

PART FOUR - USES OF FUNDS - Heritage Oaks Apartments - 2014-514

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			
Total Subtractions From Basis:	0		0
Eligible Basis Calculation			
Total Basis	0	1,340,605	1,877,667
Less Total Subtractions From Basis (see above)	0		0
Total Eligible Basis	0	1,340,605	1,877,667
Eligible Basis Adjustment for DDA/QCT Location			100.00%
Adjusted Eligible Basis	0	1,340,605	1,877,667
Multiply Adjusted Eligible Basis by Applicable Fraction	100.00%	100.00%	100.00%
Qualified Basis	0	1,340,605	1,877,667
Multiply Qualified Basis by Applicable Credit Percentage		3.22%	3.22%
Maximum Tax Credit Amount	0	43,167	60,461
Total Basis Method Tax Credit Calculation		103,628	

III. TAX CREDIT CALCULATION - GAP METHOD

Equity Gap Calculation			
Total Development Cost	3,876,000		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	2,115,932		
Equity Gap	1,760,068		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	176,007		
Enter Final Federal and State Equity Factors (not including GP contribution)	1.5661	=	Federal
Total Gap Method Tax Credit Calculation	112,385		0.9716
			+ State
			0.5945

IV. TAX CREDIT CARRYOVER ALLOCATION

Allocation Year

V. FINAL TAX CREDIT ALLOCATION REQUEST

103,628

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

CORDELE HERITAGE OAKS, 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: Cordele Heritage Oaks, LP
Project Name: Heritage Oaks Apartments
Project Number: TCAA # 2014-514

To the Partners
Cordele Heritage Oaks, LP

We have audited the costs included in the accompanying Tax Credit Allocation Agency ("TCAA") Final Cost Certification (the "Final Cost Certification") of Cordele Heritage Oaks, LP (the "Owner") for Heritage Oaks 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 \$3,876,000 and eligible basis of \$3,218,272, and that fifty-six and three-tenths percent 56.3% of the aggregate basis of the building and the land of \$3,418,688 were financed with tax-exempt bond proceeds of \$1,925,352 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 "Stanley, Aronson & Wynn, LLP".

Atlanta, Georgia

March 10, 2016

PART FOUR - USES OF FUNDS - Heritage Oaks Apartments - 2014-514

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	6,057			6,057	
Market Study	6,600			6,600	
Environmental Report(s)	3,000			3,000	
Soil Borings				-	
Boundary and Topographical Survey	11,566			11,566	
Zoning/Site Plan Fees				-	
Other: Capital needs assessment/accessibility inspection	10,006			10,006	
Subtotal	37,229	-	-	37,229	-
ACQUISITION					
Land	200,416				200,416
Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures	1,165,744		1,165,744		
Subtotal	1,366,160	-	1,165,744	-	200,416
SITE IMPROVEMENTS					
Site Preparation (On-site)	176,925		-	176,925	
Site Preparation (Off-site)					
Subtotal	176,925	-	-	176,925	-
UNIT/BUILDING CONSTRUCTION					
Unit/Building Construction/New Construction					
Unit/Building Construction/Rehab	1,106,055		-	1,106,055	
Project Amenities / Accessory Buildings					
Other:					
Subtotal	1,106,055	-	-	1,106,055	-
CONTRACTOR SERVICES					
Builder's Overhead: 2.00%	25,660		-	25,568	
Builder Profit: 6.00%	76,979		-	72,124	
General Requirements 6.00%	76,979		-	76,704	
Payment/performance bond or letter-of-credit fee or premium	11,702		-	11,702	
Subtotal	186,098	-	-	186,098	-
Total Construction Costs	29,381.56 per unit				
	1,469,078				
	35.12 per sq ft				

