

**PART FOUR - USES OF FUNDS - Warm Springs Apartments - 2014-523**

**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	591,286	974,831
Less Total Subtractions From Basis (see above)	0		0
Total Eligible Basis	0	591,286	974,831
Eligible Basis Adjustment for DDA/QCT Location			100.00%
Adjusted Eligible Basis	0	591,286	974,831
Multiply Adjusted Eligible Basis by Applicable Fraction	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Qualified Basis	0	591,286	974,831
Multiply Qualified Basis by Applicable Credit Percentage		3.22%	3.22%
Maximum Tax Credit Amount	0	19,039	31,390
Total Basis Method Tax Credit Calculation		<b>50,429</b>	

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

<b>Equity Gap Calculation</b>			
Total Development Cost	1,914,973		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	885,019		
Equity Gap	1,029,954		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	102,995		
Enter Final Federal and State Equity Factors (not including GP contribution)	1.9878	=	Federal
Total Gap Method Tax Credit Calculation	<b>51,814</b>		State
			1.4313 + 0.5565

**IV. TAX CREDIT CARRYOVER ALLOCATION**

Allocation Year  51,681

**V. FINAL TAX CREDIT ALLOCATION REQUEST**

50,429

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





**MERIWETHER WARM SPRINGS, 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: Meriwether Warm Springs, LP

Project Name: Warm Springs Apartments

Project Number: TCAA # 2014-523

To the Partners

Meriwether Warm Springs, LP

We have audited the costs included in the accompanying Tax Credit Allocation Agency ("TCAA") Final Cost Certification (the "Final Cost Certification") of Meriwether Warm Springs, LP (the "Owner") for Warm Springs 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 \$1,914,973 and eligible basis of \$1,566,117, and that fifty-five and eight-tenths percent 55.8% of the aggregate basis of the building and the land of \$1,615,977 were financed with tax-exempt bond proceeds of \$902,418 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 "Halcyon Property Services, LLP".

Atlanta, Georgia

March 10, 2016

PART FOUR - USES OF FUNDS - Warm Springs Apartments - 2014-523

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>PRE-DEVELOPMENT COSTS</b>					
Property Appraisal	5,714			5,714	
Market Study	5,100			5,100	
Environmental Report(s)	6,450			6,450	
Soil Borings	-			-	
Boundary and Topographical Survey	9,152			9,152	
Zoning/Site Plan Fees	-			-	
Other: <u>Accessibility Review</u>	5,383			5,383	
<b>Subtotal</b>	<b>31,799</b>	<b>-</b>	<b>-</b>	<b>31,799</b>	<b>-</b>
<b>ACQUISITION</b>					
Land	49,860				49,860
Demolition	-				
Acquisition Legal Fees (if existing structures)			-		
Existing Structures	514,162		514,162		
<b>Subtotal</b>	<b>564,022</b>	<b>-</b>	<b>514,162</b>	<b>-</b>	<b>49,860</b>
<b>SITE IMPROVEMENTS</b>					
Site Preparation (On-site)	90,571			90,571	
Site Preparation (Off-site)	-			-	
<b>Subtotal</b>	<b>90,571</b>	<b>-</b>	<b>-</b>	<b>90,571</b>	<b>-</b>
<b>UNIT/BUILDING CONSTRUCTION</b>					
Unit/Building Construction/New Construction	-				
Unit/Building Construction/Rehab	514,157			514,157	
Project Amenities / Accessory Buildings	-				
Other:	-				
<b>Subtotal</b>	<b>514,157</b>	<b>-</b>	<b>-</b>	<b>514,157</b>	<b>-</b>
<b>CONTRACTOR SERVICES</b>					
Builder's Overhead: 2.00%	12,095			12,095	
Builder Profit: 6.00%	36,284			36,284	
General Requirements 6.00%	36,284			36,284	
Payment/performance bond or letter-of-credit fee or premium	6,217			6,217	
<b>Subtotal</b>	<b>90,880</b>	<b>-</b>	<b>-</b>	<b>90,880</b>	<b>-</b>
<i>Total Construction Costs</i>	<i>31,618.55 per unit</i>				
	<i>695,608</i>				
	<i>35.66 per sq ft</i>				

**PART FOUR - USES OF FUNDS - Warm Springs Apartments - 2014-523**

**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>					
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</u>	10,629			10,629	
<b>Subtotal</b>	<b>11,629</b>	<b>-</b>	<b>-</b>	<b>11,629</b>	<b>-</b>
<b>PROFESSIONAL SERVICES</b>					
Architectural Fee - Design	19,400			19,400	
Architectural Fee - Supervision	-				
Engineering	-				
Real Estate Attorney	18,500			18,500	
Accounting	15,000			15,000	
Other: _____	-				
<b>Subtotal</b>	<b>52,900</b>	<b>-</b>	<b>-</b>	<b>52,900</b>	<b>-</b>
<b>LOCAL GOVERNMENT FEES</b>					
Building Permits	754			754	
Impact Fees	-				
Water Tap Fees <i>waived?</i>	-				
Sewer Tap Fees <i>waived?</i>	-				
Real Estate Taxes	-				
<b>Subtotal</b>	<b>754</b>	<b>-</b>	<b>-</b>	<b>754</b>	<b>-</b>
<b>PERMANENT FINANCING FEES</b>					
Permanent Loan Fees	27,986				27,986
Permanent Loan Legal Fees	14,833				14,833
Title and Recording Fees	4,984			4,984	
As-Built Survey	-				
Bond Issuance Premium	-				
Cost of Issuance / Underwriter's Discount	32,654				32,654
Other: <u>Financing Fee</u>	-				
<b>Subtotal</b>	<b>80,457</b>	<b>-</b>	<b>-</b>	<b>4,984</b>	<b>75,473</b>

