



# Understanding the AOFC Reporting for 2015



# The Basics

- ❖ The Annual Owner's Financial Certification (AOFC) is due by April 30<sup>th</sup> with the rest of the AOCR. The report is for the previous year ending 12/31.
- ❖ The Report consists of both a CMTS system report and submission of the following items:
  - ❖ Rent Roll as of 12/31
  - ❖ Proof of 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 (make sure these are consistent with CMTS)
  - ❖ Annual Operating/Financial Statements as of 12/31, to include:
    - ❖ Income statement
    - ❖ Balance Sheet
    - ❖ Cash Flow Statement
    - ❖ Profit & Loss Statement
    - ❖ IRS 990 (for Non-profit Organizations)



# The Basics (Continued)

- ❖ The first AOFC is due the second year following the year of award.
- ❖ For more in-depth detail regarding income and expense categories than this training and the general instructions provide, see Subchapter D of the Uniform Multifamily Rules (Section 10.302(d)(1)-(4)).

# Accessing the Report

- ❖ After logging into CMTS with your User ID and password, select “Annual Owners Compliance Reports”.
- ❖ Select “Start New Report” next to “Annual Owner Financial Certification”.

## 1. Login to the CMTS

If you have already received your user id and password from the De or submit required information.

[Login to CMTS](#)

### CMTS Property Reporting System

Please log in to continue.

User ID :	<input type="text"/>
Password:	<input type="password"/>
<input type="button" value="Login"/>	

## 2. PROPERTIES

Property ID	Property Name	Annual Owners Compliance Reports
		<a href="#">Annual Owners Compliance Reports - 2014</a>

## 3.

Tenant Selection Criteria Questions		<a href="#">Start New Report</a>
Annual Owner Financial Certification	Due 04/30/2015	<a href="#">Start New Report</a>
Ownership Changes		<a href="#">Retrieve Form</a>
Update Federal Tax IDs		<a href="#">Update</a>

# Part One: Occupancy

- ❖ The first screen will ask whether the property has been occupied during the last fiscal quarter.
  - ❖ If you respond “N”, you must enter an explanation and click “Save”. That will conclude your report.
  - ❖ If you respond “Y”, click “Save” and you will move onto entering Income information.

**Owners Financial Certification**

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OCCUPANCY QUESTION

Was this property occupied during the last fiscal year?	Y <input type="checkbox"/>
If you answered No to the above question, please give the details in the space below.	
<div style="border: 1px solid gray; height: 80px; width: 100%;"></div>	

Save





## Part Two: Property Income

- ❖ The second screen will ask for property income information. Enter data without commas or dollar signs in the following categories:
  - ❖ Potential gross rental income (the total income from rent)
  - ❖ Secondary income total (laundry fees, application fees, carport or storage fees, etc.) and describe secondary income sources
  - ❖ Non-rental income and describe non-rental income sources
  - ❖ Vacancy & collection loss
  - ❖ Rental concessions (project promotions and rental incentives)
  - ❖ Loss from employee or non-income units (model units, security officer units, office staff unit discounts)

**NOTE:** The form will not auto-calculate or total until the report is saved.

# Part Two: Property Income (Continued)

## Owners Financial Certification - Annual Income

ANNUAL INCOME	
POTENTIAL GROSS RENTAL INCOME	132000
Secondary income	4200
Please describe the secondary income in the space below.	
Application fees	
Average Secondary Income Per Unit Per Month	35.00
Other non-rental income	
Please describe the non-rental income in the space below.	
POTENTIAL GROSS INCOME	136200
Vacancy and collection loss (Enter as a positive number)	3000
Percentage of Potential Gross Income	2.20
Rental concessions (Enter as a positive number)	800
Loss from Non-income/Employee units (Enter as a positive number)	0
<b>EFFECTIVE GROSS ANNUAL INCOME (Actual Receipts)</b>	<b>132400</b>

- Calculate Totals, Save and Return to This Page  
 Save Then Owners Financial Certification - Annual Operating Expenses Page

[Save](#)



# Part Three: Property Expenses

- ❖ The third part of the report will ask for property expense information. Enter data without commas or dollar signs in the following categories:
  - ❖ General and Operating Expenses
  - ❖ Management Fees
  - ❖ Payroll, payroll taxes, and employee benefits expenses
  - ❖ Repairs and Maintenance Expenses
  - ❖ Utilities Expenses
  - ❖ Property Insurance Expense Totals
  - ❖ Property and Personal Property (such as Franchise) Taxes
  - ❖ Total Assessed Property Value and County Appraisal District Rate
  - ❖ Annual Replacement Reserve Expenses
  - ❖ Other Expenses (Cable, Supportive Services, Security Fees, etc.)



