# Annual Owner Financial Certification Reporting Instructions

Annual Owner Financial Certification Reports are due by April 30th of every year with the rest of the Annual Owner's Compliance Report (AOCR). The AOFC is completed in the Contract Monitoring and Tracking System (CMTS) and will also require submission of the following items (preferred submission method is as an uploaded attachment in CMTS submitted to your Asset Manager):

- Rent Roll as of 12/31
- Annual Operating/Financial Statements as of 12/31
    - Income statement
    - Balance sheet
    - Statement of Cash Flow
    - Profit & Loss Statement
    - IRS 990 for Nonprofit Organizations
- Proof of Property Liability Insurance (declaration page or ACCORD Cert) and invoice showing payment is current
- Proof of payment of property taxes to the local appraisal district
- Reserve Account bank statements as of 12/31 for all required reserve accounts showing balances that are consistent with those reported in CMTS and on the Reserve Account Information Form

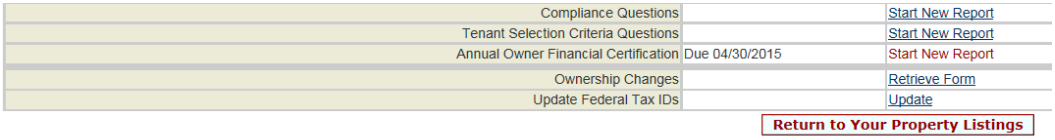
The first AOCR is due the second year following the year of award, in accordance with the deadlines set out in Subchapter F of the Uniform Multifamily Rules. For example, if a development is awarded funding in calendar year 2015, the first report is due April 30, 2017. The information in the report will reflect data from January 1st to December 31st of the previous year (the reporting year). Reports are available for submittal starting in January and will be considered late after April 30th.

Questions about the Annual Owner's Financial Certification Report can be directed to the Asset Manager for the development, but questions about any other portion of the AOCR should be directed to the Compliance Division. Note that income and expense categories are further detailed in Subchapter D of the Uniform Multifamily Rules (see Section 10.302(d)(1)-(4) for general guidelines and definitions).

# Accessing the Report

1) From the “Your Property Listings” page, select “Annual Owners Compliance Reports”.

2) Select “Start New Report” next to “Annual Owner Financial Certification”.




3) If the above does not appear correctly, you may also troubleshoot by selecting “Reports” from the properties table, scrolling to the latest Annual Owner Financial Certification and selecting “Start New Report”.

# Part One (Occupancy)

1) Answer whether the property has been occupied during the last fiscal quarter. “Y” for Yes or “N” for No can be selected but the response cannot be left blank.

2) If the answer is “N”, explain why the property is not currently occupied. *Once an explanation has been entered, the report is complete. Thank you for completing your annual report!*

3) If the answer is “Y”, the report will continue on the following page.

4) Click “Save”.

***HELPFUL TIP:*** You can click the “Return to the My Report Listing” page link to go back to the Property Listings page to preview your report, select another property report, or submit your report.

# Part Two (Vacancy Information)

1) The system will automatically pull in the total number of units for the development.

2) Enter the total number of units currently vacant as of the date of your report submission.

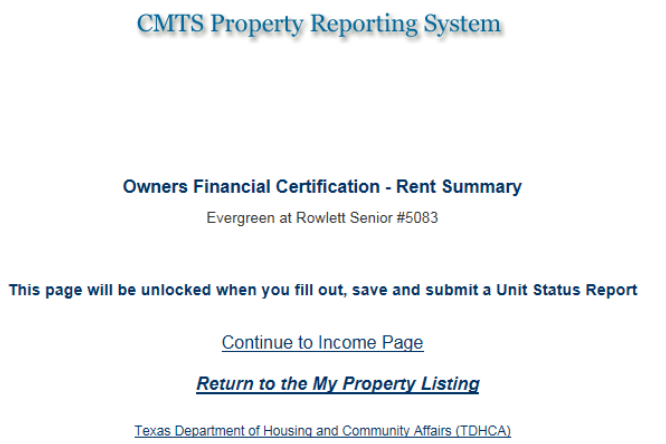
3) Enter the number of employee occupied or model units at the development. The system will exclude these from the percentage of vacant units to avoid overstating the vacancy rate.