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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					
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</u>	4,000			4,000	
Subtotal	5,000	-	-	5,000	-
PROFESSIONAL SERVICES					
Architectural Fee - Design	25,000			25,000	
Architectural Fee - Supervision				-	
Engineering				-	
Real Estate Attorney	18,500			18,500	
Accounting	15,000			15,000	
Other: _____				-	
Subtotal	58,500	-	-	58,500	-
LOCAL GOVERNMENT FEES					
Building Permits	7,250			7,250	
Impact Fees					
Water Tap Fees <i>waived?</i>					
Sewer Tap Fees <i>waived?</i>					
Real Estate Taxes					
Subtotal	7,250	-	-	7,250	-
PERMANENT FINANCING FEES					
Permanent Loan Fees	28,998				28,998
Permanent Loan Legal Fees	14,833				14,833
Title and Recording Fees	9,287			9,287	
As-Built Survey					
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount	47,773				47,773
Other: _____					-
Subtotal	100,891	-	-	9,287	91,604

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I. DEVELOPMENT COST SCHEDULE

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
DCA-RELATED COSTS		DCA-RELATED COSTS			
DCA Loan Application Fee					-
Tax Credit Application Fee	5,000				5,000
DCA Waiver Fees	3,000				3,000
LIHTC Allocation Processing Fee	7,254 8,578				8,578
LIHTC Compliance Monitoring Fee	35,000 20,000				20,000
DCA Front End Analysis Fee (when ID of Interest)					-
DCA Final Inspection Fee					-
Other:					
Subtotal	36,578				36,578
EQUITY COSTS		EQUITY COSTS			
Partnership Organization Fees					
Tax Credit Legal Opinion					
Other: Due diligence fee	15,000				15,000
Subtotal	15,000	-	-	-	15,000
DEVELOPER'S FEE		DEVELOPER'S FEE			
Developer's Overhead				-	
Consultant's Fee	23,000			23,000	
Developer's Fee	419,780		174,861	244,919	
Subtotal	442,780	-	174,861	267,919	-
START-UP AND RESERVES		START-UP AND RESERVES			
Marketing					
Rent -Up Reserves					
Operating Deficit Reserve:	135,730				135,730
Replacement Reserve	70,884				70,884
Furniture, Fixtures and Equipment	10,000			10,000	-
Other: Retail assistance, debt service reserve/RD operating	107,516				107,516
Subtotal	324,130	-	-	10,000	314,130
OTHER COSTS		OTHER COSTS			
Relocation	13,404			13,404	
Other:					
Other:					
Subtotal	13,404	-	-	13,404	-
TOTAL DEVELOPMENT COST	3,876,000	-	1,340,605	1,877,667	657,728
Per Unit	77,520.01				
Per Square Foot	92.65				

PART FOUR - USES OF FUNDS - Heritage Oaks Apartments - 2014-514

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

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See modified version

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Equity Gap	1,760,068		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	176,007		
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		+	State
			0.5870

IV. TAX CREDIT CARRYOVER ALLOCATION

Allocation Year

V. FINAL TAX CREDIT ALLOCATION REQUEST

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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 Oaks Apartments - 2014-514

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	360,900	4.800%	40	40	20,313		
Second Mortgage	515 USDA Loan	1,245,279	3.375%	30	50	51,595		
Third Mortgage	MPR Loan	509,753						
Other Source (specify)								
Other Source (specify)								
Deferred Developer Fees	Rea Ventures Group, LLC	137,208						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	CSG MT I, LLC	1,006,828						
State Housing Credit Equity	CSG SLP, LLC	616,032						
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:		3,876,000						
Total Development Costs from Development Cost Schedule:		3,876,000						
Surplus/(Shortage) of Permanent Funds to Development Costs:		(0)						

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 Oaks Apartments - 2014-514

Project Name: Heritage Oaks Apartments DCA Project Nbr: 2014-514

1.) Tax-exempt bond proceeds:	1925352
2.) Aggregate basis of building and land:	3418688
3.) Percentage of aggregate basis financed by tax-exempt bonds:	56.3%