

**PART FOUR - USES OF FUNDS - Heritage Manor Apartments - 2014-513**

**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	0	796,841	1,150,472
Less Total Subtractions From Basis (see above)	0		0
Total Eligible Basis	0	796,841	1,150,472
Eligible Basis Adjustment for DDA/QCT Location			130.00%
Adjusted Eligible Basis	0	796,841	1,495,614
Multiply Adjusted Eligible Basis by Applicable Fraction	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Qualified Basis	0	796,841	1,495,614
Multiply Qualified Basis by Applicable Credit Percentage		3.22%	3.22%
Maximum Tax Credit Amount	0	25,658	48,159
Total Basis Method Tax Credit Calculation		<b>73,817</b>	

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

<b>Equity Gap Calculation</b>			
Total Development Cost	2,393,543		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	1,502,190		
Equity Gap	891,353		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	89,135		
Enter Final Federal and State Equity Factors (not including GP contribution)	1.1634	=	Federal
Total Gap Method Tax Credit Calculation	<b>76,616</b>		0.5635
		+	State
			0.5999

**IV. TAX CREDIT CARRYOVER ALLOCATION**

Allocation Year 2015

**V. FINAL TAX CREDIT ALLOCATION REQUEST**

73,817

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





**DONALSONVILLE HERITAGE MANOR, LP**

**INDEPENDENT AUDITORS' 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  
AND  
50% CALCULATION**

**DECEMBER 1, 2015**



## INDEPENDENT AUDITOR'S REPORT

Owner's Name: Donalsonville Heritage Manor, LP

Project Name: Heritage Manor Apartments

Project Number: TCAA # 2014-513

To the Partners

Donalsonville Heritage Manor, LP

We have audited the costs included in the accompanying Tax Credit Allocation Agency ("TCAA") Final Cost Certification (the "Final Cost Certification") of Donalsonville Heritage Manor, LP (the "Owner") for Heritage Manor Apartments ("the Project") as of December 1, 2015.

### **Owner and Owner Management's Responsibility for the Schedule**

The Owner and the Owner's management are responsible for the preparation and fair presentation of the Final Cost Certification in accordance with contractual agreements with the TCAA; 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.

### **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 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 opinion.

## Opinion

In our opinion, the Final Cost Certification presents fairly, in all material respects, the actual costs of \$2,393,543 and eligible basis of \$1,947,313, and that fifty-nine and five-tenths percent 59.5% of the aggregate basis of the building and the land of \$1,965,080 were financed with tax-exempt bond proceeds of \$1,168,845 by the Owner for the Project as of December 1, 2015, on the basis of accounting described below.

## Basis of Accounting

The Final Cost Certification is 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 basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the provisions of the contractual agreements with TCAA, referred to above. Our opinion is not modified with respect to that matter.

## Restriction on Use

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.

A handwritten signature in cursive script that reads "Halij, Prager & Pomeroy LLP".

Atlanta, Georgia

February 8, 2016

**PART FOUR - USES OF FUNDS - Heritage Manor Apartments - 2014-513**

**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	4,557			4,557	
Market Study	4,500			4,500	
Environmental Report(s)	6,700			6,700	
Soil Borings					
Boundary and Topographical Survey	13,716			13,716	
Zoning/Site Plan Fees					
Other: Accessibility Review	5,250			5,250	
<b>Subtotal</b>	<b>34,723</b>	<b>-</b>	<b>-</b>	<b>34,723</b>	<b>-</b>
<b>ACQUISITION</b>					
Land	17,767				17,767
Demolition					-
Acquisition Legal Fees (if existing structures)			-		
Existing Structures	692,906		692,906		
<b>Subtotal</b>	<b>710,673</b>	<b>-</b>	<b>692,906</b>	<b>-</b>	<b>17,767</b>
<b>SITE IMPROVEMENTS</b>					
Site Preparation (On-site)	98,963			98,963	-
Site Preparation (Off-site)					
<b>Subtotal</b>	<b>98,963</b>	<b>-</b>	<b>-</b>	<b>98,963</b>	<b>-</b>
<b>UNIT/BUILDING CONSTRUCTION</b>					
Unit/Building Construction/New Construction					
Unit/Building Construction/Rehab	745,342			745,342	
Project Amenities / Accessory Buildings					
Other:					
<b>Subtotal</b>	<b>745,342</b>	<b>-</b>	<b>-</b>	<b>745,342</b>	<b>-</b>
<b>CONTRACTOR SERVICES</b>					
Builder's Overhead: 2.00%	16,886			16,886	
Builder Profit: 6.00%	50,658			50,658	
General Requirements 6.00%	50,658			50,658	
Payment/performance bond or letter-of-credit fee or premium	7,989			7,989	
<b>Subtotal</b>	<b>126,191</b>	<b>-</b>	<b>-</b>	<b>126,191</b>	<b>-</b>
<b>Total Construction Costs</b>	<b>30,328.00 per unit</b>				
<b>970,496</b>	<b>33.24 per sq ft</b>				

