

**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**

**Trinity Walk II, LP**

**December 31, 2017**

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# Trinity Walk II, LP

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Independent Auditor's Report

Owner's Name: Trinity Walk II, LP  
Project Name: Trinity Walk Phase II  
Project Number: 2015-062

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 Trinity Walk II, LP (the "Owner") for Trinity Walk Phase II ("the Project") as of December 31, 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 \$9,872,781 and adjusted eligible basis of \$8,874,637 of the Owner for the Project as of December 31, 2017, in accordance with financial reporting provisions and qualified allocation plan rules established by DCA.

*Restatement*

Our report has been restated to reflect the changes described in Note A to remove the land capital contribution and the ground lease of \$900,000 from the sources and uses.

*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  
February 14, 2018

Restatement Note A in section VII of Part 3  
June 14, 2018

**PART THREE - SOURCES OF FUNDS - Trinity Walk II, LP - 2015-062**

**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	Preserving Affordable Housing Inc.	630						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	Hudson Trinity Walk II, LLC	6,450,507						
State Housing Credit Equity	Georgia Fund 2016 I, LLC	3,421,644						
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:		<b>9,872,781</b>						
Total Development Costs from Development Cost Schedule:		<b>9,872,781</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**

Note A - At the request of the Georgia Department of Housing and Community Affairs (DCA), the land capital contribution from the Housing Authority of the City of Decatur, Georgia for \$900,000 has been removed.

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See Independent Auditor's Report.

**PART FOUR - USES OF FUNDS - Trinity Walk II, LP - 2015-062**

**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					
Market Study	6,750	4,750			2,000
Environmental Report(s)	5,737	5,737			
Soil Borings					
Boundary and Topographical Survey	14,550	14,550			
Zoning/Site Plan Fees					
Other: Inspection fees, RCS, utility allowance study & other fees	85,465	80,990			4,475
<b>Subtotal</b>	<b>112,502</b>	<b>106,027</b>	<b>-</b>	<b>-</b>	<b>6,475</b>
<b>ACQUISITION</b>					
Ground Lease/Tech Term - Note A - \$900,000 land lease removed	-				-
Demolition	179,500				179,500
Acquisition Legal Fees (if existing structures)					
Existing Structures					
<b>Subtotal</b>	<b>179,500</b>		<b>-</b>		<b>179,500</b>
<b>SITE IMPROVEMENTS</b>					
Site Preparation (On-site)	920,293	728,693			191,600
Site Preparation (Off-site)					
<b>Subtotal</b>	<b>920,293</b>	<b>728,693</b>	<b>-</b>	<b>-</b>	<b>191,600</b>
<b>UNIT/BUILDING CONSTRUCTION</b>					
Unit/Building Construction/New Construction	4,781,827	4,691,121			90,706
Unit/Building Construction/Rehab					
Project Amenities / Accessory Buildings					
Other:					
<b>Subtotal</b>	<b>4,781,827</b>	<b>4,691,121</b>	<b>-</b>	<b>-</b>	<b>90,706</b>
<b>CONTRACTOR SERVICES</b>					
Builder's Overhead: 2.00%	114,042	109,994			
Builder Profit: 6.00%	342,127	303,488			
General Requirements 6.00%	342,127	318,482			
Payment/performance bond or letter-of-credit fee or premium	66,804	66,804			
<b>Subtotal</b>	<b>798,768</b>	<b>798,768</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Construction Costs</b>	<b>6,500,888</b>				
	<i>125,017.08 per unit</i>				
	<i>144.45 per sq ft</i>				

**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		116,861	63,206			53,655
Construction Loan Interest		225,777	120,035			105,742
Construction Legal Fees						
Construction Period Real Estate Tax						
Construction Insurance		11,168	11,168			
Bridge Loan Fee and Bridge Loan Interest						
Other: Title and Recording Fees		29,408	29,408			
	<b>Subtotal</b>	383,214	223,817	-	-	159,397
<b>PROFESSIONAL SERVICES</b>						
Architectural Fee - Design		358,626	358,626			
Architectural Fee - Supervision						
Engineering		30,387	30,387			
Real Estate Attorney		99,657	72,966			26,691
Accounting		34,860	34,860			
Other:						
	<b>Subtotal</b>	523,530	496,839	-	-	26,691
<b>LOCAL GOVERNMENT FEES</b>						
Building Permits		36,279	36,279			
Impact Fees		133,681	133,681			
Water Tap Fees	waived?	11,270	11,270			
Sewer Tap Fees	waived?	74,176	74,176			
Real Estate Taxes						
	<b>Subtotal</b>	255,406	255,406	-	-	-
<b>PERMANENT FINANCING FEES</b>						
Permanent Loan Fees						
Permanent Loan Legal Fees						
Title and Recording Fees						
As-Built Survey						
Bond Issuance Premium						
Cost of Issuance / Underwriter's Discount						
Other:						
	<b>Subtotal</b>	-	-	-	-	-

