

MHSE Reynoldstown Senior, L.P.

**Independent Auditor's Report and
Uses of Funds, Sources of Funds,
Building by Building Credit Allocation,
and 50% Test**

December 31, 2016

MHSE Reynoldstown Senior, L.P.

Index

	<u>Page</u>
Independent Auditor's Report	2
Project Information	4
Development Team Information	5
Sources of Funds	7
Uses of Funds	8
Utility Allowances	11
Projected Revenues & Expenses	12
Operating Pro Forma	14
Building by Building Credit Allocation	15
Narrative Description of Material Changes	16
Owner Certification	17
50% Test	18

Independent Auditor's Report

Owner's Name: MHSE Reynoldstown Senior, L.P.
Project Name: Reynoldstown Senior Residences
Project Number: 2013-506

We have audited the costs included in the accompanying Georgia Department of Community Affairs ("DCA") Sources of Funds, Uses of Funds, Building by Building Credit Allocation, and 50% Test (Parts Three, Four, Eight, and Eleven of the "Final Cost Certification") of MHSE Reynoldstown Senior, L.P. (the "Owner") for Reynoldstown Senior Residence ("the Project") as of December 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 \$11,664,925 and adjusted eligible basis of \$10,075,490 of the Owner for the Project as of December 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.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Charlotte, North Carolina
May 3, 2017

PART ONE - PROJECT INFORMATION - Reynoldstown Senior Residences - 2013-506

Project Name	<input type="text" value="Reynoldstown Senior Residences"/>	DCA Project Number	<input type="text" value="2013-506"/>
Date of Final Allocation Application	<input type="text" value="6/2/14"/>	Date of Architectural Clearance	<input type="text" value="1/13/15"/>
Start of First Year of Credit	<input type="text" value="10/27/16"/>	Date of Compliance Clearance	<input type="text"/>

Accountant Completing Cost Certification

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

Owner Contact for Application Review

Name	<input type="text" value="Tina Lowe at Mercy Housing Southeast"/>				
Address	<input type="text" value="260 Peachtree Street, Suite 1800"/>				
City	<input type="text" value="Atlanta"/>	State	<input type="text" value="GA"/>	Zip	<input type="text" value="30303"/>
Title	<input type="text" value="SVP of Real Estate"/>	E-mail	<input type="text" value="tlowe@mercyhousing.org"/>		
Office Phone	<input type="text" value="(404) 975-4199"/>	Ext.	<input type="text" value="NA"/>	Fax	<input type="text" value="(404) 881-1191"/>
				Direct Line	<input type="text" value="(404) 975-4199"/>
				Cellular	<input type="text" value="(404) 418-6199"/>

I. Project Location

Street Address	<input type="text" value="695 Field Street Southeast"/>			Scattered Site?	<input type="text" value="No"/>
City	<input type="text" value="Atlanta"/>	Zip+4	<input type="text" value="30316"/>	Acreage	<input type="text" value="1.23"/>
Within City Limits?	<input type="text" value="Yes"/>	County	<input type="text" value="Fulton"/>	Census Tract #	<input type="text" value="32"/>
In USDA Rural Area?	<input type="text" value="No"/>	MSA name, if applicable	<input type="text"/>	QCT/DDA?	<input type="text" value="No"/>

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	<input type="text" value="1"/>
Number of Non-Residential Buildings	<input type="text" value="-"/>
Total Number of Buildings	<input type="text" value="1"/>

C. Unit Breakdown

Number of Low Income Units	<input type="text" value="69"/>	(Include manager units that are income restricted)
Number of Market Rate Units	<input type="text" value="-"/>	
Total Residential Units	<input type="text" value="69"/>	
Common Space Units	<input type="text" value="1"/>	(no rent may be charged)
Total Units	<input type="text" value="70"/>	