**PART FOUR - USES OF FUNDS - Heritage Manor Apartments - 2014-513**

**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>CONSTRUCTION PERIOD FINANCING</b>				<b>CONSTRUCTION PERIOD FINANCING</b>	
Construction Loan Fee	-			-	
Construction Loan Interest					
Construction Legal Fees	-			-	
Construction Period Real Estate Tax					
Construction Insurance					
Bridge Loan Fee and Bridge Loan Interest	1,000			1,000	
Other: <u>Green Rebate Costs/Rehab Inspection Fees</u>	19,225			19,225	
<b>Subtotal</b>	<b>20,225</b>	<b>-</b>	<b>-</b>	<b>20,225</b>	<b>-</b>
<b>PROFESSIONAL SERVICES</b>				<b>PROFESSIONAL SERVICES</b>	
Architectural Fee - Design	21,400			21,400	
Architectural Fee - Supervision					
Engineering					
Real Estate Attorney	18,500			18,500	
Accounting	15,000			15,000	
Other: _____				-	
<b>Subtotal</b>	<b>54,900</b>	<b>-</b>	<b>-</b>	<b>54,900</b>	<b>-</b>
<b>LOCAL GOVERNMENT FEES</b>				<b>LOCAL GOVERNMENT FEES</b>	
Building Permits	2,320			2,320	
Impact Fees					
Water Tap Fees <i>waived?</i>					
Sewer Tap Fees <i>waived?</i>					
Real Estate Taxes					
<b>Subtotal</b>	<b>2,320</b>	<b>-</b>	<b>-</b>	<b>2,320</b>	<b>-</b>
<b>PERMANENT FINANCING FEES</b>				<b>PERMANENT FINANCING FEES</b>	
Permanent Loan Fees	32,554				32,554
Permanent Loan Legal Fees	14,833				14,833
Title and Recording Fees	7,725			7,725	
As-Built Survey					
Bond Issuance Premium	4,942			-	4,942
Cost of Issuance / Underwriter's Discount	31,649			-	31,649
Other: _____				-	
<b>Subtotal</b>	<b>91,703</b>	<b>-</b>	<b>-</b>	<b>7,725</b>	<b>83,978</b>

