

MINUTES OF THE REGULAR MEETING
OF THE
AUDIT COMMITTEE
WEST VIRGINIA HOUSING DEVELOPMENT FUND
JUNE 28, 2018

A regular meeting of the Audit Committee of the West Virginia Housing Development Fund ("Fund") was held on Thursday, June 28, 2018 at the office of West Virginia Housing Development Fund, 5710 MacCorkle Avenue, SE, Charleston, West Virginia. The meeting was called to order at 8:02 a.m. by Chair John Gianola, with the following members present:

John Gianola, Chair
Steven Travis, Representative for the
Honorable Patrick Morrissey, Attorney General (via phone)
Josh Stowers, Representative for the Honorable John Perdue, Treasurer

Staff Present:

Erica Boggess, Executive Director
Chad Leport, Division Manager - Accounting and Finance
Martha Lilly, Legal Assistant
Jill Martin, Executive Assistant
Kelley Ridling, Senior Manager - Internal Audit
Kristin Shaffer, Senior Legal Counsel
Crystal Toney, Deputy Director - Administration

Others Present:

Samme Gee, Esquire, Jackson Kelly PLLC
Anthony Carpenter, Brown Edwards
Rob Adams, Brown Edwards

CONSIDERATION/APPROVAL OF THE
MINUTES OF THE MAY 24, 2018 MEETING

Representative Josh Stowers moved for the approval of the Minutes of the May 24, 2018 regular meeting. His motion was seconded by Representative Steven Travis, and, upon the affirmative vote of the three (3) members present, the Chair declared the motion adopted.

INTRODUCTORY AUDIT COMMUNICATIONS FROM BROWN EDWARDS

Mr. Rob Adams, with Brown Edwards, spoke briefly about the auditor's responsibilities and informed the Committee that an engagement letter had been signed.

Chair Gianola stated the Fund hired a new internal audit manager and is trying to transform the entire audit function. Chair Gianola stated that the Fund needs to move towards control based testing instead of balance sheet testing and asked if Brown Edwards had identified any opportunities to test controls.

Mr. Adams stated that Brown Edwards is following the current internal audit plan, but would be meeting with the new audit staff and would focus on reprioritizing the current approach to maximize the ability to complete the audit in a timely manner and to evaluate the mix of internal control testing versus standard type testing needs.

A brief discussion followed.

Mr. Adams stated that Brown Edwards was also in attendance to allow open communication between the auditors and those charged with governance and left business cards to allow members of the audit committee or management to contact him directly regarding any issues that need to be discussed confidentially.

TRANSFER OF THE AFFORDABLE HOUSING TRUST - GASB 69

Ms. Boggess stated that effective June 8, 2018, under Senate Bill 261, the Housing Development Fund took over the administration of the West Virginia Affordable Housing Trust Fund (AHTF), which is now a separate and distinct fund within the Fund called the Affordable Housing Fund (AHF).

Ms. Boggess stated that GASB 69 is a government accounting standard on reporting combining government operations. Ms. Boggess stated that GASB 69 has three different classifications - mergers, acquisitions, and transfers. Ms. Boggess stated that the AHTF transfer is not an acquisition, but staff and Brown Edwards disagree on whether it is a merger or a transfer. Ms. Boggess indicated that the Fund believes the transaction is a transfer. Under GASB 69, a government transfer is considered effective on the date of the transfer. Ms. Boggess stated that Brown Edwards believes the transaction is a merger, and a merger is effective as of the beginning of the reporting period in which the merger occurs.

Ms. Boggess explained that staff thinks reporting the transaction as a merger would be misleading to the Fund's financial statement users. Ms. Boggess also stated that while staff and Brown Edwards disagree regarding whether the transaction is a merger or transfer, both agree that the transaction is immaterial to the Fund.

Ms. Boggess requested approval to deviate from Brown Edward's interpretation of the GASB 69 and to treat this transaction as a merger which will result in an immaterial, uncorrected audit difference in the management representation letter. Ms. Boggess also reported that this would not be the first time the Fund has not followed a GASB pronouncement, when immaterial, to present what staff believes is a better picture of the Fund's financial position.

Mr. Rob Adams stated that its experts advised that a merger is the more appropriate way to treat the transaction, and Brown Edwards will be required to put this in writing, but it will be very transparent and will be a non-issue.

Representative Stowers moved for the approval to deviate from the GASB 69 reporting standards as presented. His motion was seconded by Representative Travis, and, upon the affirmative vote of the three (3) members present, the Chair declared the motion adopted.

CONSIDERATION/APPROVAL OF THE
PROPOSED FISCAL YEAR 2019 OPERATING
BUDGET

Ms. Crystal Toney presented the proposed 2019 Fiscal Year Operating Budget. Ms. Toney stated that the proposed Operating Budget for fiscal year 2019 is \$12,351,600, which is a \$158,600 increase from the fiscal year 2018 budget and approximately \$785,600 over estimated 2018 expenditures. Ms. Toney highlighted the expenses in the memo provided to the Committee and stated that staff is requesting the approval of the 2019 budget in the amount of \$12,351,600 and for further recommendation to the Board.

Chair Gianola suggested that staff begin using a three-year projection of business when preparing the budget.

A brief discussion followed.

Representative Stowers moved approval of the proposed Fiscal Year 2019 Administrative Budget for further recommendation to the Board of Directors as presented. His motion was seconded by Representative Travis, and upon affirmative vote of the three members present, the Chair declared the motion adopted.

A copy of the Fiscal Year 2019 Operating Budget is attached as Exhibit A.

INFORMATIONAL ITEM - FISCAL YEAR 2017
PROJECTION OF INCOME AND EXPENSES

Ms. Crystal Toney presented the Fiscal Year 2019 Projection of Income and Expenses and stated that it is based on several factors, including production as presented in the funding allocation, anticipated loan payments, bond issuances, debt service, and disbursements.

