



Independent Auditors' Report

To the Members of
Hitch Phase I, LLC:

Re: Hitch Phase I (the "Development") Final Cost Certification #2014-007

Report on the Cost Schedule

We have audited the Development Cost Schedule (the "Cost Schedule") in the accompanying Georgia Housing and Finance Authority (the "Authority") Final Cost Certification Application and schedule of eligible and qualified development costs of the Development, owned by Hitch Phase I, LLC (the "Company"), as of August 31, 2017.

Management's Responsibility for the Cost Schedule

Management is responsible for the preparation and fair presentation of the Cost Schedule in accordance with accounting practices prescribed by the Internal Revenue Service, under the accrual method of accounting, and in accordance with the format and qualified allocation plan rules set by the Authority. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Cost Schedule that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Cost Schedule 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 Cost Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Cost Schedule. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, 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 financial statements 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 Cost Schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of accounting

The accompanying Cost Schedule was prepared in accordance with the accounting practices prescribed by the Internal Revenue Service, under the accrual method of accounting, and in accordance with the format and qualified allocation plan rules set by the Authority, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Authority. Those requirements specify that eligible basis includes only costs as determined accordance with Section 42 of the Internal Revenue Code of 1986, as amended. Our opinion is not modified with respect to that matter.

Opinion

In our opinion, the accompanying Cost Schedule presents fairly, in all material respects, the Development's total development costs of \$13,195,773 and eligible basis of \$12,004,404 of the Company for the Development as of August 31, 2017, on the basis of accounting described above.

Restriction on Use

This report is intended solely for the information and use of the management of the Company and for filing with the Authority and is not intended to be and should not be used by anyone other than those specified parties.

We have no financial interest in the Development other than in the practice of our profession.

Novogradac & Company LLP

Austin, Texas
October 24, 2017

Contact person for questions about this report:

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E-Mail: nick.hoehn@novoco.com

PART FOUR - USES OF FUNDS - Hitch Phase I - 2014-007

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 | | | 14,350 | 14,350 | | | - |
| Environmental Report(s) | | | 30,000 | 30,000 | | | - |
| Soil Borings | | | | - | | | - |
| Boundary and Topographical Survey | | | 6,633 | 6,633 | | | - |
| Zoning/Site Plan Fees | | | | - | | | - |
| Other: Inspection fees | | | 16,300 | 16,300 | | | - |
| | | | Subtotal | 67,283 | - | - | - |
| ACQUISITION | | | | | | | |
| Land | | | | | | | - |
| Demolition | | | 262,914 | | | | 262,914 |
| Acquisition Legal Fees (if existing structures) | | | | | | | - |
| Existing Structures | | | | | | | - |
| | | | Subtotal | 262,914 | - | - | 262,914 |
| SITE IMPROVEMENTS | | | | | | | |
| Site Preparation (On-site) | | | 987,322 | 987,322 | | | - |
| Site Preparation (Off-site) | | | | - | | | - |
| | | | Subtotal | 987,322 | - | - | - |
| UNIT/BUILDING CONSTRUCTION | | | | | | | |
| Unit/Building Construction/New Construction | | | 6,607,386 | 6,607,386 | | | - |
| Unit/Building Construction/Rehab | | | | - | | | - |
| Project Amenities / Accessory Buildings | | | 253,739 | 253,739 | | | - |
| Other: | | | | - | | | - |
| | | | Subtotal | 6,861,125 | - | - | - |
| CONTRACTOR SERVICES | | | | | | | |
| Builder's Overhead: 2.00% | | 151,894 | 153,706 | 153,706 | | | - |
| Builder Profit: 6.00% | | 455,682 | 461,118 | 461,118 | | | - |
| General Requirements 6.00% | | 455,682 | 461,118 | 461,118 | | | - |
| Payment/performance bond or letter-of-credit fee or premium | | | 66,015 | 66,015 | | | - |
| | | | Subtotal | 1,141,957 | - | - | - |
| Total Construction Costs | | | <i>124,866.72 per unit</i> | | | | |
| | | | <i>8,990,404</i> | <i>115.93 per sq ft</i> | | | |