**PART FOUR - USES OF FUNDS - Heritage Manor Apartments - 2014-513**

**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>DCA-RELATED COSTS</b>		<b>DCA-RELATED COSTS</b>			
DCA Loan Application Fee					-
Tax Credit Application Fee	5,000				5,000
DCA Waiver Fees	3,000				3,000
LIHTC Allocation Processing Fee	5,167 6,434				6,434
LIHTC Compliance Monitoring Fee	22,400 12,800				12,800
DCA Front End Analysis Fee (when ID of Interest)					-
DCA Final Inspection Fee					-
Other:					-
<b>Subtotal</b>	<b>27,234</b>				<b>27,234</b>
<b>EQUITY COSTS</b>		<b>EQUITY COSTS</b>			
Partnership Organization Fees					
Tax Credit Legal Opinion					
Other: Due diligence fee	15,000				15,000
<b>Subtotal</b>	<b>15,000</b>	-	-	-	<b>15,000</b>
<b>DEVELOPER'S FEE</b>		<b>DEVELOPER'S FEE</b>			
Developer's Overhead					
Consultant's Fee	23,000			23,000	
Developer's Fee	113,563		103,935	9,628	
<b>Subtotal</b>	<b>136,563</b>	-	<b>103,935</b>	<b>32,628</b>	-
<b>START-UP AND RESERVES</b>		<b>START-UP AND RESERVES</b>			
Marketing					-
Rent -Up Reserves					-
Operating Deficit Reserve:	121,035				121,035
Replacement Reserve	120,507				120,507
Furniture, Fixtures and Equipment	6,400			6,400	
Other: RD operating funds	60,709				60,709
<b>Subtotal</b>	<b>308,651</b>	-	-	<b>6,400</b>	<b>302,251</b>
<b>OTHER COSTS</b>		<b>OTHER COSTS</b>			
Relocation	21,055			21,055	
Other:					-
Other:					
<b>Subtotal</b>	<b>21,055</b>	-	-	<b>21,055</b>	-
<b>TOTAL DEVELOPMENT COST</b>	<b>2,393,543</b>	-	<b>796,841</b>	<b>1,150,472</b>	<b>446,230</b>
<b>Per Unit</b>	<b>74,798.23</b>				
<b>Per Square Foot</b>	<b>81.97</b>				

**PART FOUR - USES OF FUNDS - Heritage Manor Apartments - 2014-513**

**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	0	796,841	1,150,472
Less Total Subtractions From Basis (see above)	0		0
Total Eligible Basis	0	796,841	1,150,472
Eligible Basis Adjustment for DDA/QCT Location			130.00%
Adjusted Eligible Basis	0	796,841	1,495,614
Multiply Adjusted Eligible Basis by Applicable Fraction	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Qualified Basis	0	796,841	1,495,614
Multiply Qualified Basis by Applicable Credit Percentage		3.22%	3.22%
Maximum Tax Credit Amount	0	25,658	48,159
<b>Total Basis Method Tax Credit Calculation</b>		<b>73,817</b>	

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

See modified version

<b>Equity Gap Calculation</b>			
Total Development Cost	2,393,543		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	1,502,190		
Equity Gap	891,353		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	89,135		
Enter Final Federal and State Equity Factors (not including GP contribution)	1.1650	=	Federal
Total Gap Method Tax Credit Calculation	<b>76,511</b>		0.5840
		+	State
			0.5810

**IV. TAX CREDIT CARRYOVER ALLOCATION**

Allocation Year 2015

**V. FINAL TAX CREDIT ALLOCATION REQUEST**

73,817

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 \_\_\_\_\_

**PART THREE - SOURCES OF FUNDS - Heritage Manor Apartments - 2014-513**

**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	538 Loan	756,000	4.800%	40	40	42,550	Amortizing	
Second Mortgage	515 USDA Loan	731,890	3.375%	30	50	30,324	Amortizing	
Third Mortgage								
Other Source (specify)								
Other Source (specify)								
Deferred Developer Fees	Rea Ventures Group, LLC	32,543						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	CSG MT I, LLC	415,952						
State Housing Credit Equity	CSG SLP, LLC	442,858						
Historic Credit Equity								
Investment Earnings from Tax-Exempt Bonds								
Investment Earnings from Taxable Bonds								
Income from Operations								
Other Source (specify)	Georgia Power rebate	14,300						
Other Source (specify)								
Other Source (specify)								
Total Permanent Financing:		<b>2,393,543</b>						
Total Development Costs from Development Cost Schedule:		<b>2,393,543</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**

The equity calculation reported in the sources of funds above is based on the blended rate in article v of the partnership agreement.





**PART ELEVEN - 50% TEST - Heritage Manor Apartments - 2014-513**

Project Name: Heritage Manor Apartments DCA Project Nbr: 2014-513

- 1.) Tax-exempt bond proceeds: 1168845
  
- 2.) Aggregate basis of building and land: 1965080
  
- 3.) Percentage of aggregate basis financed by tax-exempt bonds: 59.5%