Position 3

Form RD 3560-7
(02-05)

MULTIPLE FAMILY HOUSING PROJECT BUDGET/ UTILITY ALLOWANCE

FORM APPROVED
OMB NO.0575-0189

PROJECT NAME	BORROWER NAME	BORROWER ID AND PROJECT NO.
Loan/Transfer Amount $	Note Rate Payment $	IC Payment $

Reporting Period	Budget Type	Project Rental Type	Profit Type	The following utilities are master metered:	☐ I hereby request _____ units of RA. Current number of RA units _____.
☐ Annual ☐ Quarterly ☐ Monthly	☐ Initial ☐ Regular Report ☐ Rent Change ☐ ~~SMR~~ SNR ☐ Other Servicing	☐ Family ☐ Elderly ☐ Congregate ☐ Group Home ☐ Mixed ☐ LH	☐ Full Profit ☐ Limited Profit ☐ Non-Profit	☐ Electricity ☐ Gas ☐ Water ☐ Sewer ☐ Trash ☐ Other _____	Borrower Accounting Method ☐ Cash ☐ Accrual

PART I—CASH FLOW STATEMENT

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
BEGINNING DATES>	2006	Blank	2007	
ENDING DATES>	- -	- -	- -	- -
OPERATIONAL CASH SOURCES				
1. RENTAL INCOME				
2. RHS RENTAL ASSISTANCE RECEIVED				
3. APPLICATION FEES RECEIVED				
4. LAUNDRY AND VENDING				
5. INTEREST INCOME				
6. TENANT CHARGES				
7. OTHER - PROJECT SOURCES				
8. LESS *(Vacancy and Contingency Allowance)*	( )		( ) *	
9. LESS *(Agency Approved Incentive Allowance)*	( )		( ) *	
10. SUB-TOTAL *[(1 thru 7) - (8 & 9)]*				
NON-OPERATIONAL CASH SOURCES				
11. CASH - NON PROJECT				
12. AUTHORIZED LOAN *(Non-RHS)*			*	
13. TRANSFER FROM RESERVE			*	
14. SUB-TOTAL *(11 thru 13)*				
15. **TOTAL CASH SOURCES** *(10+14)*				
OPERATIONAL CASH USES				
16. TOTAL O&M EXPENSES *(From Part II)*				
17. RHS DEBT PAYMENT			*	
18. RHS PAYMENT *(Overage)*				
19. RHS PAYMENT *(Late Fee)*				
20. REDUCTION IN PRIOR YEAR PAYABLES				
21. TENANT UTILITY PAYMENTS				
22. TRANSFER TO RESERVE			*	
23. RETURN TO OWNER /NP Asset Mgt. Fee			*	
24. SUB-TOTAL *(16 thru 23)*				
NON-OPERATIONAL CASH USES				
25. AUTHORIZED DEBT PAYMENT (No			*	
26. LONG-TERM IMPROVEMENTS **Annual Capital Budget** *(From Part III, 4-6)*			*	
27. MISCELLANEOUS				
28. SUB-TOTAL *(25 thru 27)*				
29. **TOTAL CASH USES** *(24+28)*				
30. **NET CASH (DEFICIT)** *(15–29)*			*	
CASH BALANCE				
31. BEGINNING CASH BALANCE			*	
32. ACCRUAL TO CASH ADJUSTMENT				
33. ENDING CASH BALANCE *(30+31+32)*				

1. Enter last years approved budget figures here.

See Note on last page of this Budget.

8. Contingency should be based on 3 years vacancy rate, not to exceed 15% with 15 units or less, or 10% if more than 15 units or approved SWOP that addresses vacancy problem.

9. Incentives must have prior RD approval

12. If partner is making loan to borrower prior RD approval is required.

13. Must agree with Part III line 7 & Part V column 2. This is automatically carried over in MFIS & Vendor Software.

17. Actual amount of RD annual debt payment only.

22. Must meet with Loan Agreement/Resolution or Workout Plan and automatically carries forward from Part III, line 2.

23. Reflect the Return to Owner and notate in the Comment Column which year is being reflected.

25. Debt repayment other than RD (i.e. Loan from General partners, 3rd Party Loan, etc.). Please specify.

30. Is cash flow positive? A negative cash flow is permissible as long as it does not appear to represent a trend that cannot be corrected.

26. Carries forward from Part III, 4-6.

31. Realistic estimated actual cash on hand as of beginning of budget year, including funds in the General Operating, Taxes & Insurance, & Petty Cash Accounts.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is ... spond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this inf... formation collection is estimated to average 2 1/2 ... per response, including the time for reviewing instructions, ... needed, and completing and reviewing the collection of information.