4) If the auto-calculated percentage of vacant units is greater than 10%, provide a short explanation for the vacancies, including any plans to identify or resolve current leasing issues. Two hundred forty (240) characters are allowed in the text box – any additional narrative you would like to enter can be attached in CMTS as an attachment to the report.

5) Select either "Calculate Totals, Save and Return to This Page" or "Calculate Totals, Save and Proceed to Rent Summary Page" (the next page), and click "Save". The page will automatically default to returning to the page until you select otherwise.

# Part Three (Rent Summary – HOME properties only)

Part three is only applicable to TDHCA HOME funded properties. If you do not have TDHCA HOME funds at your property, you will not see the Rent Summary screen and the report will prompt you to continue to Part Four (skip to Income below). **NOTE:** ***If the Unit Status Report has not yet been filled, the screen will prompt you to complete the USR first and return to the AOFC to complete the Rent Summary. The system will allow you to Continue to the Income page or Return to the Property Listings to enter the USR:***




1) In the Set Aside column, enter the 50% or 80% set aside limit corresponding to the bedroom sizes.

2) In the Bedrooms column, enter the number of bedrooms at the set aside limit.

3) In the Maximum Rent Limit column, enter the maximum rent amount allowed under the set aside and bedroom size for the HOME program.

4) In the Utility Allowance column, enter the last approved Utility Allowances being used.

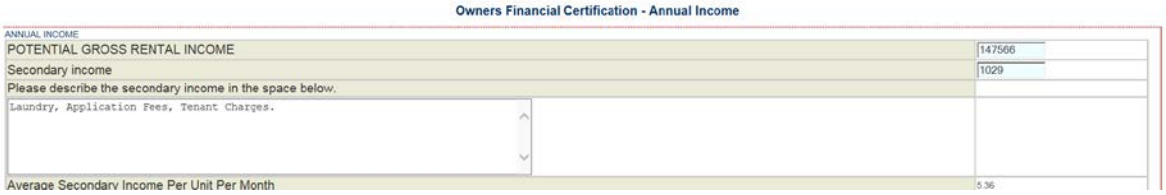
5) Answer the drop down question on the method being used to calculate the property's utility allowances for HOME units.

6) If using one of the allowances labeled 1-4, enter the date the utility allowance was last approved by TDHCA. Options 5-7 from the drop down menu do not need to enter a date of approval.

# Part Four (Income)

1) Enter the potential gross rental income (income received from rent) for the property from the year-end profit and loss statement or operating statement (include rental subsidies in the gross rental income total). Make sure not to use any commas or number signs or the report will error.

2) Enter the total of all secondary income received for the property (such as laundry fees, application fees, carport or storage fees, etc.) and enter a short description of all secondary income in the narrative space below.




***HELPFUL TIP:*** Average secondary income per unit per month will auto-calculate but will not appear until either the "Calculate Totals, Save and Return to This Page" or "Save Then Owners Financial Certification – Annual Operating Expenses Page" is selected and the report page is saved.

3) Enter any other non-rental income that is not considered rental or secondary income and enter a short description in the narrative space below.

***HELPFUL TIP:*** Potential Gross Income will auto-calculate but will not appear until the report page is saved.

4) Enter the total for any vacancy and collection loss (enter only as a positive number).

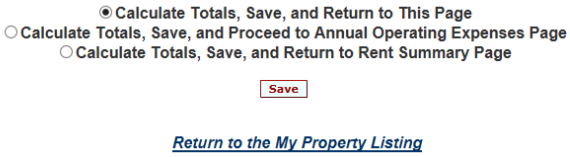
***HELPFUL TIP:*** The system will auto-calculate a percentage based on the potential gross income (vacancy loss/potential gross income) but the percentage will not appear until the report page is saved.

5) Enter the total of any rental concessions (move in rent specials, etc.) (enter only as a positive number).

6) Enter any financial loss from non-income or employee units (such as security officer units, manager units, or office staff unit discounts) (enter only as a positive number).

***HELFPUL TIP:*** The system will auto-calculate a total Effective Gross Annual Income by subtracting vacancy and collection loss, rental concessions, and loss from non-income/employee units but the figure will not appear until the report is saved.

