

SWIFT LANE LIMITED DIVIDEND HOUSING ASSOCIATION LIMITED PARTNERSHIP

MSHDA PROJECT NO.: H17005

FINAL COST CERTIFICATION AND
INDEPENDENT AUDITOR'S REPORT

FEBRUARY 19, 2021

TIDWELL
 **group**



Swift Lane Limited Dividend Housing Association Limited Partnership

TABLE OF CONTENTS

| | PAGE |
|--|------|
| INDEPENDENT AUDITOR'S REPORT | 3 |
| SCHEDULE OF ELIGIBLE BASIS | 5 |
| SCHEDULE OF ACTUAL DEVELOPMENT COSTS | 7 |
| OWNER'S CERTIFICATE OF FINAL ACTUAL COSTS | 9 |
| OWNER'S CERTIFICATE OF FINAL ACTUAL COSTS – SUPPLEMENTAL SCHEDULE | 12 |
| OWNER'S CERTIFICATION | 13 |
| CERTIFICATION OF SYNDICATION OF PROJECT | 15 |



INDEPENDENT AUDITOR'S REPORT

To the Members of
Swift Lane Limited Dividend Housing Association Limited Partnership
Albany, New York

and

Michigan State Housing Development Authority
Lansing, Michigan

Report on the Final Cost Certification

We have audited the costs and final sources of funds included in the accompanying Michigan State Housing Development Authority (“MSHDA”) *Low Income Housing Tax Credit Program Owner’s Certificate of Final Actual Costs Forms* (the “Final Cost Certification”) of Swift Lane Limited Dividend Housing Association Limited Partnership (the “Owner”) for Swift Lane (the “Project”) as of February 19, 2021.

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 the accounting practices prescribed by the Internal Revenue Service, under the accrual method of accounting, and in conformity with the format set by MSHDA, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 accounting policies used and the reasonableness of significant 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 total development costs of \$18,585,445 and eligible basis of \$17,749,643 for Swift Lane Limited Dividend Housing Association Limited Partnership as of February 19, 2021, on the basis of accounting described below.

Basis of Accounting

The accompanying Final Cost Certification was 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 set by MSHDA, which is a comprehensive 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

This report is intended solely for the information and use of the Owner and the Owner's management and for filing with MSHDA and should not be used for any other purpose.

Other Matter

We have no financial interest in the Project other than in the practice of our profession.

Gidwell Group, LLC

Atlanta, Georgia
October 8, 2021

Swift Lane Limited Dividend Housing Association Limited Partnership
Schedule of Eligible Basis

| <u>Line</u> | <u>Owner's Certificate of Final Actual Costs</u> | <u>Audited Costs</u> | <u>Eligible Basis 9%</u> | <u>Ineligible Basis</u> |
|------------------------------------|--|----------------------|--------------------------|-------------------------|
| Land: | | | | |
| 1 | Land Purchase | - | - | - |
| 2 | Closing/Title & Recording | - | - | - |
| 3 | Real Estate Expenses | - | - | - |
| 4 | Other Land Related Expenses | - | - | - |
| Building Acquisition: | | | | |
| 5 | Existing Structures | - | - | - |
| 6 | Demolition (Exterior) | - | - | - |
| 7 | Other (Describe) | - | - | - |
| Site Work | | | | |
| 8 | On Site | 2,743,979 | 2,738,499 | 5,480 |
| 9 | Off Site Improvements | - | - | - |
| 10 | Other (Describe): see supp. schedule | - | - | - |
| Construction Costs | | | | |
| 11 | New Structures | 9,644,162 | 9,644,162 | - |
| 12 | Rehabilitation | - | - | - |
| 13 | Garages/Carports | - | - | - |
| 14 | Laundry Facilities | - | - | - |
| 15 | Accessory Building | - | - | - |
| 16 | Pool | - | - | - |
| 17 | General Requirements (Not to exceed 6% line 40: | 782,106 | 782,106 | - |
| 18 | Builder Overhead | 472,676 | 472,676 | - |
| 19 | Builder Profit | 688,162 | 688,162 | - |
| 20 | Subtotal Construction Costs | 11,587,106 | 11,587,106 | - |
| Professional Fees | | | | |
| 21 | Design Architect | 544,268 | 544,268 | - |
| 22 | Supervisory Architect | - | - | - |
| 23 | Real Estate Attorney | 168,627 | 98,710 | 69,917 |
| 24 | Engineer/Survey | 87,265 | 87,265 | - |
| 25 | Tap Fees/Soil Borings | 22,612 | 22,612 | - |
| 26 | Permits & Fees | 489,865 | 489,865 | - |
| 27 | Other: Appraisal | 12,575 | 12,575 | - |
| Interim Construction Costs: | | | | |
| 28 | Hazard Insurance | - | - | - |
| 29 | Liability Insurance | - | - | - |
| 30 | Interest | 273,391 | 142,216 | 131,175 |
| 31 | Loan Origination Fee | 124,450 | 116,153 | 8,297 |
| 32 | Loan Enhancement | - | - | - |
| 33 | Title, Recording & Taxes | 55,812 | 55,812 | - |
| 34 | Other: Constr Monitoring/Plan Review | 153,001 | 137,404 | 15,597 |
| Permanent Financing: | | | | |
| 35 | Bond Premium | - | - | - |
| 36 | Credit Report | - | - | - |
| 37 | Loan Origination Fee | 84,263 | - | 84,263 |
| 38 | Loan Credit Enhancement | - | - | - |
| 39 | Title, Recording & Taxes | - | - | - |
| 40 | Legal Fees | - | - | - |
| 41 | Other (Describe): Permanent loan closing costs | 5,000 | - | 5,000 |

