

SOUTHFORK APARTMENTS, LP

INDEPENDENT AUDITORS' REPORT

FINAL COST CERTIFICATION

OCTOBER 28, 2016

**SOUTHFORK APARTMENTS, LP
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INDEPENDENT AUDITORS' REPORT

Owner's Name: Southfork Apartments, LP
Project Name: Southfork Apartments
Project Number: 2014-040

We have audited the costs included in the accompanying Tax Credit Allocation Agency ("TCAA") Final Cost Certification (the "Final Cost Certification") of Southfork Apartments, LP ("the Owner") for Southfork Apartments ("the Project") as of October 28, 2016. 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 \$14,889,377 and adjusted eligible basis of \$16,298,306 of the Owner for the Project as of October 28, 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 DCA 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.

Henderson & Godbee, CP
Henderson & Godbee, LLP
Certified Public Accountants

Valdosta, Georgia
December 16, 2016

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	Churchill (USDA 538)	1,350,000	4.750%	40	40	75,453	Amortizing	No
Second Mortgage								
Third Mortgage								
Other Source (specify)								
Other Source (specify)								
Deferred Developer Fees								
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	Stratford Capital Group	9,007,000						
State Housing Credit Equity	Gardner Capital Group	4,991,000						
Historic Credit Equity								
Investment Earnings from Tax-Exempt Bonds								
Investment Earnings from Taxable Bonds								
Income from Operations								
Other Source (specify)								
Other Source (specify)								
Other Source (specify)								
Total Permanent Financing:		15,348,000						
Total Development Costs from Development Cost Schedule:		14,889,377						
Surplus/(Shortage) of Permanent Funds to Development Costs:		458,623						

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

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

VII. OWNER COMMENTS AND CLARIFICATIONS

See independent auditors' report.

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	6,400	1,067		5,333	
Market Study	4,400	733		3,667	
Environmental Report(s)	19,745	3,291		16,454	
Soil Borings	3,900	650		3,250	
Boundary and Topographical Survey	22,438	3,740		18,697	
Zoning/Site Plan Fees	4,728	788		3,940	
Other: Physical Needs Assessment	5,165	861		4,304	
Subtotal	66,776	11,131	-	55,644	-
ACQUISITION					
Land	608,000				608,000
Demolition					
Acquisition Legal Fees (if existing structures)	100,000				100,000
Existing Structures	2,679,596		2,679,596		
Subtotal	3,387,596		2,679,596		708,000
SITE IMPROVEMENTS					
Site Preparation (On-site)	691,547	172,887		518,660	
Site Preparation (Off-site)					
Subtotal	691,547	172,887	-	518,660	-
UNIT/BUILDING CONSTRUCTION					
Unit/Building Construction/New Construction	1,498,023	1,498,023			
Unit/Building Construction/Rehab	4,494,072			4,310,572	
Project Amenities / Accessory Buildings				183,500	
Other: Site Lighting	90,709	14,514		76,195	
Subtotal	6,082,804	1,512,537	-	4,570,267	-
CONTRACTOR SERVICES					
Builder's Overhead: 2.00%	133,673	133,311	33,418	99,893	
Builder Profit: 6.00%	401,019	399,932	100,255	299,677	
General Requirements 6.00%	401,019	399,932	100,255	299,677	
Payment/performance bond or letter-of-credit fee or premium	58,389	11,678		46,711	
Subtotal	991,564	245,606	-	745,958	-
Total Construction Costs	80,894.95 per unit				
	7,765,915				
		76.41 per sq ft			

See independent auditors' report.

