



**HIGHLAND ESTATES OF ROME, L.P.**

**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**

**JANUARY 10, 2017**



## Independent Auditors' Report

Owner's Name: Highland Estates of Rome, L.P.

Project Name: Highland Estates

Project Number: TCAA # 2014-028

We have audited the costs included in the accompanying Tax Credit Allocation Agency ("TCAA") Final Cost Certification (the "Final Cost Certification") of Highland Estates of Rome, L.P. (the "Owner") for Highland Estates ("the Project") as of January 10, 2017. 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 TCAA, 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 \$12,658,907 and eligible basis of \$11,319,931 of the Owner for the Project as of December 14, 2016, 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 TCAA 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.

*Tidwell Group, LLC*

Birmingham, Alabama

January 23, 2017

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	Sterling Bank	1,165,000	5.500%	18	35	75,075	Amortizing	No
Second Mortgage								
Third Mortgage								
Other Source (specify)								
Other Source (specify)								
Deferred Developer Fees	Gateway Development Corporation	11,894						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	Affordable Equity Partners	6,494,227						
State Housing Credit Equity	Affordable Equity Partners	2,987,676						
Historic Credit Equity								
Investment Earnings from Tax-Exempt Bonds								
Investment Earnings from Taxable Bonds								
Income from Operations								
Other Source (specify)	Contribution from General Partner	100						
Other Source (specify)	Contribution from Special Limited Partner	10						
Other Source (specify)								
Total Permanent Financing:		12,658,907						
Total Development Costs from Development Cost Schedule:		12,658,907						
Surplus/(Shortage) of Permanent Funds to Development Costs:		0						

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	6,000	6,000			
Market Study	5,250	5,250			
Environmental Report(s)	8,900	8,900			
Soil Borings					
Boundary and Topographical Survey	15,875	15,875			
Zoning/Site Plan Fees	22,288	22,288			
Other: Earthcraft Fees	58,313	58,313			
<b>Subtotal</b>					
<b>ACQUISITION</b>					
Land	750,000				750,000
Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures	750,000				750,000
<b>Subtotal</b>					
<b>SITE IMPROVEMENTS</b>					
Site Preparation (On-site)	1,557,260	1,557,260			
Site Preparation (Off-site)	1,557,260	1,557,260			
<b>Subtotal</b>					
<b>UNIT/BUILDING CONSTRUCTION</b>					
Unit/Building Construction/New Construction	6,206,459	6,206,459			
Unit/Building Construction/Rehab					
Project Amenities / Accessory Buildings					
Other:					
<b>Subtotal</b>					
<b>CONTRACTOR SERVICES</b>					
Builder's Overhead:	2.00%	155,274			
Builder Profit:	6.00%	465,823			
General Requirements	6.00%	465,823			
Payment/performance bond or letter-of-credit fee or premium					
<b>Subtotal</b>		1,086,920			
<b>Total Construction Costs</b>		105,364.75 per unit			
8,850,639		116.74 per sq ft			

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>CONSTRUCTION PERIOD FINANCING</b>					
Construction Loan Fee	84,557	64,173			20,384
Construction Loan Interest	205,567	145,946			59,621
Construction Legal Fees					
Construction Period Real Estate Tax	10,694	10,694			
Construction Insurance	12,647	12,647			
Bridge Loan Fee and Bridge Loan Interest					
Other:					
<b>Subtotal</b>	<b>313,465</b>	<b>233,460</b>	<b>-</b>	<b>-</b>	<b>80,005</b>
<b>PROFESSIONAL SERVICES</b>					
Architectural Fee - Design	175,206	175,206			
Architectural Fee - Supervision	43,417	43,417			
Engineering	160,159	160,159			
Real Estate Attorney	78,509	59,583			18,926
Accounting	22,600	22,600			
Other: Construction Consultant	24,611	24,611			
<b>Subtotal</b>	<b>504,502</b>	<b>485,576</b>	<b>-</b>	<b>-</b>	<b>18,926</b>
<b>LOCAL GOVERNMENT FEES</b>					
Building Permits	44,204	44,204			
Impact Fees					
Water Tap Fees	31,000	31,000			
Sewer Tap Fees	13,000	13,000			
Real Estate Taxes					
<b>Subtotal</b>	<b>88,204</b>	<b>88,204</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PERMANENT FINANCING FEES</b>					
Permanent Loan Fees	11,650				11,650
Permanent Loan Legal Fees					
Title and Recording Fees	21,708				1,286
As-Built Survey					
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other:					
<b>Subtotal</b>	<b>33,358</b>	<b>20,422</b>	<b>-</b>	<b>-</b>	<b>12,936</b>

