The Real Estate Controller's Month-End Close Playbook

A step-by-step guide for private credit portfolios — how to close the books in 10 days when your capital stack includes private debt, mezzanine loans, and covenant-heavy lenders.

HOSPITALITY & AFFORDABLE HOUSING

PRIVATE CREDIT ERA

Why This Playbook Exists

If you're a real estate controller, month-end close is already stressful. Add private credit and the pressure multiplies — multiple debt layers, covenant ratios, and lender packages that look nothing like traditional bank reporting.

Day-by-Day Process

A 10-day close cycle with clear ownership and deadlines.

Sector-Specific

Built for hospitality and affordable housing asset management.

Private Credit Ready

Covers mezzanine loans, PIK interest, and covenant reporting.

OHI

Why Month-End Close Changed

Before private credit, close was simple: one bank loan, quarterly reporting, a few reconciliations. Today, a single property may carry:

- Senior debt from a private lender
- Mezzanine debt from a second lender
- Preferred equity with its own reporting rules
- Reserve accounts for taxes, insurance, and capex
- Cash flow sweeps that move money automatically

> "The month-end close is no longer just about getting the numbers right. It's about proving to multiple lenders that their money is safe."

OHI

The 10-Day Month-End Close Calendar

This playbook uses a 10-day close cycle. Adjust days to fit your team size and portfolio complexity.

1

Pre-Close

Days –3 to 0

Gather data, review prior month, set priorities

2

Core Close

Days 1 to 5

Enter transactions, reconcile accounts, calculate ratios

3

Reporting & Review

Days 6 to 8

Build reports, check covenants, review variances

4

Lender Package

Days 9 to 10

Finalize lender reports, submit packages, file documents

PHASE 1

Pre-Close: Days –3 to 0

1

Day –3: Review Prior Month Issues

Open your prior month close file. Flag unexplained entries, open reconciliations, and unanswered lender questions. Build a carry-forward list.

2

Day –2: Confirm Cut-Off Procedures

Send cut-off reminders to property managers, vendors, and construction managers. Private lenders scrutinize timing.

3

Day –1: Prepare the Close Binder

Include prior month statements, budget vs. actual templates, covenant worksheets, lender reporting templates, and PBC audit schedules.

4

Day 0: Month-End Kickoff

Hold a 15-minute team meeting. Cover unusual activity, new loans, lender deadlines, and task ownership.

PHASE 2

Core Close: Days 1 to 5

01

Day 1 — Cash & Bank Reconciliations

Reconcile operating, security deposit, reserve, and cash flow sweep accounts. Flag unusual items immediately.

02

Day 2 — Revenue & Receivables

Post base rent, percentage rent, late fees, and straight-line adjustments. Verify hospitality revenue ties to PMS; confirm affordable housing rent rolls match certifications.

03

Day 3 — Expenses & Payables

Accrue unbilled utilities and taxes. Confirm management fees and capex coding. Private lenders require capex reported separately.

04

Day 4 — Debt & Interest

Calculate interest, PIK accruals, exit fees, and loan fee amortization. Reconcile to lender statements. Compute DSCR: **NOI ÷ Total Debt Service**.

05

Day 5 — Equity & Intercompany

Post capital calls, distributions, and preferred return accruals. Verify investor capital accounts. Post intercompany eliminations.

PHASE 3

Reporting & Review: Days 6 to 8

Day 6: Draft Financial Statements

Produce balance sheet, income statement, cash flow, rent roll, and aging report per property. Build a portfolio summary for the CFO.

Day 7: Variance Analysis

Explain every variance over 10% or $10,000. Common drivers: occupancy changes, unexpected repairs, utility increases, tax reassessments.

> "Lenders don't fear bad news. They fear unexplained news."

Day 8: Covenant Compliance Review

Covenant	Check	Threshold
DSCR	NOI ÷ Debt Service	Min 1.20x–1.25x
LTV	Loan ÷ Appraised Value	Max 65%– 75%
Occupancy	Physical or Economic	85%–95%
Debt Yield	NOI ÷ Loan Amount	8% –10%
Sweep Trigger	DSCR Below Level	Often ≤1.15x

⚠ If any covenant is at risk, prepare a memo with cause and proposed fix. Do not wait for the lender to ask.

PHASE 4

Lender Package & Distribution: Days 9 to 10

Day 9: Build the Package

Most lenders require: operating statement, balance sheet, cash flow, rent roll, covenant certificate, budget vs. actual, sweep calculation, reserve reconciliation, and construction draw report. Check intercreditor agreements for sharing restrictions.

Day 10: Review & Submit

Have a second person check math errors, inconsistent dates, missing signatures, and lender contact info. Confirm receipt and file copies. Update PBC audit schedules for external review.

SECTOR SPOTLIGHT

Hospitality Month-End Close

Hospitality revenue changes daily.Reconcile through out the month, not just at close.

Key Add-On Tasks

- **Daily Revenue Reconciliation:** Tie rooms, F&B, and ancillary revenue to the GL throughout the month.
- **ADR & RevPAR Verification:** Calculate monthly metrics and compare to budget and prior periods. **OTA**
- **Commission Reconciliation:** Record net revenue, not gross. Track direct booking savings.
- **F&B Inventory:** Verify counts, post COGS, and check for spoilage variances.

Key Hospitality Metrics

Metric	Formula	Why It Matters
ADR	Room Revenue ÷ Rooms Sold	Pricing power
RevPAR	Room Revenue ÷ Available Rooms	Revenue efficiency
Occupancy	Rooms Sold ÷ Available Rooms	Demand strength

SECTOR SPOTLIGHT

Affordable Housing Month-End Close

One compliance mistake can cost tax credits. Build these checks into every close.

Key Add-On Tasks

- **Income Certification Review:** Verify every new tenant has a current certification within the required window.
- **Rent Roll vs. LIHTC Limits:** Compare each unit's rent to LIHTC limits by bedroom count and AMI.
- **Utility Allowance Verification:** Confirm allowances match the current HUD schedule, updated annually.
- **Compliance Report Preparation:** Prepare state agency reports during close, not at year-end.

LIHTC Rent Limit Reference

Unit Type	Max Rent (50% AMI)	Max Rent (60% AMI)
1 Bedroom	$X,XXX	$X,XXX
2 Bedroom	$X,XXX	$X,XXX
3 Bedroom	$X,XXX	$X,XXX

Replace with actual limits for your property's county and year. Flag any unit over limit immediately — corrective action may be required.

THANK YOU

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