D. Unit Area

Total Low Income Residential Square Footage	<input type="text" value="50,433"/>
Total Market Rate Residential Square Footage	<input type="text" value="-"/>
Total Residential Square Footage	<input type="text" value="50,433"/>
Total Common Space Square Footage	<input type="text" value="913"/>
Total Square Footage	<input type="text" value="51,346"/>

E. Targeted Population

	<input type="text" value="Senior (Elderly)"/>
Number of Units Reserved for Special Needs	<input type="text" value="0"/>
Number of Units Equipped for Mobility Impaired	<input type="text" value="3"/>
Number of Units Equipped for Sight/Hearing Impaired	<input type="text" value="1"/>

III. Tax Exempt Bond Financed Project

Issuer:	<input type="text" value="Atlanta Development Authority"/>
Inducement Date:	<input type="text" value="February 20, 2014"/>
Applicable QAP:	<input type="text" value="2013"/>

IV. Low Income Targeting

Number of 30% Units	<input type="text" value="0"/>
Number of 50% Units	<input type="text" value="50"/>
Number of 60% Units	<input type="text" value="19"/>
Number of PBRA Units	<input type="text" value="69"/>

V. Government Funding Sources (check all that apply)

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

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.

MHSE Reynoldstown Senior, L.P.				(Enter name as it will appear on all legal documents)			
260 Peachtree Street, Suite 1800				Federal Tax ID Nbr: 46-3054017			
Atlanta	State	GA	Zip	30303			
Tina Lowe	Title	SVP of Real Estate		E-mail	tlowe@mercyhousing.org		
(404) 975-4199	Fax	(404) 881-1191	Direct Line	(404) 975-4199	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 Reynoldstown Senior GP, LLC				Federal Tax ID Nbr: 46-3048811			
260 Peachtree Street, Suite 1800							
Atlanta	State	GA	Zip	30303			
Tina Lowe	Title	SVP of Real Estate		E-mail	tlowe@mercyhousing.org		
(404) 975-4199	Fax	(404) 881-1191	Direct Line	(404) 975-4199	Cellular	(404) 975-4199	

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

Comerstone/NAHT Enhanced Preservation Fund 2013-1				Federal Tax ID Nbr: 37-1720045			
2335 North Bank Drive							
Columbus	State	OH	Zip	43220			
Lori Little	Title	VP		E-mail	llittle@naht.org		
(614) 451-9929	Fax	(614) 451-3370	Direct Line		Cellular	(614) 226-2583	

Georgia Fund 2014 VIII, LLC (c/o Sugar Creek Realty LLC)				Federal Tax ID Nbr: 35-2509783			
17 West Lockwood							
St. Louis	State	MO	Zip	63119			
Christopher S. Hite	Title	President		E-mail			
	Fax		Direct Line		Cellular		

3. NONPROFIT SPONSOR

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

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

II. DEVELOPER(S)

A. DEVELOPER

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

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

B. CO-DEVELOPER 1

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

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

C. CO-DEVELOPER 2

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

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

D. DEVELOPMENT CONSULTANT

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

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

III. OTHER PROJECT TEAM MEMBERS

A. OWNERSHIP CONSULTANT

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

ABP Associates, Inc.
PO Box 53274
Atlanta, GA 30355
Alan Patricio, President
(404) 816-9770
Federal Tax ID Nbr:
E-mail: Alan.Patricio@housingresourcecenter.com
Direct Line: (404) 816-1294
Cellular: (404) 816-9770

B. GENERAL CONTRACTOR

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

Tower Construction, LLC
8853 Main Street
Woodstock, GA 30188
S. Allen Wiggins, President
(770) 926-0207
Federal Tax ID Nbr:
E-mail: swiggins@comcast.net
Direct Line: (770) 926-2892
Cellular: (770) 231-3949

C. MANAGEMENT COMPANY

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

Mercy Housing Management Group
260 Peachtree Street, Suite 1800
Atlanta, GA 30303
Shawn Smitley, Regional VP
(404) 975-4194
Federal Tax ID Nbr: 82-0376108
E-mail: ssmitley@mercyhousing.org
Direct Line: (404) 881-1191
Cellular: (404) 975-4194