Projections are also based on the following assumptions: a) estimated average short-term investment rate is 1.75% and estimated long-term rate is 4.14%; b) loan originations are estimated to be \$102.8 million and payoffs and scheduled loan amortization are expected to be \$83.7 million, and the average loan rate used is 4.558%; c) the weighted average debt rate for total outstanding debt is expected to be approximately 3.47%; and d) administrative budget in the amount of \$12.4 million.

Ms. Toney further stated that projected net earnings will decrease approximately \$1,522,000 in fiscal year 2019.

Chair Gianola stated that it would be helpful if he had information on predictable interrelationships in the budget.

A brief discussion followed.

A copy of the Fiscal Year 2019 Projection of Income and Expenses for the Fund is attached as Exhibit B.

CONSIDERATION/APPROVAL OF PROPOSED FISCAL YEAR 2019 FUNDING ALLOCATION

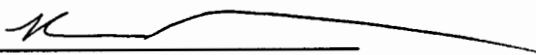
Ms. Toney presented the proposed Fiscal Year 2018 Program Funding. Ms. Toney explained that available funding is provided from Board approved programs funded from general operating funds and allocated by the Board for anticipated program activity. Statutory/Restricted Programs include programs funded through federal programs or other sources that are restricted by federal regulation, bond resolutions, the Housing Development Fund Act or other regulations/contracts.

Representative Stowers moved approval of the Proposed Fiscal Year 2019 Funding Allocations and further recommendation to the Board of Directors as presented. His motion was seconded by Representative Travis, and upon affirmative vote of the three (3) members present, the Chair declared the motion adopted.

A copy of the Fiscal Year 2019 Program Funding Allocation is attached as Exhibit C.

ADJOURNMENT

There being no further business, Representative Stowers moved to adjourn the meeting. His motion was seconded by Representative Travis, and upon the affirmative vote of the three (3) members present, the Chair declared the motion adopted. Meeting adjourned at 9:51 a.m.



Kristin Shaffer
Assistant Secretary

EXHIBIT I

WEST VIRGINIA HOUSING DEVELOPMENT FUND
PROPOSED 2019 BUDGET
COMPARED TO 2018 BUDGET

	2019 PROPOSED BUDGET	2018 BUDGET	2019 PROPOSED BUDGET \$ OVER / (UNDER) 2018 BUDGET	2019 PROPOSED BUDGET % OVER / (UNDER) 2018 BUDGET
Salaries	\$ 5,922,300	\$ 5,740,000	\$ 182,300	3.18%
Benefits	2,950,000	3,087,600	(137,600)	(4.46%)
PERSONNEL SERVICES	\$ 8,872,300	\$ 8,827,600	\$ 44,700	0.51%
Travel	186,800	177,000	9,800	5.54%
Professional Development	141,100	113,500	27,600	24.32%
Space Rental	736,000	728,000	8,000	1.10%
Office Supplies & Postage	285,100	286,000	(900)	(0.31%)
Furniture & Equipment	53,600	56,800	(3,200)	(5.63%)
Professional Services	475,800	544,600	(68,800)	(12.63%)
Advertising & Promotions	558,000	529,700	28,300	5.34%
Computer Operations	925,200	823,800	101,400	12.31%
Insurance & Miscellaneous	117,700	106,000	11,700	11.04%
NON-PERSONNEL EXPENSE	\$ 3,479,300	\$ 3,365,400	\$ 113,900	3.38%
TOTAL EXPENSES	\$ 12,351,600	\$ 12,193,000	\$ 158,600	1.30%

EXHIBIT II

WEST VIRGINIA HOUSING DEVELOPMENT FUND PROPOSED 2019 BUDGET COMPARISON OF 2019 PROPOSED BUDGET TO 2018 ESTIMATED EXPENSES AND 2018 ESTIMATED EXPENSES TO 2018 BUDGET

	2019 PROPOSED BUDGET	2018 ESTIMATED EXPENSES	2019 BUDGET OVER / (UNDER) 2018 ESTIMATED EXPENSES	2018 BUDGET	2018 ESTIMATED EXPENSES OVER / (UNDER) 2018 BUDGET
Salaries	\$ 5,922,300	\$ 5,496,000	\$ 426,300	\$ 5,740,000	\$ (244,000)
Benefits	2,950,000	2,901,000	49,000	3,087,600	(186,600)
PERSONNEL SERVICES	\$ 8,872,300	\$ 8,397,000	\$ 475,300	\$ 8,827,600	\$ (430,600)
Travel	186,800	143,000	43,800	177,000	(34,000)
Professional Development	141,100	94,000	47,100	113,500	(19,500)
Space Rental	736,000	741,000	(5,000)	728,000	13,000
Office Supplies & Postage	285,100	257,000	28,100	286,000	(29,000)
Furniture & Equipment	53,600	52,000	1,600	56,800	(4,800)
Professional Services	475,800	480,000	(4,200)	544,600	(64,600)
Advertising & Promotions	558,000	512,000	46,000	529,700	(17,700)
Computer & Telephone Operation	925,200	785,000	140,200	823,800	(38,800)
Insurance & Miscellaneous	117,700	105,000	12,700	106,000	(1,000)
NON-PERSONNEL EXPENSE	\$ 3,479,300	\$ 3,169,000	\$ 310,300	\$ 3,365,400	\$ (196,400)
TOTAL EXPENSES	\$ 12,351,600	\$ 11,566,000	\$ 785,600	\$ 12,193,000	\$ (627,000)

% 2019 BUDGET OVER 2018 ESTIMATED EXPENSES

6.79%

% 2018 ESTIMATED EXPENSES UNDER 2018 BUDGET

(5.14%)

