

ASSET MANAGEMENT FEE (AMF) POLICY

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Purpose of Asset Management Fee

The AM Fee reimburses the Authority for the oversight of federal program requirements for developments that do not receive an interest-bearing MSHDA loan, unless specifically waived by the Authority. The amount of initial and ongoing Asset Management Fee should be identified within each development’s Regulatory Agreement.

AMF Payment Effective Dates and Amounts

The AMF expense accrues beginning on the first of the month following the Mortgage Cut-off Date, unless otherwise designated in the Regulatory Agreement. For the first year that the fee is due, the AMF will be pro-rated from the 1st of the month following the Mortgage Cut-off Date through December of the first year. Thereafter, the annual AMF will be due on December 1st of each year through the end of the Extended Use Period.

Unless otherwise designated in the development’s Regulatory Agreement, the initial annual AMF for the TCAP and 1602 Programs were set based on the development size as follows:

Development Size	9% Equity Support (TCAP)	9% Tax Credit Exchange/ Reinvestment Program (1602)
Less than 50 units	\$2,500	\$5,000
50+ units	\$5,000	\$10,000

In 2014, the Authority began to adjust the AMF amounts annually based on the net increase in the Consumer’s Price Index (CPI) over the previous twelve-month period. The annual change is limited to no greater than a 3% increase and no less than 0% change. Refer to the most recent version of the *Annual Fees for MSHDA-Financed Developments (MSHDA Mgmt. 450 – Attachment 2)* to determine the current AMF amounts.

The AMF is due each December 1st for the current years’ oversight and may be paid with a lump sum payment or through making deposits into an Asset Management Fee reserve account, which will be billed for the annual AMF. Any AMF payments outstanding on

December 31st must be recorded as a development payable on the year end statements and will reduce the surplus cash per the audit calculations. If the annual AMF payments are not paid by April 30th of the following year, an open condition will be created for the outstanding payment due.

Deposits to the Asset Management Fee Reserve

The AMF reserve may receive deposits through two possible methods:

1. **AMFR Established at Loan Closing** – In some cases, the anticipated AMF expenditure is fully funded at loan closing and placed in escrow to guarantee sufficient funds would exist for the life of the TCAP or Section 1602 loan. The amount of the annual AMF will be withdrawn from the AMF reserve and applied to pay the AMF on December 1st of each year. No payments are required to be made from operations unless the AMF reserve is exhausted. When the AMF reserve becomes depleted, the development will be billed the annual AMF amount on an annual basis, and the reserve will convert to an AMF Reserve Funded from Operations.
2. **AMF Reserve Funded from Operations** – Developments may make monthly/quarterly deposits into the AMF reserve to pay the AMF due on December 1st. The annual AMF amount will be withdrawn from the AMF reserve on or after December 1st. If the AMF reserve does not hold sufficient funds to pay for the AMF due, the development will be billed for the remaining amount on or shortly after December 1st payment withdrawal.

Funds on deposit in the AMF reserve will be invested by the Authority's Finance division and remain in control of the Authority until disbursement. Interest earned on funds deposited in the AMF reserve, if any, will accumulate in the AMF reserve and be treated in the same manner as other AMF reserve funds. Funds in the AMF reserve may only be used to pay outstanding AMF payments due unless a waiver is granted by the Director of the Asset Management Division.

Mortgage Loan Payment

Upon payment in full of a development's mortgage loan, the release of funds in the AMF reserve is governed by the regulatory agreement and applicable laws.

MSHDA Use Only Attachments

515A – AM Fee Invoice