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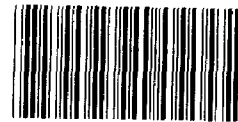
Report To The Congress

OF THE UNITED STATES

Review of the Federal Housing Administration Fund's Financial Statements For The Year Ended September 30, 1981

GAO's review of the financial statements of the Federal Housing Administration Fund for the year ended September 30, 1981, resulted in significant accounting and financial reporting policy changes.

Because of the extensive time needed to make these changes, and because of the nature of GAO's review (which was to provide accounting rather than auditing services), no opinion is expressed on the financial statements. The policy changes, highlighted in footnotes 2E through 2H of the financial statements, were necessary to present the statements in accordance with generally accepted accounting principles.



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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

B-206207

The President of the Senate and the
Speaker of the House of Representatives

This report presents the results of our review of the combined statement of financial position of the Federal Housing Administration (FHA) Fund as of September 30, 1981, and the related combined statements of revenue and expenses, cumulative results of operations, and changes in financial position for the year then ended. Our review was made pursuant to the provisions of 31 U.S.C. 9105 and in accordance with standards established by the American Institute of Certified Public Accountants. All information included in the above financial statements is the representation of the management of HUD, which administers the FHA Fund programs.


The Secretary of Housing and Urban Development (HUD) administers the FHA programs, the basic purpose of which is mortgage and loan insurance. These programs are designed to promote a variety of housing goals, such as home ownership, multifamily rental housing construction, housing for the elderly or handicapped, nursing homes, and hospitals.

Significant accounting and financial reporting policy changes were made as a result of our review. The changes related to the proper recording of certain income and expenses and recognized an estimated liability for the anticipated difference between future premiums and insurance losses. Footnotes 2E through 2H of the accompanying financial statements describe these changes in more detail. We are not aware of any other material changes that should be made to the statements for them to be in conformity with accounting principles and practices of comparable commercial financial institutions.

We are required to audit the accounts of the FHA Fund at least once every 3 years. However, due to the above changes and the amount of time needed to develop and implement them, our scope was limited in this review to interviewing HUD personnel, analyzing financial data, and providing consultative services on accounting matters. This scope was much less than is expected in auditing the accounts according to generally accepted government auditing standards. We did not conduct an audit of the accounts because the time that would have been needed to gather evidence to support an opinion would have extended this audit into fiscal 1984, the year of our next required audit. Since we have that requirement, and because current financial data would then be 3 years old, we chose

not to provide auditing services. Accordingly, we are not expressing an opinion on the fiscal 1981 financial statements. In the future, because of the changes made this year, we will be in a much better position to conduct an audit for the purpose of expressing an opinion.

We are sending copies of this report to the Director of the Office of Management and Budget, the Secretary of Housing and Urban Development, and the Assistant Secretary of Housing and Urban Development who serves as the Federal Housing Commissioner.


Comptroller General
of the United States

FEDERAL HOUSING ADMINISTRATION FUND
COMBINED STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 1981 (notes 1 and 2)
(in millions of dollars)

<u>ASSETS</u>	(Unaudited) <u>1981</u>
Cash	\$ 87.2
U.S. Government securities (note 3)	2,346.2
Accrued interest on U.S. Government securities	40.7
Loss reimbursement receivable (notes 2F and 4)	462.1
Premiums receivable, net (note 5)	253.5
Defaulted notes receivable, net (notes 2A, 2G, and 6)	1,090.5
Purchase money mortgages receivable, net (notes 2B and 7)	400.6
Interest receivable on purchase money mortgages	19.0
Other receivables, net (note 8)	31.8
Real estate acquired in settlement of claims (notes 2C and 9)	491.5
Other assets	8.3
Total assets	\$ <u>5,231.4</u>
<u>LIABILITIES AND INVESTMENT OF U.S. GOVERNMENT</u>	
<u>Liabilities</u>	
Insurance claims payable (note 10)	\$ 62.7
Accounts payable (note 11)	96.6
Trust and deposit liabilities (note 12)	95.1
Unearned premium income	99.8
Borrowings from U.S. Treasury and debentures (note 13)	4,596.1
Accrued interest on borrowings and debentures	88.1
Other liabilities (note 14)	40.0
Liability for estimated premium deficiency (notes 2E and 15)	<u>1,295.9</u>
Total liabilities	\$ <u>6,374.3</u>
<u>Investment of U.S. Government</u>	
Cumulative results of operations (note 16):	
Unrestricted	\$(2,416.2)
Statutory restrictions for potential dividends to insurance program participants	<u>1,273.3</u>
Total cumulative results of operations (restated September 30, 1981)	\$ <u>(1,142.9)</u>
Total liabilities and investment of U.S. Government	\$ <u>5,231.4</u>

The accompanying notes are an integral part of this statement.