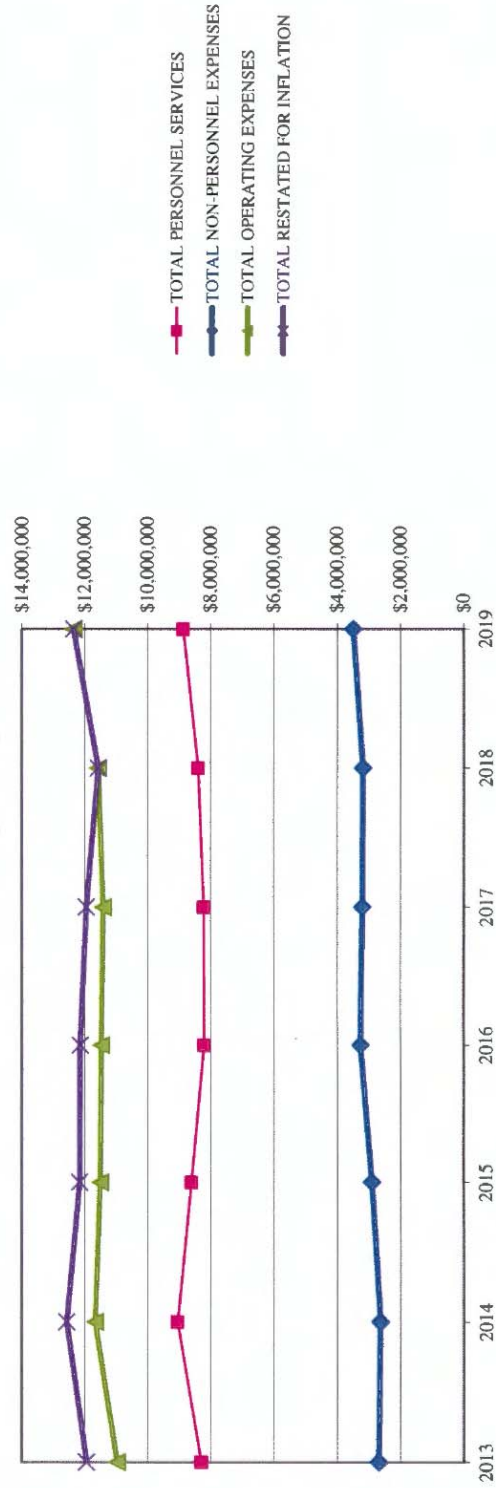
EXHIBIT III

WEST VIRGINIA HOUSING DEVELOPMENT FUND EXPENSE SUMMARY AND PROPOSED 2019 BUDGET COMPARISON YEARS ENDED JUNE 30, 2013-2019

	2019 PROPOSED BUDGET	2018 ESTIMATED EXPENSES	2017 ACTUAL EXPENSES	2016 ACTUAL EXPENSES	2015 ACTUAL EXPENSES	2014 ACTUAL EXPENSES	2013 ACTUAL EXPENSES
TOTAL PERSONNEL SERVICES	\$ 8,872,300	\$ 8,397,000	\$ 8,222,275	\$ 8,214,969	\$ 8,612,470	\$ 9,044,371	\$ 8,293,298
TOTAL NON-PERSONNEL EXPENSES	3,479,300	3,169,000	3,189,844	3,253,962	2,891,736	2,616,780	2,668,601
TOTAL OPERATING EXPENSES	\$ 12,351,600	\$ 11,566,000	\$ 11,412,119	\$ 11,468,931	\$ 11,504,206	\$ 11,661,151	\$ 10,961,899

TOTAL RESTATED FOR INFLATION \$ 12,351,600 \$ 11,566,000 \$ 11,950,384 \$ 12,145,000 \$ 12,158,048 \$ 12,564,581 \$ 11,936,719

