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 Pauldoe Redevelopment Phase III, LP

November 30, 2017

COHN REZNICK

ACCOUNTING • TAX • ADVISORY

Pauldoe Redevelopment Phase III, LP

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Independent Auditor's Report

Owner's Name: Pauldoe Redevelopment Phase III, LP

Project Name: Pauldoe Redevelopment Phase III

Project Number: 2014-016

We have audited the costs 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 Pauldoe Redevelopment Phase III, LP (the "Owner") for Pauldoe Redevelopment Phase III ("the Project") as of November 30, 2017.

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 \$23,618,214 and adjusted eligible basis of \$26,111,648 of the Owner for the Project as of November 30, 2017, 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.

CohnReynick LLF
Atlanta, Georgia
January 18, 2018

PERMANENT FINANCING			Interest	Term	Amort.	Annual Debt Svc		
Financing Type	Name of Financing Entity	Principal Amount	Rate	(Years)	(Years)	Per Terms Given	Loan Type	Balloo
First Mortgage	SunTrust Bank	3,200,000	5,970%	18	30	229,487	Amortizing	
Second Mortgage	AHA RHF Loan	3,550,000	2.620%	30			Cash Flow	
Third Mortgage	AHA Home Loan	1,000,000	3.000%	30			Cash Flow	Yes
Other Source (specify)	AHA Capital Loan	1,000,000	1,900%	30			Cash Flow	
Other Source (specify)			·					
Deferred Developer Fees	New Affordable Housing Partners, LLC	469,654						1
Federal Grant			<u> </u>		•	•		
State, Local, or Private Grant			1					
Federal Housing Credit Equity	STCC Pauldos Redevelopment Phase III, LLC	9,449,055	1					
State Housing Credit Equity	STCC Pauldoe Redevelopment Phase III, LLC	4,949,505	1 .					
Historic Credit Equity			1					
Investment Earnings from Tax-Exempt Bonds		1	1					
investment Earnings from Taxable Bonds		†	1					
ncome from Operations		·	1					
Other Source (specify)			1					
Other Source (specify)		1	1					
Other Source (specify)			1					
Total Permanent Financing:		23,618,214	1					
Total Development Costs from Development Cost Sche	-tule-	23,618,214	1					
Surplus/(Shortage) of Permanent Funds to Developme		0	1					
			•					
NO A LICATE In an International Institute In Inc.	4.7 0 0 40	44 46						
DCA HOME loan Interest rate per Year:	1-7 8 9 10	11 12	13	14	15	ì		
Operating Year for Projects located in Rate:	1 -7 8 9 10	11 12	13	14	15			
	1-7 8 9 10	11 12	13	14	15			
Operating Year for Projects located in Rate; Rural Areas:	1-7 8 9 10	11 12	13	14	15			
Operating Year for Projects located in Rate:	1-7 8 9 10	11 12	13	14	15			
Operating Year for Projects located in Rate; Rural Areas:	1-7 8 9 10	11 12	13	14	15			
Operating Year for Projects located in Rate; Rural Areas:	1-7 8 9 10	11 12	13	14	15			
Operating Year for Projects located in Rate; Rural Areas:	1-7 8 9 10	11 12	13	14	15			
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Operating Year for Projects located in Rate; Rural Areas:	1-7 8 9 10	11 12	13	14	15			
Operating Year for Projects located in Rate; Rural Areas:	1-7 8 9 10	11 12	13	14	15			
Operating Year for Projects located in Rate; Rural Areas:	1-7 8 9 10	11 12	13	14	15			

PART FOUR - USES OF FUNDS - Pauldoe Redevelopment Phase III - 2014-016

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

DEVELOPMENT COST SCHE	DULE	[TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
PRE-DEVELOPMENT COSTS					PRE-DEVE	LOPMENT COSTS	
Property Appraisal							
Market Study			3,600	3,600			
Environmental Report(s)			12,340	12,340			
Soil Borings							
Boundary and Topographical St	ırvey		31,290	31,290			<u> </u>
Zoning/Site Plan Fees		}				<u> </u>	<u> </u>
Other: Earthcraft and Sustaina		consulting	55,700	55,700			4.005
Other: Construction Material Te	esting & Geotech	A-77-77	107,161	105,266			1,895
		Subtotal	210,091	208,196		-	1,895
ACQUISITION		_			AC	QUISITION	
Land							
Demolition							
Acquisition Legal Fees (if existing	ig structures)						<u>i</u>
Existing Structures							
		Subtotal	-				-
SITE IMPROVEMENTS					SITE IM	PROVEMENTS	
Site Preparation (On-site)			3,221,176	1,604,193			1,616,983
Site Preparation (Off-site)							
		Subtotal	3,221,176	1,604,193		-	1,616,983
UNIT/BUILDING CONSTRUCT	ION				UNIT/BUIL DI	NG CONSTRUCTION	
Unit/Building Construction/New		Γ	13,569,711	12,874,213		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	695,498
Unit/Building Construction/Reha		Ī	, ,				
Project Amenities / Accessory E							
Other:	•						
		Subtotal	13,569,711	12,874,213	-	-	695,498
CONTRACTOR SERVICES					CONTRA	CTOR SERVICES	
Builder's Overhead:	2.00%	335,818	292,582	292,582		7,011,011	
Builder Profit		1,007,453	801,821	801,821		,	
		1,007,453	664,532	664,532			
General Requirements			101.017	131,947			
General Requirements Payment/performance bond or		1	131,947	101,007			
		Subtotal	1,890,882	1,890,882	_	u	-
Payment/performance bond or	135,375.14 per unit	Subtotal			_	u	-