7) Select "Calculate Totals, Save and Return to This Page" to review the income information entered and ensure it matches the totals on the profit and loss or operating statement. Once the information is reviewed and all corrections are made, select "Save Then Owners Financial Certification – Annual Operating Expenses Page" to move on to entering expenses.




# Part Five (Expenses)

***General and Administrative Expenses***

1) Enter all General and Administrative Expenses by the categories listed. If the categories in the operating statement don't match, try to make the best determinations on where the listed items should go. Enter total accounting expenses for the year, advertising expenses for the year, etc. Include items not considered 'other office expenses' that do not match any other category as "Miscellaneous" and describe them in the narrative box below. Depreciation, amortization, and other non-cash expenses should not be included in the Annual Owner's Financial Certification.

***HELPFUL TIP:*** The system will auto-calculate your total General and Administrative Expenses next to the total but the figure will not appear until the report is saved.

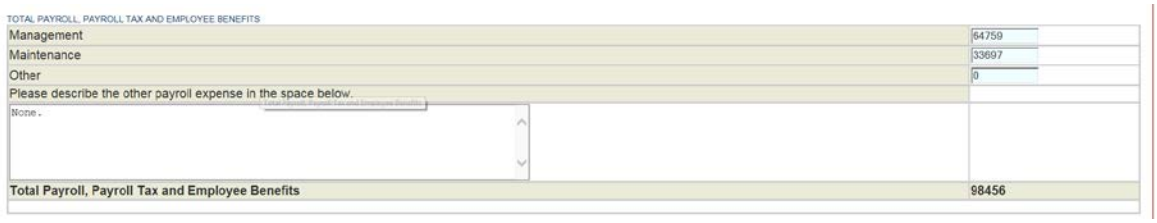
***Management Fees***

2) Enter the total management fees for the year. If management fees were included in the General and Administrative Expenses, make sure they are subtracted from the General and Administrative Expenses so Expenses are not overstated.

***HELPFUL HINT:*** The system will auto-calculate the management fee percentage based on effective gross income (management fee/effective gross income total from the previous reporting page) and then will auto-total the total management fees (which will reiterate the management fee entry), but the figure will not appear until the report is saved.

***Payroll, Payroll Tax, and Employee Benefits***

3) Enter the total payroll, payroll taxes, and employee benefits expenses for management employees and maintenance employees (for example, total the salaries, payroll taxes, and benefits expenses for all office employees in the management block and total the salaries, payroll taxes, and benefits expenses for all maintenance employees in the maintenance block). Enter any other salary, payroll, payroll tax, or benefit expenses not included in the above totals in "Other" and describe them in the narrative space below.




***HELPFUL HINT:*** The system will auto-calculate the Total Payroll, Payroll Tax, and Employee Benefits but the figure will not appear until the report is saved.

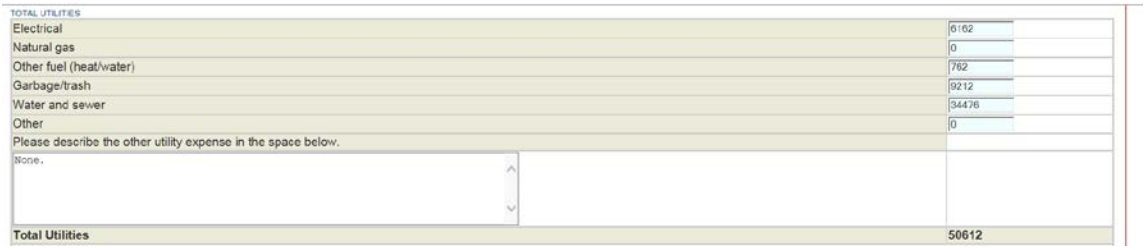
***Repairs and Maintenance***

4) Enter all Repairs and Maintenance Expenses by the categories listed. If the categories in the operating statement don't match, try to make the best determinations on where your listed items should go. Enter total elevator, exterminating, grounds keeping, unit make-ready, repairs expenses, etc. Any other repair/maintenance items can be listed in "Other" and described in the narrative box below.

