

MEMORANDUM NO. 06-09-05 MF-111

TO: SDHDA Management Agents

FROM: Vona Johnson, Director of Rental Housing Management

SUBJECT: Year 2007 Operating Budgets and Insurance Forms

DATE: September 27, 2006

Enclosed are copies of the FY 2007 Operating Budget forms and instructions.

Please complete the budget, with narrative justification, for each development and forward to SDHDA by November 1, 2006. In your narrative, also provide a description of the resident or site manager's duties and a copy of all new commercial area leases and service contracts for grounds, laundry, and mechanical systems. Submissions without adequate narrative justification may be changed, denied, or returned as incomplete at SDHDA discretion. Complete submissions with detailed narratives will greatly improve our ability of meeting the goal of returning approved budgets to you by December 1, 2006.

Please show all exterior painting, maintenance equipment, capital expense items and replacements scheduled under E-7 "Total Capital Expenditures" as being funded by an offsetting transfer from reserves under (income) Account 1300 "SDHDA Approved Fund Transfers."

Note that there is no "Miscellaneous Expense" category. Please ensure that all expenses are properly allocated. Contact your Housing Management Officer with any questions.

Audit contracts will be forwarded to each Owner on or about October 15, 2006, for negotiation prior to November 1, 2006. Fidelity Bond coverage is to be in place and submitted by December 31, 2006.

A Permanent Insurance Proposal and Quote form and Permanent Insurance (Agent's) Certification form is enclosed to allow enough time for negotiating insurance quotes. Refer to page 2 of your SDHDA Management Agent Handbook and to the Permanent Insurance Specifications Multifamily Units (enclosed Form HM203) for complete requirements. Please have the insurance agent complete and submit the Quote and Preliminary Insurance Certification form to SDHDA by November 1, 2006. The Permanent Insurance Certification must be completed and submitted to SDHDA immediately upon issuance of either the policy or a binder for a new policy. If you wish to continue with your current insurance, you do not need to seek bids if the premium rate has not increased by more than 10% and the

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insurance company continues to meet SDHDA requirements. In all cases, however, your agent must complete and submit the Quote and the Certification forms.

Enclosures - Operating Budget Forms and Instructions  
- Permanent Insurance Specifications

THIS IS A MULTIFAMILY MEMORANDUM. PLEASE RETAIN IT IN THE MEMORANDUM SECTION OF YOUR SDHDA MANAGEMENT AGENT HANDBOOK UNTIL AND UNLESS SUPERSEDED BY AN UPDATED MEMORANDUM.

VJ:bt

Attachments

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