DEVELOPMENT COST SCHEDULE	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
CONSTRUCTION REPORT THANKS IN			201077110701170		
CONSTRUCTION PERIOD FINANCING Construction Loan Fee	141,367	99,661	CONSTRUCTION PE	RIOD FINANCING	44 700
Construction Loan Fee Construction Loan Interest	506,660	460.275	<u> </u>		41,706 46,385
Construction Loan Interest Construction Legal Fees	123,020	65,591			57,429
Construction Period Real Estate Tax	123,020	60,091	 		57,429
Construction Insurance	39,339	19,265			20,074
Bridge Loan Fee and Bridge Loan Interest	39,039	19,200			20,014
Other:					
Subtot	al 810,386	644,792	-	-	165,594
PROFESSIONAL SERVICES			PROFESSION/	AL SERVICES	
Architectural Fee - Design	332,176	332,176			
Architectural Fee - Supervision		,			
Engineering	191,756	191,756			
Real Estate Attorney					
Accounting	80,550	80,550			
Other: Accessibility Consultant	1,500	1,500			
Other: Inspection Fees	8,050	8,050			
Other: Landscaping	39,251	39,251			
Subtot		653,283	-		-
LOCAL GOVERNMENT FEES			LOCAL GOVER	NMENT FEES	
Building Permits	93,548	93,548			
Impact Fees					
Water Tap Fees waived?					
Sewer Tap Fees waived?					
Real Estate Taxes				_	
Subtot	al 93,548	93,548			-
PERMANENT FINANCING FEES			PERMANENT FIN	IANCING FEES	
Permanent Loan Fees	39,376				39,376
Permanent Loan Legal Fees	34,432		-		34,432
Title and Recording Fees	67,664	67,664			
As-Built Survey					
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other:					
Subtot	al 141,472	67,664	*	-	73,808

DEVELOPMENT COST SCHEDULE		TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
DCA-RELATED COSTS				DCA-RELATE	D COSTS	
DCA Loan Application Fee						
Tax Credit Application Fee		6,500				6,500
DCA Walver Fees						
LIHTC Allocation Processing Fee	63,000	72,000				72,000
LIHTC Compliance Monitoring Fee	96,600	110,400				110,400
DCA Front End Analysis Fee (when ID of interest)						
DCA Final Inspection Fee		3,000				3,000
Other: Qualification Determination		1,000				1,000
	Subtotal	192,900	•			192,900
EQUITY COSTS				EQUITY C	OSTS	
Partnership Organization Fees						
Tax Credit Legal Opinion						
Other:						
	Subtotal	-	ű	-		-
DEVELOPER'S FEE			· · · · · · · · · · · · · · · · · · ·	DEVELOPE	R'S FEE	
Developer's Overhead		315,000	315,000	DETECT C	\\\	
Consultant's Fee		510,555				
Developer's Fee		1,485,000	1,485,000			
	Subtotal	1.800,000	1,800,000	-	-	
START-UP AND RESERVES			· · · · · · · · · · · · · · · · · · ·	START-UP AND	DECEDI/EC	
Marketing		46,162		START-UP AND	KESERVES	46,162
Rent -Up Reserves		137,818				137,818
Operating Deficit Reserve;		405,000				405,000
Replacement Reserve		405,000				700,000
Furniture, Fixtures and Equipment		192,615	192,615			
Other: Public Housing Subsidy		130,000	102,010			130,000
Versit Present of the start of	Subtotal	911,595	192,615		-	718,980
OTHER COSTS	1			OTHER C	OSTS	
Relocation		400.075	E0 407	`		- 44 470
Other: Utility Fees Other: Miscellanous Expenses & Soft Cost		100,675 22,495	56,497			44,178 22,495
Other: Miscellatious Expenses & Soft Cost	Subtotal	123,170	56,497	-		66,673
	Supiolai	123,170	30,497			00,073
TOTAL DEVELOPMENT COST		23,618,214	20,085,883			3,532,331
Per Unit	Ì	171,146.48				
Per Square Foot		146.83				