Budget Comparisons



**Projection of Revenues and Expenses for the West Virginia Housing Development Fund
Year Ending June 30, 2019**

**Proposed 2019 Revenue and Expense Projection
Compared to 2018 Estimated Revenues and Expenses**

	2019 Projection	2018 Estimated	2019 Projection \$ Variance from 2018 Estimated	2019 Projection % Variance from 2018 Estimated	Explanation of fluctuations
OPERATING REVENUES					
Interest on loans	\$ 30,487,140	\$ 29,956,865	\$ 530,275	1.77%	Loan balances and loan rate projected to be higher in FY2019
Fees:					
Section 8 management fees	1,802,340	1,813,832	(11,492)	(0.63%)	Section 8 fees are expected to decrease compared to FY 2018
Financing fees	523,656	392,538	131,118	33.40%	Multifamily financing fees expected to be higher due to a projected increase in loan production
Servicing fees	3,389,590	3,389,488	102	0.00%	Servicing fees based on FY2018 estimated fees
Other fee income	2,175,458	1,150,772	1,024,686	89.04%	Increase primarily due to the receipt of consumer fees from the transfer of the WV Affordable Housing Trust Fund to the WV Housing Development Fund in June 2018
Total Fees	7,891,044	6,746,630	1,144,413	16.96%	
Other Revenues:					
Gain on foreclosures	50,946	50,946	-	0.00%	Foreclosure gains based on FY 2018 estimated gains
Other	1,214,950	1,383,870	(168,920)	(12.21%)	Gains in the secondary market program are estimated to be lower in FY2019
Total Other Revenues:	1,265,896	1,434,816	(168,920)	(11.77%)	
OPERATING EXPENSES					
Program Expenses:					
Loan origination fees	1,651,297	1,362,123	289,174	21.23%	Increase due to a projected increase in production
Servicing expense	1,857,400	1,857,400	-	0.00%	Servicing expense based on FY2018 estimated expenses
Servicing release fees	809,747	615,704	194,043	31.52%	Loan production expected to increase
Bad debt expense	55,480	55,480	-	0.00%	Bad debt expense based on FY2018 estimated expenses
Cost of issuance	921,400	-	921,400	0.00%	Two bond issuances projected for FY 2019
Special needs	750,000	11,980	738,020	6160.43%	Disbursements are expected to be higher in FY 2019
Loss on foreclosures	1,141,986	1,141,986	-	0.00%	Foreclosure losses based on FY2018 estimated losses
Other	1,389,207	753,333	635,874	84.41%	Increase primarily due to the disbursement of program funds related to the transfer of the WV Affordable Housing Trust Fund to the WV Housing Development Fund in June 2018
Total Program Expenses	8,576,516	5,798,006	2,778,511	47.92%	
Salary and Benefits/Other Operating, (net of reimbursements)	11,127,000	10,898,197	228,803	2.10%	Fluctuation due to an increase in the FY2019 operating budget over FY2018 estimated operating expenses net of an increase in administrative reimbursements due to an increase in federal funding for the National Housing Trust Fund and Home programs
OPERATING INCOME	19,940,564	21,442,108	(1,501,545)	(7.00%)	
NON-OPERATING - FINANCING AND INVESTING REVENUES (EXPENSES)					
Interest on investments	4,049,757	3,751,385	298,372	7.95%	Increase due to higher cash balances due to projected bond issuances and an increase in rates
Interest and debt expense	(9,886,016)	(9,567,553)	(318,463)	3.33%	Increase in bonds outstanding due to projected bond issuances
	(5,836,259)	(5,816,168)	(20,090)	0.35%	
NET INCOME per financial	\$ 14,104,305	\$ 15,625,940	\$ (1,521,635)	(9.74%)	

Projection of Revenues and Expenses for the West Virginia Housing Development Fund
Year Ending June 30, 2019
Exhibit # 1

Estimated Income and Expense Summary

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	ESTIMATED INVESTMENT INTEREST INCOME	ESTIMATED LOAN INTEREST INCOME	ESTIMATED OTHER REVENUES	ESTIMATED TOTAL INCOME	ESTIMATED BOND INTEREST EXPENSE	ESTIMATED OPERATING EXPENSES NET OF REIMBURSEMENTS	ESTIMATED PROGRAM EXPENSES	ESTIMATED TOTAL EXPENSES	ESTIMATED NET CASH EARNINGS	ESTIMATED NON-CASH EXPENSES	*ESTIMATED FINANCIAL EARNINGS
Jul-18	328,299	2,498,113	121,371	3,449,563	825,786	884,102	1,068,986	2,778,873	670,690	95,165	575,524
Aug-18	358,404	2,517,256	114,396	3,593,599	810,972	778,034	704,004	2,293,010	1,300,589	95,165	1,205,424
Sep-18	345,794	2,533,661	105,096	3,600,026	810,972	840,122	561,306	2,212,400	1,387,626	108,915	1,278,711
Oct-18	342,612	2,546,716	100,446	3,551,349	810,972	964,051	552,441	2,327,463	1,223,886	95,165	1,128,721
Nov-18	333,414	2,556,694	95,796	3,542,579	776,356	807,049	448,095	2,031,499	1,511,080	95,165	1,415,915
Dec-18	308,088	2,564,013	91,146	3,519,723	776,356	850,365	443,055	2,069,775	1,449,947	108,915	1,341,032
Jan-19	307,141	2,561,560	86,596	4,419,387	870,106	913,898	889,980	2,673,984	1,745,403	95,165	1,650,238
Feb-19	350,831	2,546,210	86,496	3,542,212	855,368	935,032	424,580	2,214,979	1,327,233	95,165	1,232,067
Mar-19	352,818	2,531,789	107,421	3,553,003	855,368	1,000,662	481,320	2,337,349	1,215,654	108,915	1,106,738
Apr-19	355,083	2,532,522	114,396	3,563,626	855,368	874,559	550,008	2,279,935	1,283,691	95,165	1,188,526
May-19	351,593	2,543,653	119,046	3,613,768	819,196	943,804	615,653	2,378,652	1,235,116	95,165	1,139,950
Jun-19	315,681	2,554,953	123,696	3,745,001	819,196	1,335,323	639,627	2,794,146	950,855	109,395	841,460
TOTALS	7,891,044	30,487,140	1,265,896	43,693,837	9,886,016	11,127,000	7,379,051	28,392,067	15,301,771	1,197,466	14,104,305

- (1) From Exhibit # 2, Column (9)
(2) From Exhibit # 3, Column (12)
(3) From Exhibit # 4, Column (10)
(4) From Exhibit # 9, Column (6)
(5) Total of Columns (1) to (4)
(6) From Exhibit # 5, Column (5)
(7) From Exhibit # 6, Column (5)
(8) From Exhibit # 7, Column (12)
(9) Total of Columns (6) to (8)
(10) Column (5) minus Column (9)
(11) From Exhibit #7 Column (16)
(12) Column (10) minus Column (11)

*** GASB 31 not included in projection**

Projection of Revenues and Expenses for the West Virginia Housing Development Fund Year Ending June 30, 2019 Exhibit # 2

