

Tax Credit Assistance Program (TCAP) Asset Management Plan

OVERVIEW

As the administrator of the Tax Credit Assistance Program (TCAP), NJ Housing and Mortgage Finance Agency (NJHMFA) is responsible for ensuring compliance with Section 42 of the Code, the regulations thereunder, including Title 26 Code of Federal Regulations section 1.42.9, the Qualified Allocation Plan (QAP), and the long-term viability of all projects funded by proceeds provided under the American Recovery and Reinvestment Act (ARRA).

NJHMFA has policies and procedures in place to ensure the long term viability of all projects financed with state-administered funds, and will utilize those same asset management functions to TCAP projects.

Below is an overview of the Asset Management functions NJHMFA performs. More detail can be found in the corresponding manuals and handbooks outlining our policies and procedures.

MONITORING RESPONSIBILITIES

Task	Responsible NJHMFA Division	Timing/Frequency
Underwriting Review <ul style="list-style-type: none"> ▪ Tax Credit/TCAP needs analysis ▪ Financial feasibility during construction and compliance period ▪ Operating expenses ▪ Construction expenditures ▪ Debt service coverage (if applicable) ▪ Reserves ▪ Residual Value Analysis 	Tax Credit Allocations Multi-Family Property Management	At application and/or agency commitment
Davis Bacon Prevailing Wages	Tax Credit Allocations Technical Services	Prior to starting construction (Contract) and prior to any disbursement (Payrolls)
National Environmental Policy Act (NEPA) 24 CFR Part 58, including project reporting in RAMPS	Tax Credit Allocations Multi-Family	Prior to starting construction
Review of Architectural/Engineering Plans and Specifications, including compliance with Section 504 of the Rehabilitation Act of 1973	Technical Services	Prior to starting construction
Review of Construction Schedule	Tax Credit Allocations Technical Services	At application and prior to construction start
Review of Construction Contract and Trade Payment Breakdown	Technical Services	Prior to starting construction
Energy Efficiency Improvements	Green Homes Technical Services	Prior to starting construction and prior to issuance of 8609s

Task	Responsible NJHMFA Division	Timing/Frequency
Monitoring Construction <ul style="list-style-type: none"> ▪ Monthly progress inspections ▪ Change Orders ▪ Housing Code Compliance ▪ Monthly Job Site meetings ▪ Construction Draws/ Applications for Payment ▪ Close-Out/Construction Completion ▪ As-Builts ▪ Certificates of Occupancy 	Technical Services	At least monthly
Financial and Project Status Reporting on FederalReporting.gov	Tax Credit Allocations Finance	Quarterly during construction
Construction Draw Requests and Budget Reviews	Construction Finance Tax Credit Allocations	Per the Approved Draw Schedule
Tax Credit Carryovers, including Tax Credit/TCAP needs analysis	Tax Credit Allocations	Prior to the end of the calendar year of award
Cost Certification review	Tax Credit Allocations	Prior to issuance of 8609s
Review and approval of all prospective tenants prior to move-in	Property Management	During Lease-Up
Operating Procedures <ul style="list-style-type: none"> ▪ Affirmative Fair Housing Marketing and Leasing ▪ Reserve analysis ▪ Preventative Maintenance/ Capital Repair & Replacement ▪ Turnover Inspections ▪ Insurance coverage ▪ Internal Controls 	Property Management	On-going
Operating Reports <ul style="list-style-type: none"> ▪ Occupancy/Vacancy ▪ Monthly rent collection ▪ Cash Receipts ▪ Cash Disbursements ▪ General Ledger ▪ Payroll 	Property Management	Monthly/Quarterly
Annual Budgets and Audited Financial Statements	Property Management	Annual
Physical Inspection Reports	Property Management	Annual
Continued Marketability Analysis	Property Management	Annual
Review of Owner/Project Certifications and Building Status Reports/Tenant Information via MITAS Web Access System	Tax Credit Compliance	Annual
Notification of Non-Compliance, 8823's <ul style="list-style-type: none"> ▪ Applicable Fraction ▪ Minimum Set-Aside ▪ Physical Property ▪ Documentation 	Tax Credit Compliance	As needed

Task	Responsible NJHMFA Division	Timing/Frequency
Tenant File Audits/Inspections	Tax Credit Compliance	Within 2 years of Placed-In-Service and no less than every 3 years thereafter
Compliance Training for Owners, Developers and Managers	Tax Credit Compliance	Twice a year

AT RISK/TROUBLED PROPERTIES

Projects that are deemed at-risk of default, based on information revealed during monitoring procedures outlined above, are handled on an individual basis by the NJHMFA's Chief of Program Services.

EXPENDITURE DEADLINES and RECAPTURE

75% of TCAP award must be expended by February 16, 2011
 100% of TCAP award must be expended by February 16, 2012

To ensure the timely utilization of funds as described above, HMFA shall establish a project-specific schedule for the expenditure of TCAP funds. Failure of TCAP recipients to meet such deadlines may result in recapture of the TCAP funds for redistribution.

FEES

NJHMFA will collect an Asset Management fee equal to 5% of the original tax credit allocation amount. If the project does not have NJHMFA permanent financing, this fee shall be no less than \$100,000, capitalized and paid up front for the 15 year compliance period. This fee shall be payable at permanent loan closing or prior to issuance of 8609s, whichever occurs first.