

**PART FOUR - USES OF FUNDS - Pigeon Creek Apartments - 2014-520**

**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	1,026,463	1,521,796
Less Total Subtractions From Basis (see above)	0		0
Total Eligible Basis	0	1,026,463	1,521,796
Eligible Basis Adjustment for DDA/QCT Location			100.00%
Adjusted Eligible Basis	0	1,026,463	1,521,796
Multiply Adjusted Eligible Basis by Applicable Fraction	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Qualified Basis	0	1,026,463	1,521,796
Multiply Qualified Basis by Applicable Credit Percentage		3.22%	3.22%
Maximum Tax Credit Amount	0	33,052	49,002
<b>Total Basis Method Tax Credit Calculation</b>		<b>82,054</b>	

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

<b>Equity Gap Calculation</b>			
Total Development Cost	3,067,791		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	2,666,997		
Equity Gap	400,794		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	40,079		
Enter Final Federal and State Equity Factors (not including GP contribution)	0.3034	=	Federal
Total Gap Method Tax Credit Calculation	<b>132,101</b>		0.1893
			+ State
			0.1141

**IV. TAX CREDIT CARRYOVER ALLOCATION**

Allocation Year 2015 86,416

**V. FINAL TAX CREDIT ALLOCATION REQUEST**

**82,054**

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





**MANCHESTER PIGEON CREEK, 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**



Certified Public Accountants and Business Advisors

## INDEPENDENT AUDITOR'S REPORT

Owner's Name: Manchester Pigeon Creek, LP  
Project Name: Pigeon Creek  
Project Number: TCAA # 2014-520

To the Partners  
Manchester Pigeon Creek, LP

We have audited the costs included in the accompanying Tax Credit Allocation Agency ("TCAA") Final Cost Certification (the "Final Cost Certification") of Manchester Pigeon Creek, LP (the "Owner") for Pigeon Creek ("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 \$3,067,791 and eligible basis of \$2,548,259, and that fifty-seven and five-tenths percent 57.5% of the aggregate basis of the building and the land of \$2,653,532 were financed with tax-exempt bond proceeds of \$1,525,127 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 black ink, reading "Stanley, Aronson & Oppenheimer LLP". The signature is written in a cursive, flowing style.

Atlanta, Georgia

March 10, 2016

**PART FOUR - USES OF FUNDS - Pigeon Creek Apartments - 2014-520**

**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	5,371			5,371													
Market Study	5,100			5,100													
Environmental Report(s)	6,200			6,200													
Soil Borings																	
Boundary and Topographical Survey	10,302			10,302													
Zoning/Site Plan Fees																	
Other: <u>Accessibility Review</u>	5,250			5,250													
<b>Subtotal</b>	<b>32,223</b>	<b>-</b>	<b>-</b>	<b>32,223</b>	<b>-</b>												
<b>ACQUISITION</b>																	
Land	105,273				105,273												
Demolition	-				-												
Acquisition Legal Fees (if existing structures)			-														
Existing Structures	892,577		892,577														
<b>Subtotal</b>	<b>997,850</b>	<b>-</b>	<b>892,577</b>	<b>-</b>	<b>105,273</b>												
<b>SITE IMPROVEMENTS</b>																	
Site Preparation (On-site)	105,200			105,200													
Site Preparation (Off-site)																	
<b>Subtotal</b>	<b>105,200</b>	<b>-</b>	<b>-</b>	<b>105,200</b>	<b>-</b>												
<b>UNIT/BUILDING CONSTRUCTION</b>																	
Unit/Building Construction/New Construction																	
Unit/Building Construction/Rehab	948,451			948,451													
Project Amenities / Accessory Buildings																	
Other:																	
<b>Subtotal</b>	<b>948,451</b>	<b>-</b>	<b>-</b>	<b>948,451</b>	<b>-</b>												
<b>CONTRACTOR SERVICES</b>																	
Builder's Overhead: 2.00%	21,073			21,073													
Builder Profit: 6.00%	63,219			63,171													
General Requirements 6.00%	63,219			63,219													
Payment/performance bond or letter-of-credit fee or premium	9,372			9,372													
<b>Subtotal</b>	<b>156,835</b>	<b>-</b>	<b>-</b>	<b>156,835</b>	<b>-</b>												
<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:30%;"><i>Total Construction Costs</i></td> <td style="width:20%;"><i>28,150.84 per unit</i></td> <td style="width:20%;"></td> <td style="width:20%;"></td> <td style="width:20%;"></td> <td style="width:20%;"></td> </tr> <tr> <td><i>1,210,486</i></td> <td><i>42.63 per sq ft</i></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>						<i>Total Construction Costs</i>	<i>28,150.84 per unit</i>					<i>1,210,486</i>	<i>42.63 per sq ft</i>				
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PART FOUR - USES OF FUNDS - Pigeon Creek Apartments - 2014-520

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					
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: Green Rebate Costs/Rehab Inspections	19,159			19,159	
<b>Subtotal</b>	<b>20,159</b>	<b>-</b>	<b>-</b>	<b>20,159</b>	<b>-</b>
<b>PROFESSIONAL SERVICES</b>					
Architectural Fee - Design	23,600			23,600	
Architectural Fee - Supervision					
Engineering					
Real Estate Attorney	18,500			18,500	
Accounting	15,000			15,000	
Other:					
<b>Subtotal</b>	<b>57,100</b>	<b>-</b>	<b>-</b>	<b>57,100</b>	<b>-</b>
<b>LOCAL GOVERNMENT FEES</b>					
Building Permits	6,550			6,550	
Impact Fees					
Water Tap Fees <i>waived?</i>					
Sewer Tap Fees <i>waived?</i>					
Real Estate Taxes					
<b>Subtotal</b>	<b>6,550</b>	<b>-</b>	<b>-</b>	<b>6,550</b>	<b>-</b>
<b>PERMANENT FINANCING FEES</b>					
Permanent Loan Fees	39,610				39,610
Permanent Loan Legal Fees	14,833				14,833
Title and Recording Fees	11,137			11,137	
As-Built Survey					
Bond Issuance Premium	8,159				8,159
Cost of Issuance / Underwriter's Discount	33,698				33,698
Other:	-				-
<b>Subtotal</b>	<b>107,437</b>	<b>-</b>	<b>-</b>	<b>11,137</b>	<b>96,300</b>

