	78% + AFUE Gas							
Heat	Electric Heat Pump							
Air Conditioning	Electric	X			23	26	29	
Cooking	Natural Gas							
Cooking	Electric	X			7	8	9	
Cooking	Propane							
Hot Water	Natural Gas							
Hot Water	Electric	X			29	33	43	
Hot Water	Propane							
Lights	Electric	X			28	33	40	
Water & Sewer	Submetered?	No	X		37	46	63	
Refuse Collection			X					
Total Utility Allowance by Unit Size				0	124	146	184	0

Election to use Electric Utility Provider's Allowance as outlined in the QAP (TAX CREDIT ONLY)
**Elderly allowances cannot be used except at properties that have 100% PBRA and satisfy the DCA definition of "elderly"*

OWNER COMMENTS AND CLARIFICATIONS

II. UTILITY ALLOWANCE SCHEDULE #2

Source of Utility Allowances
 Date of Utility Allowances

Utility	Fuel	Paid By (check one):		Tenant-Paid Utility Allowances by Unit Size				
		Tenant	Owner	0 BR	1 BR	2 BR	3 BR	4 BR
Heat	Natural Gas							
Heat	Electric	X			2	2	3	
Heat	Propane							
Heat	78% + AFUE Gas							
Heat	Electric Heat Pump							
Air Conditioning	Electric							
Cooking	Natural Gas							
Cooking	Electric							
Cooking	Propane							
Hot Water	Natural Gas							
Hot Water	Electric							
Hot Water	Propane							
Lights	Electric							
Water & Sewer	Submetered?							
Refuse Collection								
Total Utility Allowance by Unit Size				0	2	2	3	0

Election to use Electric Utility Provider's Allowance as outlined in the QAP (TAX CREDIT ONLY)
**Elderly allowances cannot be used except at properties that have 100% PBRA and satisfy the DCA definition of "elderly"*

OWNER COMMENTS AND CLARIFICATIONS

IV. ANNUAL OPERATING EXPENSE BUDGET

On-Site Staff Costs	
Management Salaries & Benefits	40,000
Maintenance Salaries & Benefits	30,000
Support Services Salaries & Benefits	20,000
Other	
Subtotal	90,000
On-Site Office Costs	
Office Supplies & Postage	12,500
Telephone	10,000
Travel	1,000
Leased Furniture / Equipment	3,000
Activities Supplies / Overhead Cost	
Other Misc admin	4,500
Subtotal	31,000
Maintenance Expenses	
Contracted Repairs	2,000
General Repairs	6,500
Grounds Maintenance	20,000
Extermination	3,000
Maintenance Supplies	5,000
Elevator Maintenance	
Redecorating	
Other	
Subtotal	36,500
On-Site Security	
Contracted Guard	
Electronic Alarm System	1,000
Subtotal	1,000

Professional Services		
Legal	2,500	
Accounting	9,000	
Advertising	6,500	
Other	8,000	
Subtotal	26,000	
Utilities		
Electricity	23,000	
Natural Gas		
Water & Sewer	7,000	
Trash Collection	6,000	
Other		
Subtotal	36,000	
Taxes and Insurance		
Real Estate Taxes	69,327	
Insurance	31,150	
Other		
Subtotal	100,477	
Management Fee	31,502	
Other	0	
TOTAL OPERATING EXPENSES	4,637.88 per unit	352,479
Replacement Reserve	250.00 per unit	19,000
TOTAL ANNUAL EXPENSES		371,479

V. OWNER COMMENTS AND CLARIFICATIONS

1.)