(continued)

Swift Lane Limited Dividend Housing Association Limited Partnership
Schedule of Eligible Basis - Continued

| <u>Line</u> | <u>Owner's Certificate of Final Actual Costs</u> | <u>Audited Costs</u> | <u>Eligible Basis 9%</u> | <u>Ineligible Basis</u> |
|--------------------------|--|----------------------|----------------------------|-------------------------|
| Other Costs | | | | |
| 42 | Feasibility Study | - | - | - |
| 43 | Market Study | - | - | - |
| 44 | Environmental Study | 131,385 | 131,385 | - |
| 45 | Tax Credit Fees | 99,220 | - | 99,220 |
| 46 | Compliance Fees | 30,400 | - | 30,400 |
| 47 | Marketing/Rent-Up | 491 | - | 491 |
| 48 | Cost Certification | 43,000 | 43,000 | - |
| 49 | Bridge Loan Expenses (During Construction) | - | - | - |
| 50 | Other (Describe): See supp. Schedule | 105,735 | 42,773 | 62,962 |
| Syndication Costs | | | | |
| 51 | Organizational | - | - | - |
| 52 | Bridge Loan | - | - | - |
| 53 | Tax Opinion | - | - | - |
| 54 | PV Adjustment | - | - | - |
| 55 | Other (Describe) | - | - | - |
| Developer | | | | |
| 56 | Developer Overhead | - | - | - |
| 57 | Developer Fee | 1,500,000 | 1,500,000 | - |
| 58 | Consultant Fee | - | - | - |
| Project Reserves | | | | |
| 59 | Rent-Up Reserves | - | - | - |
| 60 | Operating Reserves | 323,000 | - | 323,000 |
| 61 | Replacement Reserves | - | - | - |
| 62 | Other (Describe) | - | - | - |
| Total | | <u>18,585,445</u> | <u>17,749,643</u> | <u>835,802</u> |
| | | | Increase for QCT | 120% |
| | | | Adjusted Eligible Basis | <u>21,299,572</u> |
| | | | Application Fraction | 100% |
| | | | Total Qualified Basis | <u>21,299,572</u> |
| | | | Applicable Tax Credit Rate | 9.00% |
| | | | Computed Tax Credit | <u>1,916,961</u> |

See Independent Auditor's Report

Swift Lane Limited Dividend Housing Association Limited Partnership
Schedule of Actual Development Costs

