



U.S. Department of Treasury  
New Markets Tax Credit (NMTC) Program  
Minority CDE Training & Technical Assistance  
Contract # TFSACDF15C0004

# TRAINING CURRICULUM

## Module 7

# 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