ø.	TAX CREDIT CALCULATION - BASIS METHOD	New Construction Basis	4% Acquisition Basis	Rehabilitation Basis	
	Subtractions From Eligible Basis	<u></u>			
	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	20,085,883	0	0	
	Less Total Subtractions From Basis (see above)	0		0	
	Total Eligible Basis	20,085,883	0	0	
	Eligible Basis Adjustment for DDA/QCT Location	130.00%			
	Adjusted Eligible Basis	26,111,648	0	0	
	Multiply Adjusted Eligible Basis by Applicable Fraction	66.87%	66.87%	66.87%	
	Qualified Basis	17,460,567	0	0	
	Multiply Qualified Basis by Applicable Credit Percentage	9,00%			
	Maximum Tax Credit Amount	1,571,452			
	Total Basis Method Tax Credit Calculation		1,571,452	•	
WL.	TAX CREDIT CALCULATION - GAP METHOD				
	Equity Gap Calculation				
	Total Development Cost	Г	23,618,214		
	Subtract Non-LIHTC (excluding deferred fee) Source of Funds	•	8,750,000		
	Equity Gap	}	14.868.214		
	Divide Equity Gap by 10	į.	/ 10		
	Annual Equity Required	Г	1,486,821	Federal	State
		}		1.0500	
	Enter Final Federal and State Equity Factors (not including GP contribution) Total Gap Method Tax Credit Calculation	ŀ	1,6000 = 929,263	1,0800	÷ 0,5500
		L			
IV.	TAX CREDIT CARRYOVER ALLOCATION Allocation Year	2015	900,000		
V.	FINAL TAX CREDIT ALLOCATION REQUEST		900,000		
	I certify that all information provided above/s true, correct, complete and reflects the full extent of a development. Owner Signature	JAM	Higible basis which apply (or are expected by S. GRAWLS Hease Type	d to apply) to the abo	//23/20/8
Sec	e Independent Auditor's Report.				•

	Building	Total Nor of	Total Residential	Nbr of Low	Low Income	Building's	QCT/	Building's	Building's	Building's	Date Placed	Applic.	Tax	FINAL Tax Gredit Allocation Request	
	Identification	Residna	Square	Income	Square	Elicible	DDA	Adjusted	Applicable	Qualified	ln ln	Credit	Credit	Building's	Tax Credit
Building Address	Number	Units	Footage	Units	Footage	Basis	Boost	Basis	Fraction	Basis	Service	%	Amount	Qualified Basis	Amount
601 Summerbrook	GA-15-21601	12	11,940	7	7,160	1,490,933	130%	1,938,213	58.33%	1,130,624	5/23/2017	9.00%	101,756	647,533	58,278
501 Summerbrook	GA-15-21602	12	11,991	8	8,539	1,497,300	130%	1,946,490	66.67%	1,297,660	5/23/2017	9.00%	116,789	743,189	66,887
101 Summerbrook	GA-15-21603	12	11,940	7	6,884	1,490,933	130%	1,938,213	57.65%	1,117,476	5/3/2017	9.00%	100,573	640,000	57,600
701 Summerbrook	GA-15-21604	10	11,474	7	8,121	1,432,744	130%	1,862,567	70.00%	1,303,797	5/23/2017	9.00%	117,342	746,711	67,204
301 Summerbrook	GA-15-21805	10	11,474	8	9,169	1,432,744	130%	1,862,567	79.91%	1,488,398	5/19/2017	9.00%	133,956	852,433	76,719
2101 Summerbrook	GA-15-21606	5	6,863	3	4,094	856,974	130%	1,114,066	59.65%	664,576	10/4/2017	9.00%	59,812	380,611	34,255
901 Summerbrook	GA-15-21607	9	14,038	7	10,758	1,752,907	130%	2,278,779	76.63%	1,746,339	5/19/2017	9.00%	157,171	1,000,167	90,015
2301 Summerbrook	GA-15-21608	4	4,848	2	2,466	605,363	130%	786,972	50.00%	393,486	8/31/2017	9.00%	35,414	225,356	20,282
2201 Summerbrook	GA-15-21609	5	6,863	3	4,122	856,974	130%	1,114,066	60.00%	668,440	8/31/2017	9.00%	60,160	382,833	34,455
2001 Summerbrook	GA-15-21610	6	8,054	5	6,701	1,005,693	130%	1,307,401	83.20%	1,087,769	8/31/2017	9.00%	97,899	622,989	56,069
1800 Summerbrook	GA-15-21611	9	14,038	6	9,350	1,752,907	130%	2,278,779	66.60%	1,517,779	4/14/2017	9.00%	136,600	869,256	78,233
2701 Barnett Trail	GA-15-21612	4	4,848	3	3,657	605,363	130%	786,972	75.00%	590,229	4/12/2017	9.00%	53,121	338,033	30,423
1900 Summerbrook	GA-15-21613	12	11,991	8	7,701	1,497,300	130%	1,946,490	64.22%	1,250,098	4/14/2017	9.00%	112,509	715,956	64,436
2400 Summerbrook	GA-15-21614	9	9,510	6	6,037	1,187,502	130%	1,543,753	63,48%	979,983	3/15/2017	9.00%	88,198	561,256	50,513
2500 Summerbrook	GA-15-21615	9	9,510	6	5,771	1,187,502	130%	1,543,753	60.68%	936,803	3/15/2017	9.00%	84,312	536,522	48,287
600 Summerbrook	GA-15-21616	10	11,474	7	7,929	1,432,744	130%	1,862,567	69,10%	1,287,110	3/16/2017	9.00%	115,840	737,156	66,344
															and the second s

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