

Texas State Affordable Housing Corporation
Proposed Operating Budget
Fiscal Year 2014

		2013	2013	2014	
		Budget	Actual	Budget	Ref.
Revenues					
Servicing Revenue, Net of Subservicer Fees	\$	193,000	258,435	221,000	A-1
Single Family		2,842,000	5,093,738	3,723,000	A-2
Multifamily Oversight & Rental Program		492,000	564,819	537,000	A-3
Principal & Interest from Single & Multifamily Loan Programs		514,000	339,990	303,000	A-4
ACT Income		-	1,593,135	2,188,000	A-5
Grants & Donations		200,000	87,600	790,000	A-6
Federal & State Grants		1,910,000	720,394	258,000	A-6
Investment Revenue		30,000	38,071	40,000	
Tenant Income		24,000	21,533	21,000	
	\$	<u>6,205,000</u>	<u>8,717,715</u>	<u>8,081,000</u>	
Expenditures					
Salaries & Payroll Related Expenditures	\$	2,003,000	1,973,481	2,212,000	B-1
Professional Services		348,000	289,446	333,000	B-2
Foundation Fund Grants		300,000	300,000	300,000	
Principal & Interest on Notes Payable		214,000	906,063	648,000	B-3
Travel & Meals		82,000	81,602	97,000	B-4
Furniture, Equipment, & Software		35,000	19,280	17,000	B-5
Building Maintenance		26,000	26,873	27,000	B-6
Insurance		32,000	96,419	108,000	B-7
Marketing		87,000	116,324	89,100	B-8
Professional Dues & Training		24,000	17,838	18,000	
Communication		19,000	14,036	19,000	
Sponsorships		12,000	11,127	12,000	
Printing & Office Supplies		12,000	19,302	12,000	
Freight, Delivery, Postage & Storage		7,000	14,100	7,000	
Publications, Subscriptions & Other Office Expenditures		6,000	9,500	6,000	
Bank Fees & Charges		5,000	10,506	5,000	
Single Family/Multifamily Program Expenditures		1,400,000	1,715,527	3,593,000	B-9
Federal & State Grant Expenditures		1,378,000	1,065,937	308,000	B-10
Single Family Program Expenditures		41,000	1,590,910	176,700	B-11
	\$	<u>6,031,000</u>	<u>8,278,271</u>	<u>7,987,800</u>	
	\$	<u>174,000</u>	<u>439,444</u>	<u>93,200</u>	

Texas State Affordable Housing Corporation
Servicing Income
Fiscal Year 2014

Servicing Revenue	2013 Budget	2013 Actual	2014 Budget	
Countrywide Portfolio	\$ 100,000	\$ 160,233.00	\$ 144,000	NOTE 1
Principal Received on Demonstration DDPAP Loans	14,000	21,838	18,000	NOTE 2
Principal & Interest Received on SHLP Loans	65,000	60,181	48,000	NOTE 2
Principal & Interest Received on AHP Loans	13,000	15,814	11,000	NOTE 2
Ancillary Fee Income	500	369	400	NOTE 2
Total Budgeted Servicing Revenue	\$ 192,500	\$ 258,435	\$ 221,400	

NOTE 1	2013 Budget	2013 Actual	2014 Budget
Income from Countrywide Portfolio	\$ 200,000	\$ 251,498	\$ 210,000
Less Sub-Servicer Fees	(100,000)	(85,514)	(66,000)
Net Revenue from Countrywide	\$ 100,000	\$ 165,984	\$ 144,000

*Estimates are based on an analysis of historical activity emphasizing portfolio run-off.
Revenue is presented net of subservicer fees.*

NOTE 2
*Estimates are based on projected collections and estimates of uncollectible or delinquent loans.
Budget estimate assumes one full loan payoff during year.*

Texas State Affordable Housing Corporation
Single Family Bond Program Income
Fiscal Year 2014

Single Family Bond Program Income	2013 Budget	2013 Actual	2014 Budget	
Single Family Issuer Fees	\$ 314,000	\$ 497,970	\$ 570,100	NOTE 1
Mortgage Credit Certificate Fees	837,500	458,377	370,000	NOTE 2
Net Payback of DPA Outstanding			400,000	NOTE 3
Sale of 2002 Program	-	544,201	-	
TBA Program	1,500,000	3,407,865	2,000,000	NOTE 4
DPA Compliance Fees	175,000	157,825	350,000	NOTE 5
Lender Contributions	15,000	27,500	32,500	NOTE 6
Total Single Family Revenue	\$ 2,841,500	\$ 5,093,738	\$ 3,722,600	