***HELPFUL HINT:*** The system will auto-calculate the Total Repairs and Maintenance expenses but the figure will not appear until the report is saved.

***Utilities***

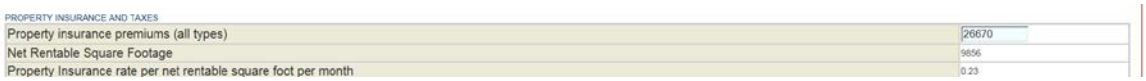
5) Enter the total utilities expenses for the property (make sure that electrical, natural gas, garbage/trash, and water and sewer are entered separately). Other fuel might include oil heat or etc. Include any other utilities in other and describe them in the narrative box below.



| TOTAL UTILITIES | |
|---|---|
| Electrical | 6162 |
| Natural gas | 0 |
| Other fuel (heat/water) | 762 |
| Garbage/trash | 9212 |
| Water and sewer | 34476 |
| Other | 0 |
| Please describe the other utility expense in the space below. | |
| None. | |
| **Total Utilities** | **50612** |

***Insurance and Taxes***

6) Enter the property insurance expense for the property (total all types of property insurance).



| PROPERTY INSURANCE AND TAXES | |
|---|---|
| Property insurance premiums (all types) | 26670 |
| Net Rentable Square Footage | 9856 |
| Property Insurance rate per net rentable square foot per month | 0.23 |

***HELPFUL HINT:*** The system will auto-calculate the net rentable square footage from CMTS and the property insurance rate per net rentable square foot per month but the figures will not appear until the report is saved.

7) Enter the property taxes paid for the year.

| | |
|---|---|
| Real property tax | 30799 |
| Assessed value | 1852376 |
| Tax rate per 100 dollars of assessment | 2.75 |
| Personal property tax | 0 |
| Please describe the personal property tax expense in the space below. | |
| **Total Insurance and Taxes** | **57469** |

8) From the County Appraisal District (CAD) or from the annual tax statement received, enter the total assessed value for the property.

9) Enter the tax rate listed on the CAD or the annual tax statement received for “Tax rate per 100 dollars of assessment”.

10) If personal property tax or franchise tax appears on the property’s operating or profit and loss statement, enter it under “Personal property tax”. Describe any entry for personal property tax expenses in the narrative box below.

***HELPFUL HINT:*** The system will auto-calculate the total insurance and taxes entered but the figure will not appear until the report is saved.

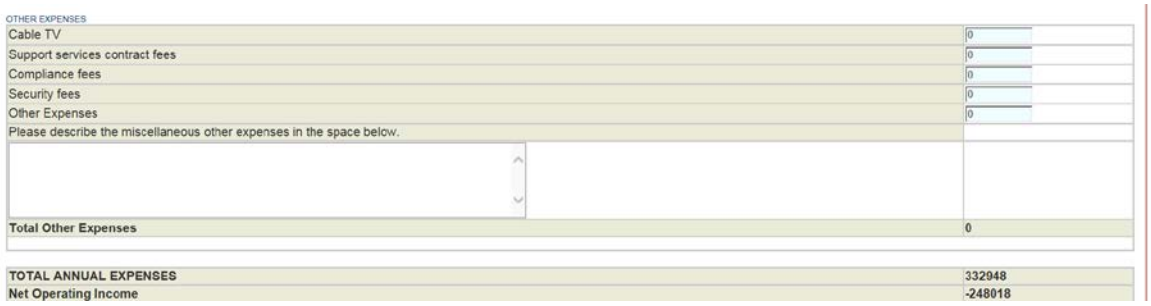
***Reserve for Replacement***

11) Enter the amount contributed to the reserve for replacements account for the full year under "Reserve for replacements".

***HELPFUL HINT:*** The system will auto-calculate the amount of reserves contributed per unit per year but the figure will not appear until the report is saved. The system will also auto-calculate the total reserve for replacement contribution for the year (which will reiterate your above entry).

***Other Expenses***

12) Enter Other Expenses as shown, including Cable TV, Support Services contract fees, TDHCA Compliance fees, TDHCA Asset Management fees (for TCAP and Exchange deals), security fees, and any other expenses. Describe the other expenses entered in the narrative box below.