| Line | Owner's Certificate of Budgeted vs Actual Costs | Budget | Total Actual |
|------|---|-------------------|-------------------|
| | Land: | | |
| 1 | Land Purchase | - | - |
| 2 | Closing/Title & Recording | - | - |
| 3 | Real Estate Expenses | - | - |
| 4 | Other Land Related Expenses | - | - |
| | Building Acquisition: | | |
| 5 | Existing Structures | - | - |
| 6 | Demolition (Exterior) | - | - |
| 7 | Other (Describe) | - | - |
| | Site Work | | |
| 8 | On Site | 2,902,430 | 2,743,979 |
| 9 | Off Site Improvements | - | - |
| 10 | Other (Describe): see supp. schedule | - | - |
| | Construction Costs | | |
| 11 | New Structures | 10,062,489 | 9,644,162 |
| 12 | Rehabilitation | - | - |
| 13 | Garages/Carports | - | - |
| 14 | Laundry Facilities | - | - |
| 15 | Accessory Building | - | - |
| 16 | Pool | - | - |
| 17 | General Requirements (Not to exceed 6% line 40: | 630,861 | 782,106 |
| 18 | Builder Overhead | 210,171 | 472,676 |
| 19 | Builder Profit | 630,861 | 688,162 |
| 20 | Subtotal Construction Costs | <u>11,534,382</u> | <u>11,587,106</u> |
| | Professional Fees | | |
| 21 | Design Architect | 616,157 | 544,268 |
| 22 | Supervisory Architect | - | - |
| 23 | Real Estate Attorney | 126,335 | 168,627 |
| 24 | Engineer/Survey | 30,089 | 87,265 |
| 25 | Tap Fees/Soil Borings | 10,199 | 22,612 |
| 26 | Permits & Fees | 543,146 | 489,865 |
| 27 | Other: Appraisal | 5,575 | 12,575 |
| | Interim Construction Costs: | | |
| 28 | Hazard Insurance | - | - |
| 29 | Liability Insurance | - | - |
| 30 | Interest | 737,526 | 273,391 |
| 31 | Loan Origination Fee | 124,450 | 124,450 |
| 32 | Loan Enhancement | - | - |
| 33 | Title, Recording & Taxes | 54,893 | 55,812 |
| 34 | Other: Constr Monitoring/Plan Review | 236,829 | 153,001 |
| | Permanent Financing: | | |
| 35 | Bond Premium | - | - |
| 36 | Credit Report | - | - |
| 37 | Loan Origination Fee | 84,263 | 84,263 |
| 38 | Loan Credit Enhancement | - | - |
| 39 | Title, Recording & Taxes | - | - |
| 40 | Legal Fees | - | - |
| 41 | Other (Describe): Permanent loan closing costs | - | 5,000 |

(continued)

Swift Lane Limited Dividend Housing Association Limited Partnership
Schedule of Actual Development Costs - Continued

| Line | Owner's Certificate of Budgeted vs Actual Costs | Budget | Total Actual |
|-------------|--|-------------------|---------------------|
| | Other Costs | | |
| 42 | Feasibility Study | - | - |
| 43 | Market Study | - | - |
| 44 | Environmental Study | 112,875 | 131,385 |
| 45 | Tax Credit Fees | 119,620 | 99,220 |
| 46 | Compliance Fees | - | 30,400 |
| 47 | Marketing/Rent-Up | 491 | 491 |
| 48 | Cost Certification | 14,478 | 43,000 |
| 49 | Bridge Loan Expenses (During Construction) | - | - |
| 50 | Other (Describe): See supp. Schedule | 126,173 | 105,735 |
| | Syndication Costs | | |
| 51 | Organizational | - | - |
| 52 | Bridge Loan | - | - |
| 53 | Tax Opinion | - | - |
| 54 | PV Adjustment | - | - |
| 55 | Other (Describe) | - | - |
| | Developer | | |
| 56 | Developer Overhead | - | - |
| 57 | Developer Fee | 1,500,000 | 1,500,000 |
| 58 | Consultant Fee | - | - |
| | Project Reserves | | |
| 59 | Rent-Up Reserves | - | - |
| 60 | Operating Reserves | 323,000 | 323,000 |
| 61 | Replacement Reserves | - | - |
| 62 | Other (Describe) | - | - |
| | Total | 19,202,911 | 18,585,445 |

See Independent Auditor's Report

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LOW INCOME HOUSING TAX CREDIT PROGRAM
OWNER'S CERTIFICATE OF FINAL ACTUAL COSTS**

To: Low Income Housing Tax Credit Program Manager

Development Name: Swift Lane

Location: Ann Arbor, Michigan

The cut-off date used for the calculation of interest, taxes and insurance during construction is:

2/19/2021

The actual cost to the owner of labor and materials and necessary services for the construction of the physical improvements in connection with the subject development, after deduction of kickbacks, rebates, adjustments, discounts made or to be made to the mortgagor, sponsor, or any corporation, trust, partnership, joint venture or other legal entity in which they or any of them hold any interest, is as follows:

