



## CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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### **Annual Owner Certification Package: Frequently Asked Questions for 2022 Reporting Year**

*AOC Frequently Asked Questions (FAQ's)* are available to help answer questions regarding AOC Package forms that are submitted annually for all low-income housing tax credit properties. The FAQ's are placed into sections based on types of questions. If you have a questions regarding one of the 2022 AOC Package Forms and do not see an answer below, please contact CTCAC for assistance.

#### **General FAQ's**

- **What are the new dates for the 2022 AOC Package?**
  - The AOC Package Part I is due **Monday, April 3, 2023**.
  - The AOC Package Part II is due **Monday, June 5, 2023** (will be available online after April 3, 2023)
- **What if my CTCAC project number (CA-0000-000) does not show up on the drop-down list of one of the four forms?**

There can be various reasons for a CTCAC project number to not show on the drop down lists of the four AOC Package forms. If you have a more recent CTCAC allocation number (i.e. 2016 or later) it is possible that the project may not have Placed-In-Service in our system , and therefore, not be on the drop down menu of the forms. In this case, please obtain a "fillable POP" by emailing Julio Villanueva at [Julio.Villanueva@treasurer.ca.gov](mailto:Julio.Villanueva@treasurer.ca.gov).
- **What does an owner do if a tax credit development is sold or re-syndicated with tax credits?**

**Resyndications** - If your project currently in the process of a resyndication and you have an older CTCAC number AND a new CTCAC number, please submit all 4 tax credit forms under the old CTCAC number, until CTCAC's Placed in Service Team has approved the Placed in Service Package for your newly resyndicated project.

**Sale/Ownership Change** - For the AOC: You would need to submit a partial year AOC for the period of ownership if tax credits were claimed for tax credit eligible units.

Please remember to note: “For the period of \_\_\_\_\_ to \_\_\_\_\_” for partial year AOC filings.

For the AOE: Please do not submit a partial year Operating Expense Form, however CTCAC still requests you notify Jerry Yang at [Jerry.Yang@treasurer.ca.gov](mailto:Jerry.Yang@treasurer.ca.gov).

For the POP and LP: The forms will need to be submitted by the current owner.

- **I’m completing the Annual Operating Expense (AOE) form and the CTCAC project is on a fiscal year instead of a calendar year, what do I report?**

If the CTCAC project is on a fiscal year, then the 2022 report will be based on the 2021-2022 audited financials. Be sure to cross out the “REPORTING YEAR: 2021” and write in “2021-2022 REPORTING YEAR” instead. Additionally, the reporting period should be crossed out and please hand-write "July 1, 2021 through June 30, 2022". Regardless of whether the project is on a fiscal or calendar year, all AOC Package forms will still have the same deadlines as the rest of the CTCAC projects. In these cases, it is imperative that you call CTCAC for an extension, if you will not make the posted deadlines.

### [Annual Owners Certification \(AOC\) Form](#)

- **Why does my project have more occupied units than there are low-income units?**

There has been some confusion on “mixed-use projects.” Low-income units need to be separate from market-rate units. Of those low-income units, the owner must report how many of those low-income units are occupied.

It is also possible that the number of low-income units on the AOC form is not correct. In this case, please line out the low-income unit’s box and enter the correct number of low-income units. Include in the email to CTCAC a copy of the “Regulatory Agreement – Appendix A,” so that CTCAC can make the change to the database.

- **Can another person other than the owner sign the AOC form?**

No, only the owner contact on record can sign the documents requested. Only with a power of attorney, can another individual sign on behalf of the owner. Please provide a copy of the power of attorney document to avoid confusion.

- **Do all sections have to be initialed?**

Sections (xxii) and (xxiii) are “if applicable” and do not require initials unless they apply.

If a section is (1) not initialed and (2) does not fall in the “*if applicable*” category, a written explanation for this specific section will be required. If a written explanation is not included, then the Account Owner Certification (AOC) form will be found not in good order and will be rejected.

### [Project Ownership Profile \(POP\) Form](#)

- **What is the Taxpayer Identification Number?**

The Federal Taxpayer Identification Number (TIN) is used to identify a business entity.