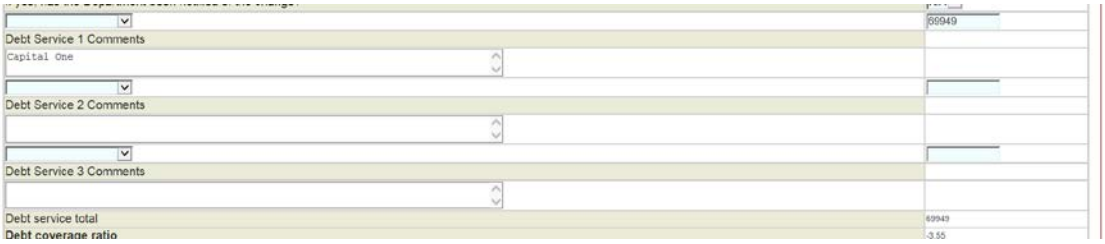

***HELPFUL HINT:*** The system will auto-calculate the Total Other Expenses but the figure will not appear until the report is saved. The system will also auto-calculate the total annual expenses (each item total from the expenses section will be totaled) and will auto-calculate Net Operating Income (NOI) or the total income remaining after all expenses (operating, replacement reserves, taxes, etc.) are subtracted (Total EGI – Total Expenses).

***Debt Service***

13) Answer whether there have been any changes in either guarantors or lenders over the last year. Answer "Y" or "N". This item cannot be left blank.

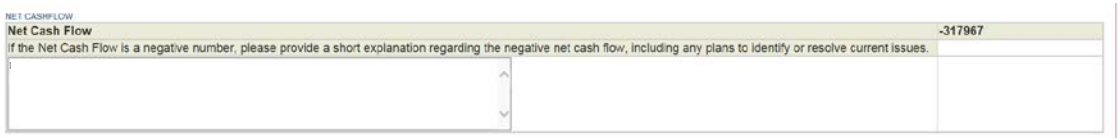
14) The first drop down box signals the first entry for your lenders. Enter the Lienholder position and then enter the name of the lender in the Debt Service 1 Comment Box. List the amount paid in annual debt service in the expense box on the right side of the screen (enter the full annual payment amount, which can be found on the property's loan statement). If TDHCA is the first lien lender, please select, "1st Lienholder – TDHCA" and then again list TDHCA in the Debt Service 1 Comment box. If TDHCA is

another position lienholder, just choose the appropriate lien position and list TDHCA in the Debt Service Comment box under the appropriate lien position.




If you have more than 3 lienholders, list the total for all remaining debt service in the last debt service box and list all lienholders in the debt service 3 comment box with the amount of each annual debt service amount next to the lienholder's name - for example, if you have four lenders, your last entry might total $19,000 in the debt service box on the right and your narrative note will show the separate totals by lender in the Debt Service 3 Comments box (Capital One (14,000), City of Dallas (5,000).

***HELPFUL HINT:*** The system will auto-calculate total debt service and Debt Coverage Ratio (NOI/Debt Service Total) from the blanks above. If the Net Cash Flow calculated by the system is a negative number, include an explanation of the plans to identify or resolve any current operating issues in the narrative box below.




***Capital Improvements***

15) Capital Improvement Descriptions should be entered for any Capital Improvement item(s) expensed during the year. Enter a short description for the item (for example, Carpet replacements or roof repair) and then select the Type of Account that was used from the drop down box. You can choose either "First Lien Reserve for Replacement Account" or "Other Reserve for Replacement Account". If you select "Other Reserve for Replacement Account", describe the type of account in the narrative box below. For example, if there is a "Secondary Replacement Account maintained by Owner". Identify the amount for the capital item in the Amount box.

***HELPFUL HINT:*** The system will auto-calculate the total capital improvements but the figure will not appear until the report is saved.

***Below the Line Expenses***

16) Below the Line Expenses is an optional expense category, allowing for the ability to record other partnership expenses, non-TDHCA asset management or compliance fees, and developer fees. The amounts entered will not be considered in determining net cash flow or total expenses. You may choose to enter the Below the Line Expenses or may leave this area blank.