# Part Three: Property Expenses

Entity:	Description:	Tax Rate:	Freeze Ceiling:	Appraised Value:	Taxable Value:	Estimated Tax:
CAD	CENTRAL APPRAISAL DISTRICT	0.000000	\$--	\$1,154,779.00	\$1,154,779.00	\$0.00
CEP	CITY OF EL PASO	0.729725	\$--	\$1,154,779.00	\$1,154,779.00	\$8,426.71
G01	EL PASO COUNTY	0.452694	\$--	\$1,154,779.00	\$1,154,779.00	\$5,227.62
ISO	SOCORRO I.S.D.	1.274794	\$--	\$1,154,779.00	\$1,154,779.00	\$14,721.05
SCC	EL PASO COMMUNITY COLLEGE	0.133811	\$--	\$1,154,779.00	\$1,154,779.00	\$1,545.22
SHO	UNIVERSITY MEDICAL CENTER OF EL PASO	0.220682	\$--	\$1,154,779.00	\$1,154,779.00	\$2,548.39
<b>Total Tax Rate:</b>		2.811706				
<b>Taxes With Current Exemptions:</b>						\$32468.99
<b>Taxes Without Exemptions:</b>						\$32468.99

The El Paso Central Appraisal District makes no claims, promises or guarantees about the accuracy, completeness, or adequacy of this information and expressly disclaims liability for any errors and omissions. Data relating to tax rates and tax values is being provided as unofficial data. Please visit the City El Paso Consolidated Tax Office website ([https://actweb.acttax.com/act\\_webdev/elpaso/index.jsp](https://actweb.acttax.com/act_webdev/elpaso/index.jsp)) for official values.

# Part Three: Property Expenses

## Owners Financial Certification - Annual Operating Expenses

TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	
Accounting	9222
Advertising	572
Legal and consulting	5000
Leased equipment	0
Postage and office supplies	4334
Telephone	2816
License, meetings, dues	8230
Other office expenses	17251
Miscellaneous	0
Please describe the miscellaneous expense in the space below.	
<input type="text" value="None."/>	
<b>Total General and Administrative Expenses</b>	<b>47425</b>



# Part Three: Property Expenses (Cont.)

- ❖ The third part of the report will also ask for information on the property's debt service, such as:
  - ❖ The annual amount of any loan payments
  - ❖ The lien position and name of each lender
  - ❖ Whether any changes in guarantors or lenders has occurred over the last year

DEBT SERVICE	
Have there been any changes in guarantors or lenders over the last year?	<input type="checkbox"/>
If yes, has the Department been notified of the change?	<input type="checkbox"/>
Debt Service 1 Comments	
Debt Service 2 Comments	
Debt Service 3 Comments	
Debt service total	
Debt coverage ratio	

# Part Three: Property Expenses (Cont.)

DEBT SERVICE	
Have there been any changes in guarantors or lenders over the last year?	N
If yes, has the Department been notified of the change?	N/A
1st Lienholder (TDHCA)	32000
Debt Service 1 Comments	
TDHCA TCAP Loan	
2nd Lienholder	14000
Debt Service 2 Comments	
Bank of America	
3rd Lienholder	18000
Debt Service 3 Comments	
City of Dallas (10,000), GGDC (8,000)	
Debt service total	64000.0
Debt coverage ratio	1.97

 Example of 3+ Lender Work Around

# Part Three: Property Expenses (Cont.)

- ❖ The system will auto-calculate your Net Cash Flow; however, if the Net Cash Flow is a negative number, you must include an explanation.

NET CASHFLOW

**Net Cash Flow**

**62200.0**

If the Net Cash Flow is a negative number, please provide a short explanation regarding the negative net cash flow, including any plans to identify or resolve current issues.

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# Part Three: Property Expenses (Cont.)

- ❖ Enter all Capital Improvements for the year, the Type of Account used to expense the Improvement, and the total cost of each capital improvement.

CAPITAL IMPROVEMENTS

Capital Improvement Description	Type of Account	Amount
<input type="text"/> If you selected 'Other Reserve for Replacement Account', please describe the type of account below:	<input type="text"/> <ul style="list-style-type: none"> <li>First Lien Reserve for Replacement Account</li> <li>Other Reserve for Replacement Account</li> </ul>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/> If you selected 'Other Reserve for Replacement Account', please describe the type of account below:	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

# Part Four: Other Information

- ❖ The report will also request information on Reserve Accounts and vacancies. Enter “Y” or “N” and the annual amount of any required deposit; “N/A” or blanks may be used to answer follow up questions if they are not applicable to the property.

