

**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
Pauldoe Redevelopment Phase II, L.P.
May 31, 2016**

Pauldoe Redevelopment Phase II, L.P.

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Independent Auditor's Report

Owner's Name: Pauldoe Redevelopment Phase II, L.P.
Project Name: Columbia Brookside Phase II
Project Number: 2013-020

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 Pauldoe Redevelopment Phase II, L.P. (the "Owner") for Pauldoe Redevelopment Phase II ("the Project") as of May 31, 2016.

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 \$ 19,944,102 and adjusted eligible basis of \$ 22,322,736 of the Owner for the Project as of May 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 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.

CohnReznick LLP

Atlanta, Georgia
July 29, 2016

PART THREE - SOURCES OF FUNDS - Pauldoe Redevelopment Phase II - 2013-020

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	2,500,000	6.000%	18	30	179,865	Amortizing	
Second Mortgage	Athens Housing Authority	3,935,000	3.000%	30	30		Cash Flow	
Third Mortgage								
Other Source (specify)								
Other Source (specify)								
Deferred Developer Fees	New Affordable Housing Partners, LLC	213,791						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	Suntrust Community Capital, LLC	9,204,446						
State Housing Credit Equity	Suntrust Community Capital, LLC	4,090,865						
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:		19,944,102						
Total Development Costs from Development Cost Schedule:		19,944,102						
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

See Independent Auditor's Report.

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					
Market Study	5,500	5,500			
Environmental Report(s)	22,010	22,010			
Soil Borings					
Boundary and Topographical Survey	30,165	30,165			
Zoning/Site Plan Fees					
Other: Material Testing	76,096	76,096			
Other: Earthcraft Cert, ADA and UFAS consulting	40,033	40,033			
Subtotal	173,804	173,804	-	-	-
ACQUISITION					
Land					
Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures					
Subtotal	-		-		-
SITE IMPROVEMENTS					
Site Preparation (On-site)	1,868,940	567,000			1,301,940
Site Preparation (Off-site)					
Subtotal	1,868,940	567,000	-	-	1,301,940
UNIT/BUILDING CONSTRUCTION					
Unit/Building Construction/New Construction	11,631,176	11,631,176			
Unit/Building Construction/Rehab					
Project Amenities / Accessory Buildings	-				-
Other:	-				-
Subtotal	11,631,176	11,631,176	-	-	-
CONTRACTOR SERVICES					
Builder's Overhead: 2.00%	270,002	268,454			
Builder Profit: 6.00%	810,007	805,363			
General Requirements 6.00%	810,007	294,145			
Payment/performance bond or letter-of-credit fee or premium	99,290	99,290			
Subtotal	1,467,252	1,467,252	-	-	-
Total Construction Costs	113,389.15 per unit				
	14,967,368	100.83 per sq ft			

I. DEVELOPMENT COST SCHEDULE

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
CONSTRUCTION PERIOD FINANCING					
Construction Loan Fee	206,088	77,198			128,890
Construction Loan Interest	355,858	223,173			132,685
Construction Legal Fees					
Construction Period Real Estate Tax	-				
Construction Insurance	43,582	10,875			32,707
Bridge Loan Fee and Bridge Loan Interest					
Other: _____					
Subtotal	605,528	311,246	-	-	294,282
PROFESSIONAL SERVICES					
Architectural Fee - Design	382,342	382,342			
Architectural Fee - Supervision					
Engineering	201,790	201,790			
Real Estate Attorney	132,972	73,046			59,926
Accounting	83,380	82,500			880
Other: <u>Inspection Fees</u>	6,650	6,650			
Subtotal	807,134	746,328	-	-	60,806
LOCAL GOVERNMENT FEES					
Building Permits	66,648	66,648			
Impact Fees					
Water Tap Fees <i>waived?</i>					
Sewer Tap Fees <i>waived?</i>					
Real Estate Taxes					
Subtotal	66,648	66,648	-	-	-
PERMANENT FINANCING FEES					
Permanent Loan Fees					
Permanent Loan Legal Fees					
Title and Recording Fees	56,927	56,927			
As-Built Survey					
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other: _____					
Subtotal	56,927	56,927	-	-	-

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	1,500				1,500
LIHTC Allocation Processing Fee	65,088 74,387				74,387
LIHTC Compliance Monitoring Fee	92,400 105,600				105,600
DCA Front End Analysis Fee (when ID of Interest)					
DCA Final Inspection Fee	3,000				3,000
Other: <u>Post Award Project Concept Amendment</u>	1,500				1,500
Subtotal	193,487				193,487
EQUITY COSTS					
Partnership Organization Fees					
Tax Credit Legal Opinion					
Other: _____					
Subtotal	-	-	-	-	-
DEVELOPER'S FEE					
Developer's Overhead					
Consultant's Fee	315,000	315,000			
Developer's Fee	1,485,000	1,485,000			
Subtotal	1,800,000	1,800,000	-	-	-
START-UP AND RESERVES					
Marketing	42,970				42,970
Rent -Up Reserves	236,758				236,758
Operating Deficit Reserve:	405,000				405,000
Replacement Reserve					
Furniture, Fixtures and Equipment & Landscaping	259,410	259,410			
Other: <u>Public Housing Subsidy</u>	130,000				130,000
Subtotal	1,074,138	259,410	-	-	814,728
OTHER COSTS					
Relocation					
Other: <u>Miscellaneous Expenses</u>	4,606				4,606
Other: <u>Playground equipment</u>	102,918	-			102,918
Other: <u>Utility Fees</u>	91,544	91,544	-		-
Subtotal	199,068	91,544	-	-	107,524
TOTAL DEVELOPMENT COST	19,944,102	17,171,335	-	-	2,772,767
Per Unit	151,091.68				

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:

	New Construction Basis	4% Acquisition Basis	Rehabilitation Basis
Total Subtractions From Basis:	0		0

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	17,171,335	0	0
Less Total Subtractions From Basis (see above)	0		0
Total Eligible Basis	17,171,335	0	0
Eligible Basis Adjustment for DDA/QCT Location	130%		
Adjusted Eligible Basis	22,322,736	0	0
Multiply Adjusted Eligible Basis by Applicable Fraction	66.00%	66.00%	66.00%
Qualified Basis	14,732,430	0	0
Multiply Qualified Basis by Applicable Credit Percentage	9.00%		
Maximum Tax Credit Amount	1,325,918	0	0
Total Basis Method Tax Credit Calculation		1,325,918	

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	19,944,102		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	6,435,000		
Equity Gap	13,509,102		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	1,350,910		
Enter Final Federal and State Equity Factors (not including GP contribution)	1.4300	=	Federal
Total Gap Method Tax Credit Calculation	944,692		0.9900
			+ State
			0.4400

IV. TAX CREDIT CARRYOVER ALLOCATION

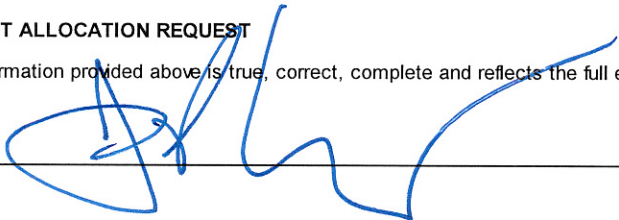
Allocation Year

V. FINAL TAX CREDIT ALLOCATION REQUEST

	929,835
	929,835

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

JAMES S. GRAULEY

Date

08/02/2016

See Independent Auditor's Report.

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