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# Asset Management Guidelines

2026

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**This Guideline is Effective January 2026**

## Table of Contents

	<b>Page</b>
<a href="#"><u>Preface</u></a> .....	3
<a href="#"><u>Background</u></a> .....	3
<a href="#"><u>Management Agent Selection and Approval Process</u></a> .....	3
<a href="#"><u>Management Agreement</u></a> .....	4
<a href="#"><u>Management Fee Policy</u></a> .....	4
<a href="#"><u>Management Agent – Scope of Services</u></a> .....	4
<a href="#"><u>Annual Budget Reporting Requirements</u></a> .....	6
<a href="#"><u>Annual Financial Statements (AFS)</u></a> .....	6
<a href="#"><u>Site Visits &amp; Management Reviews</u></a> .....	7
<a href="#"><u>Capital Needs Assessment</u></a> .....	7
<a href="#"><u>CHFA Asset Management Escrow Disbursement Policy</u></a> .....	8
<a href="#"><u>Tenant Profile Submissions (TPS) and Waiting List Surveys</u></a> .....	8
<a href="#"><u>Leases</u></a> .....	8
<a href="#"><u>Transfers of Partnership Interest/Ownership</u></a> .....	8
<a href="#"><u>Insurance Claims</u></a> .....	9

## I. Preface

This Guideline is to be used by Owners and Property Managers of the Connecticut Housing Finance Authority (CHFA)-financed projects as general guidance pertaining to Asset Management and the operations and maintenance of properties. This Guideline supplements the existing laws and rules prescribed by the Internal Revenue Service (IRS) in Section 42 of the Internal Revenue Code (Code) and related regulations. It is also to be used as a supplement to the [Procedures of CHFA, \(ConApp or application\)](#), State-Sponsored Housing Portfolio (SSHP) Program statutes and regulations and any other CHFA Guideline referenced in this document. If any statements in these documents conflict with the laws governing CHFA Multifamily Rental Housing Programs, those laws take precedence. These materials should not be relied upon solely or as a substitute for an Owner's own tax or legal counsel or interpretation of laws. Owners and Property Managers are ultimately responsible for providing the information necessary for the determination of the project's eligibility and compliance under their respective loan documents, regulatory agreements (if applicable) and any other binding agreements between CHFA, Owners and Property Managers. Related or referenced documents can be found on CHFA's [website](#).

## II. Background

CHFA administers programs that assist developers of affordable rental housing in Connecticut to obtain [financing](#) and to develop affordable or mixed-income housing throughout the state. These programs offer mortgages at below market interest rates as well as federal and state tax credits to developments that meet the state's affordable housing goals. Please refer to the [Developers](#) section of the website for more information.

CHFA may also provide financing for related facilities such as commercial, office, health, welfare, administrative, recreational, community, and service facilities incidental and pertinent to multifamily rental housing as determined by CHFA. CHFA also has oversight responsibility for properties in the SSHP.

The Asset Management Department's responsibilities include:

- Minimizing overall risk to CHFA
- Monitoring overall performance of the properties and portfolios
- Monitoring on-going compliance with all applicable documents, program regulations, state statutes and CHFA's policies and procedures.
- Evaluating and providing oversight of financial sustainability, physical condition and management operations.
- Identifying trends that require action
- Proactively engaging Owners as issues are identified to work toward solutions
- Preserving affordability in properties
- Responding and seeking resolution to or offering guidance for various inquiries/challenges from or regarding residents

## III. Management Agent Selection and Approval Process

Owners of CHFA-financed properties must engage a Management Agent and must obtain CHFA's written approval prior to entering into a CHFA Management Agreement. The Management Agent is responsible for the day-to-day operation of the property. CHFA will charge a fee to review and document a change in Management Agent during

the term of the loan.

In addition, if a Management Agent has not been approved to manage any CHFA-financed properties, they must submit a request for Management Agent approval to the Asset Manager along with required documentation. CHFA's Management Agent Approval Requirements may be found [here](#).

