

PROGRAM NARRATIVE

Date: 01/13/2011

473 ND Housing Finance Agency

Time: 11:31:57

| | |
|---|--|
| Program: ND Housing Finance Agency | Reporting level: 00-473-101-00-00-00-00000000 |
|---|--|

Program Performance Measures

HUD performs routine management reviews of the NDHFA Property Management Division as it pertains to the administration of HUD rental assistance contracts. The NDHFA has received "Superior" ratings in these reviews, the highest rating given by HUD.

The Homeownership Division is audited by HUD FHA with regard to single family insurance claims, on-site servicing procedures review and FHA tier-ranking system on loan loss mitigation.

The Department of Commerce, Division of Community Services, audits the Agency's compliance with regard to our administration of the HOME Program funds.

NDHFA is also examined by various entities for the compliance and administration of other programs at random, non-scheduled intervals.

Program Statistical Data

| | | |
|---|--------|-----------------|
| Single Family Mortgages Purchased (cumulative as of 6/30/2010) | 34,593 | \$2,325,181,073 |
| Single Family Current Outstanding Mortgages (as of 6/30/2010) | 11,656 | 917,282,376 |
| Single Family Mortgages Purchased (Calendar Year 2009) | 1,620 | 177,867,535 |
| Single Family Direct Serviced Mortgages (as of 6/30/2010) | 9,672 | 760,975,920 |
| Single Family Serviced Mortgages for Other Organizations (Fannie Mae, Habitat, CWND) (as of 6/30/2010) | 279 | 5,528,672 |
| Single Family Bond Issues Outstanding (as of 5/31/2010) | 21 | \$1,028,940,000 |
| 12 of these transactions have swap contracts totaling 223,230,000 and 5 transactions have unhedged debt totaling 70,480,000 | | |
| Start Assistance Provided (Cumulative as of 6/30/2010) | 8037 | \$22,160,252 |
| Start Assistance Provided (Calendar Year 2009) | 1,026 | 3,473,756 |
| Down Payment and Closing Cost Assistance (DCA) Projects (cumulative as of 6/30/2010) | 1,703 | \$3,258,864 |
| DCA Projects (Calendar Year 2009) | 80 | 268,758 |
| Tax Credit Units allocated in 2010 | 169 | \$2,430,000 |
| Total Tax Credit Units Allocated (cumulative as of 6/30/2010) | 6,081 | 33,397,707 |
| Rental Assistance Projects (as of 6/30/2010) | 150 | |
| Rental Assistance Units (as of 6/30/2010) | 3,661 | |
| Rental Assistance Payments (Fiscal Year 2010) | | \$11,563,622 |
| Resolution Trust Projects (as of 06/30/2010) | 9 | |
| RAP Grants (cumulative as of 6/30/2010) | 188 | \$760,917 |

PROGRAM NARRATIVE**Date:** 01/13/2011**473 ND Housing Finance Agency****Time:** 11:31:57**Program:** ND Housing Finance Agency**Reporting level:** 00-473-101-00-00-00-00000000

| | | |
|--|----|-------------|
| Helping HAND Grants (cumulative as of 6/30/2010) | | \$4,505,204 |
| Rural Rehab Loans (cumulative as of 6/30/10) | 4 | \$199,095 |
| Rural Housing Development Loans (cumulative as of 6/30/10) | 2 | 345,000 |
| Construction Loan Guarantees (cumulative as of 6/30/10) | 13 | \$1,342,634 |
| Rural Housing Investment Incentive Pilot Program Loans (2010) | 6 | 356,366 |
| Housing Market Survey Grant Program Studies (cumulative as of 6/30/10) | 16 | \$95,377 |

Explanation of Program Costs

NDHFA's budget consists of grants to beneficiaries and operating expenses associated with administering programs fully funded through federal and agency generated revenue.

Included in Operating Fees and Services, object 621000, are servicing release premiums paid to participating lenders.

Professional services includes legal, financial advisor, and audit expenses.

