Module #7

Portfolio and Asset Management

**Goal:** Cover the essential aspects of asset and portfolio management systems that ensure the entity’s portfolio stays in compliance throughout the 7 year compliance period.
Portfolio Management

Definition:

- A collection of assets
- Directing investment choices
- Managing portfolio choices
- Identifying classified non-performing loans
- Reporting portfolio metrics
- For NMTC portfolio – CIIS reporting
- Audits and taxes
- CDE/CDFI Certification
Portfolio Management

Evaluating Effectiveness of Your Portfolio:

- Financially
- CDE Mission
- Community Development
Portfolio Management

Does my Portfolio tell my CDE’s story?

- Mission
- Expertise
- Uniqueness
- Effectiveness:
  - Measured how?
  - Examples
Asset and Project Management

Conventional (non-NMTC) Portfolio

- Managing Real Estate vs. Non-Real assets
- Ongoing covenant monitoring per underwriting guidelines
- Construction monitoring
- Payment/Disbursement Management
Asset and Project Management

- NMTC Portfolio
  - Tracking and reporting
  - Community Benefit Analysis
  - Indemnity Risk
  - CIIS
  - Regulatory Reporting
  - QALICB Financial Reports, Reviews
  - QALICB Site Visits/Customer Contact
  - Is the asset contributing to meeting my portfolio goals based on the mission?

- Exit Planning and Implementation
Asset Management

- Performing Asset - Maintenance
- Non-Performing Assets
  - Watch List – Monitoring Process
  - Team Notifications
  - Forbearance
  - Remedies
- NMTC Project Default Situation
  - Similarities with non-NMTC transactions
  - Differences
- Insurance Claims Situation
Portfolio Risks

- IRS and CDFI Fund Compliance
  - Allocation Agreement Default
  - CDFI/CDE Certification May Suffer
- Investor & Leverage Lender relationships may be affected
  - Indemnifications – Recapture Risk
  - Foreclosure – standstill provisions
- Asset Recovery
  - Area, Type, no NMTC Benefit
In Summary

Portfolio Management
  Evaluating Effectiveness
  Forms the CDE’s Story
Asset and Project Management
  Monitoring, Tracking, and Reporting
Asset Management
  Performing Asset Maintenance
  Non-Performing Asset Policy
Portfolio Risks