D. ATTORNEY

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

Arnall Golden Gregory LLP
171 17th Street NW, Suite 2100
Atlanta, GA 30363
Althea J. K. Broughton, Esq.
(404) 873-8500
Federal Tax ID Nbr:
E-mail: althea.broughton@agg.com
Direct Line: (404) 873-8501
Cellular: (404) 873-8500

E. ACCOUNTANT

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

CohnReznick LLP
525 North Tryon St, Suite 1000
Charlotte, NC 28202
Nicholas S. Mathias, Partner
(704) 295-9300
Federal Tax ID Nbr:
E-mail: nic.mathias@cohnreznick.com
Direct Line: (704) 332-6444
Cellular: (704) 332-6444

F. ARCHITECT

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

Martin Riley Associates - Architect, PC
215 Chruhch Street, Suite 200
Decatur, GA 30030
Mike Riley, VP
(404) 373-2800
Federal Tax ID Nbr:
E-mail: mriley@martinriley.com
Direct Line: (404) 373-2888
Cellular: (404) 373-2800

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	No	No	No	No	No	Nonprofit	0.000%
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.

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	PNC (pays off ANDP)	275,000	3.500%	12	12	28,098	Amortizing	No
Second Mortgage	City of Atlanta HOME Loan	300,000	1.000%	45			Cash Flow	No
Third Mortgage	HUD 202 Capital Advance	4,719,100	0.100%	50			Cash Flow	No
Other Source (specify) <u>Beltline Intercompany</u>	Beltline Affordable Housing Trust Fund	730,000	1.000%	50			Cash Flow	
Other Source (specify) <u>GP Sponsor Loan</u>	Mercy Housing Southeast (interest)	23,985						
Deferred Developer Fees	Mercy Housing Southeast	227,937						
Federal Grant								
State, Local, or Private Grant	Enterprise Grant	11,890						
Federal Housing Credit Equity	Cornerstone/NAHT Enhanced Preservation Fund 2013-1	2,768,838						
State Housing Credit Equity	Georgia Fund 2014 VIII LLC	1,020,236						
Historic Credit Equity								
Investment Earnings from Tax-Exempt Bonds								
Investment Earnings from Taxable Bonds								
Income from Operations								
Other Source (specify) <u>GP Equity</u>	MHSE Reynoldstown GP, LLC	469,155						
Other Source (specify) <u>Grant</u>	Beltline Affordalbe Housing Trust Fund	800,000						
Other Source (specify) <u>GP Sponsor Loan</u>	Mercy Housing Southeast	318,784						
Total Permanent Financing:		11,664,925						
Total Development Costs from Development Cost Schedule:		11,664,925						
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 total equity contribution was reduced by \$273,117 using an estimated downward adjuster per the terms of the LPA. This caused a corresponding increase in the Deferred Developer Fee.