Projection of Estimated Fee Income

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
MONTH	ESTIMATED SECTION 8 MANAGEMENT FEE INCOME	ESTIMATED MULTI-FAMILY FEE INCOME	ESTIMATED ORIGINATION FEE INCOME	ESTIMATED LOW INCOME TAX CREDIT FEE INCOME	ESTIMATED HDF EARNED SERVICING INCOME	ESTIMATED AHF CONSUMER FEES	ESTIMATED MISC FEE INCOME		ESTIMATED TOTAL FEE INCOME
Jul-18	0	86,700	23,182	0	282,466	77,965	31,468		501,781
Aug-18	150,195	44,168	22,282	0	282,466	77,965	26,468		603,544
Sep-18	150,195	57,000	21,382	0	282,466	77,965	26,468		615,476
Oct-18	150,195	4,000	20,482	0	282,466	77,965	26,468		561,576
Nov-18	150,195	0	19,582	0	282,466	77,965	26,468		556,676
Dec-18	150,195	0	19,382	0	282,466	77,965	26,468		556,476
Jan-19	150,195	0	18,582	908,415	282,466	77,965	26,468		1,464,091
Feb-19	150,195	0	18,582	3,000	282,466	77,965	26,468		558,676
Mar-19	150,195	0	20,882	3,000	282,466	77,965	26,468		560,976
Apr-19	150,195	0	21,682	2,850	282,466	77,965	26,468		561,626
May-19	150,195	40,000	22,382	0	282,466	77,965	26,468		599,476
Jun-19	300,390	40,000	23,382	0	282,466	77,965	26,468		750,671
TOTALS	1,802,340	271,868	251,788	917,265	3,389,590	935,577	322,616		7,891,044

- (1) Fees earned for administering Section 8 Rental Assistance Program for HUD
- (2) Fees paid by developers for financing provided under our Multifamily Lending, New Construction Financing and WV Property Rescue Initiative Programs.
- (3) Fees earned on single family loan refinancing/underwriting/originations
- (4) Fees paid by developers for projects in the Low Income Tax Credit Program and ongoing monitoring and asset management fees
- (5) Fees/income earned for loans serviced by the Housing Development Fund
- (6) Affordable Housing Fund consumer fees
- (7) Fees payable to BIF from loans financed under the old Single Family Mortgage Program, fees received for Statewide foreclosure tracking and reporting and fees from HUD for Management Occupancy Reviews.
- (8) Reserved
- (9) Total of Columns (1) to (8). Posted to Exhibit #1, Column (1)

Projection of Estimated Investment Interest Income

- (1) Balance of short term investments & equivalents at the start of the month
- (2) From Exhibit # 5, Columns (2) and (3)
- (3) Anticipated loan disbursements/purchases from Exhibit # 4, Columns (2) and (3)
- (4) From Exhibit # 8, Column (10)
- (5) Column (1) plus Column (2), minus Column (3), plus Column (4)
- (6) Column (1) multiplied by short-term investment rate shown above, divided by 12
- (7) Balance of long-term investments at the start of the month
- (8) Sales and redemptions of long-term investments
- (9) Purchases of long-term investments
- (10) Column (7) plus Columns (8) and (9)
- (11) Average of column (7) & (10) multiplied by long-term rate shown above, divided by 12
- (12) Column (6) plus Column (11). Posted to Exhibit #1, Column (2)

Projection of Revenues and Expenses for the West Virginia Housing Development Fund
Year Ending June 30, 2019
Exhibit # 4

Projection of Estimated Loan Interest Income

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
MONTH	ESTIMATED BEGINNING LOAN BALANCE	ESTIMATED SINGLE FAMILY LOAN PURCHASES	ESTIMATED OTHER LOAN PURCHASES		ESTIMATED SINGLE FAMILY REPAYMENTS & PREPAYMENTS	ESTIMATED MULTIFAMILY REPAYMENTS & PREPAYMENTS	ESTIMATED ENDING LOAN BALANCE	ESTIMATED LOAN INTEREST INCOME		ESTIMATED TOTAL LOAN INTEREST INCOME
Jul-18	655,175,895	6,854,444	3,873,519		4,955,000	867,134	660,081,724	2,498,113		2,498,113
Aug-18	660,081,724	6,228,490	4,766,686		4,955,000	867,134	665,254,766	2,517,256		2,517,256
Sep-18	665,254,766	5,736,493	3,550,019		4,955,000	867,134	668,719,144	2,533,661		2,533,661
Oct-18	668,719,144	5,031,122	4,200,019		4,955,000	867,134	672,128,151	2,546,716		2,546,716
Nov-18	672,128,151	4,291,666	3,375,019		4,955,000	867,134	673,972,702	2,556,694		2,556,694
Dec-18	673,972,702	4,257,581	3,573,296		4,955,000	867,134	675,981,445	2,564,013		2,564,013
Jan-19	675,981,445	3,631,629	3,555,299		4,955,000	5,531,956	672,681,417	2,561,560		2,561,560
Feb-19	672,681,417	3,699,799	2,346,966		4,955,000	5,873,781	667,899,401	2,546,210		2,546,210
Mar-19	667,899,401	5,117,224	2,016,667		4,955,000	4,989,510	665,088,782	2,531,789		2,531,789
Apr-19	665,088,782	5,616,172	3,416,667		4,955,000	881,391	668,285,230	2,532,522		2,532,522
May-19	668,285,230	6,142,388	2,358,333		4,955,000	881,391	670,949,560	2,543,653		2,543,653
Jun-19	670,949,560	6,913,276	2,208,333		4,955,000	881,391	674,234,778	2,554,953		2,554,953
TOTALS		63,520,284	39,240,823		59,460,000	24,242,224		30,487,140		30,487,140

Loan Rate Used For Projection 4.5584%

- (1) Balance of loans at start of month, excluding HOME and other 0% interest loans
(2) Single family loan purchases
(3) Loan disbursements for Multifamily Lending, New Construction Financing and WV Property Rescue Initiative Programs
(4) Reserved
(5) Single family loan principal repayments and early prepayments
(6) Multifamily, land development and other loan principal repayments and early prepayments
(7) Column (1) plus Columns (2),(3), &(4) minus Columns (5) & (6)
(8) Average of column (1) & (7) times loan rate shown above, divided by 12
(9) Reserved
(10) Column (8) minus Column (9). Posted to Exhibit #1, Column (3)