	2013 Actual	2014 Budget
NOTE 1 Projected SF Issuer Fees		
2005B	\$ 5,628.85	\$ 5,600.00
2006A	9,629.71	8,900.00
2006B	7,053.74	6,500.00
2006C	40,110.70	35,000.00
2007A1	19,288.09	17,000.00
2007A3	19,899.36	18,000.00
2007C	18,973.87	17,000.00
2007B	12,113.03	11,000.00
2007D	10,693.65	9,500.00
2009/11A	159,401.23	69,600.00
2013A	195,178.04	372,000.00
	<u>\$497,970.27</u>	<u>\$ 570,100.00</u>

NOTE 2	1% x \$28,000,000 Projected Mortgage Credit Certificate Volume	\$ 280,000.00
	200 MCCs x \$200, +	40,000.00
	250 MCC/DPA loans x \$200	50,000.00
		<u>\$ 370,000.00</u>

NOTE 3 Due to slight decrease in TBA loan volume, TSAHC should receive back approximately \$400,000 more than it sends out

NOTE 4 1% x Projected FY 2014 Loan Volume of \$200,000,000

NOTE 5 1750 loans x \$200 per loan

NOTE 6 \$500 per lender, per program (approx. 60-65 lenders)

Texas State Affordable Housing Corporation
Multifamily Oversight Rental Program
Fiscal Year 2014

Multifamily Oversight & Rental Program	2013 Budget	2013 Actual	2014 Budget
Rainbow Inc.	\$ 85,400	\$ 85,016.16	\$ 84,500
White Rock	39,600	39,616	39,000
Marshall Meadows	26,100	26,214	26,000
HDSA	147,085	145,952	-
DALCOR	126,000	170,100	165,000
Gateway	-	-	39,302
TSAHC Asset Oversight Contracts	57,885	56,871	55,600
Other Application, Legal & Commitment Fees	10,000	35,550	20,000
Single Family Rental Program	-	5,500	107,444
Total Budgeted	\$ 492,070	\$ 564,819	\$ 536,846

Texas State Affordable Housing Corporation
Lending Program Cash Revenue
Fiscal Year 2014

Lending Program Cash Revenue	2013 Budget	2013 Actual	2014 Budget
Bunker Hill Note Receivable (\$3,659.16 per month)	\$ 43,910	\$ 43,910	\$ 43,910
Sagebrush Note Receivable (\$6,268.58 per month)	75,223	75,223	75,223
Fox Run (\$3,919.02 per month)	47,028	47,028	47,028
Willows (\$6,626.44 per month)	79,517	79,517	79,517
Rita Blanca (\$1,101.61 per month)	13,219	13,229	13,220
Single Family Direct Lending Lines of Credit	255,102	81,082	43,701
Total Budgeted Direct Lending Net Cash Revenue	\$ 514,000	\$ 339,990	\$ 302,599

Texas State Affordable Housing Corporation
 ACT Program Revenue
 Fiscal Year 2014

ACT Program Revenue	2013	2014
	Actual	Budget
Incoming Funds from Sale of Properties	\$ 1,493,022.89	\$ 2,000,000.00
Income from ACT-VET Fees	100,112.76	187,500.00
Total ACT Program Revenue	\$ 1,593,135.65	\$ 2,187,500.00

Texas State Affordable Housing Corporation
Fundraising Income and Federal Grants
Fiscal Year 2014

	2013 Budget	2013 Actual	2014 Budget
Federal & State Grants			
Neighborhood Stabilization Program	\$ 1,556,787	\$ 246,752	\$ 80,000
National Foreclosure Mitigation Counseling	353,371	473,642	177,567
Total	<u>1,910,158</u>	<u>720,394</u>	<u>257,567</u>
Grants & Donations			
Foundations	50,000	-	550,000
Banks and Corporations	150,000	87,600	240,000
Total	<u>\$ 200,000</u>	<u>\$ 87,600</u>	<u>\$ 790,000</u>

Exhibit B-2

Texas State Affordable Housing Corporation
Budgeted Professional Services
Fiscal Year 2014

	FY2013 Budget	FY2013 Actual	FY2014 Budget	
Legal Fees	193,500	105,692	116,000	Note 1
Accounting & Auditing	63,800	63,720	72,300	Note 2
NOVA	1,200	1,224	1,400	Note 3
RBC Capital Markets	5,000	5,000	5,000	Note 4
Information Technology	30,000	21,040	22,100	Note 5
Investments Patterson & Associates	18,000	18,000	18,000	Note 6
First Southwest & Co.	-	9,000	36,000	Note 7
Single Family Compliance Software	30,000	61,500	33,000	Note 8
Asset Oversight Compliance Website	-	-	25,000	Note 9
Transcription Fee	6,500	4,270	4,300	Note 10
Total	\$ 348,000	\$ 289,446	\$ 333,100	