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	13,850	13,850		-	-
Market Study	12,000	12,000		-	-
Environmental Report(s)	25,343	25,343		-	-
Soil Borings	-	-		-	-
Boundary and Topographical Survey	3,050	3,050		-	-
Zoning/Site Plan Fees	5,200	5,200		-	-
Other: <u>Materials Testing</u>	-	-		-	-
Subtotal	59,443	59,443		-	-
ACQUISITION					
Land	794,013				794,013
Demolition	-				-
Acquisition Legal Fees (if existing structures)	25,000		-		25,000
Existing Structures	-		-		-
Subtotal	819,013		-		819,013
SITE IMPROVEMENTS					
Site Preparation (On-site)	403,641	319,981		-	83,660
Site Preparation (Off-site)	-	-		-	-
Subtotal	403,641	319,981	-	-	83,660
UNIT/BUILDING CONSTRUCTION					
Unit/Building Construction/New Construction	6,551,424	6,551,424		-	-
Unit/Building Construction/Rehab	-	-		-	-
Project Amenities / Accessory Buildings	-	-		-	-
Other: <u>Furniture, Fixtures and Equipment within the co</u>	133,802	133,802		-	-
Subtotal	6,685,226	6,685,226	-	-	-
CONTRACTOR SERVICES					
Builder's Overhead: 2.00%	139,101	122,890		-	-
Builder Profit: 6.00%	417,304	322,251		-	-
General Requirements 6.00%	417,304	215,170		-	-
Payment/performance bond or letter-of-credit fee or premium	-	52,978		-	-
Subtotal	713,289	713,289	-	-	-
<i>Total Construction Cost 111,459.37 per unit 7,802,156 151.95 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	12,766	9,126		-	3,640
Construction Loan Interest	199,304	195,344		-	3,960
Construction Legal Fees	85,777	28,805		-	56,972
Construction Period Real Estate Tax	-	-		-	-
Construction Insurance	31,871	31,871		-	-
Bridge Loan Fee and Bridge Loan Interest	24,429	20,289		-	4,140
Other: <u>Title and Recording Fees</u>	2,356	-		-	2,356
Subtotal	356,503	285,435	-	-	71,068
PROFESSIONAL SERVICES					
Architectural Fee - Design	271,243	271,243		-	-
Architectural Fee - Supervision	73,320	73,320		-	-
Engineering	72,043	72,043		-	-
Real Estate Attorney	89,559	89,559		-	-
Accounting	34,079	16,100		-	17,979
Other: <u>Green Building Inspection Fees</u>	37,375	37,375		-	-
Subtotal	577,619	559,640	-	-	17,979
LOCAL GOVERNMENT FEES					
Building Permits	49,604	49,604		-	-
Impact Fees	-	-		-	-
Water Tap Fees <i>waived?</i>	-	-		-	-
Sewer Tap Fees <i>waived?</i>	-	-		-	-
Real Estate Taxes	11,519	11,519		-	-
Subtotal	61,123	61,123	-	-	-
PERMANENT FINANCING FEES					
Permanent Loan Fees	-	-		-	-
Permanent Loan Legal Fees	15,799	-		-	15,799
Title and Recording Fees	15,000	-		-	15,000
As-Built Survey	-	-		-	-
Bond Issuance Premium	-	-		-	-
Cost of Issuance / Underwriter's Discount	293,118	293,118		-	-
Other: <u></u>	-	-		-	-
Subtotal	323,917	293,118	-	-	30,799

PART FOUR - USES OF FUNDS - Reynoldstown Senior Residences - 2013-506

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	41,955				41,955
DCA Waiver Fees	3,000				3,000
LIHTC Allocation Processing Fee 22,569	-				-
LIHTC Compliance Monitoring Fee 42,000	56,000				56,000
DCA Front End Analysis Fee (when ID of Interest)	-				-
DCA Final Inspection Fee	-				-
Other: Other (Specify)	-				-
Subtotal	100,955				100,955
EQUITY COSTS		EQUITY COSTS			
Partnership Organization Fees	40,625				40,625
Tax Credit Legal Opinion	38,609				38,609
Other: Other (Specify)	-	-		-	-
Subtotal	79,234	-	-	-	79,234
DEVELOPER'S FEE		DEVELOPER'S FEE			
Developer's Overhead	-	-		-	-
Consultant's Fee	140,943	140,943		-	-
Developer's Fee	809,294	802,997		-	6,297
Subtotal	950,237	943,940		-	6,297
START-UP AND RESERVES		START-UP AND RESERVES			
Marketing	196,620				196,620
Rent -Up Reserves	-				-
Operating Deficit Reserve:	183,810				183,810
Replacement Reserve	-				-
Furniture, Fixtures and Equipment	53,304	53,304		-	-
Other: Other (Specify)	-	-		-	-
Subtotal	433,734	53,304		-	380,430
OTHER COSTS		OTHER COSTS			
Relocation	2,370	2,370		-	-
Other: Owners Rep	98,621	98,621		-	-
Other: Other (Specify)	-	-		-	-
Subtotal	100,991	100,991		-	-
TOTAL DEVELOPMENT COST	11,664,925	10,075,490		-	1,589,435
Per Unit	166,641.79				
Per Square Foot	227.18				

