

POWDER SPRINGS ABBINGTON TRAIL, LP

**INDEPENDENT AUDITORS' REPORT
CERTIFICATION OF ACTUAL COST AND OPINION AS
TO ELIGIBLE BASIS, QUALIFIED BASIS, AND OWNER'S
CERTIFICATION OF FUNDING
SOURCES AND PROJECT SUBSIDY
JULY 31, 2016**



Certified Public Accountants and Business Advisors

INDEPENDENT AUDITOR'S REPORT

Owner's Name: Powder Springs Abbington Trail, LP
Project Name: Abbington Trail Apartments
Project Number: TCAA # 2013-046

To the Partners
Powder Springs Abbington Trail, LP

We have audited the costs included in the accompanying Tax Credit Allocation Agency ("TCAA") Final Cost Certification (the "Final Cost Certification") of Powder Springs Abbington Trail, LP (the "Owner") for Abbington Trail Apartments ("the Project") as of July 31, 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 \$10,420,096, adjusted eligible basis of \$11,400,457 and a qualified basis of \$10,684,441 by the Owner for the Project as of July 31, 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 that reads "Halij, Aragata & Wynn, LLP". The signature is written in a cursive, flowing style.

Atlanta, Georgia

September 21, 2016

PART FOUR - USES OF FUNDS - Abbingdon Trail Apartments - 2013-046

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	5,000	5,000			
Market Study	5,530	5,530			
Environmental Report(s)	17,097	17,097			
Soil Borings	3,100	3,100			
Boundary and Topographical Survey	22,541	22,541			
Zoning/Site Plan Fees	2,890	2,890			
Other: Accessibility Review	6,997	6,997			
Subtotal	63,155	63,155	-	-	-
ACQUISITION					
Land	850,000				850,000
Demolition	-				
Acquisition Legal Fees (if existing structures)	13,776				13,776
Existing Structures	-				
Subtotal	863,776		-		863,776
SITE IMPROVEMENTS					
Site Preparation (On-site)	902,091	902,091			
Site Preparation (Off-site)	-	-			
Subtotal	902,091	902,091	-	-	-
UNIT/BUILDING CONSTRUCTION					
Unit/Building Construction/New Construction	4,822,065	4,822,065			
Unit/Building Construction/Rehab	-	-			
Project Amenities / Accessory Buildings	-	-			
Other: Fencing Costs Outside the Scope of Contract	12,129	12,129			
Subtotal	4,834,194	4,834,194	-	-	-
CONTRACTOR SERVICES					
Builder's Overhead: 2.00%	114,483	112,710			
Builder Profit: 6.00%	343,449	314,457			
General Requirements 6.00%	343,449	273,182			
Payment/performance bond or letter-of-credit fee or premium	50,909	50,909			
Subtotal	751,258	751,258	-	-	-
Total Construction Costs	108,125.72 per unit				
	6,487,543	85.07 per sq ft			

PART FOUR - USES OF FUNDS - Abbingdon Trail Apartments - 2013-046

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I. DEVELOPMENT COST SCHEDULE

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
CONSTRUCTION PERIOD FINANCING					
Construction Loan Fee	79,384	79,384			
Construction Loan Interest	290,303	135,303			155,000
Construction Legal Fees	27,500	27,500			
Construction Period Real Estate Tax	93,223	12,515			80,708
Construction Insurance	52,033	36,415			15,618
Bridge Loan Fee and Bridge Loan Interest	-	-			
Other: <u>Green Rebate Costs/Rehab Inspection Fees</u>	33,050	33,050			
Subtotal	575,493	324,167	-	-	251,326
PROFESSIONAL SERVICES					
Architectural Fee - Design	172,000	172,000			
Architectural Fee - Supervision	-	-			
Engineering	64,232	64,232			
Real Estate Attorney	151,552	151,552			
Accounting	28,500	28,500			
Other: _____	-	-			
Subtotal	416,284	416,284	-	-	-
LOCAL GOVERNMENT FEES					
Building Permits	36,482	36,482			
Impact Fees	130,921	130,921			
Water Tap Fees <i>waived?</i>	-	-			
Sewer Tap Fees <i>waived?</i>	165,750	165,750			
Real Estate Taxes	-	-			
Subtotal	333,153	333,153	-	-	-
PERMANENT FINANCING FEES					
Permanent Loan Fees	17,500				17,500
Permanent Loan Legal Fees	7,500				7,500
Title and Recording Fees	30,405	30,405			
As-Built Survey	644	644			
Bond Issuance Premium	-	-			
Cost of Issuance / Underwriter's Discount	-	-			
Other: _____	-	-			
Subtotal	56,049	31,049	-	-	25,000

