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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  
AND  
INDEPENDENT AUDITOR'S REPORT

**AZALEA MILL COTTAGES, LP**

SEPTEMBER 30, 2012



**INDEPENDENT AUDITOR'S REPORT**

Owner's Name: Azalea Mill Cottages, LP  
Project Name: Azalea Mill Cottages  
Project Number: DCA # 2010-008

We have audited the costs included in the accompanying Georgia Department of Community Affairs ("DCA") Final Cost Certification (the "Final Cost Certification") of Azalea Mill Cottages, LP (the "Owner") for Azalea Mill Cottages ("the Project") as of September 30, 2012. The Final Cost Certification is the responsibility of the Owner and the Owner's management. Our responsibility is to express an opinion on the Final Cost Certification based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the Final Cost Certification. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Final Cost Certification presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Final Cost Certification was 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 DCA, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the Final Cost Certification presents fairly, in all material respects, the actual costs of \$7,755,741 and eligible basis of \$6,891,782 of the Owner for the Project as of September 30, 2012, on the basis of accounting described above.

This report is intended solely for the information and use of the Owner and the Owner's management and for filing with DCA 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.

Birmingham, Alabama  
December 20, 2012

I. PERMANENT FINANCING

Financing Type	Name of Financing Entity	Principal Amount	Interest Rate (Years)	Term (Years)	Amort. (Years)	Annual Debl Svc Per Terms Given	Loan Type	Balloon?
First Mortgage								
Second Mortgage								
Third Mortgage								
Other Source (specify)								
Other Source (specify)								
Deferred Developer Fees		80,139						
Federal Grant								
Slate, Local, or Private Grant								
Federal Housing Credit Equity	Tax Credit Holdings - Azalea Mill, LLC	5,528,903						
Slate Housing Credit Equity	Tax Credit Holdings - Azalea Mill, LLC	2,146,699						
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:		7,755,741						
Total Development Costs from Development Cost Schedule:		7,755,741						
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:										

VI. 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
<b>PRE-DEVELOPMENT COSTS</b>					
Property Appraisal	9,900	9,900			
Market Study	10,750	10,750			
Environmental Report(s)	4,675	4,675			
Soil Borings	10,702	10,702			
Boundary and Topographical Survey					
Zoning/Site Plan Fees					
Other:					
	<b>Subtotal</b>	<b>36,027</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ACQUISITION</b>					
Land	543,500				543,500
Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures					
	<b>Subtotal</b>	<b>543,500</b>	<b>-</b>	<b>-</b>	<b>543,500</b>
<b>SITE IMPROVEMENTS</b>					
Site Preparation (On-site)	1,047,270	1,047,270			
Site Preparation (Off-site)					
	<b>Subtotal</b>	<b>1,047,270</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>UNIT/BUILDING CONSTRUCTION</b>					
Unit/Building Construction/New Construction	3,619,768	3,619,768			
Unit/Building Construction/Rehab					
Project Amenities / Accessory Buildings					
Other:					
	<b>Subtotal</b>	<b>3,619,768</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONTRACTOR SERVICES</b>					
Builder's Overhead:	93,341	86,583			
Builder Profit:	280,022	259,750			
General Requirements	280,022	259,750			
Payment/performance bond or letter-of-credit fee or premium					
	<b>Subtotal</b>	<b>606,083</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Construction Costs</b>	<b>5,273,121</b>	<b>103,394.53 per unit</b>			
		<b>83.81 per sq ft</b>			

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CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

DEVELOPMENT COST SCHEDULE	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
<b>I. DEVELOPMENT COST SCHEDULE</b>					
<b>CONSTRUCTION PERIOD FINANCING</b>					
Construction Loan Fee	55,811	55,811			40,563
Construction Loan Interest	170,579	130,016			
Construction Legal Fees	53,170	53,170			1,553
Construction Period Real Estate Tax	3,726	2,173			16,485
Construction Insurance	17,399	914			
Bridge Loan Fee and Bridge Loan Interest					
Other:					
<b>Subtotal</b>	<b>300,685</b>	<b>242,084</b>	<b>-</b>	<b>-</b>	<b>58,601</b>
<b>PROFESSIONAL SERVICES</b>					
Architectural Fee - Design	112,000	112,000			
Architectural Fee - Supervision	28,000	28,000			
Engineering	39,432	39,432			
Real Estate Attorney					
Accounting	11,050	11,050			
Other: Construction consultant	3,000	3,000			
<b>Subtotal</b>	<b>193,482</b>	<b>193,482</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LOCAL GOVERNMENT FEES</b>					
Building Permits	30,825	30,825			
Impact Fees					
Water Tap Fees	140,755	140,755			
Sewer Tap Fees					
Real Estate Taxes					
Other:					
<b>Subtotal</b>	<b>171,580</b>	<b>171,580</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PERMANENT FINANCING FEES</b>					
Permanent Loan Fees	3,500				3,500
Permanent Loan Legal Fees	20,070				1,433
Title and Recording Fees	17,461	17,461			
As-Built Survey					
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other:					
<b>Subtotal</b>	<b>41,031</b>	<b>36,098</b>	<b>-</b>	<b>-</b>	<b>4,933</b>