#### **IV. Management Agreement**

In CHFA-financed properties, the Owner and the Management Agent must execute a "Management Agreement" (Form HM 2-21) which provides for, among other things, the maximum compensation receivable by the Management Agent and for termination with or without cause by CHFA upon 30-days written notice. CHFA will also review and sign the agreement, after the Owner and Management Agent. CHFA does not permit Owner/Agent addendums to the Management Agreement.

#### **V. Management Fee Policy**

The maximum management fee on newly financed properties or for a new Management Agent (new to the property) is typically 5% of monthly income collected/received or a fixed amount per occupied unit not to exceed HUD published schedules, or as required by any Federal or State program.

The primary methodology is the percentage of rental income collected. The computation includes all rental income collected including income collected from commercial space and unit subsidies. In addition, miscellaneous operating income and any interest earned thereon shall be included. Smaller properties (less than 50 units) may elect to seek approval for a fixed amount per occupied unit methodology.

Approval must be obtained from CHFA to establish the initial and any subsequent increase to the fees paid to a property Management Agent. In addition, CHFA reserves the right to decrease the management fee due to poor performance.

#### **VI. Management Agent – Scope of Services**

The following includes the scope of services that CHFA typically expects Management Agents to provide. Please note that all records of the Management Agent must be available to the Owner and CHFA upon request.

##### **A. Physical Plant**

- Performing physical inspections of the property on a regular basis. Inspection records shall be available for review by CHFA staff upon request
- Developing and implementing a comprehensive maintenance program
- Handling or coordinating outside and/or in-house professional services from architects, engineers and others with expertise on technical issues
- Performing preventative maintenance, including safety, environmental and energy management systems
- Writing bid specifications for building services such as janitorial, engineering, security, etc.; awarding contracts and supervising the work
- Performing life-cycle cost analysis or feasibility studies of these improvements as appropriate
- Recommending programs for alteration and modernization to enhance the property's marketability and competitiveness

## **B. Financial**

- Maintaining financial records and submitting financial reports as required by CHFA or state regulation as applicable.
- Approving and disbursing expenses for ordinary operating needs as approved in the annual budget
- Increasing net operating income and enhancing the value of the property by maximizing income and controlling expenses
- Collecting rents
- Preparing, analyzing, and/or approving annual operating budget(s) and interim statements of operations/quarterly reports
- Performing present value analyses on leases
- Analyzing or preparing program operating statements (including financial) and, when appropriate, recommending changes or taking action
- Analyzing actual vs. planned variances and establishing a plan for correcting unfavorable variances
- Reviewing and evaluating ad valorem tax assessments and recommending possible appeals to reduce or correct assessments
- Analyzing the cost of major equipment purchases and recommending possible alternatives to purchasing
- Providing financial calculations and reports as required by CHFA
- Providing valuation services detailing opinions of property value for Owner-use, Owner- investor clients, and CHFA

## **C. Risk Management**

- Maintaining adequate levels of insurance that meet [CHFA Insurance Requirements](#)
- Developing and/or implementing a risk management program
- Investigating claims relating to accidents, vandalism or property damage, and recommending action and/or submitting claims for payment to insurance carriers
- Reviewing potential safety, health and security issues and addressing them proactively

## **D. Marketing**

- Preparing and implementing Management and Marketing Plans and Resident Selection Plans (Note: Plans are prepared according to CHFA outlines.)
- Implementing marketing promotion and leasing programs based on a local market analysis
- Advertising vacancies through selected media and contacts, with a focus on affirmative fair marketing goals
- Maintaining a waiting list
- Developing and implementing resident retention programs

## **E. Administrative/Leasing**

- Providing or arranging for the provision of required services to residents
- Maintaining community goodwill
- Providing all property data and reports as required by CHFA

## VII. Annual Operating Budget Reporting Requirements

A Projected Annual Operating Budget must be submitted via the [CHFA – DOH Budget-Interim Workbook](#) prior to the beginning of the fiscal year as required by the development's legal documents (due dates vary but can range from 30 – 90 days prior to beginning of fiscal year). Back-up documents required for CHFA portfolio properties include the following:

- Line by line explanation of revenue and expenses if not completed in budget workbook tab "Spread Budget Input" column Z.
- Rent Roll
- List of resident charges that are not rent (e.g., air conditioning charges) if applicable
- Capital Improvement Schedule ([CHFA Form HM 6-12 \(b\)](#))

A Projected Annual Operating Budget should represent a realistic estimate, not an assumed percentage increase based on the previous year's actual budget.