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|---|------------------|------------------------|-------------------|----------------------|--------------------------------------|
| CONSTRUCTION PERIOD FINANCING | | | | | |
| Construction Loan Fee | 59,500 | 36,509 | | | 22,991 |
| Construction Loan Interest | 81,671 | 49,881 | | | 31,790 |
| Construction Legal Fees | 90,000 | 55,223 | | | 34,777 |
| Construction Period Real Estate Tax | | - | | | - |
| Construction Insurance | 51,034 | 51,034 | | | - |
| Bridge Loan Fee and Bridge Loan Interest | | - | | | - |
| Other: Title & Recording Fees | 44,527 | 27,322 | | | 17,205 |
| Subtotal | 326,732 | 219,969 | - | - | 106,763 |
| PROFESSIONAL SERVICES | | | | | |
| Architectural Fee - Design | 391,002 | 391,002 | | | - |
| Architectural Fee - Supervision | | - | | | - |
| Engineering | 544,930 | 544,930 | | | 357,076 |
| Real Estate Attorney | 357,076 | - | | | - |
| Accounting | 7,900 | 7,900 | | | - |
| Other: | 10 | - | | | 10 |
| Subtotal | 1,300,918 | 943,832 | - | - | 357,086 |
| LOCAL GOVERNMENT FEES | | | | | |
| Building Permits | 64,011 | 64,011 | | | - |
| Impact Fees | 73,821 | 73,821 | | | - |
| Water Tap Fees <i>waived?</i> | | - | | | - |
| Sewer Tap Fees <i>waived?</i> | | - | | | - |
| Real Estate Taxes | | - | | | - |
| Subtotal | 137,832 | 137,832 | - | - | - |
| PERMANENT FINANCING FEES | | | | | |
| Permanent Loan Fees | | | | | |
| Permanent Loan Legal Fees | | | | | |
| Title and Recording Fees | | | | | |
| As-Built Survey | | | | | |
| Bond Issuance Premium | | | | | |
| Cost of Issuance / Underwriter's Discount | | | | | |
| Other: | | | | | |
| Subtotal | - | - | - | - | - |

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| | 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 | 130,054 | | | | 130,054 |
| DCA Waiver Fees | | | | | - |
| LIHTC Allocation Processing Fee | 56,835 | | | | - |
| LIHTC Compliance Monitoring Fee | 50,400 | | | | - |
| DCA Front End Analysis Fee (when ID of Interest) | | | | | - |
| DCA Final Inspection Fee | | | | | - |
| Other: | | | | | - |
| Subtotal | 130,054 | | | | 130,054 |
| EQUITY COSTS | | | | | |
| Partnership Organization Fees | 41,267 | | | | 41,267 |
| Tax Credit Legal Opinion | | | | | - |
| Other: Syndication Costs | 45,000 | - | | | 45,000 |
| Subtotal | 86,267 | - | - | - | 86,267 |
| DEVELOPER'S FEE | | | | | |
| Developer's Overhead | | - | | | - |
| Consultant's Fee | 79,084 | 79,084 | | | - |
| Developer's Fee | 1,566,000 | 1,566,000 | | | - |
| Subtotal | 1,645,084 | 1,645,084 | - | - | - |
| START-UP AND RESERVES | | | | | |
| Marketing | 1,252 | | | | 1,252 |
| Rent -Up Reserves | | | | | - |
| Operating Deficit Reserve: | 228,513 | | | | 228,513 |
| Replacement Reserve | | | | | - |
| Furniture, Fixtures and Equipment | | - | | | - |
| Other: HAS Fee Reserve | 18,520 | - | | | 18,520 |
| Subtotal | 248,285 | - | - | - | 248,285 |
| OTHER COSTS | | | | | |
| Relocation | | | | | - |
| Other: | | | | | - |
| Other: | | | | | - |
| Subtotal | - | - | - | - | - |
| TOTAL DEVELOPMENT COST | 13,195,773 | 12,004,404 | - | - | 1,191,369 |
| Per Unit | 183,274.63 | | | | |
| Per Square Foot | 170.16 | | | | |

PART FOUR - USES OF FUNDS - Hitch Phase I - 2014-007

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 | 12,004,404 | 0 | 0 |
| Less Total Subtractions From Basis (see above) | 0 | | 0 |
| Total Eligible Basis | 12,004,404 | 0 | 0 |
| Eligible Basis Adjustment for DDA/QCT Location | 130.00% | | |
| Adjusted Eligible Basis | 15,605,725 | 0 | 0 |
| Multiply Adjusted Eligible Basis by Applicable Fraction | 79.17% | 79.17% | 79.17% |
| Qualified Basis | 12,354,532 | 0 | 0 |
| Multiply Qualified Basis by Applicable Credit Percentage | 9.00% | | |
| Maximum Tax Credit Amount | 1,111,908 | 0 | 0 |
| Total Basis Method Tax Credit Calculation | | 1,111,908 | |

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

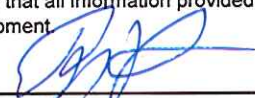
| | | | |
|--|------------|---|-------------------------------|
| Total Development Cost | 13,195,773 | | |
| Subtract Non-LIHTC (excluding deferred fee) Source of Funds | 1,706,000 | | |
| Equity Gap | 11,489,773 | | |
| Divide Equity Gap by 10 | / 10 | | |
| Annual Equity Required | 1,148,977 | | |
| Enter Final Federal and State Equity Factors (not including GP contribution) | 1.3369 | = | Federal 0.8756 + State 0.4613 |
| Total Gap Method Tax Credit Calculation | 859,427 | | |

IV. TAX CREDIT CARRYOVER ALLOCATION

Allocation Year

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

Robin Vaughn
 Name - Please Type

10/24/2017
 Date

PART FOUR - USES OF FUNDS - Hitch Phase I - 2014-007

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

VI. OWNER COMMENTS AND CLARIFICATIONS

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