

**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**

**Trinity Walk I, LP**

**December 31, 2016**

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# Trinity Walk I, LP

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Independent Auditor's Report

Owner's Name: Trinity Walk I, LP  
Project Name: Trinity Walk Phase 1  
Project Number: 2014-055

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 Trinity Walk I, LP (the "Owner") for Trinity Walk Phase 1 ("the Project") as of December 31, 2016.

*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 \$13,514,939 and adjusted eligible basis of \$10,566,174 of the Owner for the Project as of December 31, 2016, 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.

*CohnReznick LLP*

Atlanta, Georgia  
February 1, 2017

**PART THREE - SOURCES OF FUNDS - Trinity Walk I, LP - 2014-005**

**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	Housing Authority of the City of Decatur, Georgia	1,264,540	2.300%	20	20	78,940	Amortizing	No
Second Mortgage								
Third Mortgage								
Other Source (specify)								
Other Source (specify)								
Deferred Developer Fees	Preserving Affordable Housing Inc.	75,255					Cash Flow	
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	Hudson Trinity Walk, LLC	7,109,297						
State Housing Credit Equity	Georgia Fund 2015 III, LLC	3,565,847						
Historic Credit Equity								
Investment Earnings from Tax-Exempt Bonds								
Investment Earnings from Taxable Bonds								
Income from Operations								
Other Source (specify)								
Other Source (specify) Land Capital Contribution	Trinity Walk I General Partner, LLC	1,500,000						
Other Source (specify)								
Total Permanent Financing:		<b>13,514,939</b>						
Total Development Costs from Development Cost Schedule:		<b>13,514,939</b>						
Surplus/(Shortage) of Permanent Funds to Development Costs:		<b>(0)</b>						

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 Auditor's Report.

**PART FOUR - USES OF FUNDS - Trinity Walk I, LP - 2014-005**

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

**I. DEVELOPMENT COST SCHEDULE**

	<b>TOTAL COST</b>	<b>New Construction Basis</b>	<b>Acquisition Basis</b>	<b>Rehabilitation Basis</b>	<b>Amortizable or Non-Depreciable Basis</b>
<b>PRE-DEVELOPMENT COSTS</b>					
Property Appraisal	3,750	3,750			-
Market Study	5,500	5,500			-
Environmental Report(s)	9,400	9,400			-
Soil Borings					
Boundary and Topographical Survey	15,500	15,500			-
Zoning/Site Plan Fees					
Other: Testing (ESA, soil, other) & Inspection Costs	128,037	128,037			-
<b>Subtotal</b>	<b>162,187</b>	<b>162,187</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ACQUISITION</b>					
Ground Lease/Tech Term	1,500,000				1,500,000
Demolition	421,164				421,164
Acquisition Legal Fees (if existing structures)	-				
Existing Structures					
<b>Subtotal</b>	<b>1,921,164</b>		<b>-</b>		<b>1,921,164</b>
<b>SITE IMPROVEMENTS</b>					
Site Preparation (On-site)	1,519,976	1,192,934			327,042
Site Preparation (Off-site)					
<b>Subtotal</b>	<b>1,519,976</b>	<b>1,192,934</b>	<b>-</b>	<b>-</b>	<b>327,042</b>
<b>UNIT/BUILDING CONSTRUCTION</b>					
Unit/Building Construction/New Construction - See Note 1	6,024,649	6,024,649			-
Unit/Building Construction/Rehab					
Project Amenities / Accessory Buildings					
Other:					
<b>Subtotal</b>	<b>6,024,649</b>	<b>6,024,649</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONTRACTOR SERVICES</b>					
Builder's Overhead: 2.00%	150,893	176,160			
Builder Profit: 6.00%	452,678	-			
General Requirements 6.00%	452,678	528,482			
Payment/performance bond or letter-of-credit fee or premium					
<b>Subtotal</b>	<b>704,642</b>	<b>704,642</b>	<b>-</b>	<b>-</b>	<b>-</b>

