



Ineligible Expenses NOT Covered by the Management Fee

Expenses **not** covered by the management fee are as follows:

1. Salaries, wages, fees, and contract costs incurred in direct performance of the following functions at an appropriate work site (on or off the development) and under the appropriate supervision.
 - a. Legal and auditing services rendered to the development.
 - b. Advertising and other marketing activities.
 - c. Leasing operations, including interviewing prospective tenants, verifying application data, certifying eligibility, showing apartments, executing leases, recertifying of eligibility, processing move-outs, etc.
 - d. Maintenance, repair, operation, cleaning, grooming, and decorating the development.
 - e. Development security activities.
 - f. Exterminating, refuse removal, snow removal, securing of vacant units and other services where appropriate and approved.
 - g. Clerical support of person performing functions covered in items "A" through "F."
2. The salaries and wages of development level employees (normally the resident manager, onsite office and maintenance staff) directly performing the activities covered in item (1.)
3. The following expenses when directly identified with employees and/or functions covered by items 1 and 2:
 - a. Office expenses
 - b. Office rent
 - c. Telephone
 - d. Fire Alarm
 - e. Materials and supplies
 - f. Data processing services
 - g. Purchase, maintenance, and repair of office maintenance equipment
 - h. Discounted or rent-free apartment
 - i. Employee Benefits i.e. payroll taxes, health, workers compensation, and Liability insurance, pension, and other benefits, bonuses, and incentives
 - j. Transportation costs and reimbursements
 - k. Travel costs
 - l. Lock boxes
 - m. Commission and concessions for obtaining tenants

4. Costs of electricity, gas, oil, water, water treatment, sewage disposal used at the development site or at a space rented for use of employees or functions covered by item 1 and 2.
5. Principal, interest, taxes, casualty insurance, and reserve for replacement deposits.
6. Rent up fees that are specifically provided in the management agreement.
7. Any additional expenses not specifically included in the management agreement.