Program Goals and Objectives

Provide affordable housing for low to moderate-income North Dakotans by offering eligible homebuyers and homeowners the opportunity to acquire financing at a lower than market rate, thus enhancing homeownership rates.

Provide information to new home buyers, current homeowners, rental households, and homeless households across the state through the support of homebuyer education and housing counseling .

Administer HUD Rental Housing Assistance contracts in providing financial assistance for the benefit of low-income, elderly, and special needs eligible tenants.

Preservation of North Dakota's aging affordable rental housing inventory, at a minimal cost to government, is paramount to sustaining a vital program for eligible tenants.

To ensure that the state's allocation of the low-income housing tax credits is used to the highest degree possible, and to administer the program in accordance with Internal Revenue Service regulations.

Administer multi-family housing finance programs through the issuance of bonds or other methods of providing lower cost financing alternatives.

Continue efforts to find external sources of capital to allow for expansion of existing Agency financing programs targeted to rural communities.

Lead Agency and primary point of contact for the Statewide Technical Assistance Team (STAT); a collaboration of public and non-profit agencies that assists rural communities to develop a housing strategy and offers continued education and support to meet their housing goals.

PROGRAM NARRATIVE**473 ND Housing Finance Agency****Date:** 01/13/2011**Time:** 11:31:57**Program:** ND Housing Finance Agency**Reporting level:** 00-473-101-00-00-00-00000000

Continue to be an active member on the North Dakota Housing Task Force for Disaster Recovery addressing housing issues following a natural disaster such as flooding or tornadoes.

Provide technical assistance and low cost funds to communities and Indian Reservations to facilitate the development of additional affordable housing.

Provide grants and low cost financing for the rehabilitation and revitalization of the state's aging housing stock.

Facilitate the development of alternative housing for the state's special populations.

REQUEST DETAIL BY PROGRAM

473 ND Housing Finance Agency

Bill#: HB1014

Date: 01/13/2011

Biennium: 2011-2013

Time: 11:31:57

| | |
|---|--|
| Program: ND Housing Finance Agency | Reporting Level: 00-473-101-00-00-00-00000000 |
|---|--|

| Description | Expenditures 2007-2009 Biennium | Present Budget 2009-2011 | Budget Request Change | Requested Budget 2011-2013 Biennium | Optional Request 2011-2013 |
|-------------|---------------------------------------|--------------------------------|-----------------------------|---|----------------------------------|
|-------------|---------------------------------------|--------------------------------|-----------------------------|---|----------------------------------|

Salaries and Wages

| | | | | | |
|----------------------|------------------|------------------|----------------|------------------|----------|
| Salaries - Permanent | 3,434,124 | 4,371,609 | 91,455 | 4,463,064 | 0 |
| Overtime | 299 | 20,000 | (800) | 19,200 | 0 |
| Fringe Benefits | 1,204,732 | 1,670,219 | 15,152 | 1,685,371 | 0 |
| Total | 4,639,155 | 6,061,828 | 105,807 | 6,167,635 | 0 |

Salaries and Wages

| | | | | | |
|---------------|------------------|------------------|----------------|------------------|----------|
| General Fund | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Special Funds | 4,639,155 | 6,061,828 | 105,807 | 6,167,635 | 0 |
| Total | 4,639,155 | 6,061,828 | 105,807 | 6,167,635 | 0 |