Total Construction Costs 119,554.59 per unit  
8,249,267 125.82 per sq ft

**Note 1 - \$61,218 of the Unit Bldg hard costs relates to the settlement agreement with Fyffe Construction**

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	133,970	74,751			59,219
Construction Loan Interest	222,932	112,562			110,370
Construction Legal Fees					
Construction Period Real Estate Tax	-	-			-
Construction Insurance	11,234	11,234			-
Bridge Loan Fee and Bridge Loan Interest					
Other: Title and Recording Fees	34,064	34,064			
<b>Subtotal</b>	<b>402,200</b>	<b>232,611</b>	-	-	<b>169,589</b>
<b>PROFESSIONAL SERVICES</b>					
Architectural Fee - Design	463,476	463,476			
Architectural Fee - Supervision					
Engineering	-	-			
Real Estate Attorney	112,508	86,828			25,680
Accounting	20,675	20,675			-
Other:					
<b>Subtotal</b>	<b>596,659</b>	<b>570,979</b>	-	-	<b>25,680</b>
<b>LOCAL GOVERNMENT FEES</b>					
Building Permits	-	-			
Impact Fees	258,314	258,314			-
Water Tap Fees <i>waived?</i>					
Sewer Tap Fees <i>waived?</i>					
Real Estate Taxes	-	-			-
<b>Subtotal</b>	<b>258,314</b>	<b>258,314</b>	-	-	-
<b>PERMANENT FINANCING FEES</b>					
Permanent Loan Fees					-
Permanent Loan Legal Fees					-
Title and Recording Fees					-
As-Built Survey					
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other:					
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**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					
Tax Credit Application Fee	8,000				8,000
DCA Waiver Fees					
LIHTC Allocation Processing Fee	57,621				57,621
LIHTC Compliance Monitoring Fee	55,200				55,200
DCA Front End Analysis Fee (when ID of Interest)					
DCA Final Inspection Fee	3,000				3,000
Other: _____					
<b>Subtotal</b>	<b>123,821</b>				<b>123,821</b>
<b>EQUITY COSTS</b>					
Partnership Organization Fees	70,000				70,000
Tax Credit Legal Opinion	-				
Other: _____					
<b>Subtotal</b>	<b>70,000</b>	-	-	-	<b>70,000</b>
<b>DEVELOPER'S FEE</b>					
Developer's Overhead					
Consultant's Fee					
Developer's Fee	1,339,311	1,333,137			6,174
<b>Subtotal</b>	<b>1,339,311</b>	<b>1,333,137</b>	-	-	<b>6,174</b>
<b>START-UP AND RESERVES</b>					
Marketing					
Rent -Up Reserves					
Operating Deficit Reserve:	230,000				230,000
Replacement Reserve	17,250				17,250
Furniture, Fixtures and Equipment	86,721	86,721			-
Other: _____					-
<b>Subtotal</b>	<b>333,971</b>	<b>86,721</b>	-	-	<b>247,250</b>
<b>OTHER COSTS</b>					
Relocation	58,045	-			58,045
Other: _____					
Other: _____					
<b>Subtotal</b>	<b>58,045</b>	-	-	-	<b>58,045</b>
<b>TOTAL DEVELOPMENT COST</b>	<b>13,514,939</b>	<b>10,566,174</b>	<b>-</b>	<b>-</b>	<b>2,948,765</b>
<b>Per Unit</b>	<b>195,868.68</b>				
<b>Per Square Foot</b>	<b>206.13</b>				

**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	10,566,174	0	0
Less Total Subtractions From Basis (see above)	0		0
Total Eligible Basis	10,566,174	0	0
Eligible Basis Adjustment for DDA/QCT Location	100.00%		
Adjusted Eligible Basis	10,566,174	0	0
Multiply Adjusted Eligible Basis by Applicable Fraction	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Qualified Basis	10,566,174	0	0
Multiply Qualified Basis by Applicable Credit Percentage	9.00%		
Maximum Tax Credit Amount	950,956	0	0
<b>Total Basis Method Tax Credit Calculation</b>	<b>950,956</b>		

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

<b>Equity Gap Calculation</b>			
Total Development Cost	13,514,939		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	2,764,540		
Equity Gap	10,750,399		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	1,075,040		
Enter Final Federal and State Equity Factors (not including GP contribution)	1.4821	=	Federal
Total Gap Method Tax Credit Calculation	<b>725,342</b>		0.9870
			+ State
			0.4951

**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

\_\_\_\_\_  
Date



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