PART FOUR - USES OF FUNDS - Reynoldstown Senior Residences - 2013-506

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	10,075,490	0	0
Less Total Subtractions From Basis (see above)	0		0
Total Eligible Basis	10,075,490	0	0
Eligible Basis Adjustment for DDA/QCT Location	100.00%		0.00%
Adjusted Eligible Basis	10,075,490	0	0
Multiply Adjusted Eligible Basis by Applicable Fraction	100.00%	100.00%	100.00%
Qualified Basis	10,075,490	0	0
Multiply Qualified Basis by Applicable Credit Percentage	3.20%	\$ -	-
Maximum Tax Credit Amount	322,416	0	0
Total Basis Method Tax Credit Calculation	322,416		

III. TAX CREDIT CALCULATION - GAP METHOD

Equity Gap Calculation			
Total Development Cost	11,664,925		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	7,647,914		
Equity Gap	4,017,011		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	401,701		
Enter Final Federal and State Equity Factors (not including GP contribution)	1.2459	=	Federal 0.8899 + State 0.3560
Total Gap Method Tax Credit Calculation	322,418		

IV. TAX CREDIT CARRYOVER ALLOCATION

Allocation Year 2013

324,442

V. FINAL TAX CREDIT ALLOCATION REQUEST

322,416

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 Tina Lowe

Name - Please Type Tina Lowe

Date 5/12/2017

VI. OWNER COMMENTS AND CLARIFICATIONS

The total equity contribution was reduced by \$273,117 using an estimated downward adjuster per the terms of the LPA. Given the use of the calculation of max credits, and adjusted equity pricing the final allocation has been adjusted to match the basis method tax credit calculation of \$322,416 which amounts to a lesser gap of the awarded credits and covers the equity reduction.

PART FIVE - UTILITY ALLOWANCES - Reynoldstown Senior Residences - 2013-506

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	X			13	17		
Air Conditioning	Electric	X			9	16		
Cooking	Natural Gas							
Cooking	Electric	X			9	11		
Cooking	Propane							
Hot Water	Natural Gas							
Hot Water	Electric	X			18	25		
Hot Water	Propane							
Lights	Electric	X			39	48		
Water & Sewer	Submetered?	Yes	X		75	117		
Refuse Collection			X					
Total Utility Allowance by Unit Size				0	163	234	0	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

43 of the units follow the HUD UA wch is currently \$60

IV. ANNUAL OPERATING EXPENSE BUDGET

On-Site Staff Costs	
Management Salaries & Benefits	45,320
Maintenance Salaries & Benefits	26,000
Support Services Salaries & Benefits	8,165
Other Health Insurance & Other Benefits	26,625
Subtotal	106,110
On-Site Office Costs	
Office Supplies & Postage	15,000
Telephone	12,689
Travel	
Leased Furniture / Equipment	
Activities Supplies / Overhead Cost	
Other Meetings / Trainings & Bank Fees	2,621
Subtotal	30,310
Maintenance Expenses	
Contracted Repairs	11,794
General Repairs	11,235
Grounds Maintenance	9,334
Extermination	
Maintenance Supplies	11,683
Elevator Maintenance	2,500
Redecorating	
Other Turnover	12,228
Subtotal	58,774
On-Site Security	
Contracted Guard	
Electronic Alarm System	
Subtotal	0

Professional Services	
Legal	1,000
Accounting	20,988
Advertising	115
Other	
Subtotal	22,103
Utilities	
Electricity	25,601
Natural Gas	
Water & Sewer	19,402
Trash Collection	2,315
Other	
Subtotal	47,318
Taxes and Insurance	
Real Estate Taxes	9,313
Insurance	21,370
Other	
Subtotal	30,683
Management Fee	39,480
Other	
TOTAL OPERATING EXPENSES	4,782.54 per unit 334,778
Replacement Reserve	360.50 per unit 25,235
TOTAL ANNUAL EXPENSES	360,013

V. OWNER COMMENTS AND CLARIFICATIONS

2.)	
3.)	
4.)	
5.)	
6.)	
7.)	
8.)	

