

**Edgewood Townhomes II, L.P.**

**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**

**December 31, 2013**

# Edgewood Townhomes II, L.P.

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## Independent Auditor's Report

Owner's Name: Edgewood Townhomes II, L.P.  
Project Name: Columbia Townhomes at Edgewood II  
Project Number: 2010-026

We have audited the actual costs and adjusted eligible basis 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 Edgewood Townhomes II, LP (the "Owner") for Columbia Townhomes at Edgewood II ("the Project") as of December 31, 2013.

### *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 \$6,975,077 and adjusted eligible basis of \$6,983,102 of the Owner for the Project as of December 31, 2013, 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.

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

Atlanta, Georgia  
March 17, 2014

**PART THREE - SOURCES OF FUNDS - Columbia Townhomes at Edgewood II - 2010-026**

**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	JPMorgan Chase Bank, NA	\$ 542,000	7.28%	20.5	30		Amortizing	N/A
Second Mortgage	Mayson Avenue Cooperative, LLC	\$ -	5.25%	22.5	22.5		Cash Flow	N/A
Third Mortgage								
Other Source (specify)								
Other Source (specify)								
Deferred Developer Fees	New Affordable Housing Partners, LLC	\$ 104,359						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	RBC Tax Credit Equity, LLC	\$ 4,438,303						
State Housing Credit Equity	RBC-Edgewood II, LLC	\$ 1,890,315						
Historic Credit Equity								
Investment Earnings from Tax-Exempt Bonds								
Investment Earnings from Taxable Bonds								
Income from Operations								
Other Source (specify) GP Equity	Edgewood Townhomes Partners II, LLC	\$ 100						
Other Source (specify)								
Other Source (specify)								
<b>Total Permanent Financing:</b>		<b>\$ 6,975,077</b>						
<b>Total Development Costs from Development Cost Schedule:</b>		<b>\$ 6,975,077</b>						
<b>Surplus/(Shortage) of Permanent Funds to Development Costs:</b>		<b>\$ -</b>						

Year:	1-7	8	9	10	11	12	13	14	15
Rate:									

DCA HOME loan interest rate per Operating Year for Projects located in Rural Areas:

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

**I. DEVELOPMENT COST SCHEDULE**

	<b>TOTAL COST</b>	<b>New Construction Basis</b>	<b>Acquisition Basis</b>	<b>Rehabilitation Basis</b>	<b>Amortizable or Non-Depreciable Basis</b>
<b>PRE-DEVELOPMENT COSTS</b>					
Property Appraisal	3,000	3,000			
Market Study	17,745	17,745			
Environmental Report(s)					
Soil Borings	12,690	12,690			
Boundary and Topographical Survey					
Zoning/Site Plan Fees	5,820	5,820			
Other: Arborist	170	170			
Other: Tree Prescriptions					
<b>Subtotal</b>	<b>39,425</b>	<b>39,425</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ACQUISITION</b>					
Land	360,000				360,000
Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures					
<b>Subtotal</b>	<b>360,000</b>				<b>360,000</b>
<b>SITE IMPROVEMENTS</b>					
Site Preparation (On-site)	566,170	49,604			516,566
Site Preparation (Off-site)		49,604			49,604
<b>Subtotal</b>	<b>566,170</b>	<b>99,208</b>			<b>516,566</b>
<b>UNIT/BUILDING CONSTRUCTION</b>					
Unit/Building Construction/New Construction	3,333,386	3,333,386			
Unit/Building Construction/Rehab					
Project Amenities / Accessory Buildings					
Other:					
<b>Subtotal</b>	<b>3,333,386</b>	<b>3,333,386</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONTRACTOR SERVICES</b>					
Builder's Overhead:	77,991	74,336			
Builder Profit:	233,973	185,841			
General Requirements	233,973	223,009			
Payment/performance bond or letter-of-credit fee or premium					
<b>Subtotal</b>	<b>485,937</b>	<b>483,186</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Construction Costs</b>	<b>4,382,742</b>	<b>109,568.55 per unit</b>			
		<b>103.14 per sq ft</b>			

See Independent Auditor's Report.

I. DEVELOPMENT COST SCHEDULE

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
<b>CONSTRUCTION PERIOD FINANCING</b>					
Construction Loan Fee	131,684	6,369			125,315
Construction Loan Interest	229,944	34,532			195,412
Construction Legal Fees	155,032	63,186			91,846
Construction Period Real Estate Tax	254	190			64
Construction Insurance	10,000	9,823			177
Bridge Loan Fee and Bridge Loan Interest	4,891				4,891
Other: Lender's Inspection Fee	14,855	14,855			
<b>Subtotal</b>	<b>546,660</b>	<b>128,955</b>	<b>-</b>	<b>-</b>	<b>417,705</b>
<b>PROFESSIONAL SERVICES</b>					
Architectural Fee - Design	223,056	223,056			-
Architectural Fee - Landscape	15,937	15,937			-
Engineering	61,341	61,341			-
Real Estate Attorney	73,603	70,517			3,086
Accounting					-
Other:					
<b>Subtotal</b>	<b>373,937</b>	<b>370,851</b>	<b>-</b>	<b>-</b>	<b>3,086</b>
<b>LOCAL GOVERNMENT FEES</b>					
Building Permits	25,674	25,674			-
Impact Fees	50,249	50,249			-
Water Tap Fees	5,800	5,800			-
Sewer Tap Fees					-
Real Estate Taxes					-
<b>Subtotal</b>	<b>81,723</b>	<b>81,723</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PERMANENT FINANCING FEES</b>					
Permanent Loan Fees					
Permanent Loan Legal Fees					
Title and Recording Fees	15,685	14,836			849
As-Built Survey					-
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other:					
<b>Subtotal</b>	<b>15,685</b>	<b>14,836</b>	<b>-</b>	<b>-</b>	<b>849</b>

**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	4,000				4,000
Tax Credit Application Fee					-
DCA Waiver Fees					-
LIHTC Allocation Processing Fee	28,000				28,000
LIHTC Compliance Monitoring Fee					-
DCA Front End Analysis Fee (when ID of Interest)	3,000				3,000
DCA Final Inspection Fee	40,841				40,841
Other: Reservation Fee	75,841				75,841
<b>Subtotal</b>					
<b>EQUITY COSTS</b>					
Partnership Organization Fees					
Tax Credit Legal Opinion					
Other:					
<b>Subtotal</b>	-				-
<b>DEVELOPER'S FEE</b>					
Developer's Overhead					
Consultant's Fee	708,000				-
Developer's Fee	708,000				-
<b>Subtotal</b>					
<b>START-UP AND RESERVES</b>					
Marketing	26,372				26,372
Rent -Up Reserves	44,809				44,809
Operating Deficit Reserve:					
Replacement Reserve	136,810				136,810
Furniture, Fixtures and Equipment	21,422				21,422
Other:	115,486				-
<b>Subtotal</b>	344,899				229,413
<b>OTHER COSTS</b>					
Relocation					
Other: UFAS and LEED Consulting Fees	46,165				-
Other:					
<b>Subtotal</b>	46,165				-
<b>TOTAL DEVELOPMENT COST</b>	<b>6,975,077</b>	<b>5,371,617</b>	<b>-</b>	<b>-</b>	<b>1,603,460</b>
Per Unit	174,376.93				
Per Square Foot	164.14				