Projection of Revenues and Expenses for the West Virginia Housing Development Fund
Year Ending June 30, 2019
Exhibit # 5

Projection of Estimated Bond Interest Expense

	(1)	(2)	(3)	(4)	(5)
MONTH	ESTIMATED BEGINNING BONDS PAYABLE BALANCE	ESTIMATED (DEBT SERVICE) & (REDEMPTIONS)	ESTIMATED BOND SALES	ESTIMATED ENDING BONDS PAYABLE BALANCE	ESTIMATED BOND INTEREST EXPENSE
Jul-18	280,730,000	0	25,000,000	305,730,000	825,786
Aug-18	305,730,000	(4,660,000)	0	301,070,000	810,972
Sep-18	301,070,000	0	0	301,070,000	810,972
Oct-18	301,070,000	0	0	301,070,000	810,972
Nov-18	301,070,000	(16,315,000)	0	284,755,000	776,356
Dec-18	284,755,000	0	0	284,755,000	776,356
Jan-19	284,755,000	0	25,000,000	309,755,000	870,106
Feb-19	309,755,000	(4,660,000)	0	305,095,000	855,368
Mar-19	305,095,000	0	0	305,095,000	855,368
Apr-19	305,095,000	0	0	305,095,000	855,368
May-19	305,095,000	(15,980,000)	0	289,115,000	819,196
Jun-19	289,115,000	0	0	289,115,000	819,196
TOTALS		(41,615,000)	50,000,000		9,886,016
Estimated Average Bond Rate					3.46972%

- (1) Balance of bonds outstanding at the start of the month
(2) Reflects scheduled and early principal repayments on bonds currently outstanding. Posted to Exhibit #3, Column (2)
(3) Reflects anticipated bond sales. Posted to Exhibit #3, Column (2)
(4) Column (1) plus Column (2), plus Column (3)
(5) Estimated monthly interest expense. Posted to Exhibit #1, Column (6)

Projection of Revenues and Expenses for the West Virginia Housing Development Fund
Year Ending June 30, 2019
Exhibit # 6

Projection of Estimated Operating Expenses Net of Reimbursements

(1)		(2)	(3)		(4)	(5)	(6)
MONTH	ACTUAL FY 2018 OPERATING EXPENSES	% OF TOTAL	MONTH	ESTIMATED FY 2019 OPERATING EXPENSES	ESTIMATED ADMINISTRATIVE EXPENSE REIMBURSEMENTS	ESTIMATED OPERATING EXPENSES NET OF REIMBURSEMENTS	PROPOSED FY 2019 OPERATING EXPENSE BUDGET
Jul-18	963,794	8.33%	Jul-18	1,029,258	145,156	884,102	12,351,600
Aug-18	864,473	7.47%	Aug-18	923,191	145,156	778,034	
Sep-18	922,612	7.98%	Sep-18	985,279	145,156	840,122	
Oct-18	1,038,658	8.98%	Oct-18	1,109,207	145,156	964,051	
Nov-18	891,642	7.71%	Nov-18	952,205	145,156	807,049	
Dec-18	932,203	8.06%	Dec-18	995,521	145,156	850,365	
Jan-19	910,965	7.88%	Jan-19	972,841	58,942	913,898	
Feb-19	930,755	8.05%	Feb-19	993,975	58,943	935,032	
Mar-19	992,211	8.58%	Mar-19	1,059,605	58,943	1,000,662	
Apr-19	874,129	7.56%	Apr-19	933,503	58,943	874,559	
May-19	938,970	8.12%	May-19	1,002,748	58,944	943,804	
Jun-19	1,305,588	11.29%	Jun-19	1,394,268	58,944	1,335,323	
	11,566,000	100.00%		12,351,600	1,224,600	11,127,000	

*

(1) Actual expenditures for prior 12 months to establish a reasonable trend to calculate timing of expenditures for current fiscal year.

(2) Calculation of % of total expenditures that this month's expenditures represented.

(3) Column (2) percentage rate times current fiscal year's budgeted operating expenses as shown in Column (6).

(4) Administrative cost reimbursements for the operation of HOME, JIT, NSP, the National Housing Trust Fund and direct bond COI which is reported in a separate line item.

(5) Column (3) minus Column(4). Posted to Exhibit #1, Column (7).

(6) Proposed operating expenses for current fiscal year.

* Estimated

Projection of Revenues and Expenses for the West Virginia Housing Development Fund Year Ending June 30, 2019 Exhibit # 7