***Reserve Accounts***

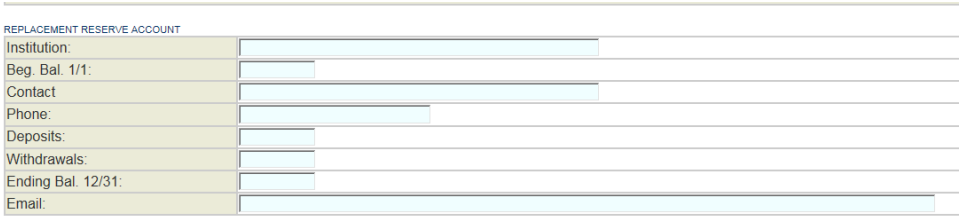
17) Select whether the 1st Lien Lender requires a Replacement Reserve Account. You can select "Y" or "N" but cannot leave the response blank.

18) If you answered "N" to the 1st Lien Lender question, leave the amount blank. If you answered "Y" to the 1st Lien Lender question, enter the annual amount required to be deposited to the reserve account.

19) If you answered "Y" to the 1st Lien Lender question, enter whether all deposits were made since the last annual report was submitted. If you answered "N", you can leave the response blank or use "N/A".

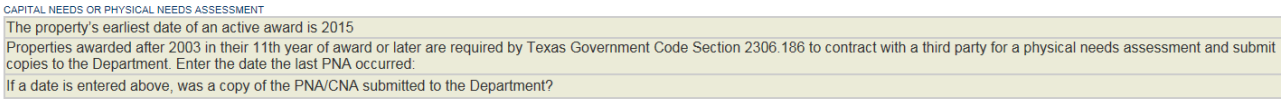
20) If TDHCA is your first lien lender or if the first lien lender does not require a reserve account, select whether the Owner has established a Reserve Account and made the required TDHCA annual deposit. If TDHCA is not your first lien lender and you already responded that your first lien lender requires a reserve account, you can leave the response blank or use "N/A".

21) Enter the information for your Replacement Reserve Account, including the beginning balance (as of the first day of the reporting year on 1/1), deposits and withdrawals made during the year, the ending balance (as of the end of the reporting year on 12/31), and the contact information for your bank or account representative (name, phone, and email).




***Capital Needs or Physical Needs Assessment***

22) By Texas Government Code, properties funded after 2003 that are in their 11th year of award are later are required to contract with a third party for a physical needs assessment and submit copies to the Department. The system will automatically pull the earliest date of any active awards to assist you in determining if this is applicable to the property.

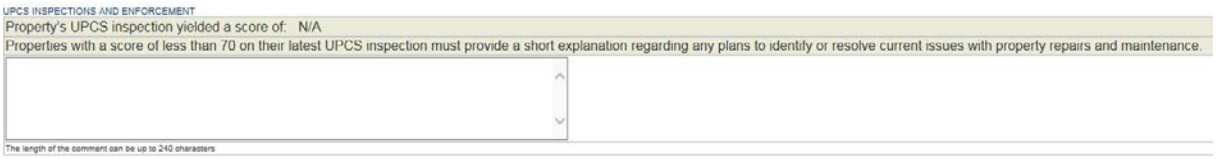



13) If the physical needs assessment is applicable to the property because it is in its 11th year of award or later, enter the date the last physical needs assessment was conducted. If one was not conducted, leave this area blank.

14) If a physical needs assessment was conducted, enter "Y" or "N" whether a copy was submitted to the Department for review. Leave this section blank or enter "N/A" if the requirement does not apply because the property is not in its 11th year of award of later.

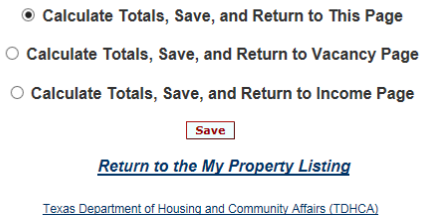
***UPCS Inspections***

15) The system will automatically display any UPCS scores received within the last year that the system has recorded. If the entry shows "N/A" there is no UPCS score showing in the database as occurring within the last year.