| | Column 1* Audited Costs | Column 2** Costs to be Included in Eligible Basis | |
|--|----------------------------|---|-------------------|
| | | 4% | 9% |
| LAND | | | |
| Line 1 - Land Purchase | \$ - | \$ - | \$ - |
| Line 2 - Closing/Title & Recording | - | - | - |
| Line 3 - Real Estate Expenses | - | - | - |
| Line 4 - Other Land Related Expenses | - | - | - |
| BUILDING ACQUISITION | | | |
| Line 5 - Existing Structures | - | - | - |
| Line 6 - Demolition (Exterior) | - | - | - |
| Line 7 - Other (Describe): | - | - | - |
| SITE WORK | | | |
| Line 8 - On Site | 2,743,979 | - | 2,738,499 |
| Line 9 - Off Site Improvements | - | - | - |
| Line 10 - Other (Describe): see supp. schedule | - | - | - |
| CONSTRUCTION COSTS | | | |
| Line 11 - New Structures | 9,644,162 | - | 9,644,162 |
| Line 12 - Rehabilitation | - | - | - |
| Line 13 - Garages/Carports | - | - | - |
| Line 14 - Laundry Facilities | - | - | - |
| Line 15 - Accessory Building | - | - | - |
| Line 16 - Pool | - | - | - |
| Line 17 - General Requirements | 782,106 | - | 782,106 |
| Line 18 - Builder Overhead | 472,676 | - | 472,676 |
| Line 19 - Builder Profit | 688,162 | - | 688,162 |
| Line 20 - Subtotal - Construction Costs | 11,587,106 | - | 11,587,106 |

(continued)

| | Column 1* Audited Costs | Column 2** Costs to be Included in Eligible Basis | |
|--|----------------------------|---|---------|
| | | 4% | 9% |
| PROFESSIONAL FEES | | | |
| Line 21 - Design Architect | 544,268 | - | 544,268 |
| Line 22 - Supervisory Architect | - | - | - |
| Line 23 - Real Estate Attorney | 168,627 | - | 98,710 |
| Line 24 - Engineer/Survey | 87,265 | - | 87,265 |
| Line 25 - Tap Fees/Soil Borings | 22,612 | | 22,612 |
| Line 26 - Permits & Fees | 489,865 | | 489,865 |
| Line 27 - Other: Appraisal | 12,575 | - | 12,575 |
| INTERIM CONSTRUCTION COSTS | | | |
| Line 28 - Hazard Insurance | - | - | - |
| Line 29 - Liability Insurance | - | - | - |
| Line 30 - Interest | 273,391 | - | 142,216 |
| Line 31 - Loan Origination Fee | 124,450 | - | 116,153 |
| Line 32 - Loan Enhancement | - | - | - |
| Line 33 - Title, Recording & Taxes | 55,812 | - | 55,812 |
| Line 34 - Other: Constr Monitoring/Plan Review | 153,001 | - | 137,404 |
| PERMANENT FINANCING | - | - | - |
| Line 35 - Bond Premium | - | - | - |
| Line 36 - Credit Report | - | - | - |
| Line 37 - Loan Origination Fee | 84,263 | - | - |
| Line 38 - Loan Credit Enhancement | - | - | - |
| Line 39 - Title, Recording & Taxes | - | - | - |
| Line 40 - Legal Fees | - | - | - |
| Line 41 - Other (Describe): Permanent loan closing costs | 5,000 | - | - |
| OTHER COSTS | - | - | - |
| Line 42 - Feasibility Study | - | - | - |
| Line 43 - Market Study | - | - | - |
| Line 44 - Environmental Study | 131,385 | - | 131,385 |
| Line 45 - Tax Credit Fees | 99,220 | - | - |
| Line 46 - Compliance Fees | 30,400 | - | - |
| Line 47 - Marketing/Rent-Up | 491 | - | - |
| Line 48 - Cost Certification | 43,000 | | 43,000 |
| Line 49 - Bridge Loan Expenses (During Construction) | - | - | - |
| Line 50 - Other (Describe): See supp. schedule | 105,735 | - | 42,773 |

(continued)

| | Column 1* Audited Costs | Column 2** Costs to be Included in Eligible Basis | |
|--|----------------------------|---|----------------------|
| | | 4% | 9% |
| SYNDICATION COSTS | | | |
| Line 51 - Organizational | - | - | - |
| Line 52 - Bridge Loan | - | - | - |
| Line 53 - Tax Opinion | - | - | - |
| Line 54 - PV Adjustment | - | - | - |
| Line 55 - Other (Describe) | - | - | - |
| DEVELOPER | | | |
| Line 56 - Developer Overhead | - | - | - |
| Line 57 - Developer Fee | 1,500,000 | - | 1,500,000 |
| Line 58 - Consultant Fee | - | - | - |
| PROJECT RESERVES | | | |
| Line 59 - Rent-Up Reserves | | - | - |
| Line 60 - Operating Reserves | 323,000 | - | - |
| Line 61 - Replacement Reserves | - | - | - |
| Line 62 - Other (Describe): | - | - | - |
| TOTAL (Must match Total Development Costs in Application) | \$ 18,585,445 | \$ - | \$ 17,749,643 |
| Line 63 - Permanent Mortgage Loans | 5,142,497 | - | - |
| Line 64 - Other Non-Equity Sources: Def. Dev. Fee | - | - | - |
| Line 65 - Equity Sources, Limited Partner | 13,442,948 | - | - |
| TOTAL SOURCES | \$ 18,585,445 | | |