PART FOUR - USES OF FUNDS - Pigeon Creek Apartments - 2014-520

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>		<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	5,744 6,913				6,913
LIHTC Compliance Monitoring Fee	30,100 17,200				17,200
DCA Front End Analysis Fee (when ID of Interest)	-				-
DCA Final Inspection Fee	-				-
Other:	-				-
<b>Subtotal</b>	<b>32,113</b>				<b>32,113</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>-</b>	<b>-</b>	<b>-</b>	<b>15,000</b>
<b>DEVELOPER'S FEE</b>		<b>DEVELOPER'S FEE</b>			
Developer's Overhead					
Consultant's Fee	32,372			32,372	
Developer's Fee	253,581		133,886	119,695	
<b>Subtotal</b>	<b>285,953</b>	<b>-</b>	<b>133,886</b>	<b>152,067</b>	<b>-</b>
<b>START-UP AND RESERVES</b>		<b>START-UP AND RESERVES</b>			
Marketing	-				-
Rent -Up Reserves					-
Operating Deficit Reserve:	165,448				165,448
Replacement Reserve	66,600				66,600
Furniture, Fixtures and Equipment	12,000			12,000	
Other: RD operating funds	38,798				38,798
<b>Subtotal</b>	<b>282,846</b>	<b>-</b>	<b>-</b>	<b>12,000</b>	<b>270,846</b>
<b>OTHER COSTS</b>		<b>OTHER COSTS</b>			
Relocation	20,074			20,074	
Other:					
Other:					
<b>Subtotal</b>	<b>20,074</b>	<b>-</b>	<b>-</b>	<b>20,074</b>	<b>-</b>
<b>TOTAL DEVELOPMENT COST</b>	<b>3,067,791</b>	<b>-</b>	<b>1,026,463</b>	<b>1,521,796</b>	<b>519,532</b>
<b>Per Unit</b>	<b>71,343.98</b>				
<b>Per Square Foot</b>	<b>108.04</b>				

**PART FOUR - USES OF FUNDS - Pigeon Creek Apartments - 2014-520**

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

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

**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:**

	<b>New Construction Basis</b>	<b>4% Acquisition Basis</b>	<b>Rehabilitation Basis</b>
	<b>0</b>		<b>0</b>

**Eligible Basis Calculation**

Total Basis  
 Less Total Subtractions From Basis (see above)  
 Total Eligible Basis  
 Eligible Basis Adjustment for DDA/QCT Location  
 Adjusted Eligible Basis  
 Multiply Adjusted Eligible Basis by Applicable Fraction  
 Qualified Basis  
 Multiply Qualified Basis by Applicable Credit Percentage  
 Maximum Tax Credit Amount  
 Total Basis Method Tax Credit Calculation

	0	1,026,463	1,521,796
	0		0
	0	1,026,463	1,521,796
			100.00%
	0	1,026,463	1,521,796
	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
	0	1,026,463	1,521,796
		3.22%	3.22%
	0	33,052	49,002
		<b>82,054</b>	

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

See modified version

**Equity Gap Calculation**

Total Development Cost  
 Subtract Non-LIHTC (excluding deferred fee) Source of Funds  
 Equity Gap  
 Divide Equity Gap by 10  
 Annual Equity Required  
 Enter Final Federal and State Equity Factors (not including GP contribution)  
 Total Gap Method Tax Credit Calculation

	3,067,791		
	2,666,997		
	400,794		
	/ 10		
	40,079		
	0.3520	=	Federal
			0.2250
			+
			State
			0.1270
	<b>113,862</b>		

**IV. TAX CREDIT CARRYOVER ALLOCATION**

Allocation Year **2015**

**86,416**

**V. FINAL TAX CREDIT ALLOCATION REQUEST**

**82,054**

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 - Pigeon Creek Apartments - 2014-520**

**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 Mortgage Investment LLC	1,540,000	4.800%	40	40	86,676	Amortizing	
Second Mortgage		1,093,247	3.375%	30	50	45,296	Amortizing	
Third Mortgage								
Other Source (specify)								
Other Source (specify)								
Deferred Developer Fees	Rea Ventures Group, LLC	151,818						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	CSG MT I, LLC	155,348						
State Housing Credit Equity	CSG SLP, LLC	93,628						
Historic Credit Equity								
Investment Earnings from Tax-Exempt Bonds								
Investment Earnings from Taxable Bonds								
Income from Operations								
Other Source (specify) georgia power rebate		33,750						
Other Source (specify)								
Other Source (specify)								
Total Permanent Financing:		<b>3,067,791</b>						
Total Development Costs from Development Cost Schedule:		<b>3,067,791</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 - Pigeon Creek Apartments - 2014-520**

Project Name: Pigeon Creek Apartments DCA Project Nbr: 2014-520

- 1.) Tax-exempt bond proceeds: 1525127
  
- 2.) Aggregate basis of building and land: 2653532
  
- 3.) Percentage of aggregate basis financed by tax-exempt bonds: 57.5%