

SCHOOL STREET, L.P.

**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**

APRIL 30, 2016



INDEPENDENT AUDITOR'S REPORT

Owner's Name: School Street, LP
Project Name: Legacy at Walton Park
Project Number: TCAA # 2013-014

To the Partners
School Street, LP

We have audited the costs included in the accompanying Tax Credit Allocation Agency ("TCAA") Final Cost Certification (the "Final Cost Certification") of School Street, LP (the "Owner") for Legacy at Walton Park ("the Project") as of April 30, 2016.

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 \$16,484,039 and eligible basis of \$14,058,748 of the Owner for the Project as of April 30, 2016, 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 black ink, reading "Halaj, Aronoff & Hynes, LLP". The signature is written in a cursive, flowing style.

Atlanta, Georgia
May 26, 2016

PART FOUR - USES OF FUNDS - Legacy at Walton Park - 2013-014

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	4,500	4,500			
Market Study	6,240	6,240			
Environmental Report(s)	23,814	23,814			
Soil Borings	5,200	5,200			
Boundary and Topographical Survey	9,724	9,724			
Zoning/Site Plan Fees	842	842			
Other:					
Subtotal	50,320	50,320	-	-	-
ACQUISITION					
Land	1,500,000				1,500,000
Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures					
Subtotal	1,500,000		-		1,500,000
SITE IMPROVEMENTS					
Site Preparation (On-site)	1,531,068	1,531,068			
Site Preparation (Off-site)					
Subtotal	1,531,068	1,531,068	-	-	-
UNIT/BUILDING CONSTRUCTION					
Unit/Building Construction/New Construction	8,304,470	8,304,470			
Unit/Building Construction/Rehab					
Project Amenities / Accessory Buildings					
Other:					
Subtotal	8,304,470	8,304,470	-	-	-
CONTRACTOR SERVICES					
Builder's Overhead: 2.00%	196,711	195,689			
Builder Profit: 6.00%	590,132	583,104			
General Requirements 6.00%	590,132	526,732			
Payment/performance bond or letter-of-credit fee or premium					
Subtotal	1,305,525	1,305,525	-	-	-
Total Construction Costs	111,410.63 per unit				
	11,141,063	95.93 per sq ft			

PART FOUR - USES OF FUNDS - Legacy at Walton Park - 2013-014

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	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
CONSTRUCTION PERIOD FINANCING					
Construction Loan Fee	52,500	5,068			47,432
Construction Loan Interest	59,872	38,419			21,453
Construction Legal Fees	36,500	3,650			32,850
Construction Period Real Estate Tax					
Construction Insurance	66,724	64,853			1,871
Bridge Loan Fee and Bridge Loan Interest					
Other: Mortgage Inspection Fees/Third Party Fees	19,478	19,478			
Subtotal	235,074	131,468	-	-	103,606
PROFESSIONAL SERVICES					
Architectural Fee - Design	254,874	254,874			
Architectural Fee - Supervision					
Engineering	69,202	69,202			
Real Estate Attorney	5,726	5,726			
Accounting	37,500	37,500			
Other: Other Consultants, Blueprints, etc.	72,633	72,633			
Subtotal	439,935	439,935	-	-	-
LOCAL GOVERNMENT FEES					
Building Permits	120,490	120,490			
Impact Fees	432,822	432,822			
Water Tap Fees <i>waived?</i>	203,825	203,825			
Sewer Tap Fees <i>waived?</i>					
Real Estate Taxes	8,075	8,075			
Subtotal	765,212	765,212	-	-	-
PERMANENT FINANCING FEES					
Permanent Loan Fees	32,500				32,500
Permanent Loan Legal Fees					
Title and Recording Fees	72,157				72,157
As-Built Survey	4,000				4,000
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other:					
Subtotal	108,657	-	-	-	108,657

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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	7,500				7,500
DCA Waiver Fees					
LIHTC Allocation Processing Fee	54,390 62,160				62,160
LIHTC Compliance Monitoring Fee	70,000 80,000				80,000
DCA Front End Analysis Fee (when ID of Interest)					
DCA Final Inspection Fee	3,000				3,000
Other:					
Subtotal	152,660				152,660
EQUITY COSTS					
Partnership Organization Fees	730				730
Tax Credit Legal Opinion	120,000				120,000
Other: State, Equity and Non Profit Legal	87,500				87,500
Subtotal	208,230	-	-	-	208,230
DEVELOPER'S FEE					
Developer's Overhead	306,150	306,150			
Consultant's Fee					
Developer's Fee	1,224,600	1,224,600			
Subtotal	1,530,750	1,530,750	-	-	-
START-UP AND RESERVES					
Marketing	17,713				17,713
Rent -Up Reserves	94,025				94,025
Operating Deficit Reserve:					
Replacement Reserve					
Furniture, Fixtures and Equipment					
Other: Working Capital Reserve	240,400				240,400
Subtotal	352,138	-	-	-	352,138
OTHER COSTS					
Relocation					
Other:					
Other:					
Subtotal	-	-	-	-	-
TOTAL DEVELOPMENT COST	16,484,039	14,058,748	-	-	2,425,291
Per Unit	164,840.39				
Per Square Foot	141.93				

PART FOUR - USES OF FUNDS - Legacy at Walton Park - 2013-014

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	14,058,748	0	0
Less Total Subtractions From Basis (see above)	0		0
Total Eligible Basis	14,058,748	0	0
Eligible Basis Adjustment for DDA/QCT Location	100.00%		
Adjusted Eligible Basis	14,058,748	0	0
Multiply Adjusted Eligible Basis by Applicable Fraction	100.00%	100.00%	100.00%
Qualified Basis	14,058,748	0	0
Multiply Qualified Basis by Applicable Credit Percentage	9.00%		
Maximum Tax Credit Amount	1,265,287	0	0
Total Basis Method Tax Credit Calculation		1,265,287	

III. TAX CREDIT CALCULATION - GAP METHOD

Equity Gap Calculation			
Total Development Cost	16,484,039		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	5,250,000		
Equity Gap	11,234,039		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	1,123,404		
Enter Final Federal and State Equity Factors (not including GP contribution)	1.3600	=	Federal
Total Gap Method Tax Credit Calculation	826,032		1.0200
			+ State
			0.3400

IV. TAX CREDIT CARRYOVER ALLOCATION

Allocation Year 2014 777,000

V. FINAL TAX CREDIT ALLOCATION REQUEST

777,000

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.

Patricia L. Bennett
Owner Signature

Patricia L. Bennett
Name - Please Type

6/15/2016
Date

PART THREE - SOURCES OF FUNDS - Legacy at Walton Park - 2013-014

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	3,250,000		18				
Second Mortgage	Marietta Housing Authority	2,000,000		20				
Third Mortgage								
Other Source (specify)								
Other Source (specify)								
Deferred Developer Fees	KDTA Dev./School Street LSDC Dev.	746,886						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	CDC Special Limited Partner, LLC	7,845,353						
State Housing Credit Equity	STCC School Street, LLC	2,641,800						
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:		16,484,039						
Total Development Costs from Development Cost Schedule:		16,484,039						
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

