

Notes to Consolidated Financial Statements – Continued

CharterMac & Subsidiaries

Fees/Compensation*	Amount
Bond Selection Fee	2.00% of the face amount of each asset invested in or acquired by CharterMac or its subsidiaries.
Special Distributions/ Investment Management Fee	0.375% per annum of the total invested assets of CharterMac or its subsidiaries.
Loan Servicing Fee	0.25% per annum based on the outstanding face amount of revenue bonds and other investments owned by CharterMac or its subsidiaries.
Operating Expense Reimbursement	For direct expenses incurred by the Manager in an amount not to exceed \$901,035 per annum (subject to increase based on increases in CharterMac's and its subsidiaries' assets and to annual increases based upon increases in the Consumer Price Index).
Incentive Share Options	The Manager may receive options to acquire additional Common shares pursuant to the Share Option Plan only if CharterMac's distributions in any year exceed \$0.9517 per common share and the Compensation Committee of the Board of Trustees determines to grant such options.
Liquidation Fee	1.50% of the gross sales price of the assets sold by CharterMac in connection with a liquidation of CharterMac assets supervised by Related.

* *Related is also permitted to earn miscellaneous compensation which may include, without limitation, construction fees, escrow interest, property management fees, leasing commissions and insurance brokerage fees. The payment of any such compensation is generally limited to the competitive rate for the services being performed. A bond placement fee of 1.0% to 1.5% of the face amount of each asset invested in or acquired by CharterMac or its subsidiaries is payable to the Manager by the borrower, and not by CharterMac or its subsidiaries.*

Affiliates of Related may provide certain financial guarantees to facilitate leveraging by CharterMac, for which they could be paid market rate fees. In addition, affiliates of Related may provide certain financial guarantees to the owner (or partners of the owners) of the Underlying Properties securing CharterMac's revenue bonds, for which they could be paid market rate fees.

Subsequent to the Related Acquisition

Subsequent to the Related acquisition the Management Agreement was terminated and therefore the fees included in the agreement are no longer applicable. Since most of our employ-

ees work directly for Related, certain of our subsidiaries have entered into management agreements with Related, under which Related is due a fee of .1% of the assets under management. CharterMac has entered into a management agreement with Related under which CharterMac will reimburse Related for its actual costs to provide the management services under the provisions of the management agreement, after receiving credit for the .1% management fees paid by its subsidiaries. The fees between CharterMac, our subsidiaries, and Related all eliminate in consolidation.