PART FOUR - USES OF FUNDS - Abbingdon Trail Apartments - 2013-046

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
DCA-RELATED COSTS				DCA-RELATED COSTS		
DCA Loan Application Fee		-				-
Tax Credit Application Fee		9,000				9,000
DCA Waiver Fees		3,000				3,000
LIHTC Allocation Processing Fee	50,088	57,243				57,243
LIHTC Compliance Monitoring Fee	42,000	48,000				48,000
DCA Front End Analysis Fee (when ID of Interest)		-				-
DCA Final Inspection Fee		-				-
Other:		-				-
	Subtotal	117,243				117,243
EQUITY COSTS				EQUITY COSTS		
Partnership Organization Fees		-				-
Tax Credit Legal Opinion		2,500				2,500
Other: Due Dilligence Fee		85,250	-			85,250
	Subtotal	87,750	-	-	-	87,750
DEVELOPER'S FEE				DEVELOPER'S FEE		
Developer's Overhead		-	-			-
Consultant's Fee		-	-			-
Developer's Fee		1,070,401	1,070,401			-
	Subtotal	1,070,401	1,070,401	-	-	-
START-UP AND RESERVES				START-UP AND RESERVES		
Marketing		2,500				2,500
Rent -Up Reserves		19,334				19,334
Operating Deficit Reserve:		146,560				146,560
Replacement Reserve		-				-
Furniture, Fixtures and Equipment		133,265	133,265			-
Other: Earthcraft		45,357	45,357			-
	Subtotal	347,015	178,621	-	-	168,394
OTHER COSTS				OTHER COSTS		
Relocation		-	-			-
Other: Soft Cost Contingency		2,235	2,235			-
Other:		-	-			-
	Subtotal	2,235	2,235	-	-	-
TOTAL DEVELOPMENT COST		10,420,096	8,906,607	-	-	1,513,489
Per Unit		173,668.27				
Per Square Foot		136.63				

PART FOUR - USES OF FUNDS - Abbingdon Trail Apartments - 2013-046

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	8,906,607	0	0
Less Total Subtractions From Basis (see above)	0		0
Total Eligible Basis	8,906,607	0	0
Eligible Basis Adjustment for DDA/QCT Location	128.00%		
Adjusted Eligible Basis	11,400,457	0	0
Multiply Adjusted Eligible Basis by Applicable Fraction	93.72%	93.72%	93.72%
Qualified Basis	10,684,441	0	0
Multiply Qualified Basis by Applicable Credit Percentage	9.00%		
Maximum Tax Credit Amount	961,600	0	0
Total Basis Method Tax Credit Calculation	961,600		

III. TAX CREDIT CALCULATION - GAP METHOD

Equity Gap Calculation

Total Development Cost	10,420,096		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	736,058		
Equity Gap	9,684,038		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	968,404		
Enter Final Federal and State Equity Factors (not including GP contribution)	1.3526	=	Federal
Total Gap Method Tax Credit Calculation	715,957		+ State
			1.0040 + 0.3486

IV. TAX CREDIT CARRYOVER ALLOCATION

Allocation Year 2015 715,542

V. FINAL TAX CREDIT ALLOCATION REQUEST

715,542

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 FOUR - USES OF FUNDS - Abbingdon Trail Apartments - 2013-046

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

VI. OWNER COMMENTS AND CLARIFICATIONS

The final Federal and state equity factor has been adjusted as required by section 5.2 of the Amended and Restated Partnership Agreement

PART THREE - SOURCES OF FUNDS - Abbingdon Trail Apartments - 2013-046

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	Bank of America, N.A.	736,058	5.810%	18	30	51,882	Amortizing	Yes
Second Mortgage								
Third Mortgage								
Other Source (specify)								
Other Source (specify)								
Deferred Developer Fees	Rea Ventures Group LLC	11,599						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	Banc of America CDC Special Holding Company, Inc.	7,188,076						
State Housing Credit Equity	Georgia Fund 2014 IV LLC	2,484,363						
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:		10,420,096						
Total Development Costs from Development Cost Schedule:		10,420,096						
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

The Federal and State Equity has been adjusted by the requirements of section 5.2 of the Amended and Restated Partnership Agreement.

