

MASON MANOR, LP
FINAL COST CERTIFICATION
JUNE 5, 2017

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INDEPENDENT AUDITORS' REPORT

Owner's Name: Mason Manor, LP
Project Name: Mason Manor
Project Number: DCA # 2014-019

To the Partners
Mason Manor, LP

We have audited the costs and eligible basis included in the accompanying Certification of Actual Cost and Opinion as to Eligible Basis (the "Final Cost Certification") of Mason Manor, LP (the "Owner") for Mason Manor (the "Project") as of June 5, 2017.

Owner and Owner Management's Responsibility for the Final Cost Certification

The Owner and Owner's management are responsible for the preparation and fair presentation of the Final Cost Certification in accordance with the accounting practices prescribed by the Internal Revenue Service and the form prescribed by the Georgia Department of Community Affairs; this includes 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.

Auditors' Responsibility

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 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 of 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 the Owner and Owner's 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.

Basis of Accounting

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 the Georgia Department of Community Affairs, which is a comprehensive basis of accounting other than generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Opinion

In our opinion the Final Cost Certification presents fairly, in all material respects, the actual total costs of \$7,353,851 and the eligible basis of \$6,617,597 for the Project as of June 5, 2017, in conformity with the basis of accounting described above.

Restriction on Use

This report is intended solely for the information and use of the Owner, the Owner's Management, and for filing with the Georgia Department of Community Affairs and should not be used for any other purpose.



DONALD W. CAUSEY & ASSOCIATES, P. C.
Gadsden, Alabama
June 5, 2017

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

| DEVELOPMENT COST SCHEDULE | NEW CONSTRUCTION BASIS | ACQUISITION BASIS | REHABILITATION BASIS | AMORTIZABLE OR NON-DEPRECIABLE BASIS |
|---|----------------------------|-----------------------------------|----------------------|--------------------------------------|
| I. DEVELOPMENT COST SCHEDULE | | | | |
| PRE-DEVELOPMENT COSTS | | PRE-DEVELOPMENT COSTS | | |
| Property Appraisal | 6,950 | | | |
| Market Study | 5,250 | | | |
| Environmental Report(s) | 4,950 | | | |
| Soil Borings | 9,842 | | | |
| Boundary and Topographical Survey | 10,350 | | | |
| Zoning/Site Plan Fees | - | | | |
| Other: GDEM Fees and Other Environmental | 18,106 | | | |
| Subtotal | 55,448 | | | |
| ACQUISITION | | ACQUISITION | | |
| Land | 357,510 | | | 357,510 |
| Demolition | | | | |
| Acquisition Legal Fees (if existing structures) | | | | |
| Existing Structures | | | | |
| Subtotal | 357,510 | | | 357,510 |
| SITE IMPROVEMENTS | | SITE IMPROVEMENTS | | |
| Site Preparation (On-site) | 885,981 | | | 43,336 |
| Site Preparation (Off-site) | 885,981 | | | 43,336 |
| Subtotal | 929,317 | | | |
| UNIT/BUILDING CONSTRUCTION | | UNIT/BUILDING CONSTRUCTION | | |
| Unit/Building Construction/New Construction | 3,603,509 | | | |
| Unit/Building Construction/Rehab | | | | |
| Project Amenities / Accessory Buildings | | | | |
| Other: | | | | |
| Subtotal | 3,603,509 | | | |
| CONTRACTOR SERVICES | | CONTRACTOR SERVICES | | |
| Builder's Overhead: | 90,339 | | | |
| Builder Profit: | 271,970 | | | |
| General Requirements | 271,970 | | | |
| Payment/performance bond or letter-of-credit fee or premium | 616,526 | | | |
| Subtotal | 616,526 | | | |
| Total Construction Costs | 107,278.17 per unit | | | |
| 5,149,352 | 104.99 per sq ft | | | |

I. DEVELOPMENT COST SCHEDULE

| | TOTAL COST | New Construction Basis | Acquisition Basis | Rehabilitation Basis | Amortizable or Non-Depreciable Basis |
|---|----------------|------------------------|-------------------|----------------------|--------------------------------------|
| CONSTRUCTION PERIOD FINANCING | | | | | |
| Construction Loan Fee | 27,500 | 18,333 | | | 9,167 |
| Construction Loan Interest | 71,747 | 64,319 | | | 7,428 |
| Construction Legal Fees | 72,303 | 72,303 | | | |
| Construction Period Real Estate Tax | 6,010 | 6,010 | | | |
| Construction Insurance | | | | | |
| Bridge Loan Fee and Bridge Loan Interest | | | | | |
| Other: Construction Bond/Radon inspect/ Accessibility | 63,977 | 63,977 | | | |
| Subtotal | 241,537 | 224,942 | - | - | 16,595 |
| PROFESSIONAL SERVICES | | | | | |
| Architectural Fee - Design | 92,964 | 92,964 | | | |
| Architectural Fee - Supervision | 23,241 | 23,241 | | | |
| Engineering | 52,095 | 52,095 | | | |
| Real Estate Attorney | 85,000 | 85,000 | | | |
| Accounting | 11,195 | 11,195 | | | |
| Other: Earthcraft | 3,600 | 3,600 | | | |
| Subtotal | 268,095 | 268,095 | - | - | - |
| LOCAL GOVERNMENT FEES | | | | | |
| Building Permits | 10,870 | 10,870 | | | |
| Impact Fees | 5,447 | 5,447 | | | |
| Water Tap Fees | 25,000 | 25,000 | | | |
| Sewer Tap Fees | 28,000 | 28,000 | | | |
| Real Estate Taxes | | | | | |
| Subtotal | 69,317 | 69,317 | - | - | - |
| PERMANENT FINANCING FEES | | | | | |
| Permanent Loan Fees | 6,500 | | | | 6,500 |
| Permanent Loan Legal Fees | 8,000 | | | | 8,000 |
| Title and Recording Fees | | | | | |
| As-Built Survey | | | | | |
| Bond Issuance Premium | | | | | |
| Cost of Issuance / Underwriter's Discount | | | | | |
| Other: | | | | | |
| Subtotal | 14,500 | - | - | - | 14,500 |

