

State of Nevada



Department of Business & Industry

HOUSING DIVISION

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PROGRAM BULLETIN

DATE: September 30, 2009
TO: Recipients of Tax Credit Assistance Program (TCAP) Funds
CC: Charles Horsey, Administrator, Nevada Housing Division
FROM: Hilary Lopez, Nevada Housing Division
RE: Revised TCAP Asset Management Fees

Listed below are the revised TCAP Asset Management Fees. The below changes constitute a HUD approved amendment to the Tax Credit Assistance Program (TCAP) Application Submission and Project Rating and Ranking Criteria dated July, 6, 2009, and replace the information listed in Section XI (B) Asset Management Fee. The Asset Management information and fees have been updated based on final negotiations between the Nevada Housing Division (NHD) and its designated Asset Manager (AM) and to match the fee structure for the Section 1602 program.

NHD will utilize its contracted Asset Manager for developments that receive funds under the TCAP program. All projects that receive TCAP funds will be required to contract directly with, or through NHD, with NHD's asset management firm and pay the associated asset management fees outlined in these procedures or fees as updated from time to time. Failure to do so will result in termination of the TCAP funds.

NHD will assign the AM and it reserves the right to assign or change an AM in its sole discretion to any development receiving an award under the TCAP program. The AM will, on behalf of NHD, underwrite projects, perform construction monitoring, including representing NHD at draw meetings, review draw requests and requests for change orders, and ensure compliance with the project application and NHD loan terms, and other tasks as assigned by NHD.

The AM shall be responsible to NHD to identify and measure any Development that is deemed "risky". Using the AM's approved risk rating criteria for development and for operations, the

AM will prepare and deliver to NHD a quarterly list of “risky” properties. Developments will also be placed on the “risk” list if they fail to meet any of the required NHD program procedures, milestones, or timeframes.

Project owners will be responsible for paying asset management fees during project construction through initial lease-up and certification and, then, for yearly asset management.

Fees for asset management during project construction and through initial lease up will be as follows:

Underwriting	Not to exceed \$29,500
Operating Agreement Negotiations	Not to exceed \$15,000 plus third party legal fees
Construction documents/Plan reviews	Not to exceed \$6,000 (includes AM fee to evaluate reports and any AM third party report costs)
Third Party Construction Monitoring	Not to exceed \$1,500 per month or visit
Construction Management	Not to exceed \$9,500 annually and increasing by three percent (3%) annually or the national CPI, whichever is greater

Yearly asset management fees will be \$5,950 annually for financial asset management plus an additional \$35 per unit to NHD for property/unit inspections and file reviews. Fees for workouts, if necessary, will be assessed on a case by case basis. Annual asset management fees will adjust by three percent (3%) annually or the national CPI, whichever is greater. NHD will determine which, if any, fees should be paid directly to the AM firm and the project owner may have to enter into an agreement with the AM firm.

Projects receiving both Tax Credit Assistance Program and Section 1602 funding will not be double billed for AM services and will adhere to the AM fees cited herein.

The only exception to the above fee structure is in circumstances as specified in Section III, D, or based on posted updates to this fee schedule. Any updates to this fee schedule will be noticed in a Program Bulletin and posted on the NHD website at www.nvhousing.state.nv.us.