

Dear NAHMA Member:

I am pleased to inform you that on September 29, 2014 RD released Procedure Notice [PN 472](#), which included its official announcement of Fiscal Year (FY) 2015 management fee increases. The last increase went into effect January, 2011.

[Attachment 3-F](#) to RD's Handbook HB-2-3560 lists the FY 2015 Management Fees. Under the methodology used to calculate the increase, HUD's 2014 Operating Cost Adjustment Factor (OCAF) for each state was applied to RD's FY 2014 management fee. These new fees will be used for the FY 2015 budget cycle beginning January 1, 2015.

Earlier this year, NAHMA joined an industry coalition which proposed using the OCAF as a simple and effective methodology for increasing RD's management fees. The coalition consisted of the Council for Affordable and Rural Housing (CARH), the National Affordable Housing Management Association (NAHMA), and the Institute on Real Estate management (IREM). The group also urged RD to change its management fee methodology to allow some "add-ons" to the base fee. Some examples of possible add-ons include, but are not limited to, an add-on for managing a remote location or for managing a property with layered financing. RD has not made a decision about adopting the add-ons at this time.

Please be assured that NAHMA will continue to follow the developments related to RD's management fees in consultation with our Rural Housing Committee.

Regards,

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