

**INSTRUCTIONS FOR PREPARATION OF
CHFA FORM HM 6-51 (Rev. 12/2006)**

Connecticut Housing Finance Authority
Asset Management – Multifamily Housing

Part A – Compute Surplus Cash

- Line 1 Do not include escrow deposits or CHFA required reserves. Do not include funds in Project Improvement Accounts required on Flexible Subsidy or other projects.
- Line 2 Include amounts receivable on tenant subsidy vouchers only if the amounts were earned during the period covered by the financial statement. Do not include Section 8 vouchers submitted for the first month of the next fiscal year. Keep in mind that rent supplement and RAP vouchers are submitted on the 20th of the month they are earned while Section 8 vouchers are submitted on the 20th of the month before they are earned.
- Line 3 Include amounts related to replacement reserve draws for items which have:
- Been paid from project funds, and
 - Approved by HUD and/or CHFA prior to the end of the fiscal year, but
 - For which reimbursement has not been received from the mortgagee.
- Line 4 For projects current under the mortgage, include the interest payment due the first of the next month. Remember interest is paid in arrears; interest for the month of December is payable January 1. For projects in default under the mortgage, include delinquent interest payments.
- Line 5 Include principal delinquent under the mortgage. This should be the difference between the unpaid balance shown on the amortization schedule and the amount shown in account 2320 as of the Balance Sheet date.
- Line 6 Include any delinquent deposits to the reserve for replacement account (Account 1320). Be sure to include any lump-sum deposits required by special workout agreements or subsidy contracts.
- Line 7 Exclude accounts payable related to replacement reserve draws which were:
- Approved by HUD and/or CHFA prior to end of the fiscal year, but
 - Which have not yet been released by the mortgagee and deposited in the project account.
- Include any excess income payments on Section 236 projects which should have been sent to HUD and were not as of the end of the fiscal year.
- Line 9 Include any deficiency reported in the mortgage escrow deposits schedule of the Supplemental Data to the financial statement. Note that replacement reserve deposits are included; delinquent replacement reserve deposits are included on Line 6.
- Line 13 Do not include any payments due the partnership that is to be paid from distribution.

Part B – Compute Distributions to Owners and Required Deposit to Residual Receipts

- Line 1 If the amount on Line (C) of Part A was zero or negative, enter zero. If the amount on Line (C) of Part A was positive, enter that amount here. **(should compute automatically)**
- Line 1b Include additional interest due CHFA.
- Line 2a Enter zero if the mortgagor agreed not to accrue distributions for the fiscal period covered by the financial statement. On limited dividend projects, the annual distribution earned is calculated by multiplying the distribution rate cited in the regulatory agreement by the initial owner's equity account. The owner equity figure is determined at the time of cost certification and should not be confused with the Owner's Equity Account reported annually on the Balance Sheet. The annual distribution permitted is computed by multiplying the distribution rate cited in the regulatory agreement by the difference between the HUD-approved mortgage amount (Line 10) and the replacement cost (Line 6) of the Maximum Insurable Mortgage.

NOTE: IF DISTRIBUTION IS PAID FOR A SEMI-ANNUAL PERIOD, DIVIDE ANNUAL DISTRIBUTIONS BY 2

- Line 2b Enter zero if mortgagor agreed not to accrue distributions that have accrued prior to period covered by the statement. On other limited-dividend projects, enter the amounts shown on previous year's balance sheet or Line 3 of last year's computation of surplus cash.
- Line 2c Enter amount shown as distributions paid in the Statement of Changes in Owner's Equity or the Statement of Receipts and Disbursements. Disbursements are defined in paragraph 2-10 of HUD Handbook 4370.1 REV-1.
- Line 3 Enter Line 2(a) plus Line 2(b) less Line 2(c). **(should compute automatically)**
- Line 4 For non-profit projects enter zero. For limited-dividend projects, enter lesser of Line 1 or Line 3.
- Line 5 Amounts due residual receipts should be remitted within 60 days after fiscal year-end regardless if an extension has been approved for the submission of the financial statements.