An Owner may submit a rent increase request to CHFA with the annual budget. For CHFA-financed properties, please refer to [CHFA's Rent Increase Policy](#) for guidance. The rent increase request should be separate and succinct from the budget submission. The request should be in writing and should include the current and proposed rent schedule by unit type. For Section 8 properties, a Subsidy Contract Administrator Approval Letter is required.

For SSHP properties, the following items are required to be submitted when proposing a rent increase.

- Copy of 30-day notice of meeting where the increase will be presented
- Board of Commissioners meeting minutes approving the increase
- Rent roll indicating effect on residents
- Copy of 45-day notice to residents of the new rent amount.

All required items must be submitted via CHFA's [secured portal](#) which is used for budget and interim reporting.

## VIII. Annual Financial Statements (AFS)

For CHFA-financed developments, per the Covenant of Compliance and Regulatory Agreement, annual financial reports are required to be submitted to CHFA within 60 days after the end of the fiscal year for most developments. To fulfill this requirement, most developments are required to submit audited Annual Financial Statements (AFS). For developments that are part of the Small Unit Rental Program (SURP), an Annual Financial Review is required instead of a Statement.

Owners of small properties (approximately 30 units or less) may request permission to submit an Annual Financial Review or Compilation instead of an audit. The written request should justify the reason for the request (e.g., cost, other program requirements, etc.). Review and Compilation submissions must still include the Supplemental Workbook, and management may not elect to eliminate disclosures, the Statement of Cash Flows or any other component that is needed to conform with Generally Accepted Accounting Principles (GAAP). All submissions must comply with the terms of the Regulatory Agreement, which requires financial reports to be prepared in accordance with GAAP.

SSHP Owners/Housing Authorities must follow statutory and regulatory program requirements related to the submission of the AFS. SSHP Owners/Housing Authorities are typically required to submit financials in the same required format as CHFA-financed properties, but those with 10 units or less and no CHFA Regulatory Agreement may request to submit a tax return instead.

CHFA requires:

- A pdf file of the AFS to be submitted to the Asset Management AFS drop box found [here](#).
- The [CHFA Annual Financial Statement Workbook](#) (which includes the Financial Input Sheet which feeds the supplemental Excel forms HM 6-50 through HM 6-52), submitted to the Asset Management AFS drop box found [here](#).

CHFA provides an AFS Reporting Handbook that provides clarity on our AFS requirements.

Topics include:

- Submission Process, Due Dates and Requests for Extension
- Reporting Requirements
- Confirmation Procedures
- Testing Compliance with the Major CHFA Program

The Handbook can be found on our website by clicking [here](#).

## **IX. Site Visits & Management Reviews**

Site Visits and Management Reviews may be conducted every three years for properties that have a CHFA Physical Rating of Satisfactory or above. Site visits may be conducted annually (or more frequently if necessary) for each property that has a Physical Rating of less than Satisfactory or is a Real Estate Owned (REO) property.

If a property is a HUD Risk Share, or TCAP or Exchange, the Asset Manager will conduct a Site Visit/Management Review annually.

For LIHTC properties and properties subject to a Restrictive Covenant, CHFA's authorized delegate completes a visit and file review every three years (Post Year 15, every five years).

If a SSHP property receives State Rental Assistance Program (SRAP) subsidy and the percentage of subsidized units is at least 25% of the total units, then the Asset Manager may not need to perform a physical site visit. These properties are inspected by the SRAP contractor.

