

Figure 6-2, Examples of Costs Paid from Management Fees and Project Account

| Costs Paid From Fee   | Costs Paid From Project Account   |
|---|---|
| The selection and establishment of an accounting system and internal management control procedures. Visits to spot check performance of on-site staff (e.g., reviews of occupancy files office procedures, etc.)  | Reimbursement of all costs related to maintaining centralized or project-based accounting functions of the project, including resident certifications, worksheets and monthly subsidy billings, as well as monthly accounting reports required by the owner or HUD. Includes prorated costs on a per unit basis for centralized accounting systems, including hardware, software and technical support. Agents can be reimbursed for the prorated cost to the project of personnel providing property specific accounting and computer services. The cost to the project for such services provided by the agent may not exceed the cost of procuring comparable services from an independent vendor. Each year, the agent must determine that these costs are at or below the market and maintain such evidence on-site. |
| Fidelity bond coverage for the agent's supervisory staff.   | Fidelity bond coverage for front-line employees and principal management staff.   |
| Bookkeeping expenses attributable to agent's company.<br><br>Overhead expenses (e.g. supplies and equipment, transportation and phone calls to projects, regularly scheduled long distance calls from project to agent, office space, data processing, etc.). | Costs of front-line project operations—e.g. managers and their apartments, legal and auditing expenses, bookkeeping and associated expenses, occupancy clerks, project management delinquency notices, evictions, project checks, envelopes, postage, air express delivery charges, copying, unscheduled long distance calls to agent, costs of IRS Section 401-K, 125 and 403-B, and related retirement and health plans to on-site staff so long as they are comparable with industry standards and in compliance with the guidelines set forth in paragraph 6.38(e), and the salary of a supervisory employee of the agent designated to replace a project employee for hours worked at the project above and beyond the first 40 consecutive hours of the assignment.   |
| Directing the investment of project funds.  | Reasonable brokerage fees and interest costs incurred in investing project funds.   |
| Agent's travel expenses to visit project and meet with owners. Training and travel expenses for agent's supervisory staff.  | Travel expenses incurred by front-line staff's responsibilities (e.g. making bank deposits, meeting with contractors, attending training, etc.).  |
| Agent office phone lines not dedicated to TRACS or the project, and automation equipment not required by HUD.   | Dedicated line and modem for transmitting TRACS data (such lines can be shared with FAX machines). Automation required by HUD (e.g., equipment for the implementation of TRACS). Reasonable costs for on-site equipment, software, and technical support necessary for performing other front-line activities of the project, including FAX machines, automated credit terminals, and other telephones and electronic transmission devices at the site.   |
| Recruiting costs for agent's staff, including roving staff members.   | Recruiting costs for on-site staff.   |