## RESERVE ACCOUNTS

Does the 1st Lien Lender require a Replacement Reserve Account?	<input type="checkbox"/>
If Yes, what is the annual amount required to be deposited in their account?	<input type="text"/>
Has the Development Owner made all required lender deposits since the last report was submitted?	<input type="checkbox"/>
If TDHCA is the First Lien Lender or if the First Lien Lender does not require a Replacement Reserve Account, has the Development Owner established a Reserve Account and made the required annual deposit pursuant to 10 TAC 10.404?	<input type="checkbox"/>

Total number of units currently vacant as of the date of report submission?	<input type="text"/>
If more than 10% of units are vacant at the time of this report submission, please provide a short explanation regarding the vacancy, including any plans to identify or resolve current issues.	<input type="text"/>

Reserve for Replacement Account

# Part Four: Other Information (Cont.)

- ❖ All developments must enter Reserve Account information; TCAP and Exchange Developments will answer additional questions.

## REPLACEMENT RESERVE ACCOUNT (ALL DEVELOPMENTS)

Institution:	<input type="text"/>	Beg. Bal. 1/1:	<input type="text"/>
Contact:	<input type="text"/>	Deposits:	<input type="text"/>
Address:	<input type="text"/>	Withdrawals:	<input type="text"/>
City:	<input type="text"/>	Ending Bal. 12/31:	<input type="text"/>
State:	<input type="text"/>	Phone:	<input type="text"/>
Zip:	<input type="text"/>		
Email:	<input type="text"/>		

## FOR EXCHANGE DEVELOPMENTS ONLY

Have there been any disbursements from the replacement reserve account in any one calendar quarter that exceeded a total of \$10,000.00?	<input type="text"/>
If Yes, which quarter?	<input type="text"/>
If Yes, was TDHCA Approval Received for all disbursements?	<input type="text"/>

## FOR EXCHANGE AND TCAP DEVELOPMENTS ONLY

Have all required reserve accounts been established pursuant to Section 8 of the Exchange Subaward Agreement or the TCAP Written Agreement?	<input type="text"/>
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## OPERATING RESERVE ACCOUNT (PER SECTION 8.2 OF THE SUBAWARD AGREEMENT)

Institution:	<input type="text"/>	Beg. Bal. 1/1:	<input type="text"/>
Contact:	<input type="text"/>	Deposits:	<input type="text"/>
Address:	<input type="text"/>	Withdrawals:	<input type="text"/>
City:	<input type="text"/>	Ending Bal. 12/31:	<input type="text"/>
State:	<input type="text"/>	Phone:	<input type="text"/>
Zip:	<input type="text"/>		
Email:	<input type="text"/>		



# Part Four: Other Information (Cont.)

- ❖ Exchange Developments must also fill in Special Reserve Account information if one has been created and answer questions related to disbursements.

SPECIAL RESERVE ACCOUNT (PER SECTION 8.3 OF THE SUBAWARD AGREEMENT)

Institution:	<input type="text"/>	Beg. Bal. 1/1:	<input type="text"/>
Contact	<input type="text"/>	Deposits:	<input type="text"/>
Address:	<input type="text"/>	Withdrawals:	<input type="text"/>
City:	<input type="text"/>	Ending Bal. 12/31:	<input type="text"/>
State:	<input type="text"/>	Phone:	<input type="text"/>
Zip:	<input type="text"/>		
Email:	<input type="text"/>		

FOR EXCHANGE DEVELOPMENTS ONLY

Have there been any disbursements from the special reserve account during this reporting period?	<input type="text"/>
If Yes, was TDHCA Approval Received for all disbursements?	<input type="text"/>

# Part Four: Other Information (Cont.)

- ❖ New Questions this year on the report include:
  - ❖ For properties in their 11<sup>th</sup> year or more of funding - Questions about Capital/Physical Needs Assessments
  - ❖ UPCS Score information (scores of 70 or below)
  - ❖ Referrals to the Enforcement Committee

## CAPITAL NEEDS OR PHYSICAL NEEDS ASSESSMENT

If the property is in the 11th year of its funding award from TDHCA, has the Owner conducted a Capital Needs or Physical Needs Assessment? If yes, provide the date (month and year) on which the CNA or PNA was conducted.

If the CNA or PNA was conducted, was a copy submitted to the Department?

If the property is past its 11th year of award, has a CNA or PNA been conducted in the last five years? If yes, provide the date (month and year) on which the CNA or PNA was conducted.