PART SEVEN - OPERATING PRO FORMA - Savannah Gardens V - 2013-009

I. OPERATING ASSUMPTIONS

Revenue Growth	2.00%	Asset Management Fee	5,000	Yr 1 Asset Mgt Fee Percentage of EGI:	-0.008492576
Expense Growth	3.00%	Incentive Management Fee	-	Yr 1 Incent Mgt Fee Percentage of EGI:	0
Reserves Growth	3.00%	Property Mgt Fee Growth (choose only one option)		Yr 1 Prop Mgt Fee Percentage of EGI:	-0.05499962
Vacancy & Collection Loss	7.00%	Expense Growth Rate (3.00%)	No		
Ancillary Income Limit	2.00%	Percent of Effective Gross Income	Yes	If Percent of EGI, indicate percentage:	5.500%

II. OPERATING PRO FORMA

Year	1	2	3	4	5	6	7	8	9	10
Revenues	620,988	633,408	646,076	658,997	672,177	685,621	699,333	713,320	727,586	742,138
Ancillary Income	12,076	12,318	12,564	12,815	13,071	13,333	13,600	13,872	14,149	14,432
Vacancy	(44,314)	(45,201)	(46,105)	(47,027)	(47,967)	(48,927)	(49,905)	(50,903)	(51,921)	(52,960)
Other Income	-	-	-	-	-	-	-	-	-	-
Expenses less Mgt Fee	(320,977)	(330,606)	(340,524)	(350,740)	(361,262)	(372,100)	(383,263)	(394,761)	(406,604)	(418,802)
Property Mgmt	(32,381)	(33,029)	(33,689)	(34,363)	(35,050)	(35,751)	(36,467)	(37,196)	(37,940)	(38,699)
Reserves	(19,000)	(19,570)	(20,157)	(20,762)	(21,385)	(22,026)	(22,687)	(23,368)	(24,069)	(24,791)
NOI	216,392	217,319	218,164	218,921	219,584	220,150	220,610	220,963	221,201	221,318
D/S First Mortgage	(105,775)	(105,775)	(105,775)	(105,775)	(105,775)	(105,775)	(105,775)	(105,775)	(105,775)	(105,775)
D/S Second Mortgage	-	-	-	-	-	-	-	-	-	-
D/S Third Mortgage	-	-	-	-	-	-	-	-	-	-
D/S	-	-	-	-	-	-	-	-	-	-
DCA HOME Cash Resrv.	-	-	-	-	-	-	-	-	-	-
DDF	-	-	-	-	-	-	-	-	-	-
Asset Mgmt	(5,000)	(5,150)	(5,305)	(5,464)	(5,628)	(5,796)	(5,970)	(6,149)	(6,334)	(6,524)
Incentive Mgmt	-	-	-	-	-	-	-	-	-	-
Cash Flow	105,617	106,395	107,085	107,682	108,182	108,579	108,865	109,039	109,093	109,020
DCR First Mortgage	2.05	2.05	2.06	2.07	2.08	2.08	2.09	2.09	2.09	2.09
DCR Second Mortgage										
DCR Third Mortgage										
DCR										
DCR										
First Mortgage Balance	1,387,441	1,370,525	1,352,486	1,333,250	1,312,738	1,290,866	1,267,543	1,242,672	1,216,152	1,187,872
Second Mortgage Balance	278,040	286,497	295,211	304,190	313,443	322,976	332,800	342,922	353,353	364,100
Third Mortgage Balance										
Balance										
Balance										
DDF Balance	-	-	-	-	-	-	-	-	-	-