CALCULATION OF OTHER PROGRAM FUND EXPENSES

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
MONTH	ESTIMATED SERVICING RELEASE FEE EXPENSE	ESTIMATED SEC. MKT RELEASE FEE EXPENSE	ESTIMATED LOAN SERVICING EXPENSE	ESTIMATED LOAN ORIGIN- ATION FEE EXPENSE	ESTIMATED SPECIAL NEEDS DISB.	ESTIMATED COSTS OF ISSUANCE EXPENSE	ESTIMATED BUILDING EXPENSES	ESTIMATED MISC EXPENSE	ESTIMATED AHF DISB.	ESTIMATED LIHTC EXPENSE		ESTIMATED PROGRAM EXPENSES		ESTIMATED LOAN LOSS PROVISION (NON-CASH)	ESTIMATED PROPERTY DISPOSITION (NON-CASH)	ESTIMATED TOTAL NON-CASH EXPENSES
Jul-18	42,161	48,129	154,783	171,536	100,000	460,700	35,846	26,611	29,220	0		1,068,986		0	95,165	95,165
Aug-18	38,358	42,353	154,783	158,333	185,000	0	35,846	51,611	29,220	8,500		704,004		0	95,165	95,165
Sep-18	35,338	34,653	154,783	147,355	100,000	0	35,846	24,111	29,220	0		561,306		13,750	95,165	108,915
Oct-18	30,753	30,802	154,783	131,926	115,000	0	35,846	24,111	29,220	0		552,441		0	95,165	95,165
Nov-18	26,167	26,952	154,783	117,686	0	0	35,846	24,111	62,550	0		448,095		0	95,165	95,165
Dec-18	26,167	23,102	154,783	116,496	0	0	35,846	24,111	62,550	0		443,055		13,750	95,165	108,915
Jan-19	22,365	19,252	154,783	105,673	0	460,700	35,846	28,811	62,550	0		889,980		0	95,165	95,165
Feb-19	22,365	19,252	154,783	105,673	0	0	35,846	24,111	62,550	0		424,580		0	95,165	95,165
Mar-19	31,313	36,578	154,783	131,139	0	0	35,846	24,111	62,550	5,000		481,320		13,750	95,165	108,915
Apr-19	34,556	42,353	154,783	141,559	50,000	0	35,846	24,111	62,550	4,250		550,008		0	95,165	95,165
May-19	37,799	46,204	154,783	154,360	100,000	0	35,846	24,111	62,550	0		615,653		0	95,165	95,165
Jun-19	42,721	50,054	154,789	169,558	100,000	0	35,844	24,111	62,550	0		639,627		14,230	95,165	109,395
TOTAL	390,063	419,684	1,857,400	1,651,297	750,000	921,400	430,144	324,033	617,280	17,750		7,379,051		55,480	1,141,986	1,197,466

- (1) Fees paid to lenders for the servicing rights on bond program and Movin' Up loans
(2) Fees paid to lenders for the servicing rights on secondary market loans
(3) Fees paid related to servicing mortgages owned by the Housing Development Fund
(4) Origination fees paid to lenders and fees for appraisals, credit reports, etc. paid to various vendors on behalf of borrowers in our single family bond, secondary market and HOME programs
(5) Disbursements for the Housing Development Fund's Special Needs Program
(6) Cost of issuance for the anticipated bonds to be issued this fiscal year
(7) Costs of maintaining and operating the Fund's office building
(8) BIF expenses for insurance, participation fees for the NIBP, FNMA fees paid to BNY, WVPR1 Technical Assistance expenses, REAC inspections and other miscellaneous expenses
(9) Disbursements for the Housing Development Fund's Affordable Housing Fund Program
(10) Expenses for compliance monitoring, legal fees and asset management fees for the Low-Income Housing Tax Credit Program
(11) Reserved
(12) Total of Columns (1) to (11). Posted to Exhibit #1, Column (8)
(13) Reserved
(14) Potential loan losses on various loan programs such as LAMP, Downpayment Assistance and other miscellaneous loan programs
(15) Losses on sales of foreclosed properties
(16) Total of Columns (13) to (15). Posted to Exhibit #1, Column (11)

Projection of Revenues and Expenses for the West Virginia Housing Development Fund
Year Ending June 30, 2019
Exhibit # 8

CALCULATION OF OTHER ADD/ (LESS) COLUMN - SHORT TERM INVESTMENT BALANCES (Exhibit # 3, Column (4))

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
MONTH	ESTIMATED LOAN INTEREST INCOME	ESTIMATED INVESTMENT INTEREST INCOME	ESTIMATED SINGLE FAMILY LOAN PAYOFFS & AMORTIZATIONS	ESTIMATED MULTIFAMILY LOAN PAYOFFS & AMORTIZATIONS	ESTIMATED LONG-TERM INVESTMENT (PURCH)/MAT	ESTIMATED OPER- ATING EXPENSES NET OF REIMB- URSEMENTS	ESTIMATED FEE INCOME	ESTIMATED BOND INTEREST EXPENSE	ESTIMATED OTHER EXPENSES	ESTIMATED SHORT-TERM OTHER COLUMN
Jul-18	2,498,113	328,299	4,955,000	867,134	0	(884,102)	501,781	(825,786)	(1,068,986)	6,371,453
Aug-18	2,517,256	358,404	4,955,000	867,134	0	(778,034)	603,544	(810,972)	(704,004)	7,008,327
Sep-18	2,533,661	345,794	4,955,000	867,134	0	(840,122)	615,476	(810,972)	(561,306)	7,104,665
Oct-18	2,546,716	342,612	4,955,000	867,134	0	(964,051)	561,576	(810,972)	(552,441)	6,945,575
Nov-18	2,556,694	333,414	4,955,000	867,134	3,400,000	(807,049)	556,676	(776,356)	(448,095)	10,637,419
Dec-18	2,564,013	308,088	4,955,000	867,134	0	(850,365)	556,476	(776,356)	(443,055)	7,180,936
Jan-19	2,561,560	307,141	4,955,000	5,531,956	0	(913,898)	1,464,091	(870,106)	(889,980)	12,145,764
Feb-19	2,546,210	350,831	4,955,000	5,873,781	0	(935,032)	558,676	(855,368)	(424,580)	12,069,518
Mar-19	2,531,789	352,818	4,955,000	4,989,510	0	(1,000,662)	560,976	(855,368)	(481,320)	11,052,743
Apr-19	2,532,522	355,083	4,955,000	881,391	2,000,000	(874,559)	561,626	(855,368)	(550,008)	9,005,687
May-19	2,543,653	351,593	4,955,000	881,391	0	(943,804)	599,476	(819,196)	(615,653)	6,952,461
Jun-19	2,554,953	315,681	4,955,000	881,391	6,000,000	(1,335,323)	750,671	(819,196)	(639,627)	12,663,551
TOTAL	30,487,140	4,049,757	59,460,000	24,242,224	11,400,000	(11,127,000)	7,891,044	(9,886,016)	(7,379,051)	109,138,098