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
<b>DCA-RELATED COSTS</b>					
DCA Loan Application Fee	3,000				3,000
Tax Credit Application Fee					
DCA Waiver Fees	54,932				54,932
LIHTC Allocation Processing Fee	35,700				35,000
LIHTC Compliance Monitoring Fee					
DCA Front End Analysis Fee (when ID of Interest)					
DCA Final Inspection Fee					
Other:					
<b>Subtotal</b>	<b>92,932</b>				<b>92,932</b>
<b>EQUITY COSTS</b>					
Partnership Organization Fees	1,500				1,500
Tax Credit Legal Opinion	3,277				3,277
Other:					
<b>Subtotal</b>	<b>4,777</b>				<b>4,777</b>
<b>DEVELOPER'S FEE</b>					
Developer's Overhead					
Consultant's Fee	915,454				
Developer's Fee	915,454				
<b>Subtotal</b>	<b>915,454</b>				
<b>START-UP AND RESERVES</b>					
Marketing	18,186				18,186
Rent -Up Reserves	47,010				47,010
Operating Deficit Reserve:					
Replacement Reserve	94,020				94,020
Furniture, Fixtures and Equipment	23,936				
Other:					
<b>Subtotal</b>	<b>183,152</b>				<b>159,216</b>
<b>OTHER COSTS</b>					
Relocation					
Other:					
Other:					
<b>Subtotal</b>	<b>-</b>				<b>-</b>
<b>TOTAL DEVELOPMENT COST</b>	<b>7,755,741</b>	<b>6,891,782</b>	<b>-</b>	<b>-</b>	<b>863,959</b>
Per Unit	152,073.35				
Per Square Foot	123.27				

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**CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS**

**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

New Construction Basis	4% Acquisition Basis	Rehabilitation Basis
0		0

Total Subtractions From Basis:

**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

6,891,782	0	0
0	0	0
6,891,782	0	0
130.00%	0	0
8,959,317	0	0
100.00%	100.00%	100.00%
8,959,317	0	0
9.00%	0	0
806,338	0	0
<b>806,338</b>		

**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

7,755,741	
0	
7,755,741	
/ 10	
775,574	
0.9782	
<b>792,827</b>	

Federal	0 7118	+	State	0 2664
=				

**IV. TAX CREDIT CARRYOVER ALLOCATION**

Allocation Year

**2011**

784,736

**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.

Owner Signature

Name - Please Type

Date

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**PART EIGHT - BUILDING BY BUILDING CREDIT ALLOCATION - Azalea Mill Cottages, LP - 2010-008**