## **X. Capital Needs Assessment**

A Capital Needs Assessment (CNA) is based on a thorough and detailed physical inspection of the property. A CNA includes descriptions of deferred maintenance, capital improvements, modernization needs and activities, as well as descriptions of security needs. Please see the CHFA Housing Design and Construction Criteria section of the website for more information on [CNAs](#).

The operating account may be used to pay for the CNA where funds are available. Upon request, CHFA will consider authorizing releases from Reserves for Replacement or Residual Receipts where a property's operating account is inadequate to pay for the CNA.

Updated CNAs are to be prepared and submitted upon CHFA's request. Internal assessments may be used to fulfill this request unless CHFA requires a third-party CNA for any reason. Under some circumstances, such as when a property experiences a need for major, unanticipated physical repairs or is requesting a workout, a loan, or applying for financing, a property may be asked by CHFA to submit an updated third-party CNA.

#### **XI. CHFA Asset Management Escrow Disbursement Policy**

Owners of housing developments with CHFA Multifamily Mortgages or other CHFA-administered financing must follow [CHFA's Escrow Disbursement Policy](#) for obtaining reimbursements from their Reserve for Replacement, Residual Receipts & Operating Reserve Escrows. In general, withdrawals are subject to CHFA approval and must relate to eligible expenditures for capital improvements or repairs. Please see the policy for detailed instructions.

#### **XII. Tenant Profile Submissions (TPS) and Waiting List Surveys**

CHFA-financed developments and SSHP developments are required to submit requested data for each household occupying a rental unit. CHFA is required by State statute CGS 8-37bb to submit household information yearly to the legislature. The TPS data is requested as of September 30th and is due annually by October 31<sup>st</sup> on the CHFA provided form. As part of this submission, CHFA also requires that a Waiting List Survey form be completed, as of September 30<sup>th</sup>, on the provided form. Failure to report is noted on the report submitted to the legislature, may result in a status of non-compliance and may affect future funding opportunities.

Note: If your property is part of the Assisted Living Demonstration Program you will only need to complete a Waiting List Survey as CHFA has access to the tenant data that is needed.

#### **XIII. Leases**

Owners and Management Agents may use their own form of lease, except where a certain form lease is required by a program, (e.g., HUD Model Lease for Section 8 properties). Prior to initial occupancy, the borrower must provide a letter from their Connecticut legal counsel (addressed to CHFA) confirming that the apartment lease complies with all applicable statutes and regulations and is enforceable in accordance with its terms. If lease changes are made during the term of the mortgage, borrowers must have their Connecticut legal counsel review the lease again.

CHFA requires CHFA-financed properties use a CHFA Amendment to Lease. There are two different forms of this Amendment, one for subsidized properties, the [Amendment to Model Lease for Subsidized Programs](#) (CHFA Form HM 8-15) and one for unsubsidized properties, (i.e., LIHTC, 80/20, etc.), [Amendment to Lease](#) (CHFA Form HM 9-15).

#### **XIV. Transfers of Partnership Interest/Ownership**

All transfers of partnership interest or ownership must be approved by CHFA. There are three types of transfers that require CHFA approval, as follows:

- The transfer of ownership of a multifamily development



- The transfer of general partnership interest of mortgagor
- The change of limited partner interest

The approval process begins with a written request from the borrower outlining the proposed transaction and the name(s) and address(es) of the proposed transferee(s). Your Asset Manager will provide a list of required submissions. The review and approval of these transfers are subject to a fee.

## **XV. Insurance Claims**

CHFA must be listed as Loss Payee on any insurance claims. When an event occurs that requires a claim, your CHFA Asset Manager must be notified as soon as possible. When a claim check needs endorsement, please submit the check to your Asset Manager along with back-up paperwork from the insurance company. CHFA may require photos of the work. Your Asset Manager will facilitate the endorsement of the check and arrange to have the check sent back to the development or available for pick up.

Remember that your Asset Manager is a resource for any questions or concerns you may have, please reach out if you need assistance. You can determine who the CHFA Asset Manager assigned to your property is by using the [Compliance Reporting and Property Look-up tool](#) on our website.