Note 1 *Estimates for legal fees are based on an analysis of historical activity and budget projections provided by staff.*

Note 2 *Projected expense is based on audit engagement letters from Mikeska, Monahan & Peckham, CPAs. Mikeska, Monahan & Peckham perform the Corporation's annual financial, governmental and investment compliance audits. Additionally they prepare the Corporation's 990 tax return and provide on-going accounting advise as needed.*

Note 3 *Projected expenditures are based on a contract with NOVA401k & Associates. NOVA provides third party administrative services for the Corporation's 403b retirement plan. Services include preparation of the 403b plan tax return and annual testing for compliance with IRS requirements.*

Note 4 *Projected expenditures are based on contract with RBC Capital Markets. RBC prepares semi-annual debt services schedules for the Corporation's single family bond issues which are required by the Bond Review Board.*

Note 5 *Projected expense based on contracted rate with Information Technology consultants and historical review of hours and expenditures*

Note 6 *Projected expense is based on amount stated in contract with Patterson & Associates. P&A assists the Corporation with investment of cash reserves, preparation of bids and contracts for depository banking services, preparation of monthly & quarterly Investment reports and other reports and training required by the Public Funds Investment Act.*

Note 7 *Projected expense is based on contract with First Southwest & Co. under which the Corporation pays a retainer equal to \$3000 per month for ongoing professional services.*

Note 8 *Budget line item represents annual support fees for Single Family Compliance software per contract with Emphasys Software.*

Note 9 *Corporation plans to bid contract to update online asset oversight compliance reporting system during Fiscal Year 2014.*

Note 10 *Estimates for transcription fees were based on an analysis of historical activity.*

Exhibit B-3

Texas State Affordable Housing Corporation
Budgeted Principal and Interest on Notes Payable
Fiscal Year 2014

	FY 2013 Budget	FY 2013 Actual	FY 2014 Budget
Bunker Note Payable (\$2,568.65 per month)	30,824	30,825	30,824
Sagebrush Note Payable (\$4,086.48 per month)	49,038	49,039	49,038
Wells Fargo (interest only at 2% on \$1,050,000 principal due in full May 2016)	21,000	21,000	21,000
Meadows Foundation (0% interest principal due in full December 2013)	-	-	500,000
2200 MLK Jr. Mortgage on Office Building (\$5,507.29 per month)	66,087	757,807	-
Federal Home Loan Bank Draws for the Willows (\$3,538.30 per month)	42,460	42,461	42,460
Federal Home Loan Bank Draws for Plano Land Trust (.865% on \$570,000 interest only principal due in full December 4, 2014)	4,931	4,931	4,931
Total Cash Expense	214,340	906,063	648,253

NOTE: During FY 2013 the Corporation made the decision to pay off the mortgage on the office building. The mortgage loan was paid in full in April 2013.

Exhibit B-4

Texas State Affordable Housing Corporation
Budgeted Travel and Meal Expense
Fiscal Year 2014

	2013 Budget	2013 Actual	2014 Budget
Board Travel	25,000	23,962	24,800
Single Family Programs	15,500	17,050	15,000
Single Family Loan Compliance	-	-	5,000
ACT & Lending Programs	10,000	10,137	8,600
Multifamily Oversight	10,400	10,214	16,400
Marketing, Fundraising & Government Relations	1,700	425	4,200
Foundations Fund & Council on Homelessness	1,100	1,009	6,000
General & Administrative	18,300	18,805	17,000
Total	82,000	81,602	97,000

Note: Projections are based on historical expenditures, number of full time equivalent positions in division or in the case of Asset Oversight the number of properties in portfolio requiring on-site reviews.