Operating Expenses

| | | | | | |
|------------------------------|------------------|------------------|--------------------|------------------|----------|
| Travel | 159,028 | 221,170 | (40,370) | 180,800 | 0 |
| Supplies - IT Software | 18,219 | 26,000 | (5,800) | 20,200 | 0 |
| Office Supplies | 41,931 | 41,710 | 4,530 | 46,240 | 0 |
| Postage | 97,484 | 126,580 | (5,230) | 121,350 | 0 |
| Printing | 38,655 | 29,560 | 19,350 | 48,910 | 0 |
| IT Equip Under \$5,000 | 26,103 | 44,100 | 4,400 | 48,500 | 0 |
| Other Equip Under \$5,000 | 182,580 | 252,000 | (250,000) | 2,000 | 0 |
| Insurance | 5,150 | 3,826 | (76) | 3,750 | 0 |
| Rentals/Leases-Equip & Other | 5,696 | 3,170 | 1,870 | 5,040 | 0 |
| Rentals/Leases - Bldg/Land | 235,470 | 462,000 | 7,420 | 469,420 | 0 |
| IT - Data Processing | 88,366 | 100,800 | 33,020 | 133,820 | 0 |
| IT - Communications | 67,732 | 85,310 | (15,630) | 69,680 | 0 |
| IT Contractual Svcs and Rprs | 50,091 | 59,000 | 750 | 59,750 | 0 |
| Professional Development | 95,699 | 148,180 | (41,161) | 107,019 | 0 |
| Operating Fees and Services | 3,549,302 | 6,150,060 | (2,734,925) | 3,415,135 | 0 |
| Fees - Professional Services | 209,194 | 324,115 | 59,120 | 383,235 | 0 |
| Interest Expense | 825,990 | 600,000 | (600,000) | 0 | 0 |
| Total | 5,696,690 | 8,677,581 | (3,562,732) | 5,114,849 | 0 |

Operating Expenses

| | | | | | |
|---------------|------------------|------------------|--------------------|------------------|----------|
| General Fund | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Special Funds | 5,696,690 | 8,677,581 | (3,562,732) | 5,114,849 | 0 |
| Total | 5,696,690 | 8,677,581 | (3,562,732) | 5,114,849 | 0 |

Grants

REQUEST DETAIL BY PROGRAM

473 ND Housing Finance Agency

Bill#: HB1014

Date: 01/13/2011

Biennium: 2011-2013

Time: 11:31:57

| | |
|---|--|
| Program: ND Housing Finance Agency | Reporting Level: 00-473-101-00-00-00-00000000 |
|---|--|

| Description | Expenditures 2007-2009 Biennium | Present Budget 2009-2011 | Budget Request Change | Requested Budget 2011-2013 Biennium | Optional Request 2011-2013 |
|------------------------------------|---------------------------------------|--------------------------------|-----------------------------|---|----------------------------------|
| Grants, Benefits & Claims | 25,478,510 | 32,919,360 | (6,060,440) | 26,858,920 | 0 |
| Total | 25,478,510 | 32,919,360 | (6,060,440) | 26,858,920 | 0 |
| Grants | | | | | |
| General Fund | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 24,193,072 | 30,519,360 | (5,770,440) | 24,748,920 | 0 |
| Special Funds | 1,285,438 | 2,400,000 | (290,000) | 2,110,000 | 0 |
| Total | 25,478,510 | 32,919,360 | (6,060,440) | 26,858,920 | 0 |
| HFA Contingency | | | | | |
| Other Expenses | 99,994 | 100,000 | 0 | 100,000 | 0 |
| Total | 99,994 | 100,000 | 0 | 100,000 | 0 |
| HFA Contingency | | | | | |
| General Fund | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Special Funds | 99,994 | 100,000 | 0 | 100,000 | 0 |
| Total | 99,994 | 100,000 | 0 | 100,000 | 0 |
| Federal Stimulus Funds 2009 | | | | | |
| Grants, Benefits & Claims | 0 | 30,360,574 | (30,360,574) | 0 | 0 |
| Total | 0 | 30,360,574 | (30,360,574) | 0 | 0 |
| Federal Stimulus Funds 2009 | | | | | |
| General Fund | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 30,360,574 | (30,360,574) | 0 | 0 |
| Special Funds | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 30,360,574 | (30,360,574) | 0 | 0 |
| Total Expenditures | 35,914,349 | 78,119,343 | (39,877,939) | 38,241,404 | 0 |