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
CONSTRUCTION PERIOD FINANCING					
Construction Loan Fee	86,433	17,287		69,146	
Construction Loan Interest	324,165	23,055		92,218	208,892
Construction Legal Fees	33,000	6,600		26,400	
Construction Period Real Estate Tax	73,576	14,715		58,860	
Construction Insurance	51,543	10,309		41,234	
Bridge Loan Fee and Bridge Loan Interest	-	-		-	
Other: Const. Title & Recording	35,360	7,072		28,288	
Subtotal	604,076	79,037	-	316,147	208,892
PROFESSIONAL SERVICES					
Architectural Fee - Design	177,110	35,422		141,688	
Architectural Fee - Supervision	42,240	8,448		33,792	
Engineering	83,261	16,652		66,609	
Real Estate Attorney	100,000	20,000		80,000	
Accounting	17,500	3,500		14,000	
Other: Bank Inspect Engineer	12,500	2,500		10,000	
Subtotal	432,611	86,522	-	346,089	-
LOCAL GOVERNMENT FEES					
Building Permits	6,984	1,397		5,587	
Impact Fees	5,194	1,039		4,155	
Water Tap Fees <i>waived?</i>					
Sewer Tap Fees <i>waived?</i>					
Real Estate Taxes					
Subtotal	12,178	2,436	-	9,742	-
PERMANENT FINANCING FEES					
Permanent Loan Fees	41,500				41,500
Permanent Loan Legal Fees	15,000				15,000
Title and Recording Fees	15,000				15,000
As-Built Survey	17,000				17,000
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other:					
Subtotal	88,500	-	-	-	88,500

See independent auditors' report.

PART FOUR - USES OF FUNDS Southfork Apartments - 2014-040

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
DCA-RELATED COSTS					
DCA Loan Application Fee					6,500
Tax Credit Application Fee	6,500				6,500
DCA Waiver Fees	4,000				4,000
LIHTC Allocation Processing Fee	67,697 80,000				80,000
LIHTC Compliance Monitoring Fee	67,200 76,800				76,800
DCA Front End Analysis Fee (when ID of Interest)					
DCA Final Inspection Fee	3,000				3,000
Other:					
Subtotal	170,300				170,300
EQUITY COSTS					
Partnership Organization Fees	250				250
Tax Credit Legal Opinion	15,000				15,000
Other: Syndicator Counsel	42,000				42,000
Subtotal	57,250				57,250
DEVELOPER'S FEE					
Developer's Overhead	900,000	180,000	135,000	585,000	
Consultant's Fee	32,450	6,490	4,868	21,092	
Developer's Fee	867,550	173,510	130,132	563,908	
Subtotal	1,800,000	360,000	270,000	1,170,000	-
START-UP AND RESERVES					
Marketing	43,000				43,000
Rent -Up Reserves	78,000				78,000
Operating Deficit Reserve:	250,000				250,000
Replacement Reserve	33,600				33,600
Furniture, Fixtures and Equipment	56,000			56,000	
Other:					
Subtotal	460,600			56,000	404,600
OTHER COSTS					
Relocation	43,575			43,575	
Other:					
Other:					
Subtotal	43,575			43,575	-
TOTAL DEVELOPMENT COST	14,889,377	2,470,157	2,949,596	7,832,082	1,637,542
Per Unit	155,097.67				
Per Square Foot	146.50				

See independent auditors' report.

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 <u>IRC Section 45L Energy Tax Credit</u>	16,000		18,000
Total Subtractions From Basis:	16,000		18,000
Eligible Basis Calculation			
Total Basis	2,470,157	2,949,596	7,832,082
Less Total Subtractions From Basis (see above)	16,000		18,000
Total Eligible Basis	2,454,157	2,949,596	7,814,082
Eligible Basis Adjustment for DDA/QCT Location	130.00%		130.00%
Adjusted Eligible Basis	3,190,403	2,949,596	10,158,307
Multiply Adjusted Eligible Basis by Applicable Fraction	100.00%	100.00%	100.00%
Qualified Basis	3,190,403	2,949,596	10,158,307
Multiply Qualified Basis by Applicable Credit Percentage	9.00%	3.22%	9.00%
Maximum Tax Credit Amount	287,136	94,977	914,248
Total Basis Method Tax Credit Calculation		1,296,361	