FEDERAL HOUSING ADMINISTRATION FUND
COMBINED STATEMENT OF REVENUE AND EXPENSES
FOR FISCAL YEAR ENDED SEPTEMBER 30, 1981 (notes 1 and 2)
(in millions of dollars)

<u>REVENUE</u>	(Unaudited) <u>1981</u>
Premiums (notes 2D and 17)	\$ 674.9
Fees (note 18)	35.8
Interest on U.S. Government securities	174.0
Interest on purchase money mortgages	30.6
Miscellaneous	<u>7.7</u>
Total revenue	\$ <u>923.0</u>
 <u>EXPENSES</u> 	
Estimated losses on claims paid (notes 2A, 2H, and 19)	\$ 127.5
Interest on borrowings from U.S. Treasury	319.7
Interest on debentures	28.6
Personnel compensation and administrative expenses	264.0
Miscellaneous	7.6
Decrease in liability for estimated premium deficiency (notes 2E and 15)	<u>(189.8)</u>
Total expenses	\$ <u>557.6</u>
EXCESS OF REVENUE OVER EXPENSES	\$ 365.4
APPROPRIATIONS (notes 2F and 20)	<u>251.4</u>
NET INCOME	\$ <u>616.8</u>

The accompanying notes are an integral part of this statement.

FEDERAL HOUSING ADMINISTRATION FUND
COMBINED STATEMENT OF CUMULATIVE RESULTS OF OPERATIONS
AS OF SEPTEMBER 30, 1981
(in millions of dollars)

	Cumulative results (unaudited)		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cumulative results previously reported	\$(4,465.9)	\$1,125.9	\$(3,340.0)
Adjustments:			
Prior period adjustment for omission of liability for estimated premium deficiency (notes 2E and 15)	(1,485.7)	-	(1,485.7)
Prior period adjustment for previous treatment of reimbursement appropriations as contributed capital (note 2F)	<u>3,128.9</u>	<u>-</u>	<u>3,128.9</u>
Adjusted beginning cumulative results	\$(2,822.7)	\$1,125.9	\$(1,696.8)
Net income, fiscal 1981	406.5	210.3	616.8
Dividends to program participants	<u>-</u>	<u>(62.9)</u>	<u>(62.9)</u>
Cumulative results restated at September 30, 1981	\$(<u>2,416.2</u>)	\$ <u>1,273.3</u>	\$(1,142.9)

The accompanying notes are an integral part of this statement.

FEDERAL HOUSING ADMINISTRATION FUND
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR FISCAL YEAR ENDED SEPTEMBER 30, 1981
(in millions of dollars)

<u>SOURCES OF FUNDS</u>	(Unaudited) <u>1981</u>
Net income	\$ 616.8
Expenses not requiring cash outlay:	
Decrease in liability for estimated premium deficiency (notes 2E and 15)	(189.8)
Revenues not resulting in cash receipts:	
Appropriations (notes 2F and 20)	(251.4)
Premiums	(19.9)
Other	(2.1)
Cash generated by operations	\$ 153.6
Other sources of cash:	
U.S. Government securities redeemed	\$553.6
Sales of properties and notes	309.4
Receipt of loss reimbursement appropriation for fiscal 1979 losses	268.6
Borrowings from U.S. Treasury	96.0
Collections (other than sales) of principal	234.0
Debentures issued	47.4
Increase in payables	<u>58.1</u>
Other sources	<u>1,567.1</u>
Total sources	<u>\$1,720.7</u>
<u>USES OF FUNDS</u>	
U.S. Government securities acquired	\$710.1
Acquisition of properties and notes, including subsequent capitalized expenses (net of losses on claims (paid)	812.0
Debentures redeemed	110.1
Dividends to FHA Fund insurance program participants	62.9
Increase in receivables	34.2
Other (net)	<u>9.5</u>
Total uses	<u>\$1,738.8</u>
Change in cash	\$ (18.1)
Add: Cash balance, October 1, 1980	<u>105.3</u>
Cash balance, September 30, 1981	<u>\$ 87.2</u>

The accompanying notes are an integral part of this statement.

FEDERAL HOUSING ADMINISTRATION FUND
NOTES TO FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 1981

Note 1 Business Description

The Federal Housing Administration (FHA) was established in 1934 and became a wholly owned Government corporation in 1948 for purposes of the Government Corporation Control Act. The basic purpose of FHA programs is mortgage and loan insurance. In general terms, FHA's programs insure single-family (one-to-four family homes) mortgages, multifamily mortgages, and loans for either home improvements or mobile home purchases (Title I). Making up these broad categories, however, are over 70 individual programs designed to promote a variety of housing goals, such as home ownership, multifamily rental housing construction (including availability of rental units for low and moderate income families), housing for the elderly or handicapped, nursing homes, and hospitals.