I. DEVELOPMENT COST SCHEDULE

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
<b>DCA-RELATED COSTS</b>					
DCA Loan Application Fee	5,500				5,500
Tax Credit Application Fee					
DCA Waiver Fees	2,500				2,500
LIHTC Allocation Processing Fee	50,630				52,373
LIHTC Compliance Monitoring Fee	41,600				41,600
DCA Front End Analysis Fee (when ID of Interest)					
DCA Final Inspection Fee	3,000				3,000
Other: _____					
<b>Subtotal</b>	<b>104,973</b>				<b>104,973</b>
<b>EQUITY COSTS</b>					
Partnership Organization Fees	50,000				50,000
Tax Credit Legal Opinion					
Other: _____					
<b>Subtotal</b>	<b>50,000</b>	-	-	-	<b>50,000</b>
<b>DEVELOPER'S FEE</b>					
Developer's Overhead					
Consultant's Fee					
Developer's Fee	1,230,388	1,224,485			5,903
<b>Subtotal</b>	<b>1,230,388</b>	<b>1,224,485</b>	-	-	<b>5,903</b>
<b>START-UP AND RESERVES</b>					
Marketing	6,734				6,734
Rent -Up Reserves					
Operating Deficit Reserve:	150,000				150,000
Replacement Reserve	13,000				13,000
Furniture, Fixtures and Equipment	14,371	14,021			350
Other: _____					
<b>Subtotal</b>	<b>184,105</b>	<b>14,021</b>	-	-	<b>170,084</b>
<b>OTHER COSTS</b>					
Relocation	12,815				12,815
Other: Shared amenities	335,460	335,460			-
Other: _____					
<b>Subtotal</b>	<b>348,275</b>	<b>335,460</b>	-	-	<b>12,815</b>
<b>TOTAL DEVELOPMENT COST</b>	<b>9,872,781</b>	<b>8,874,637</b>	-	-	<b>998,144</b>
<b>Per Unit</b>	<b>189,861.17</b>				
<b>Per Square Foot</b>	<b>219.38</b>				

**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

	New Construction Basis	4% Acquisition Basis	Rehabilitation Basis
<b>Total Subtractions From 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

Total Basis	8,874,637	0	0
Less Total Subtractions From Basis (see above)	0		0
Total Eligible Basis	8,874,637	0	0
Eligible Basis Adjustment for DDA/QCT Location	100.00%		
Adjusted Eligible Basis	8,874,637	0	0
Multiply Adjusted Eligible Basis by Applicable Fraction	100.00%	100.00%	100.00%
Qualified Basis	8,874,637	0	0
Multiply Qualified Basis by Applicable Credit Percentage	9.00%		
Maximum Tax Credit Amount	798,717	0	0
<b>Total Basis Method Tax Credit Calculation</b>		<b>798,717</b>	

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

**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

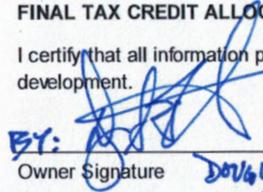
Total Development Cost	9,872,781		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	0		
Equity Gap	9,872,781		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	987,278	Federal	State
Enter Final Federal and State Equity Factors (not including GP contribution)	1.5600	= 1.0300	+ 0.5300
Total Gap Method Tax Credit Calculation	632,871		

**IV. TAX CREDIT CARRYOVER ALLOCATION**

Allocation Year

**V. FINAL TAX CREDIT ALLOCATION REQUEST**

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.

BY:   
 Owner Signature DOUGLAS S. FAUST  
 MANAGER

TRINITY WALK II, LP  
 A GEORGIA LIMITED PARTNERSHIP  
 BY: TRINITY WALK II GENERAL PARTNER, LLC 06/18/18  
 Name - Please Type A GEORGIA LIMITED LIABILITY COMPANY, Date  
GENERAL PARTNER

See Independent Auditor's Report.



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