PART SEVEN - OPERATING PRO FORMA - Reynoldstown Senior Residences - 2013-506

I. OPERATING ASSUMPTIONS

Revenue Growth	2.00%	Asset Management Fee	10,000	Yr 1 Asset Mgt Fee Percentage of EGI:	-0.022534371
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:	-0.088965696
Vacancy & Collection Loss	5.00%	Expense Growth Rate (3.00%)	Yes		
Ancillary Income Limit	2.00%	Percent of Effective Gross Income	No	If Percent of EGI, indicate percentage:	

II. OPERATING PRO FORMA

Year	1	2	3	4	5	6	7	8	9	10
Revenues	369,468	376,857	384,395	392,082	399,924	407,923	416,081	424,403	432,891	441,548
Ancillary Income	3,461	3,530	3,601	3,673	3,746	3,821	3,898	3,976	4,055	4,136
Vacancy	(18,646)	(19,019)	(19,400)	(19,788)	(20,184)	(20,587)	(20,999)	(21,419)	(21,847)	(22,284)
Other Income	89,484	89,484	92,169	92,169	92,169	94,934	94,934	94,934	97,782	97,782
Expenses less Mgt Fee	(295,298)	(304,157)	(313,282)	(322,680)	(332,361)	(342,331)	(352,601)	(363,179)	(374,075)	(385,297)
Property Mgmt	(39,480)	(40,664)	(41,884)	(43,141)	(44,435)	(45,768)	(47,141)	(48,555)	(50,012)	(51,512)
Reserves	(25,235)	(25,992)	(26,772)	(27,575)	(28,402)	(29,254)	(30,132)	(31,036)	(31,967)	(32,926)
NOI	83,754	80,039	78,827	74,740	70,458	68,737	64,039	59,123	56,826	51,447
D/S First Mortgage	(21,069)	(28,098)	(28,098)	(28,098)	(28,098)	(28,098)	(28,098)	(28,098)	(28,098)	(28,098)
D/S Second Mortgage	-	-	-	-	-	(2,374)	(24,001)	(18,726)	(16,061)	(10,301)
D/S Third Mortgage	-	-	-	-	-	-	-	-	-	-
D/S Beltline Intercompany	-	-	-	-	-	-	-	-	-	-
D/S GP Sponsor Loan	-	-	-	-	-	-	-	-	-	-
DCA HOME Cash Resrv.	-	-	-	-	-	-	-	-	-	-
DDF	(52,685)	(41,641)	(40,120)	(35,715)	(31,105)	(26,672)	-	-	-	-
Asset Mgmt	(10,000)	(10,300)	(10,609)	(10,927)	(11,255)	(11,593)	(11,941)	(12,299)	(12,668)	(13,048)
Incentive Mgmt	-	-	-	-	-	-	-	-	-	-
Cash Flow	-	-	-	0	-	0	0	-	-	-
DCR First Mortgage	3.98	2.85	2.81	2.66	2.51	2.45	2.28	2.10	2.02	1.83
DCR Second Mortgage	-	-	-	-	-	2.26	1.23	1.26	1.29	1.34
DCR Third Mortgage	-	-	-	-	-	-	-	-	-	-
DCR Beltline Intercompany	-	-	-	-	-	-	-	-	-	-
DCR GP Sponsor Loan	-	-	-	-	-	-	-	-	-	-
First Mortgage Balance	263,371	244,185	224,317	203,742	182,435	160,371	137,521	113,859	89,356	63,981
Second Mortgage Balance	305,520	308,520	311,520	314,520	317,520	320,520	299,519	283,793	270,733	263,139
Third Mortgage Balance	4,728,241	4,732,969	4,737,702	4,742,440	4,747,182	4,751,930	4,756,681	4,761,438	4,766,200	4,770,966
Beltline Intercompany Balance	750,977	758,487	766,072	773,732	781,470	789,284	797,177	805,149	813,200	821,332
GP Sponsor Loan Balance	343,608	352,782	362,202	371,872	381,801	391,995	402,462	413,208	424,240	435,567
DDF Balance	175,252	133,611	93,492	57,777	26,672	-	-	-	-	-

