

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
 COMMUNITY PLANNING AND DEVELOPMENT
 REVOLVING FUND (LIQUIDATING PROGRAMS)

PROGRAM HIGHLIGHTS

	ACTUAL	ESTIMATE	ESTIMATE	INCREASE + DECREASE -
	2002	2003	2004	2004 vs 2003
	(Dollars in Thousands)			
Receipts and Repayments	\$1,202	\$1,000	\$1,000	...
<u>Repayments to the Treasury:</u>				
In year dividend	15,000	10,000	7,500	-2,500
Cummulative	2,257,519	2,267,519	2,275,019	7,500
Book value of Assets, EOY	40,717	29,000	16,000	-13,000
Budget Outlays	7	1,140	...	-1,140

SUMMARY OF BUDGET ESTIMATES

The expenses of the Revolving Fund (Liquidating Programs) are financed from repayments of loans and recaptures; therefore, no appropriation is requested. However, it should also be noted that this account's largest previous influx of funds came from the Section 312 loan portfolio, which was sold in fiscal year 2001 for \$64 million. The selling of nearly all the Section 312 loans to the private sector helps HUD to refocus its efforts toward its active programs.

The Section 312 loan program provided first and junior lien financing at below market interest rates for the rehabilitation of homes in low-income neighborhoods. This program ceased originating new loans over 10 years ago. More than 100,000 loans were made since the authorization of the program in the Housing Act of 1964. Since Congress terminated the program, the remaining portfolio had dwindled to less than 6,000 active loans prior to the sale.

EXPLANATION OF INCREASES AND DECREASES

The continued liquidation of this account reflects lower activity in all categories. Since the sale of most of the Section 312 loan portfolio in fiscal year 2001, activity in this account has been considerably reduced. Outlays decrease by \$1.1 million, as there are fewer obligated balances to be spent out in fiscal year 2004 versus fiscal year 2003.

PROGRAM DESCRIPTION AND ACTIVITY

Legislative Authority and Program Area Organization. The Revolving Fund (Liquidating Programs) was established by the Independent Offices Appropriation Act, 1955, to provide a single fund to assist in the efficient liquidation of assets acquired under various housing and urban development programs. The assets of certain war and emergency housing constructed under the Lanham and Related Acts, Alaska Prefabricated Housing, War Public Works, Defense Community Facilities and Reconstruction Finance Corporation Public Agency Loan programs initially were included in this Fund. At the end of 1970, the Public Works Planning Advances, Grants to Aid Advance Acquisition of Land, and the Alaska Housing Grants and Loans programs were terminated and the assets were transferred to this Fund for liquidation.

In 1975, the assets and liabilities of four community development categorical programs comprised of Basic Water and Sewer Facilities, Neighborhood Facilities, Open Space Land, and Public Facility Loans were included in the Fund pursuant to Section 117(b) of the Housing and Community Development Act of 1974, which provided for such transfers to facilitate liquidation of the programs. In 1984, the New Communities program was transferred to the Revolving Fund; and, on October 1, 1986, the Urban Renewal Program was transferred to the Fund.

The National Affordable Housing Act repealed the Rental Rehabilitation Grants and Rehabilitation Loan (Section 312) programs. Both programs were transferred to the Revolving Fund (Liquidating Programs), effective October 1, 1991, pursuant to P.L. 102-27 and P.L. 102-139.

Revolving Fund

STATUS OF FUNDS

Balances Available

The following table shows the status of the Revolving Fund for fiscal years 2002 through 2004.

	<u>ACTUAL</u> <u>2002</u>	<u>ESTIMATE</u> <u>2003</u>	<u>ESTIMATE</u> <u>2004</u>
	(Dollars in Thousands)		
<u>Source of Funds:</u>			
Unobligated balance, start of year.....	\$31,315	\$19,771	\$10,631
<u>Receipts:</u>			
Repayments/Section 312 Sale.....	1,219	1,000	1,000
Recaptures.....	4,069
Total available.....	<u>36,603</u>	<u>20,771</u>	<u>11,631</u>
<u>Application of Funds:</u>			
Sec. 312 Loan Servicing, and Foreclosure/ Judgement Expenses, Acquired Security, Collateral, and Maintenance.....	\$1,632	\$40	\$40
Payment of Salaries and Expenses to HUD.....	200	100	...
Payment of dividend to the U. S. Treasury.....	<u>15,000</u>	<u>10,000</u>	<u>7,500</u>
Total, application of funds.....	<u>16,832</u>	<u>10,140</u>	<u>7,540</u>
Unobligated balance, end of year.....	19,771	10,631	4,091

SUMMARY OF OBLIGATED BALANCES WITHIN THE REVOLVING FUND

A summary of obligated balances, end of year, follows:

	<u>ACTUAL</u> <u>2002</u>	<u>ESTIMATE</u> <u>2003</u>	<u>ESTIMATE</u> <u>2004</u>
	(Dollars in Thousands)		
Obligated balance, start of year.....	\$6,712	\$3,266	\$1,266
Obligations incurred.....	<u>1,832</u>	<u>140</u>	<u>40</u>
Subtotal.	8,544	3,406	1,306
Outlays (Gross)	-1,209	-2,140	-1,000
Adjustment in Unexpired Accounts.....	<u>-4,069</u>	<u>...</u>	<u>...</u>
Obligated balance, end of year.....	<u>3,266</u>	<u>1,266</u>	<u>306</u>

NOTE: The net outlays equal the gross outlays less the repayments.