PART II—OPERATING AND MAINTENANCE EXPENSE SCHEDULE

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
1. MAINTENANCE AND REPAIRS PAYROLL				
2. MAINTENANCE AND REPAIRS SUPPLY				
3. MAINTENANCE AND REPAIRS CONTRACT				
4. PAINTING AND DECORATING				
5. SNOW REMOVAL				
6. ELEVATOR MAINTENANCE/CONTRACT				
7. GROUNDS				
8. SERVICES				
9. FURNITURE & FURNISHING REPLACEMENT			*	
10. OTHER OPERATING EXPENSES *(Itemize)*				
11. SUB-TOTAL MAINT. & OPERATING *(1 thru 10)*				
12. ELECTRICITY				
13. WATER				
14. SEWER				
15. FUEL *(Oil/Coal/Gas)*				
16. GARBAGE & TRASH REMOVAL				
17. OTHER UTILITIES				
18. SUB-TOTAL UTILITIES *(12 thru 17)*				
19. SITE MANAGEMENT PAYROLL				
20. MANAGEMENT FEE			*	
21. PROJECT AUDITING EXPENSE			*	
22. PROJECT BOOKKEEPING/ACCOUNTING				
23. LEGAL EXPENSES				
24. ADVERTISING			*	
25. TELEPHONE & ANSWERING SERVICE			*	
26. OFFICE SUPPLIES				
27. OFFICE FURNITURE & EQUIPMENT			*	
28. TRAINING EXPENSE			*	
29. HEALTH INS. & OTHER EMP. BENEFITS				
30. PAYROLL TAXES				
31. WORKER'S COMPENSATION				
32. OTHER ADMINISTRATIVE EXPENSES *(Itemize)*				
33. SUB-TOTAL ADMINISTRATIVE *(19 thru 32)*				
34. REAL ESTATE TAXES				
35. SPECIAL ASSESSMENTS				
36. OTHER TAXES, LICENSES & PERMITS				
37. PROPERTY & LIABILITY INSURANCE				
38. FIDELITY COVERAGE INSURANCE				
39. OTHER INSURANCE				
40. SUB-TOTAL TAXES & INSURANCE *(34 thru 39)*				
41. TOTAL O&M EXPENSES *(11+18+33+40)*				

If master metered check box on front.

Annual Capital Budget (from Part V – Operating)

Include in this section normal unit turnover costs (i.e. painting, replacement of carpet, appliances, etc.) This is from Part V-Operating. Identify unit turnover costs in your budget narrative.

If utilities are included in rent, be sure to check with utility provider for any planned increases. Include explanation with your budget narrative.

20. Must agree with Management Agreement & approved Management Certification (3560-13). Base these fees on 100% occupancy.

21. For 16 units or more, must use CPA for Engagement Report.

24. Must advertise at least once during year and more if needed per AFHMP.

25. Telephone expense for property, not management.

27. Must be for site manager's office, not management company.

28. Training expense for property employees, not management employees

33. Administrative expenses exceeding 23% of gross potential basic rents and revenues must be justified..

Note: Proposed expenses by subtotal category should not exceed 10% of last year's expenses or comparable, otherwise need explanation in the budget narrative.

PART III—ACCOUNT BUDGETING/STATUS

2. This automatically transfers to Part I line 22, and must meet loan agreement/ resolution or servicing workout plan.

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
RESERVE ACCOUNT:				
1. BEGINNING BALANCE				
2. TRANSFER TO RESERVE			*	
TRANSFER FROM RESERVE				
3. OPERATING DEFICIT				
4. ~~BUILDING REPAIR & IMPROVEMENTS~~ Annual Capital Budget (Part V-Reserve)		*		
5. ~~EQUIPMENT REPAIR & REPLACEMENT~~ Building & Equipment Repair				
6. OTHER NON-OPERATING EXPENSES				
7. TOTAL *(3 thru 6)*	( )	( )	(*)	
8. ENDING BALANCE *[(1+2)-7]*				

4. Annual Capital Budget (Part V – Reserve).

7. This is automatically transferred to Part I line 13.

GENERAL OPERATING ACCOUNT:*		
BEGINNING BALANCE		
ENDING BALANCE		
REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:*		
BEGINNING BALANCE		
ENDING BALANCE		
TENANT SECURITY DEPOSIT ACCOUNT:*		
BEGINNING BALANCE		
ENDING BALANCE		

*(*Complete upon submission of actual expenses.)*

NUMBER OF APPLICANTS ON THE WAITING LIST		RESERVE ACCT. REQ. BALANCE	
NUMBER OF APPLICANTS NEEDING RA		AMOUNT AHEAD/BEHIND	

