

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**

McRae-Helena Estates, LP

June 30, 2017

McRae-Helena Estates, LP

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Independent Auditor's Report

Owner's Name: McRae-Helena Estates, LP
Project Name: McRae-Helena Estates
Project Number: 2015-061

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 McRae-Helena Estates, LP (the "Owner") for McRae-Helena Estates ("the Project") as of June 30, 2017.

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 \$7,453,105 and eligible basis of \$6,622,568 of the Owner for the Project as of June 30, 2017, 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
August 31, 2017

PART THREE - SOURCES OF FUNDS - McRae-Helena Estates, LP - 2015-061

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								
Second Mortgage								
Third Mortgage								
Other Source (specify) _____								
Other Source (specify) _____								
Deferred Developer Fees	McRae-Helena Development, LLC	5,623						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	Tax Credit Holdings - McRae-Helena, LLC	5,521,491						
State Housing Credit Equity	Tax Credit Holdings - McRae-Helena, LLC	1,925,991						
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:		7,453,105						
Total Development Costs from Development Cost Schedule:		7,453,105						
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

PART FOUR - USES OF FUNDS - McRae-Helena Estates, LP - 2015-061

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					
Market Study	4,400	4,400			
Environmental Report(s)	7,200	7,200			
Soil Borings	6,670	6,670			
Boundary and Topographical Survey	7,860	7,860			
Zoning/Site Plan Fees					
Other: _____	-	-			
Subtotal	26,130	26,130	-	-	-
ACQUISITION					
Land	300,000				300,000
Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures					
Subtotal	300,000		-		300,000
SITE IMPROVEMENTS					
Site Preparation (On-site)	766,607	733,607			33,000
Site Preparation (Off-site)	-				
Subtotal	766,607	733,607	-	-	33,000
UNIT/BUILDING CONSTRUCTION					
Unit/Building Construction/New Construction	3,847,719	3,847,719			
Unit/Building Construction/Rehab					
Project Amenities / Accessory Buildings					
Other: _____					
Subtotal	3,847,719	3,847,719	-	-	-
CONTRACTOR SERVICES					
Builder's Overhead: 2.00%	92,287	92,275			
Builder Profit: 6.00%	276,860	286,909			
General Requirements 6.00%	276,860	260,612			
Payment/performance bond or letter-of-credit fee or premium					
Subtotal	639,796	639,796	-	-	-
Total Construction Costs	5,254,122	109,460.88 per unit			
	111.52 per sq ft				

I. DEVELOPMENT COST SCHEDULE

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
CONSTRUCTION PERIOD FINANCING					
Construction Loan Fee	48,099	14,696			33,403
Construction Loan Interest	77,117	70,962			6,155
Construction Legal Fees					
Construction Period Real Estate Tax	642	351			291
Construction Insurance	17,720	3,878			13,842
Bridge Loan Fee and Bridge Loan Interest					
Other: Title and Recording Fees	18,675	17,933			742
Subtotal	162,253	107,820	-	-	54,433
PROFESSIONAL SERVICES					
Architectural Fee - Design	79,120	79,120			
Architectural Fee - Supervision	9,890	9,890			
Engineering	81,963	81,963			
Real Estate Attorney	155,750	89,946			65,804
Accounting	25,000	25,000			
Other: Construction Period Inspection	4,800	4,800			
Subtotal	356,523	290,719	-	-	65,804
LOCAL GOVERNMENT FEES					
Building Permits	6,919	6,919			
Impact Fees					
Water Tap Fees <i>waived?</i>	3,550	3,550			
Sewer Tap Fees <i>waived?</i>					
Real Estate Taxes					
Subtotal	10,469	10,469	-	-	-
PERMANENT FINANCING FEES					
Permanent Loan Fees					-
Permanent Loan Legal Fees					
Title and Recording Fees					-
As-Built Survey					
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other:					
Subtotal	-	-	-	-	-

I. DEVELOPMENT COST SCHEDULE

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
DCA-RELATED COSTS					
DCA Loan Application Fee					
Tax Credit Application Fee	6,500				6,500
DCA Waiver Fees					
LIHTC Allocation Processing Fee	52,497				52,497
LIHTC Compliance Monitoring Fee	38,400				38,400
DCA Front End Analysis Fee (when ID of Interest)					
DCA Final Inspection Fee	3,000				3,000
Other: <u>Project Concept Change Fee</u>	1,500				1,500
Subtotal	101,897				101,897
EQUITY COSTS					
Partnership Organization Fees	995				995
Tax Credit Legal Opinion					
Other: _____	-				
Subtotal	995	-	-	-	995
DEVELOPER'S FEE					
Developer's Overhead		-			
Consultant's Fee					
Developer's Fee	930,000	930,000			-
Subtotal	930,000	930,000	-	-	-
START-UP AND RESERVES					
Marketing	15,000				15,000
Rent -Up Reserves	36,715				36,715
Operating Deficit Reserve:	222,693				222,693
Replacement Reserve					
Furniture, Fixtures and Equipment	32,358	32,358			-
Other: _____					
Subtotal	306,766	32,358	-	-	274,408
OTHER COSTS					
Relocation					
Other: _____					-
Other: <u>As Built Survey</u>	3,950	3,950			-
Subtotal	3,950	3,950	-	-	-
TOTAL DEVELOPMENT COST	7,453,105	6,622,568	-	-	830,537
Per Unit	155,273.02				
Per Square Foot	158.20				

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