16) If the score displayed is below 70, enter a short explanation (up to 240 characters) regarding plans to identify or resolve current issues with property repairs and maintenance. If the score is above 70 or N/A is displayed as the last score, leave this section blank.

17) Select calculate totals, save, and either return to this page, return to the vacancy page, or return to the Income page. Make sure to click the "Save" button after selecting the appropriate button. To return to the property listings and submit your report, click the link to "Return to My Property Listings":




# Previewing and Submitting Your Report

1) To preview the PDF of your report and see what your Asset Manager will see, click back into the AOCR from the My Property Listings screen, and next to the Annual Owner Financial Certification, click "Preview Report".

**Annual Owners Compliance Reports**

IZENS COMPLEX

| | | | | | |
|---|---|---|---|---|---|
| Owners Certification of Continued Compliance - Part A | Due 04/30/2015 | | | Preview Report | Submit |
| Property Update | | Start New Report | Edit or View Before Submission | | |
| Management Update | | Start New Report | Edit or View Before Submission | | |
| Owner Update | | Start New Report | Edit or View Before Submission | | |
| HUB Update | | Start New Report | Edit or View Before Submission | | |
| Non Profit Update | | Start New Report | Edit or View Before Submission | | |
| Compliance Questions | | Start New Report | Edit or View Before Submission | | |
| Tenant Selection Criteria Questions | | Start New Report | Edit or View Before Submission | | |
| Annual Owner Financial Certification | Due 04/30/2015 | Start New Report | Edit or View Before Submission | Preview Report | Submit |
| Ownership Changes | | Retrieve Form | | | |
| Update Federal Tax IDs | | Update | | | |

Return to Your Property Listings

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**
**Annual Owners Compliance Reports – Certification**
**Reporting Year: 2014**

Development Name: **Harmon Elliott Senior Citizens Complex**

Was this property occupied during the last fiscal year?
Answer: Y

Explanation/Comment:

2) To submit the PDF of your report, click “Submit”. Before you click the submit button, please enter your name and Title. By so entering, you certify on behalf of the ownership entity in the capacity of owner contact or GP that the information is true and correct.

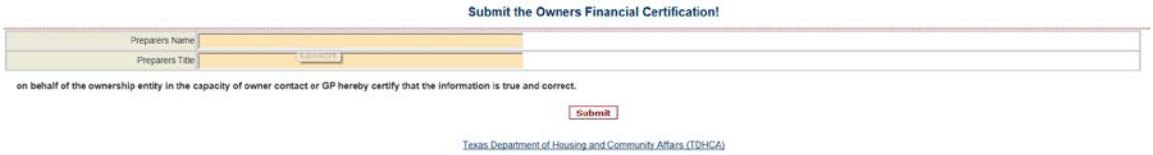
**Annual Owners Compliance Reports**

IZENS COMPLEX

| | | | | | |
|---|---|---|---|---|---|
| Owners Certification of Continued Compliance - Part A | Due 04/30/2015 | | | Preview Report | Submit |
| Property Update | | Start New Report | Edit or View Before Submission | | |
| Management Update | | Start New Report | Edit or View Before Submission | | |
| Owner Update | | Start New Report | Edit or View Before Submission | | |
| HUB Update | | Start New Report | Edit or View Before Submission | | |
| Non Profit Update | | Start New Report | Edit or View Before Submission | | |
| Compliance Questions | | Start New Report | Edit or View Before Submission | | |
| Tenant Selection Criteria Questions | | Start New Report | Edit or View Before Submission | | |
| Annual Owner Financial Certification | Due 04/30/2015 | Start New Report | Edit or View Before Submission | Preview Report | Submit |
| Ownership Changes | | Retrieve Form | | | |
| Update Federal Tax IDs | | Update | | | |

Return to Your Property Listings

3) Click “Submit”. The report will show as submitted as of the date it was submitted to the Department.



**Submit the Owners Financial Certification!**

Preparers Name

Preparers Title

on behalf of the ownership entity in the capacity of owner contact or GP hereby certify that the information is true and correct.

Submit

Texas Department of Housing and Community Affairs (TDHCA)

4) Congratulations! The Annual Owner’s Financial Certification has been submitted! If you have trouble submitting through CMTS or need additional clarification, please contact your Asset Manager.