- **<u>Written narrative must be submitted with the budget and must include the following:</u>**
  - Brief description of the project and its status (i.e. it should highlight any issues concerning vacancies, unexpected maintenance, or other items that affect the budget.
  - A statement of project compliance. It should indicate any outstanding monitoring findings and the borrower's progress in addressing these compliance problems.
  - A description of the project's financial status and any changes that occurred during the past year and factors contributing to financial difficulties.
  - An explanation of any changes in project expenses or cash sources that exceed the tolerance threshold.
  - An explanation of projected capital expenditures and reserve withdrawals for the upcoming year and capital needs for the next 3 years beyond the budget year.
  - If applicable, a statement that the proposed budget includes a rent change and reasons for the change.
  - Any additional documentation that may benefit the Agency in reviewing the proposed budget.
- ***<u>IMPORTANT</u> - If budget is submitted without this Narrative, it will be considered INCOMPLETE & RETURNED!!!***

PART IV—RENT SCHEDULE AND UTILITY ALLOWANCE

A. CURRENT APPROVED RENTS/ UTILITY ALLOWANCE

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	UTILITY ALLOWANCE
					CURRENT RENT TOTALS:				
							NOTE	HUD	

HINT: Compare the rents here with your monthly project worksheet to verify if rents are correct.

NOTE: The total Basic Rent Potential Income should agree with Line 1 of Part I.

B. PROPOSED RENTS - Effective Date: _____/_____

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE		
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD
					PROPOSED RENT TOTALS:			
						BASIC	NOTE	HUD

HINT: Be sure that you have a reasonable spread between the 1 and 2 bedroom units based on the square footage.

C. PROPOSED UTILITY ALLOWANCE - Effective Date: _____/_____/_____

MONTHLY DOLLAR ALLOWANCES

BR SIZE	UNIT TYPE	NUMBER	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL

Please use this section to show the proposed Utility Allowance for the coming year, and attach documentation to either retain or change the Utility Allowance amount.

Note: If the average utility costs changed less than 15%, provide information regarding rate changes and sampling of individual tenant utility usage.

If utility costs changed by more than 15% - need billing information or documentation from utility companies and sampling of tenant utility usage from utility company.

If no changes in utility costs – documentation in budget narrative that no change in rates occurred in period being reviewed and public release from utility provider indicating no change in rates.

PART V - ANNUAL CAPITAL BUDGET

Enter the number of Units planned for in this column.

	Proposed Number of Units/Items	Proposed from Reserve	Actual from Reserve	Proposed from Operating	Actual from Operating	Actual Total Cost	Total Actual Units/Items
		2		4			
Appliances:							
Range							
Refrigerator							
Range Hood							
Washers & Dryers							
Other:							
Carpet & Vinyl:							
1BR							
2BR							
3BR							
4BR							
Other:							
Cabinets:							
Kitchens							
Bathrooms							
Other:							
Doors:							
Exterior							
Interior							
Other:							
Window Coverings:							
List:							
Other:							
Heating & Air Conditioning:							
Heating							
Air Conditioning							
Other:							
Plumbing:							
Water Heater							
Bath Sinks							
Kitchen Sinks							
Faucets							
Toilets							
Other							
Major Electrical:							
List:							
Other:							
Structures:							
Windows							
Screens							
Walls							
Roofing							
Siding							
Exterior Painting							
Other							
Paving:							
Asphalt							
Concrete							
Seal & Stripe							
Other:							
Landscape & Grounds:							
Landscaping							
Lawn Equipment							
Fencing							
Recreation Area							
Signs							
Other:							
Accessibility Features:							
List:							
Other:							
Automation Equipment:							
Site Management							
Common Area							
Other:							
Other:							
List:							
List:							
List:							
TOTAL CAPITAL EXPENSES:		*					

Unit Turnover Costs and Replacement items such as carpet, appliances, air conditioners, should be planned as an operating expense and recorded here as well as on Part II, line 9

Anything Shown in this Column must be included in Part III, Line 4

Anything Shown in this Column must be for a Capital Improv. & included in Part II, line 9

NOTE: Roofing, concrete for parking lots, sidewalks, etc., are an allowable use of reserve funds.

Don't forget to plan for any capital improvements that were noted on any inspection completed by RD, Transition Plan Items, or Items from your Capital Needs Assessment.

Must agree with Part III, line 4

PART VI -- SIGNATURES, DATES AND COMMENTS

Warning: **Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both.**

I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THAT THE FOREGOING INFORMTION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

This must be an original signature if not received through Industry Interface. No stamp!

(DATE) (Signature of Borrower or Borrower's Representative)

(Title)

AGENCY APPROVAL *(Rural Development Approval Official):* DATE:

COMMENTS:

Timeframes for Submitting Budget:

If no rent change – Due 60 days prior to start of fiscal year.

For Rent change – Due 90 days prior to start of fiscal year.

Note: Prepare your budget according to approved Servicing Workout Plan, if applicable.