- **Where can I find my Taxpayer Identification Number?**  
A TIN can be found on the original 8609 form which was filed when the project was placed in service.
- **What if CTCAC has the wrong Taxpayer Identification Number on file?**  
If the TIN we have on file for a project is inaccurate, please submit documentation from the IRS indicating the correct TIN issued for the partnership/owner along with a revised POP to CTCAC for review.
- **What if I need to update the name of the Partnership/Owner?**  
If the project was sold or a transfer of the general partner interests occurred (during the past year), CTCAC will request the new owner submit various documents regarding the Sale/TPA (transfer of physical assets) for the referenced project. Please contact David McDaniels at (916) 651-6035 for more details.
- **What is the Managing General Partner?**  
This entity is responsible for the day-to-day operations of a tax credit project.
- **What is the Administrative General Partner?**  
This entity is responsible for ensuring the financial feasibility of a tax credit project.
- **Does the entire POP form need to be completed?**  
Yes, the entire POP form must be completed. You cannot use “N/A” or “same as” or leave blank the Managing General Partner or Administrative General Partner sections. **If they are one in the same, you must complete each section with the same information.** If the POP is not completed, it will be deemed not in good order and rejected.

### [Annual Operating Expense \(AOE\) Form](#)

- **What is the purpose of the AOE Form?**  
The purpose of this form is to capture common operating expenses across tax credit properties that make up the CTCAC Portfolio.
- **What type of expenses should be listed in the AOE Form?**  
Owners should report Operating Expenses that are considered “legitimate operating expenses”. Please see the AOE Instructions for more detailed inclusion and exclusions of expenses.
- **What type of expenses should be excluded from the AOE Form?**  
Specific exclusions include: Property taxes and/or property-related fees and assessments, debt service payments, and profit taking/partnership maintenance fees.
- **Does CTCAC want staff to list depreciation expenses on the AOE Form?**  
No, depreciation and amortization costs should be excluded from the AOE form since these types of expenses are considered balance sheet items.

- **Under Debt Service in the AOE Form, does CTCAC need the year-end balance or the principal payment paid for the year?**

Yes, please include principal and interest payments paid during the reporting year.

- **Why doesn't the AOE match our audited financial statements?**

The AOE report does not include "total real estate taxes" and "replacement reserves" depreciation and soft financing in the "total annual residential expenses".

CTCAC uses the data to compare "Actual Annual Operating Expenses" to the projected "Operating Expenses" in the application for tax credits to determine if a project is meeting their financial obligations as originally underwritten by the development side of our Committee.

- **What amount do we report on the AOE Form under "Current Year Replacement Reserve Deposits?"**

You should include the annual deposits for the reporting year to the replacement for reserve account.

- **Where do we report "laundry income" on the AOE Form?**

You should report this income under "Misc. Income". If there are offsetting costs, then those would be included under the "Other Expenses" category.

- **For a mixed-income project, do we pro-rate the "Annual Operating Expenses?"**

No, report the total annual operating expenses. Since we use this information to compare average operating costs across the CTCAC portfolio based on housing type and project size, a few mixed income project costs should not greatly impact the average costs of the CTCAC portfolio.

- **Will CTCAC require the AOE Form and the Lender Profile Form for projects that are in the "Extended Use Portfolio"?**

Yes, CTCAC would like to capture Operating Expenses and Lender Data for ALL CTCAC funded developments.

### **Lender Profile (LP) Form**

- **What is the Purpose of the Lender Profile Form?**

To capture current loan information for our tax credit developments. CTCAC can determine if a project is not financially feasible or needs substantial deferred maintenance.

- **What if I have more than four lenders?**

If a project has more than four lenders, only enter the four lenders with the largest loan amounts. If you only have one lender, then only report that one lender. Please include fully amortizing loans. If the mortgage payments or interest payments are accrued, then you do not need to include these residual receipt loans.

- **What if I have no lenders?**

If there are no lenders for a project, then fill in contact information at the top of the LP Form and enter no lenders in the "Lender #1" field of the Lender Section.

- **What if my loan has not converted from a Construction Loan to a Permanent Loan?**  
If you have a construction loan and it has not been converted to a permanent loan, then fill in contact information at the top of the LP Form and enter “construction loan” in the “Lender #1” field of the Lender Section.
- **On the LP Form, is CTCAC asking for the payments made on the loan for the year or the loan balance?**  
Please list the unpaid principal and interest balance as of 12/31/2022.

**For questions regarding Part I of the AOC Package (AOC’s and POP’s), please contact:**

**Julio Villanueva**

Email: [Julio.Villanueva@treasurer.ca.gov](mailto:Julio.Villanueva@treasurer.ca.gov)

**For questions regarding on Part II of the AOC Package (AOE’s and LP’s), please contact:**

**Jerry Yang**

Email: [Jerry.Yang@treasurer.ca.gov](mailto:Jerry.Yang@treasurer.ca.gov)