Year	11	12	13	14	15
Revenues	756,981	772,121	787,563	803,314	819,380
Ancillary Income	14,721	15,015	15,315	15,622	15,934
Vacancy	(54,019)	(55,099)	(56,201)	(57,326)	(58,472)
Other Income	-	-	-	-	-
Expenses less Mgt Fee	(431,366)	(444,307)	(457,636)	(471,366)	(485,507)
Property Mgmt	(39,473)	(40,262)	(41,067)	(41,889)	(42,726)
Reserves	(25,534)	(26,300)	(27,089)	(27,902)	(28,739)
NOI	221,309	221,166	220,884	220,454	219,871
D/S First Mortgage	(105,775)	(105,775)	(105,775)	(105,775)	(105,775)
D/S Second Mortgage	-	-	-	-	-
D/S Third Mortgage	-	-	-	-	-
D/S	-	-	-	-	-
DCA HOME Cash Resrv.	-	-	-	-	-
DDF	-	-	-	-	-
Asset Mgmt	(6,720)	(6,921)	(7,129)	(7,343)	(7,563)
Incentive Mgmt	-	-	-	-	-
Cash Flow	108,815	108,471	107,980	107,336	106,533
DCR First Mortgage	2.09	2.09	2.09	2.08	2.08
DCR Second Mortgage					
DCR Third Mortgage					
DCR					
DCR					
First Mortgage Balance	1,157,717	1,126,561	1,091,273	1,054,709	1,015,721
Second Mortgage Balance	375,175	388,586	398,344	410,460	422,945
Third Mortgage Balance					
Balance					
Balance					
DDF Balance					

III. OWNER COMMENTS AND CLARIFICATIONS

PART NINE - NARRATIVE DESCRIPTION OF MATERIAL CHANGES - Savannah Gardens V - 2013-009

Project Name: Savannah Gardens V

DCA Project Nbr: 2013-009

Provide a narrative description of significant changes that have occurred in the project since full application.

Development Costs

Describe circumstances that caused significant cost overruns. For example, start of construction delayed (give reason), storm water regulatory changes, building code changes, impervious surface or open space ordinance changes.

Operating Costs

Describe circumstances that caused a significant increase in expense items or introduced expenses not originally projected. For example, large increase in property taxes or insurance, or property now paying for water and sewer.

See Independent Auditor's Report.

Georgia Department of Community Affairs
Office of Affordable Housing
Final Allocation Application
OWNER CERTIFICATION

Name of Ownership Entity: Mercy Housing Georgia 14, L.P. ("Owner")
Tax ID Number: 46-2787254

The undersigned SVP Real Estate of the Owner, in connection with the award and allocation by the Georgia Department of Community Affairs ("GDCA") of low income housing credits ("Allocation") hereby certifies on behalf of the Owner as follows:

- (a) The Owner (i) is validly existing and qualified to transact business under the laws of Georgia, (ii) has the full power and authority to own its properties and assets and to carry on its business as now being conducted, and (iii) has the full legal right, power and authority to execute and deliver this document.
- (b) There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending, or, to the knowledge of the Owner, threatened against or affecting it or any of its properties or rights, which, if adversely determined, would materially impair its right to carry on business substantially as now conducted or would materially adversely affect its financial condition or which would impair the use of the Project as contemplated by this document.
- (c) The information contained herein is accurate.

The Owner authorized the GDCA to utilize this information to calculate the amount of federal low-income housing tax credits and acknowledges that the following constitute conditions to the Allocation:

- (1) accuracy of the facts and compliance with representations contained in the Allocation documentation and the Project's application for low-income housing tax credits ("Application"),
- (2) completion of construction as depicted on the site layout, floor plan and elevations submitted with the Application,
- (3) adherence to the Qualified Allocation Plan for the year in which the credits were awarded, and
- (4) provision and maintenance of those certain unit and project amenities for the benefit of the tenants described in the Application.

The Owner's or Project's failure to comply with all such conditions without prior written authorization from the GDCA will entitle the GDCA, in its discretion, to deem the Allocation to be cancelled by mutual consent. After any such cancellation, Owner acknowledges that neither it nor the Project will have any right to claim Credits pursuant to the Allocation. The GDCA reserves the right, in its discretion, to modify and/or waive any such failed condition.

Mercy Housing Georgia 14, L.P.
a GA Limited Partnership
(state)

By: MHSE Savannah Gardens Phase V GP, LLC
Its' General Partner

By: Tina Lowe
(signature)

ATTEST: (if applicable)

[Corporate Seal]
(if applicable)

Name: Tina Lowe
Title: SVP Real Estate
Date: Sept 1, 2016

Secretary

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