Cost Certification Date: 9/30/2012  
 Type of Activity: New Construction

Carryover Allocation Date: 2/24/2011

Project Address: 301 Jordans Way, LaGrange GA 30241

Building Address	Building Identification Number	Total Nbr of Resident Units	Total Residential Square Footage	Nbr of Low Income Units	Low Income Square Footage	Building's Eligible Basis	OCT/ DDA Boost	Building's Adjusted Basis	Building's Applicable Fraction	Building's Qualified Basis	Date Placed In Service	Applic. Credit %	Tax Credit Amount	FINAL Tax Credit Allocation Request	
														Building's Qualified Basis	Tax Credit Amount
300 Jordans Way	GA-10-00801	1	1,267	1	1,267	138,766	1.3	183,422	100.00%	180,422	7/13/2012	9.00%	15,803		
302 Jordans Way	GA-10-00802	1	1,268	1	1,268	138,866	1.3	183,565	100.00%	180,565	7/13/2012	9.00%	15,815		
304 Jordans Way	GA-10-00803	1	1,242	1	1,242	136,148	1.3	176,962	100.00%	176,962	7/13/2012	9.00%	15,491		
306 Jordans Way	GA-10-00804	1	1,264	1	1,264	140,549	1.3	183,944	100.00%	182,844	7/13/2012	9.00%	16,015		
308 Jordans Way	GA-10-00805	1	1,268	1	1,268	138,866	1.3	183,565	100.00%	180,565	7/13/2012	9.00%	15,815		
310 Jordans Way	GA-10-00806	1	1,242	1	1,242	136,048	1.3	176,862	100.00%	176,862	7/13/2012	9.00%	15,491		
312 Jordans Way	GA-10-00807	1	1,264	1	1,264	140,648	1.3	182,844	100.00%	182,844	7/13/2012	9.00%	16,015		
314 Jordans Way	GA-10-00808	1	1,268	1	1,268	138,866	1.3	183,565	100.00%	180,565	7/13/2012	9.00%	15,815		
316 Jordans Way	GA-10-00809	1	1,242	1	1,242	136,048	1.3	176,862	100.00%	176,862	7/13/2012	9.00%	15,491		
318 Jordans Way	GA-10-00810	1	1,264	1	1,264	140,648	1.3	182,844	100.00%	182,844	7/13/2012	9.00%	16,015		
320 Jordans Way	GA-10-00811	1	1,266	1	1,266	138,866	1.3	180,565	100.00%	180,565	7/13/2012	9.00%	15,815		
322 Jordans Way	GA-10-00812	1	1,242	1	1,242	136,048	1.3	176,862	100.00%	176,862	7/13/2012	9.00%	15,491		
100 Adams Drive	GA-10-00813	1	1,264	1	1,264	140,648	1.3	182,844	100.00%	182,844	8/16/2012	9.00%	16,015		
104 Adams Drive	GA-10-00814	1	1,194	1	1,194	130,790	1.3	170,027	100.00%	170,027	8/16/2012	9.00%	14,892		
106 Adams Drive	GA-10-00815	1	1,242	1	1,242	136,148	1.3	176,962	100.00%	176,962	8/16/2012	9.00%	15,491		
108 Adams Drive	GA-10-00816	1	1,264	1	1,264	140,648	1.3	182,844	100.00%	182,844	8/16/2012	9.00%	16,015		
108 Adams Drive	GA-10-00817	1	1,268	1	1,268	138,866	1.3	180,565	100.00%	180,565	8/16/2012	9.00%	15,815		
110 Adams Drive	GA-10-00818	1	1,242	1	1,242	136,048	1.3	176,862	100.00%	176,862	8/16/2012	9.00%	15,491		
112 Adams Drive	GA-10-00819	1	1,284	1	1,284	140,548	1.3	182,844	100.00%	182,844	8/16/2012	9.00%	16,015		
114 Adams Drive	GA-10-00820	1	1,266	1	1,266	138,866	1.3	180,565	100.00%	180,565	8/16/2012	9.00%	15,815		
116 Adams Drive	GA-10-00821	1	1,242	1	1,242	136,048	1.3	176,862	100.00%	176,862	8/16/2012	9.00%	15,491		
118 Adams Drive	GA-10-00822	1	1,194	1	1,194	130,790	1.3	170,027	100.00%	170,027	8/16/2012	9.00%	14,892		
120 Adams Drive	GA-10-00823	1	1,242	1	1,242	136,048	1.3	176,862	100.00%	176,862	7/27/2012	9.00%	15,491		
123 Adams Drive	GA-10-00824	1	1,264	1	1,264	140,648	1.3	182,844	100.00%	182,844	7/27/2012	9.00%	16,015		
121 Adams Drive	GA-10-00825	1	1,268	1	1,268	138,866	1.3	180,565	100.00%	180,565	7/27/2012	9.00%	15,815		
119 Adams Drive	GA-10-00826	1	1,242	1	1,242	136,048	1.3	176,862	100.00%	176,862	7/27/2012	9.00%	15,491		
117 Adams Drive	GA-10-00827	1	1,264	1	1,264	140,648	1.3	182,844	100.00%	182,844	7/27/2012	9.00%	16,015		
115 Adams Drive	GA-10-00828	1	1,268	1	1,268	138,866	1.3	180,565	100.00%	180,565	7/27/2012	9.00%	15,815		
113 Adams Drive	GA-10-00829	1	1,194	1	1,194	130,790	1.3	170,027	100.00%	170,027	7/27/2012	9.00%	14,892		
111 Adams Drive	GA-10-00830	1	1,264	1	1,264	140,648	1.3	182,844	100.00%	182,844	7/27/2012	9.00%	16,015		
109 Adams Drive	GA-10-00831	1	1,268	1	1,268	138,866	1.3	180,565	100.00%	180,565	7/27/2012	9.00%	15,815		
107 Adams Drive	GA-10-00832	1	1,264	1	1,264	140,648	1.3	182,844	100.00%	182,844	7/27/2012	9.00%	16,015		
105 Adams Drive	GA-10-00833	1	1,269	1	1,269	139,006	1.3	182,708	100.00%	180,708	7/27/2012	9.00%	15,828		

