

VHFA INSTRUCTIONS TO OPERATING BUDGET PROJECTION MOBILE HOME PARKS

Please read these instructions in their entirety before starting to prepare your budget.

The VHFA Mobile Home Park (MHP) Operating Budget Projection Form 905 can be found on our website (www.vhfa.org) and downloaded as an Excel document. We encourage those of you familiar with Microsoft Office to download, complete and submit the Operating Budget electronically. Click on “Rentals”, then “For Property Managers”, then “Forms Documents and Memos”, scroll down to find “VHFA MHP Operating Budget Projection Form 905”. These instructions are provided at the same location. Completed forms should be sent via e-mail to **MFBudgets@vhfa.org**.

Budgets should be prepared on the VHFA MHP Operating Budget Projection Form 905 either electronically as described above, on the enclosed form, or on a computer facsimile. Any submissions must include all requested information to be accepted.

Budgets are due on (or before) **November 1 OR** 60 days prior to the close of the fiscal year unless another date has been jointly agreed upon. Budgets are reviewed on a first-come, first-served basis; **early submissions are welcome**. When your budget is approved, a copy initialed and dated by the VHFA Management Officer will be sent to you.

The following instructions explain the MHP Operating Budget Projection Form. Please be sure to complete the Budget Projection **and** Supplement One Form 905. Also *please remember to complete information at the top of the form – e.g. Year ending, Park Name, Location and # of Units. This is especially important with electronic submissions.*

A. OPERATING INCOME

1. GROSS RENT POTENTIAL

- a. Lot Rent: This is the total amount of lot rent projected for all owner-occupied mobile homes. Be sure to show any rent increases.
- b. Rent: This is the amount of rent projected for all tenant-occupied mobile homes.
- c. Total Rent Potential: Add Lot Rent and Rent.

2. OTHER INCOME

- a. Interest: Estimate any interest earned on the cash operating accounts. Do **not** include any interest on Replacement Reserve account or the security deposit account, as that interest accrues to the account.
- b. Laundry: If applicable.
- c. Other: Any other income which should be credited to the property; i.e., tenant utilities paid to owner, etc.
- d. Total Other Income: Add Interest, Laundry, and Other.

3. VACANCY LOSS

Enter the projected Vacancy Loss rate for the property for calendar year or fiscal year.

4. TOTAL INCOME

The sum of Total Rent Potential and Other Income, minus Vacancy Loss.

B. OPERATING EXPENSES

1. ADMINISTRATIVE EXPENSES

- a. Management Fee: Fees are approved on a project-by-project basis and are based on management performance and cash flow. VHFA will make the final determination on the fee allowed. Please indicate how this amount was determined in the appropriate shaded box.

Management fees include the following:

- 1) Office salaries, including tenant certifications, required reports, rental process costs, and bookkeeping not related to the audit.
- 2) Manager's salary including taxes, Worker's Compensation, and all benefits.
- 3) Office expenses including telephone, copying, and postage.
- 4) Computer service fees and supplies.
- 5) Printing costs (applications, leases, etc., not covered by #3 above).
- 6) Fidelity bonding for personnel.

- b. Audit: The anticipated cost for the preparation of the audit report.

- c. Legal: Attorney's fees only related directly to park operations; i.e. evictions, tax appeals.

- d. Other: Any additional administrative expenses, including Resident /Association Management, Advertising, Training, Conference and other. Please note: Resident/Association Mgt is new to this category for the 2012 budget year; this was previously broken out under Administrative Expenses.

- e. Total Administrative: Add Management Fees, Resident Assoc./Management, Audit, Legal and Other.

2. UTILITY EXPENSES

- a. Electricity: Estimated cost for owner paid on site electricity.

- b. Fuel: Estimated cost for oil or gas.

- c. Water: Estimated amounts owed by the owner for the budget year.

- d. Sewer: Anticipated cost of sewer use, including routine septic pump-outs.
- e. Other: Any additional utility-related expenses.
- f. Total Utility: Add Electricity, Fuel, Sewer, Water, and Other.

3. MAINTENANCE EXPENSES

This category is self-explanatory. If you need additional space, or categories you may lump amounts, but please remember to itemize and identify categories.

Please remember to post all non-routine, non-recurring maintenance related expenses under Total Capital Expenditures.

4. GENERAL EXPENSES

- a. Real Estate Tax: The estimated cost of property tax assessments.
- b. Property Insurance: Hazard, liability, and rent loss.
- c. VHFA Mortgage P & I: Combined principal and interest expense paid to VHFA.
- d. Replacement Reserve: This deposit amount is specified in either the VHFA commitment letter, or the Regulatory agreement.
- e. Other Loan Payments: Any additional VHFA approved project-related loans (identify source).
- f. Other: Any legitimate project expense for which no category has been provided.
- g. Total General: Add Real Estate Tax, Property Insurance, Mortgage, Replacement Reserve, Other Loans, and Other.

5. TOTAL COST OF OPERATIONS

The total of Administrative, Utility, Maintenance and General Expense categories.

C. OPERATING PROFIT/(LOSS)

Subtract Total Cost of Operations from Total Operating Income.

D. TOTAL CAPITAL EXPENDITURES

The sum of Capital Expenses anticipated should be entered under Total Capital Expenditures.

Please be advised that budget approval of capital expenditures is **not** a substitute for our usual review and approval process. Remember that three (3) written bids are now required only for work in excess of \$7,500.

If you have any questions, please call your VHFA Management Officer.

Add the name of preparer, their e-mail address, fax number, cell phone and date before submitting.

SUPPLEMENT ONE

RENT CALCULATION

Please Note: If you download Form 905 and are completing it in Excel, Total Lot Rent, Total Rent by Bedroom Size and Total Monthly Rent Potential will be calculated for you electronically. The resulting Total Annual Rent Potential is linked and will be transferred to the appropriate space (box A.1.c. or cell C14) on Form 905.

VACANCY RATE

Enter the Vacancy rate for the property for the last 12 months.