

DECISION MEMORANDUM OF THE FEDERAL HOUSING FINANCE BOARD
ACTING WITHOUT A QUORUM

Date: March 29, 1995
No.: 95-DM-22

ISSUE: Approval of the Office of Finance (OF) 1995 operating budget as submitted by its board of directors.

FACTORS CONSIDERED:

Section 94 1.11 (c) of the Federal Housing Finance Board (Housing Finance Board) Regulations requires that the Housing Finance Board approve OF's operating budget.

In October 1994, the OF board of directors submitted its 1995 operating budget, along with its 1995 business plan, to the Housing Finance Board.

After careful review, the Housing Finance Board directed the OF board of directors to submit a revised business plan, As the business plan is the basis upon which the budget is developed, a revised 1995 budget was also requested

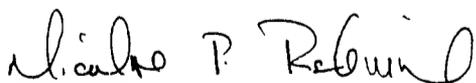
To allow the OF to operate until its 1995 budget was approved, the Housing Finance Board approved an interim budget on January 11, 1995. The interim budget provided the OF sufficient funds to operate for the first quarter of 1995

OF has submitted a revised 1995 business plan and budget which satisfactorily address the concerns raised by the Housing Finance Board,

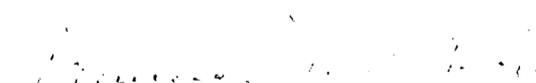
The 1995 OF budget of \$9.0 million consists of \$6.2 million for controllable operating expenses, \$2.2 million for security processing fees (which are considered uncontrollable) and \$582,000 for capital expenditures.

DECISION: To approve a budget for 1995 of \$6.2 million for operating expenses, \$2.2 million for security processing fees and \$582,000 for capital expenditures for OF as presented in the attached Table subject to the following conditions:

1. Following the end of each quarter, OF shall provide information as specified by the Housing Finance Board regarding the OF's budget-to-actual performance.
2. OF shall adhere to the operating budget submitted to and approved by the Housing Finance Board. With board of directors approval, OF may exceed functional area or line item budget amounts, as defined by the Housing Finance Board, so long as OF's approved total controllable operating expense budget is not exceeded.
3. OF may reallocate funds within the capital expenditure budget with board of directors approval so long as the total approved capital expenditures budget is not exceeded.



Nicolas P. Retsinas



Lawrence U. Costiglio

Office of Finance
1995 Budget
(\$ Thousands)

Operating Budget

1. Total Controllable Operating Expenses	\$6,248
a. Salaries	2,795
b. Benefits	636
c. Cost of Quarters	280
d. Computer Operations	296
e. Other	2,242

Capital Expenditures Budget

2. Total Controllable Capital Expenditures	\$582
a. Furniture and Equipment	491
b. Automobiles	0
c. Land & Building Related Expenses	91

Total Controllable Expenses

3. Total Controllable Exp. (line 1 + line 2)	\$6,830
--	---------

Total Uncontrollable Fees

4. Security Processing Fees *	\$2,187
-------------------------------	---------

Total Budget

5. Total Budget (line 3 + line 4)	\$9,017
-----------------------------------	---------

Staff

6. Total Staff (FTEs) - Year-end	45.0
----------------------------------	------

* Given the unpredictable nature of Security Processing Fees, they are excluded from "controllable" operating expenses.