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	6,500				6,500
Tax Credit Application Fee					81,000
DCA Waiver Fees	67,710				67,200
LIHTC Allocation Processing Fee					
LIHTC Compliance Monitoring Fee	58,800				
DCA Front End Analysis Fee (when ID of Interest)					
DCA Final Inspection Fee					
Other:					
<b>Subtotal</b>	<b>154,700</b>				<b>154,700</b>
<b>EQUITY COSTS</b>					
Partnership Organization Fees	2,500				2,500
Tax Credit Legal Opinion					
Other:					
<b>Subtotal</b>	<b>2,500</b>				<b>2,500</b>
<b>DEVELOPER'S FEE</b>					
Developer's Overhead					
Consultant's Fee	1,497,898				
Developer's Fee	1,497,898				
<b>Subtotal</b>	<b>1,497,898</b>				
<b>START-UP AND RESERVES</b>					
Marketing	30,371				30,371
Rent -Up Reserves	84,000				84,000
Operating Deficit Reserve:					
Replacement Reserve	205,537				205,537
Furniture, Fixtures and Equipment	85,420				
Other:					
<b>Subtotal</b>	<b>405,328</b>				<b>319,908</b>
<b>OTHER COSTS</b>					
Relocation					
Other:					
Other:					
<b>Subtotal</b>	<b>-</b>				<b>-</b>
<b>TOTAL DEVELOPMENT COST</b>	<b>12,658,907</b>				<b>1,338,976</b>
Per Unit	150,701.27				
Per Square Foot	166.97				

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

**II. TAX CREDIT CALCULATION - BASIS METHOD**

	New Construction Basis	4% Acquisition Basis	Rehabilitation Basis
<b>Subtractions From Eligible Basis</b>			
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			
<b>Total Subtractions From Basis:</b>	<b>0</b>		<b>0</b>
<b>Eligible Basis Calculation</b>			
Total Basis	11,319,931	0	0
Less Total Subtractions From Basis (see above)	0		
Total Eligible Basis	11,319,931	0	0
Eligible Basis Adjustment for DDA/QCT Location	130.00%	100.00%	
Adjusted Eligible Basis	14,715,911	0	
Multiply Adjusted Eligible Basis by Applicable Fraction	93.93%	93.93%	
Qualified Basis	13,822,079	0	
Multiply Qualified Basis by Applicable Credit Percentage	9.00%	9.00%	
Maximum Tax Credit Amount	1,243,987	0	
Total Basis Method Tax Credit Calculation		<b>1,243,987</b>	<b>0</b>

**III. TAX CREDIT CALCULATION - GAP METHOD**

<b>Equity Gap Calculation</b>			
Total Development Cost	12,658,907		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	1,165,110		
Equity Gap	11,493,797		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	1,149,380		
Enter Final Federal and State Equity Factors (not including GP contribution)	1.1872		
Total Gap Method Tax Credit Calculation	968,143		
		Federal	State
		0.8872	0.3000
		=	

**IV. TAX CREDIT CARRYOVER ALLOCATION**

Allocation Year **2015**

**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 Allan Rappaha Name - Please Type Allan Rappaha Date 1/23/2017