**Texas State Affordable Housing Corporation
 Budgeted Furniture, Equipment and Software Expense
 Fiscal Year 2014**

	2013 Budget	2013 Actual	2013 Budget
Computer Hardware	10,000	5,729	5,000
Computer Software	14,000	4,782	5,000
Furniture & Fixtures	3,000	1,848	500
Office Equipment	1,500	440	250
Office Equipment Lease	6,500	6,481	6,500
Total	35,000	19,280	17,250

Exhibit B-6

Texas State Affordable Housing Corporation
Budgeted Building Maintenance
Fiscal Year 2014

	FY2013 Budget	FY2013 Actual	FY2014 Budget
Utilities	14,000.00	15,350.00	15,500.00
Lawn Care	3,400.00	3,281.00	3,400.00
Janitorial Service	3,600.00	4,569.00	4,600.00
Miscellaneous Repairs & Maintenance	5,000.00	3,673.00	3,700.00
	26,000.00	26,873.00	27,200.00

Exhibit B-7

Texas State Affordable Housing Corporation
Budgeted Insurance Expense
Fiscal Year 2014

	2013 Budget	2013 Actual	2014 Budget
General Liability, Property & Auto	8,600	8,589	10,194
Mortgage Bankers Bond	4,500	4,537	4,537
Directors & Officers	14,300	14,222	15,714
Errors & Omissions Insurance			
Single Family Loan Compliance	-	-	2,465
Vacant Property/Lots			
Liability & Property & Damage	4,600	69,071	72,000
Rental Home Insurance	-	-	3,100
	32,000	96,419	108,010

NOTE 1: The Corporation also carries an ERISA Bond to cover the assets in the 403B retirement plan. The policy was originally purchased in Fiscal Year 2012 for \$137.00 and covers a three year period from July 2012 through July 2015.

NOTE 2: The Corporation has received approximately 500 donated properties which is far more than anticipated at the time the 2013 budget was prepared. The additional volume has resulted in the need to purchase additional general liability as well as property & casualty insurance.

Exhibit B-8

Texas State Affordable Housing Corporation
Budgeted Marketing Expenses
Fiscal Year 2014

	<u>FY2013 Budget</u>	<u>FY2013 Actual</u>	<u>FY2014 Budget</u>
Website Design & Maintenance	26,000	26,408	26,000
Single Family & Corporate Advertising (Including Google Ads.)	49,000	77,916	46,000
Printing & Design Materials for Brochures & Annual Report	-	-	6,000
Annual Services for Constant Contact, PR Newswire, Newspaper Clips, Texas Legislative Services, Information Research Services	<u>12,000</u>	<u>12,000</u>	<u>11,100</u>
Total Expenditures	<u>87,000</u>	<u>116,324</u>	<u>89,100</u>

Note: The Corporation applied for and received grants in the amount of approximately \$25,000 to offset the cost of advertising with Google Ads

Exhibit B-9

Texas State Affordable Housing Corporation
Budgeted Single Family/Multifamily Program Expenditures
Fiscal Year 2014

	<u>2014 Budget</u>
ACT/Single Family/Multifamily Lending Programs	
Expenditures related to sale of ACT properties (i.e. property renovation & developer fees)	1,800,000
Closing costs associated with receipt of donated properties. (Assumes receipt of 75 properties with an average closing cost of \$732.45.	54,934
Holding costs associated with receipt of 75 donated properties. Average holding cost per year = \$490.76.	36,807
Cash expenditure to fund line of credit to local partners.	<u>500,000</u>
Total ACT/Single Family/Multifamily Lending Programs	<u>2,391,741</u>
Single Family Rental Program	
Property Acquisition	1,168,000
Property Renovations	14,000
Property Make Ready & Repairs/Maintenance	9,040
HOA Dues - \$400 per property	4,000
Advertising	3,750
Utilities	2,400
Background Screenings	<u>270</u>
Total Single Family Rental Program	<u>1,201,460</u>
Total Single Family/Multifamily Program Expenditures	<u><u>3,593,201</u></u>

Exhibit B-10

Texas State Affordable Housing Corporation
Budgeted Federal State Expenditures
Fiscal Year 2014

	2014 Budget
Federal & State Grant Expenditures	
National Foreclosure Mitigation Counseling Program (NFMC)	227,699
Neighborhood Stabilization Program (NSP)	<u>80,000</u>
Total Federal & State Grant Expenditures	<u><u>307,699</u></u>

Note: NFMC expenditure estimates are based on grant contract.

NSP expenditure estimates are based on the estimated cost to maintain NSP lots & properties until construction and rehabilitation is completed and properties are sold. Costs include Homeowners Association dues, lawn care & salaries.

Exhibit B-11

Texas State Affordable Housing Corporation
Budgeted Single Family Homeownership Program Expenditures
Fiscal Year 2014

	<u>2014 Budget</u>
Single Family Homeownership Program Expenditures	
Texas State Homebuyer Education Program Training Sessions	160,000
Bond Review Board Application for Mortgage Credit Certificate Program	500
Mortgage Credit Certificate Filing Fees	15,000
TEFRA Notice	<u>1,200</u>
Total Single Family Homeownership Program	<u><u>176,700</u></u>