Finance Agencies, Housing Authorities, local housing organizations, and non-profits. Each Region provides information about the organizations within its states, documents contacts and provides a description of the fee structure used by the source organizations. The description should include the amount of the management fee, how the management fee was established, and a 'bundle of services' comparability synopsis.

To provide consistency, the states are divided into Regions. The Regions are identified as follows:

MIDWEST: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska North Dakota, Ohio, South Dakota, Wisconsin;
NORTHEAST: Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia, West Virginia;
SOUTH: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina Oklahoma, Puerto Rico, South Carolina, Tennessee, Texas, Virgin Islands;
WEST: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico Oregon, Utah, Washington, Wyoming.

2. Add-On Fees

Add-on fees are a flat PUPM fee paid to agents managing projects with long-term project characteristics and conditions that require additional management effort beyond the activities covered by the base fee portion of the management fee. The add-on fee is applicable to all revenue producing units regardless of occupancy status. See Exhibit 3-4 for types of add-on fees.

- The Agency has established a standard list of add-on fees that is applicable to all states.
- Exhibit 3-4 project characteristics or conditions that warrant the use of add-on fees.

Add-on fees should not cover project characteristics or conditions that are already covered in the base fee. Agents may not take add-on fees for management of properties with workout agreements except under limited circumstances, and solely at the Agency's discretion. If it is demonstrated that conditions at the property are beyond the management agent's control, the Agency may agree to allow the management agent to take add-ons fees for the circumstances listed in Exhibit 3-4.

Exhibit 3-4 Agency Approved Add-On Fees	
Type of Add-on Fees	PUPM
Management of properties with 15 units or less	$5
One project that has buildings located on different non-contiguous parcels of land (i.e. across town or in another town)	$5
Management of properties in a *remote location	$5
Troubled or critical properties with workout plans and new management only	$5
**Properties with Multiple Subsidies with annual reporting requirements	$5

*Effective with FY2023 proposed budgets, "Remote Location" is defined as properties located within the USDA Economic Research Service (ERS) Level 4 Frontier & Remote (FAR) Area codes. https://www.ers.usda.gov/data-products/frontier-and-remote-area-codes/. The following states/territories do not have areas that meet the Level 4 FAR definition: Connecticut, Delaware, Indiana, Massachusetts, New Jersey, Ohio, Puerto Rico, Rhode Island, South Carolina, and the Virgin Islands. Properties in Alaska or Hawaii that are authorized to take the "off-road" management fee are not eligible to claim an additional add-on fee for remote location. **If the property does not suffer from difficulty retaining staff, obtaining services, or if management offices are located near the Level 4 FAR property, management should refrain from claiming this add-on fee.** If a property is not located in a Level 4 FAR area, and management can justify a remote location add-on fee, they may request an exception. Reasonable justification must be submitted to the MFH servicing specialist for review. Justifications could include extensive travel time, difficulty obtaining services or retaining staff, or required unique means of travel (4-wheel drive, ferry, etc.). If there is a question as to whether the justification is reasonable, the servicing specialist should consult with their team lead.

**Multiple Subsidies – properties with additional subsidy that have reporting requirements in addition to and separate from those of Rural Development such as Low-Income Housing Tax Credits or project-based Section-8. This does not include Section 538 loans. Regardless of the number of layered subsidies, the total add-on fee for this category is $5.

The Occupied Unit Per Month State Maximum Management Fee available on Attachment 3-F must be reflected on the proposed budgets and are effective January 1, for the specified fiscal year.

The Agency's decision regarding the amount of management fees set by the region and the state is unappealable.

C. Services Paid from the Management Fee

The purpose of the management fee is to compensate the Agent for providing oversight to the project including:

- Overseeing compliance with national, State, and local laws and regulations;
- Establishing strong project management policies and procedures; and
- Overseeing the implementation laws, regulations, policies, and procedures through the supervision of onsite staff.

Charges covered by the management fee must be listed in the project's Management Plan. A breakdown of items that are to be paid from the management fee can be found in

- **Attachment 3-D.**

D. Services Paid from Project Income

In general, project income is used to pay for project-related items. Examples include the salary, benefits, and office expenses of onsite office staff and maintenance expenses for the property and costs for processing project-specific transactions (e.g., tenant certifications). A specific breakdown of items that are to be paid from project income as opposed to the management fee can be found in **Attachment 3-E**.