Funding Sources**Federal Funds**

| | | | | | |
|---|------------|------------|----------|------------|---|
| X4730 Home Investments Partnership Prog | 721,287 | 655,800 | 64,200 | 720,000 | 0 |
| X4731 Lower Inc Housing Assist Prog Sec 8 | 1,752,403 | 1,779,100 | 68,940 | 1,848,040 | 0 |
| X4732 Rent Supplements Contract Admin | 21,408,771 | 21,078,260 | 822,620 | 21,900,880 | 0 |
| X4733 Housing Counseling Assistance | 310,611 | 311,200 | (31,200) | 280,000 | 0 |

REQUEST DETAIL BY PROGRAM

473 ND Housing Finance Agency
 Biennium: 2011-2013

Bill#: HB1014

Date: 01/13/2011

Time: 11:31:57

| Program: ND Housing Finance Agency | | Reporting Level: 00-473-101-00-00-00-00000000 | | | |
|--|---------------------------------------|---|-----------------------------|---|----------------------------------|
| Description | Expenditures 2007-2009 Biennium | Present Budget 2009-2011 | Budget Request Change | Requested Budget 2011-2013 Biennium | Optional Request 2011-2013 |
| X4734 Neighborhood Stabilization Program | 0 | 6,695,000 | (6,695,000) | 0 | 0 |
| X4735 Tax Credit Exchange Program | 0 | 25,500,000 | (25,500,000) | 0 | 0 |
| X4736 Tax Credit Assistance Program | 0 | 4,860,574 | (4,860,574) | 0 | 0 |
| Total | 24,193,072 | 60,879,934 | (36,131,014) | 24,748,920 | 0 |
| Special Funds | | | | | |
| 473 Housing Finance Agency-Fees | 11,721,277 | 17,239,409 | (3,746,925) | 13,492,484 | 0 |
| Total | 11,721,277 | 17,239,409 | (3,746,925) | 13,492,484 | 0 |
| Total Funding Sources | 35,914,349 | 78,119,343 | (39,877,939) | 38,241,404 | 0 |
| FTE Employees | 43.00 | 46.00 | 0.00 | 46.00 | 0.00 |

CHANGE PACKAGE DETAIL

473 ND Housing Finance Agency
Biennium: 2011-2013

Bill#: HB1014

Date: 01/13/2011

Time: 11:31:57

| | | | | | | |
|------------------------------------|--|--|--|--|--|--|
| Program: ND Housing Finance Agency | | | Reporting Level: 00-473-101-00-00-00-00-00000000 | | | |
|------------------------------------|--|--|--|--|--|--|

| Description | Priority | FTE | General Fund | Federal Funds | Special Funds | Total Funds |
|--------------------------------------|----------|-------------|--------------|---------------------|--------------------|---------------------|
| Base Budget Changes | | | | | | |
| One Time Budget Changes | | | | | | |
| A-E 4 Relocation - One Time - Remove | | 0.00 | 0 | 0 | (250,000) | (250,000) |
| A-E 5 Federal Stimulus | | 0.00 | 0 | (30,360,574) | 0 | (30,360,574) |
| Total One Time Budget Changes | | 0.00 | 0 | (30,360,574) | (250,000) | (30,610,574) |
| Ongoing Budget Changes | | | | | | |
| A-A 2 Rates & Usage | | 0.00 | 0 | 0 | (87,257) | (87,257) |
| A-A 3 HUD Grants | | 0.00 | 0 | (5,770,440) | (190,000) | (5,960,440) |
| A-A 6 Program Outreach | | 0.00 | 0 | 0 | 113,350 | 113,350 |
| A-A 7 Agency Loans | | 0.00 | 0 | 0 | (3,288,955) | (3,288,955) |
| A-A 8 Projection | | 0.00 | 0 | 0 | (149,870) | (149,870) |
| Base Payroll Change | | 0.00 | 0 | 0 | 105,807 | 105,807 |
| Total Ongoing Budget Changes | | 0.00 | 0 | (5,770,440) | (3,496,925) | (9,267,365) |
| Total Base Budget Changes | | 0.00 | 0 | (36,131,014) | (3,746,925) | (39,877,939) |