See Independent Auditor's Report

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LOW INCOME HOUSING TAX CREDIT PROGRAM
OWNER'S CERTIFICATE OF FINAL ACTUAL COSTS - SUPPLEMENTAL SCHEDULE**

| <u>Line Item</u> | <u>Column 1</u> | <u>Column 2</u> | <u>Description</u> |
|---|-------------------|-------------------|--|
| Line 34 - Other Interim Construction Costs | \$ 4,800 | \$ 4,800 | Plan Review |
| | 47,000 | 31,403 | Construction Loan Closing Costs |
| | 26,700 | 26,700 | Bank Inspector/Cost Review |
| | 74,501 | 74,501 | Builder's Risk Insurance |
| | <u>\$ 153,001</u> | <u>\$ 137,404</u> | |
| Line 41 - Permanent Financing Costs | \$ 5,000 | \$ - | Permanent Loan Closing Costs |
| | <u>\$ 5,000</u> | <u>\$ -</u> | |
| Line 50 - Other Costs | \$ 27,630 | \$ 27,630 | Sitework Paid Outside of Construction Contract |
| | 158 | 158 | Electrical Costs Outside of Construction Contract |
| | 59,819 | - | Relocation |
| | 3,143 | - | Bank Fees |
| | 14,985 | 14,985 | Consulting |
| | <u>\$ 105,735</u> | <u>\$ 42,773</u> | |

See Independent Auditor's Report

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LOW INCOME HOUSING TAX CREDIT PROGRAM
OWNER'S CERTIFICATION**

Project Name: Swift Lane

Owner Name: Swift Lane Limited Dividend Housing Association Limited Partnership

Developer Name: Norstar Development USA, L.P.

Owner Certification

The undersigned hereby certifies that: (Check One)

There has not been and is not now any identity of interest between the owner on the one hand and the developer or any subcontractor, material supplier or equipment lessor on the other.

An identity of interest exists between the owner on the one hand and the developer, contractor or any subcontractor, material supplier or equipment lessor on the other.
The following statement fully describes the identity of interest relationship(s):

There is an identity of interest between the Owner and the Developer, Norstar Development USA, L.P.

All amounts shown have been reduced to give effect to the amount(s) of any kickbacks, rebates, adjustments, discounts (except as allowed in the Cost Certification Guidelines), or any other devices which, if included, would have the effect of overstating the actual costs.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.



Owner

By: Swift Lane Limited Dividend Housing Association Limited Partnership

Its: Manager

Date: 10/10/2021

(continued)

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LOW INCOME HOUSING TAX CREDIT PROGRAM
OWNER'S CERTIFICATION**

Project Name: Swift Lane

Owner Name: Swift Lane Limited Dividend Housing Association Limited Partnership

Developer Name: Ann Arbor Housing Development Corporation

Owner Certification

The undersigned hereby certifies that: (Check One)

There has not been and is not now any identity of interest between the owner on the one hand and the developer or any subcontractor, material supplier or equipment lessor on the other.

An identity of interest exists between the owner on the one hand and the developer, contractor or any subcontractor, material supplier or equipment lessor on the other.
The following statement fully describes the identity of interest relationship(s):

There is an identity of interest between the Owner and the Developer, Ann Arbor Housing Development Corporation

All amounts shown have been reduced to give effect to the amount(s) of any kickbacks, rebates, adjustments, discounts (except as allowed in the Cost Certification Guidelines), or any other devices which, if included, would have the effect of overstating the actual costs.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.



Owner

By: Swift Lane Limited Dividend Housing Association Limited Partnership

Its: Manager

Date: 10/10/2021

See Independent Auditor's Report

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LOW INCOME HOUSING TAX CREDIT PROGRAM
CERTIFICATION OF SYNDICATION OF PROJECT**

Development Name: Swift Lane

Location: Ann Arbor, Michigan

I certify that the syndication proceeds applicable to this development are as follows:

Gross syndication proceeds: \$ 13,442,948

Net proceeds to the development: \$ 13,442,948



Owner

By: Swift Lane Limited Dividend Housing Association Limited Partnership

Its: Manager

Date: 10/10/2021

See Independent Auditor's Report