## UPCS INSPECTIONS AND ENFORCEMENT

Has the property had a UPCS inspection yielding a score below 70 in the last year? If yes, please provide a short explanation regarding any plans to identify or resolve current issues.

Has the property had a referral to the Enforcement Committee within the last year?

# Saving the Report

- ❖ At the bottom of the report, you can calculate totals and save or save and return to the Property Listings page:

Has the property had a referral to the Enforcement Committee within the last year?

Calculate Totals, Save and Return to This Page  
 Calculate Totals, Save and Return to Your Property Listings

[Go back to the Annual Income Page](#) to enter Income items.

[Texas Department of Housing and Community Affairs \(TDHCA\)](#)



Remember to check your totals against your back up materials!



# Submitting the Report



- ❖ To submit your report, click “Submit” and enter your name and title.

## Annual Owners Compliance Reports

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

[Return to Your Property Listings](#)

## Submit the Owners Financial Certification!

Preparers Name	<input type="text"/>
Preparers Title	<input type="text"/> <input type="button" value="Submit OFR"/>

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

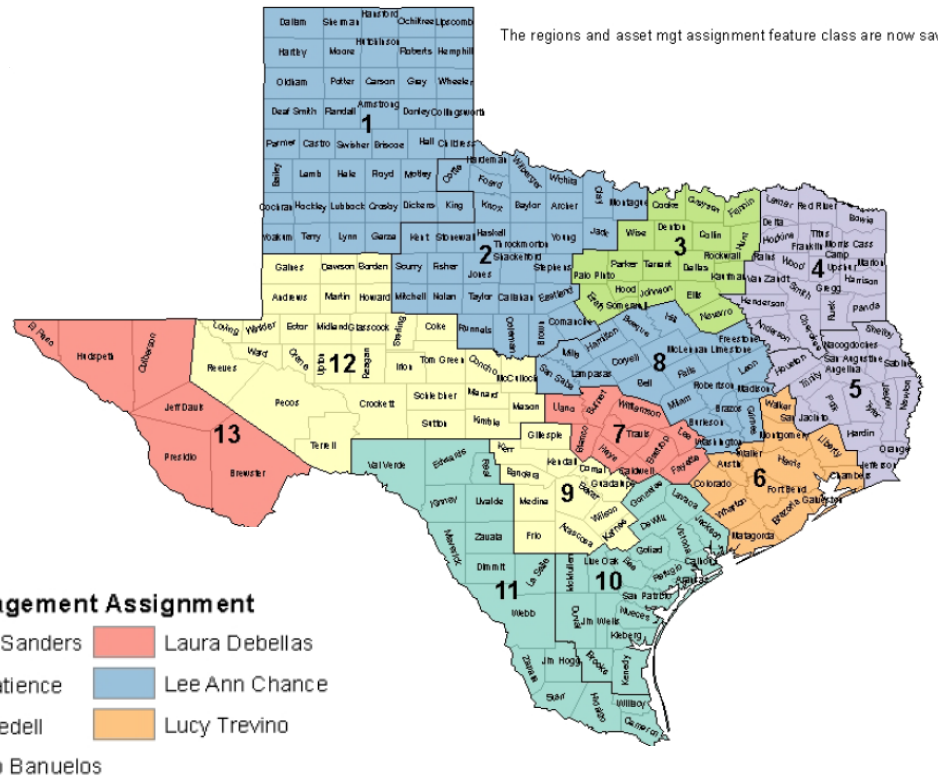
Texas Department of Housing and Community Affairs (TDHCA)

# Questions?

Contact your Asset Manager with Questions about the AOFC only:

Contact	Title	Phone
<a href="#">Raquel Morales</a>	Director of Asset Management	(512) 475-2109
<a href="#">Chris Salguero</a>	Associate Asset Manager	(512) 475-3955
<a href="#">Colton Sanders</a>	Asset Manager	(512) 936-7839
<a href="#">Dee Patience</a>	Asset Manager	(512) 475-2567
<a href="#">Kent Bedell</a>	Asset Manager	(512) 475-3882
<a href="#">Lee Ann Chance</a>	Asset Manager	(512) 936-7835
<a href="#">Lucy Trevino</a>	Senior Asset Manager	(512) 475-2550
<a href="#">Laura DeBellas</a>	Asset Manager	(512) 475-0577
<a href="#">Rosalia Banuelos</a>	Senior Asset Manager	(512) 475-3357
<a href="#">Matt Zimmerman</a>	Asset Resolution Manager	(512) 475-2014

[Asset Management Region Map with Assignments \(PDF\) – June 2015](#)



Date: 1/12/2016