III. TAX CREDIT CALCULATION - GAP METHOD

Equity Gap Calculation

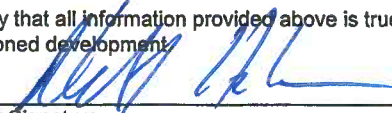
Total Development Cost	14,889,377		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	1,350,000		
Equity Gap	13,539,377		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	1,353,938		
Enter Final Federal and State Equity Factors (not including GP contribution)	1.4000	=	Federal 0.9100 + State 0.4900
Total Gap Method Tax Credit Calculation	967,098		

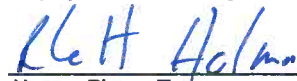
IV. TAX CREDIT CARRYOVER ALLOCATION

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


 Name - Please Type

12/20/16
 Date

PART EIGHT - BUILDING BY BUILDING CREDIT ALLOCATION - Southfork Apartments - 2014-040

Cost Certification Date:

12/16/2016

Carryover Allocation Date:

2014

Project Address: 500 S. MacArthur Drive, Camilla GA 31730-7405

Type of Activity:

Acquisition

Please do NOT include common space employee units!

Building Address	Building Identification Number	Total Nbr of Resident Units	Total Residential Square Footage	Nbr of Low Income Units	Low Income Square Footage	Building's Eligible Basis	QCT/ DDA Boost	Building's Adjusted Basis	Building's Applicable Fraction	Building's Qualified Basis	Date Placed In Service	Applic. Credit %	Tax Credit Amount	FINAL Tax Credit Allocation Request												
														Building's Qualified Basis	Tax Credit Amount											
500 S. MacArthur Drive, Camilla, GA	GA-97-03501	8	9,080	8	9,080	303,215		303,215	100.00%	303,215	8/25/2016	3.22%	9,764	303,215	9,764											
500 S. MacArthur Drive, Camilla, GA	GA-97-03502	8	9,080	8	9,080	303,215		303,215	100.00%	303,215	8/11/2016	3.22%	9,764	303,215	9,764											
500 S. MacArthur Drive, Camilla, GA	GA-97-03503	8	9,080	8	9,080	303,215		303,215	100.00%	303,215	5/25/2016	3.22%	9,764	303,215	9,764											
500 S. MacArthur Drive, Camilla, GA	GA-97-03504	8	9,080	8	9,080	303,215		303,215	100.00%	303,215	5/25/2016	3.22%	9,764	303,215	9,764											
500 S. MacArthur Drive, Camilla, GA	GA-97-03505	8	9,080	8	9,080	303,215		303,215	100.00%	303,215	6/20/2016	3.22%	9,764	303,215	9,764											
500 S. MacArthur Drive, Camilla, GA	GA-97-03506	8	9,080	8	9,080	303,215		303,215	100.00%	303,215	1/19/2016	3.22%	9,764	303,215	9,764											
500 S. MacArthur Drive, Camilla, GA	GA-97-03507	8	9,080	8	9,080	303,215		303,215	100.00%	303,215	1/19/2016	3.22%	9,764	303,215	9,764											
500 S. MacArthur Drive, Camilla, GA	GA-97-03508	8	9,080	8	9,080	303,215		303,215	100.00%	303,215	4/29/2016	3.22%	9,764	303,215	9,763											
500 S. MacArthur Drive, Camilla, GA	GA-97-03509	8	7,844	8	7,844	261,938		261,938	100.00%	261,938	1/19/2016	3.22%	8,434	261,938	8,433											
500 S. MacArthur Drive, Camilla, GA	GA-97-03510	8	7,844	8	7,844	261,938		261,938	100.00%	261,938	4/29/2016	3.22%	8,434	261,938	8,433											
														80	88,328	80	88,328	2,949,596		2,949,596		2,949,596		94,977	2,949,596	94,977

See independent auditors' report.