(1) From Exhibit # 4, Column (10)

(2) From Exhibit # 3, Column (12)

(3) From Exhibit # 4, Column (5)

(4) From Exhibit # 4, Column (6)

(5) From Exhibit # 3, Column (8) plus Column (9)

(6) From Exhibit # 6, Column (5)

(7) From Exhibit # 2, Column (9)

(8) From Exhibit # 5, Column (5)

(9) From Exhibit # 7, Column (12)

(10) Total of Columns (1) to (9); Posted to Exhibit #3, Column (4)

Projection of Revenues and Expenses for the West Virginia Housing Development Fund
Year Ending June 30, 2019
Exhibit # 9
Other Revenues

MONTH	(1) ESTIMATED BUILDING RENTAL INCOME	(2)	(3) ESTIMATED SECONDARY MARKET INCOME	(4) ESTIMATED PROPERTY DISPOSITION INCOME	(5)	(6) ESTIMATED OTHER REVENUES
Jul-18	59,000		58,125	4,246		121,371
Aug-18	59,000		51,150	4,246		114,396
Sep-18	59,000		41,850	4,246		105,096
Oct-18	59,000		37,200	4,246		100,446
Nov-18	59,000		32,550	4,246		95,796
Dec-18	59,000		27,900	4,246		91,146
Jan-19	59,000		23,350	4,246		86,596
Feb-19	59,000		23,250	4,246		86,496
Mar-19	59,000		44,175	4,246		107,421
Apr-19	59,000		51,150	4,246		114,396
May-19	59,000		55,800	4,246		119,046
Jun-19	59,000		60,450	4,246		123,696
TOTAL	708,000		506,950	50,946		1,265,896

(1) Rent paid by HDF

(2) Reserved

(3) Net Gains on loans originated and sold to FNMA

(4) Gains on sales of foreclosed properties

(5) Reserved

(6) Total of Columns (1) to (5). Posted to Exhibit #1, Column (4)

**WEST VIRGINIA HOUSING DEVELOPMENT FUND
RECOMMENDED PROGRAM FUNDING ALLOCATIONS
FISCAL YEAR ENDING JUNE 30, 2019**

	Program Funds Available	Recommended Interfund Program Transfers	Federal, Debt and Other Funding Sources	Outstanding Commitments/ Pipeline	Uses of Funds		Estimated Un-Committed Funds Remaining
					FY 2019 New Activity	Total Projected Activity	
<u>Board Approved Funding Allocations</u>							
Home Ownership Assistance	\$ 4,237,326	\$ -	\$ -	\$ 924,460	\$ 2,586,295	\$ 3,510,755	\$ 726,571
Multi-Family Lending Program	21,301,797	701,571	15,000,000	25,560,000	8,200,000	33,760,000	3,243,368 (1)
Demolition Program	22,229	(22,229)				-	-
Mini-Mod Rehabilitation Program	679,342	(679,342)			498,500	498,500	103,732 (2)
New Construction Loan Program	962,232	(360,000)		500,000	250,000	750,000	22,382
Special Assistance Lending Program	562,382	210,000			570,000	570,000	16,310
LAMP/Habitat Loans	436,310	150,000			-	-	775,820 (3)
Disaster Trust (Flood)	775,820		29,977,398	4,666,400	25,310,998	29,977,398	251,700
Secondary Market Program	251,700						
Total Unrestricted Funds	29,229,138	-	44,977,398	31,650,860	37,415,793	69,066,653	5,139,883
<u>Statutory/Restricted Programs</u>							
Mortgage Revenue Bond Program (loan funds)							
Mov'in Up Program	-		50,000,000	8,404,560	21,645,040	30,049,600	19,950,400 (4)
HOME	7,611,323		30,000,000	10,010,417	19,949,512	29,959,929	7,651,394 (5)
National Housing Trust Fund	7,854,431		4,655,563		4,371,494	4,371,494	8,138,500
Affordable Housing Fund	4,567,000		2,700,000	370,000	4,183,000	4,183,000	3,084,000
Land Development Program	4,506,118				1,000,000	1,370,000	3,136,118
WV Property Rescue Initiative	3,197,978	(1,000,000)				-	2,197,978 (6)
Bond Insurance Fund	2,129,615	1,000,000	(15,000,000)		750,108	750,108	2,379,507
FAF	23,445,397				-	-	8,445,397
Flood - State Relocation Grant	323,128				-	-	323,128
Flood - State Grants	145,050				-	-	145,050
On-site Systems Loan Program	843,758				-	-	843,758
Total Restricted Funds	386,606	-	72,355,563	48,408	105,592	154,000	232,606
Total All Funds	\$ 55,010,404	\$ -	\$ 72,355,563	\$ 18,833,385	\$ 52,004,746	\$ 70,838,131	\$ 56,527,836
						\$ 139,904,784	

- (1) FY 2019 activity includes \$24,985,000 in construction loans and \$8,575,000 in permanent loans. Construction draws will be funded from the Bond Insurance Fund, as necessary, and will be repaid upon completion of construction.
- (2) Mini-Mod Rental Rehab projects will be funded from the Multifamily Lending Program beginning in FY 2019.
- (3) Secondary Market loans are purchased with an internal warehouse line that revolves allowing us to re-use the money throughout the year to meet production goals.
- (4) Funding source is two \$25,000,000 bond issuances.
- (5) Funding source is recycled bond funds. Funds remaining may be used to call bonds.
- (6) \$1,000,000 of this amount is to be transferred to the WVPRJ program in FY2020 per legislation