

TCAP Asset Management Fees

To defray the costs associated with the mandatory asset management functions required by the Recovery Act to be performed by the Division on all TCAP projects, an asset management fee will be charged. The Recovery Act requires asset management functions to ensure the compliance of TCAP projects with Section 42 of the IRC of 1986, and the long term viability of buildings funded by TCAP. These activities occur at various stages of a project from initial review through construction, and post-construction operations. Asset management functions include underwriting, project financial management, architectural reviews, construction monitoring, marketing plan/leasing reviews, long-term compliance monitoring, etc. The following asset management fee structure will apply:

- Projects with a traditional LIHC equity investor - \$50,000. The fee is payable at the time of construction closing.
- Nominal LIHC projects - \$100,000. Due to the more intensive asset management monitoring required of DHCR in the absence of a LIHC equity investor, nominal equity projects will be charged a higher asset management fee. Half of the fee is payable at the time of construction closing, and the balance is due at permanent loan closing.

Project owners must identify non-TCAP funding sources to pay the asset management fee. Federal regulation 24 CFR 85.22(a)(2) prohibits project owners from paying eligible asset management fees with TCAP funds.