Please do NOT include common space employee units!

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Building Address	Building Identification Number	Total Nbr of Resident Units	Total Residential Square Footage	Nbr of Low Income Units	Low Income Square Footage	Building's Eligible Basis	QCT/ DDA Boost	Building's Adjusted Basis	Building's Applicable Fraction	Building's Qualified Basis	Date Placed In Service	Applic Credit %	Tax Credit Amount	FINAL Tax Credit Allocation	
														Building's Qualified Basis	Tax Credit Request Amount
119 Woods Way	GA-10-00834	1	1,268	1	1,268	138,896	1.3	180,565	100.00%	180,565	7/9/2012	9.00%	15,815		
117 Woods Way	GA-10-00835	1	1,242	1	1,242	135,048	1.3	175,862	100.00%	175,862	7/9/2012	9.00%	15,491		
115 Woods Way	GA-10-00836	1	1,264	1	1,264	140,549	1.3	182,844	100.00%	182,844	7/9/2012	9.00%	16,015		
113 Woods Way	GA-10-00837	1	1,268	1	1,268	138,896	1.3	180,565	100.00%	180,565	7/9/2012	9.00%	15,815		
111 Woods Way	GA-10-00838	1	1,242	1	1,242	135,048	1.3	175,862	100.00%	175,862	7/9/2012	9.00%	15,491		
109 Woods Way	GA-10-00839	1	1,284	1	1,284	140,549	1.3	182,844	100.00%	182,844	7/9/2012	9.00%	16,015		
107 Woods Way	GA-10-00840	1	1,268	1	1,268	138,896	1.3	180,565	100.00%	180,565	7/9/2012	9.00%	15,815		
105 Woods Way	GA-10-00841	1	1,242	1	1,242	135,048	1.3	175,862	100.00%	175,862	7/9/2012	9.00%	15,491		
103 Woods Way	GA-10-00842	1	1,194	1	1,194	130,760	1.3	170,027	100.00%	170,027	7/9/2012	9.00%	14,892		
101 Woods Way	GA-10-00843	1	1,284	1	1,284	140,549	1.3	182,844	100.00%	182,844	7/9/2012	9.00%	16,015		
103 Woods Way	GA-10-00844	1	1,242	1	1,242	135,048	1.3	175,862	100.00%	175,862	7/9/2012	9.00%	15,492		
110 Woods Way	GA-10-00845	1	1,268	1	1,268	138,896	1.3	180,565	100.00%	180,565	7/9/2012	9.00%	15,816		
112 Woods Way	GA-10-00846	1	1,284	1	1,284	140,549	1.3	182,844	100.00%	182,844	7/9/2012	9.00%	16,016		
114 Woods Way	GA-10-00847	1	1,242	1	1,242	135,048	1.3	175,862	100.00%	175,862	7/9/2012	9.00%	15,492		
116 Woods Way	GA-10-00848	1	1,268	1	1,268	138,896	1.3	180,565	100.00%	180,565	7/9/2012	9.00%	15,816		
118 Woods Way	GA-10-00849	1	1,264	1	1,264	140,650	1.3	182,845	100.00%	182,845	7/9/2012	9.00%	16,016		
120 Woods Way	GA-10-00850	1	1,204	1	1,204	131,866	1.3	171,452	100.00%	171,452	7/9/2012	9.00%	15,018		

**GRAND TOTALS** for first four sections  
(only useful if all four sections are same activity)

50	62,916	50	62,916	6,891,790	8,959,327	8,959,327	8,959,327	0	784,732	0	0
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