**PART FOUR - USES OF FUNDS - Warm Springs Apartments - 2014-523**

**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	3,530 4,134				4,134
LIHTC Compliance Monitoring Fee	15,400 8,800				8,800
DCA Front End Analysis Fee (when ID of Interest)	-				
DCA Final Inspection Fee	-				
Other:	-				
<b>Subtotal</b>	<b>20,934</b>				<b>20,934</b>
<b>EQUITY COSTS</b>		<b>EQUITY COSTS</b>			
Partnership Organization Fees	-				
Tax Credit Legal Opinion					
Other: Due Diligence Fee	67,500				67,500
<b>Subtotal</b>	<b>67,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,500</b>
<b>DEVELOPER'S FEE</b>		<b>DEVELOPER'S FEE</b>			
Developer's Overhead					
Consultant's Fee	23,000			23,000	
Developer's Fee	215,091		77,124	137,967	
<b>Subtotal</b>	<b>238,091</b>	<b>-</b>	<b>77,124</b>	<b>160,967</b>	<b>-</b>
<b>START-UP AND RESERVES</b>		<b>START-UP AND RESERVES</b>			
Marketing	-				
Rent -Up Reserves	-				
Operating Deficit Reserve:	61,061				61,061
Replacement Reserve	53,635				53,635
Furniture, Fixtures and Equipment	6,030				6,030
Other: Rental assistance / required RD operating funds	14,363				14,363
<b>Subtotal</b>	<b>135,089</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>135,089</b>
<b>OTHER COSTS</b>		<b>OTHER COSTS</b>			
Relocation	16,190			16,190	
Other:	-				
Other:	-				
<b>Subtotal</b>	<b>16,190</b>	<b>-</b>	<b>-</b>	<b>16,190</b>	<b>-</b>
<b>TOTAL DEVELOPMENT COST</b>	<b>1,914,973</b>	<b>-</b>	<b>591,286</b>	<b>974,831</b>	<b>348,856</b>
<b>Per Unit</b>	<b>87,044.23</b>				
<b>Per Square Foot</b>	<b>98.17</b>				

**PART FOUR - USES OF FUNDS - Warm Springs Apartments - 2014-523**

**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	591,286	974,831
Less Total Subtractions From Basis (see above)	0		0
Total Eligible Basis	0	591,286	974,831
Eligible Basis Adjustment for DDA/QCT Location			100.00%
Adjusted Eligible Basis	0	591,286	974,831
Multiply Adjusted Eligible Basis by Applicable Fraction	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Qualified Basis	0	591,286	974,831
Multiply Qualified Basis by Applicable Credit Percentage		3.22%	3.22%
Maximum Tax Credit Amount	0	19,039	31,390
Total Basis Method Tax Credit Calculation		<b>50,429</b>	

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

See modified version

<b>Equity Gap Calculation</b>			
Total Development Cost	1,914,973		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	885,019		
Equity Gap	1,029,954		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	102,995		
Enter Final Federal and State Equity Factors (not including GP contribution)	1.9700	=	Federal
Total Gap Method Tax Credit Calculation	<b>52,282</b>		1.4180
		+	State
			0.5520

**IV. TAX CREDIT CARRYOVER ALLOCATION**

Allocation Year  51,681

**V. FINAL TAX CREDIT ALLOCATION REQUEST**

50,429

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 - Warm Springs Apartments - 2014-523**

**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	248,400	4.800%	40	40	13,981	Amortizing	
Second Mortgage	515 USDA Loan	620,019	3.375%	30	50	25,689	Amortizing	
Third Mortgage								
Other Source (specify)								
Other Source (specify)								
Deferred Developer Fees	Rea Ventures Group, LLC	27,543						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	CSG MT I, LLC	721,788						
State Housing Credit Equity	CSG SLP, LLC	280,623						
Historic Credit Equity								
Investment Earnings from Tax-Exempt Bonds								
Investment Earnings from Taxable Bonds								
Income from Operations								
Other Source (specify) Ga Power rebate		16,600						
Other Source (specify)								
Other Source (specify)								
Total Permanent Financing:		<b>1,914,973</b>						
Total Development Costs from Development Cost Schedule:		<b>1,914,973</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 - Warm Springs Apartments - 2014-523**

Project Name: Warm Springs Apartments DCA Project Nbr: 2014-523

- 1.) Tax-exempt bond proceeds: 902418
  
- 2.) Aggregate basis of building and land: 1615977
  
- 3.) Percentage of aggregate basis financed by tax-exempt bonds: 55.8%