I. DEVELOPMENT COST SCHEDULE

| | TOTAL COST | New Construction Basis | Acquisition Basis | Rehabilitation Basis | Amortizable or Non-Depreciable Basis |
|--|-------------------|------------------------|-------------------|----------------------|--------------------------------------|
| DCA-RELATED COSTS | | | | | |
| DCA Loan Application Fee | 1,000 | | | | 1,000 |
| Tax Credit Application Fee | 6,500 | | | | 6,500 |
| DCA Waiver Fees | 1,500 | | | | 1,500 |
| LIHTC Allocation Processing Fee | 33,689 | | | | 33,689 |
| LIHTC Compliance Monitoring Fee | 33,600 | | | | 33,600 |
| DCA Front End Analysis Fee (when ID of Interest) | 3,800 | | | | 3,800 |
| DCA Final Inspection Fee | | | | | |
| Other: | | | | | |
| Subtotal | 90,702 | | | | 90,702 |
| EQUITY COSTS | | | | | |
| Partnership Organization Fees | 18,000 | | | | 18,000 |
| Tax Credit Legal Opinion | 1,000 | | | | 1,000 |
| Other: Prepaid Asset Management Fee | 45,000 | | | | 45,000 |
| Subtotal | 64,000 | | | | 64,000 |
| DEVELOPER'S FEE | | | | | |
| Developer's Overhead | 168,440 | 168,440 | | | |
| Consultant's Fee | 674,840 | 674,840 | | | |
| Developer's Fee | 843,280 | 843,280 | | | |
| Subtotal | 1,686,560 | | | | |
| START-UP AND RESERVES | | | | | |
| Marketing | | | | | |
| Rent -Up Reserves | 14,420 | | | | 14,420 |
| Operating Deficit Reserve: | 102,620 | | | | 102,620 |
| Replacement Reserve | | | | | |
| Furniture, Fixtures and Equipment | 50,499 | 50,499 | | | |
| Other: Perm Insurance/ T&I Escrow | 32,571 | 32,571 | | | 32,571 |
| Subtotal | 200,110 | 50,499 | | | 149,611 |
| OTHER COSTS | | | | | |
| Relocation | | | | | |
| Other: | | | | | |
| Other: | | | | | |
| Subtotal | - | - | | | - |
| TOTAL DEVELOPMENT COST | 7,353,851 | 6,617,597 | | | 736,254 |
| Per Unit | 153,205.23 | | | | |
| Per Square Foot | 149.94 | | | | |

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 | 6,617,597 | 0 | 0 |
| Less Total Subtractions From Basis (see above) | 0 | | |
| Total Eligible Basis | 6,617,597 | 0 | 0 |
| Eligible Basis Adjustment for DDA/QCT Location | 100.00% | | 0.00% |
| Adjusted Eligible Basis | 6,617,597 | 0 | 0 |
| Multiply Adjusted Eligible Basis by Applicable Fraction | 100.00% | 100.00% | 100.00% |
| Qualified Basis | 6,617,597 | 0 | 0 |
| Multiply Qualified Basis by Applicable Credit Percentage | 7.51% | | |
| Maximum Tax Credit Amount | 496,982 | 0 | 0 |
| Total Basis Method Tax Credit Calculation | | 496,982 | |

III. TAX CREDIT CALCULATION - GAP METHOD

Equity Gap Calculation

| | | | |
|--|----------------|---------|--------|
| Total Development Cost | 7,353,851 | | |
| Subtract Non-LIHTC (excluding deferred fee) Source of Funds | 0 | | |
| Equity Gap | 7,353,851 | | |
| Divide Equity Gap by 10 | / 10 | | |
| Annual Equity Required | 735,385 | Federal | State |
| Enter Final Federal and State Equity Factors (not including GP contribution) | 1.2549 | 0.8448 | 0.4101 |
| Total Gap Method Tax Credit Calculation | 585,999 | = | |

IV. TAX CREDIT CARRYOVER ALLOCATION

| | |
|--|----------------|
| Allocation Year | 2014 |
| FINAL TAX CREDIT ALLOCATION REQUEST | 481,275 |

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 _____

Mason Manor, LP
Name - Please Type

June 5, 2017
Date