Year	11	12	13	14	15
Revenues	450,379	459,387	468,575	477,946	487,505
Ancillary Income	4,219	4,303	4,389	4,477	4,567
Vacancy	(22,730)	(23,185)	(23,648)	(24,121)	(24,604)
Other Income	97,782	100,715	100,715	100,715	103,736
Expenses less Mgt Fee	(396,856)	(408,761)	(421,024)	(433,655)	(446,665)
Property Mgmt	(53,058)	(54,650)	(56,289)	(57,978)	(59,717)
Reserves	(33,914)	(34,931)	(35,979)	(37,058)	(38,170)
NOI	45,822	42,878	36,739	30,326	26,653
D/S First Mortgage	(28,098)	(28,098)	(10,691)	-	-
D/S Second Mortgage	(4,285)	(938)	(11,790)	(15,640)	(11,527)
D/S Third Mortgage	-	-	-	-	-
D/S Beltline Intercompany	-	-	-	-	-
D/S GP Sponsor Loan	-	-	-	-	-
DCA HOME Cash Resrv.	-	-	-	-	-
DDF	-	-	-	-	-
Asset Mgmt	(13,439)	(13,842)	(14,258)	(14,685)	(15,126)
Incentive Mgmt	-	-	-	-	-
Cash Flow	-	-	-	-	-
DCR First Mortgage	1.63	1.53	3.44	-	-
DCR Second Mortgage	1.42	1.48	1.63	1.94	2.31
DCR Third Mortgage	-	-	-	-	-
DCR Beltline Intercompany	-	-	-	-	-
DCR GP Sponsor Loan	-	-	-	-	-
First Mortgage Balance	37,703	10,491	(0)	(0)	(0)
Second Mortgage Balance	261,485	263,162	254,004	240,904	231,786
Third Mortgage Balance	4,775,737	4,780,512	4,785,293	4,790,078	4,794,868
Beltline Intercompany Balance	829,546	837,841	846,220	854,682	863,229
GP Sponsor Loan Balance	447,197	459,137	471,396	483,982	496,905
DDF Balance	-	-	-	-	-

III. OWNER COMMENTS AND CLARIFICATIONS

PART NINE - NARRATIVE DESCRIPTION OF MATERIAL CHANGES - Reynoldstown Senior Residences - 2013-506

Project Name: **Reynoldstown Senior Residences**

DCA Project Nbr: **2013-506**

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.

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

Name of Ownership Entity: MHSE Reynoldstown Senior, L.P. ("Owner")
Tax ID Number: 46-3054017

The undersigned SVP of 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.

MHSE Reynoldstown Senior, L.P. By: MHSE Reynoldstown Senior GP, LLC
a GA Limited Partnership Its' General Partner
(state)

By:  ATTEST: (if applicable)
(signature)
Name: Tina Lowe
Title: SVP of Real Estate
Date: _____ Secretary

[Corporate Seal]
(if applicable)

Project Name: Reynoldstown Senior Residences

DCA Project Nbr: 2013-506

- | | |
|---|------------------|
| 1.) Tax-exempt bond proceeds: | \$ 5,500,000.00 |
| 2.) Aggregate basis of building and land: | \$ 10,984,460.00 |
| 3.) Percentage of aggregate basis financed by tax-exempt bonds: | 50.1% |

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