FHA was transferred to the Department of Housing and Urban Development (HUD) at its inception in 1965. Additionally, the functions, powers, and duties of FHA were transferred to the Secretary of HUD as well. Notwithstanding the transfer of FHA and its functions, FHA remains a wholly owned Government corporation subject to the provisions of the Government Corporation Control Act. The Secretary of HUD, when carrying out duties and powers related to the FHA Fund, has the authority, within statutory limits, to fix insurance premium rates high enough to cover all insurance claims and operating costs. In order to continue serving low and moderate income families, some of the programs, however, have suffered heavy losses. Those losses have, to some extent, been reimbursed by appropriated funds.

When HUD pays claims on insured mortgages (which represent approximately 90 percent of the Fund's total insurance written) from the FHA Fund, it acquires in return either the defaulted mortgage note or the related property from the mortgagee. HUD services the mortgage notes it receives, unless continued default leads HUD to foreclose and acquire the property. Some of these properties are sold for cash; other sales are consummated by purchase money mortgages whereby HUD becomes the mortgagee.

Note 2 Summary of Significant Accounting Policies

The FHA Fund consists of four separate funds for its various mortgage insurance programs. For financial statement purposes, however, the four funds are combined. Furthermore, amounts presented in the financial statements are condensed to the extent practicable. Supporting information for the condensed amounts is provided in these notes.

Financial reporting on the FHA Fund operations follows generally accepted accounting principles applicable to commercial enterprises. Accounting and reporting practices are summarized in the following notes.

A. Estimated losses on claims paid

Insurance losses are determined by subtracting the estimated recoveries from the amount of claims paid. The recovery estimates for both defaulted notes and real properties acquired in settlement of claims are estimates of fair value, which is the net of all cash flows expected to occur after the claim is paid. The fair value estimates for defaulted notes considers the expected cash flows associated with acquiring or placing a lien on the underlying properties. The FHA Fund cannot always look to an underlying asset for recovery, however, because liens are not placed on the related properties in some home improvement loans. In the aggregate for notes and properties, the FHA Fund recovers 40 to 50 percent of the claims paid.

Losses on potential claims are reflected separately as an estimate of premium deficiency. (See note 2E.)

B. Purchase money mortgages and allowance for doubtful accounts

Purchase money mortgages issued to new mortgagors upon sale of HUD-owned properties are carried at the unpaid principal less an allowance for estimated uncollectible amounts. Interest income on these mortgages is recognized as earned. When the principal of any purchase money mortgage is considered less than fully collectible, any accrued interest is reversed, and future cash receipts are treated for reporting purposes as collections of principal.

C. Properties

Real properties acquired either in settlement of insurance claims or through foreclosure on purchase money mortgages are initially recorded at fair value. (See note 2A.) Holding costs, such as taxes, maintenance, and utility costs are capitalized, net of rent income, as incurred.

Gains/losses on sales of properties acquired in settlement of claims are reflected as reductions/increases in the losses on claims paid. Gains/losses on sales of properties acquired through foreclosure on purchase money mortgages, however, are reflected in miscellaneous income/expense.

D. Premium income

Premiums are recognized as income over the period of coverage. Premium income reflects insurance charges to mortgagees and to lenders under the Title I programs.

E. Adoption of Accounting Principle--
Premium Deficiency Recognition

The FHA Fund now reports a contingent liability for its estimated deficiency of future premiums compared with its estimated future losses on claims paid for the General Insurance and the Special Risk Insurance programs. The premium deficiency estimates were based on all estimated future cash flows (discounted to present value) related to insurance-in-force for these programs at September 30, 1980, and September 30, 1981.

The effect of adopting this principle was to: (1) increase the beginning fiscal 1981 cumulative deficit for the overall FHA Fund by \$1,485.7 million, (2) report a September 30, 1981, premium deficiency liability of \$1,295.9 million, and (3) increase net income by \$189.8 million. (See note 15.)

When determining the fiscal 1981 premium deficiency estimate, a computer program error was detected that overstated by an indeterminable amount both the prior year's estimate and, consequently, fiscal 1981 net income. Because this error did not affect the September 30, 1981, cumulative results of operations or any other statement of financial position item, HUD did not incur the substantial expense to recompute the prior year's deficiency estimate.

F. Adoption of Accounting Principle--
Appropriations Recognized As Income

In fiscal 1981, the FHA Fund began recognizing as income all appropriations received as reimbursement either for insurance program losses or for properties donated under the Urban Homesteading Program. Formerly, the Fund recognized these appropriations as contributed capital.

The effect of this change during fiscal 1981 was to increase net income by \$251.4 million. All of the appropriations recognized in prior years as contributed capital (\$3,128.9 million) are now reflected as reductions of the cumulative loss. In addition, a loss reimbursement receivable has been recorded for 1981 based on the losses incurred in 1981 and 1980.

Other appropriated funds are reflected in the FHA Fund's financial statements. These appropriated funds are from several HUD subsidy programs, such as the rent

supplement program. Whether these appropriations are transferred to the FHA Fund directly or through the mortgagors, the subsidies lose their identity when mixed with other cash collections. During fiscal 1981, the total funds received under these programs were \$70.7 million. (See note 20.)

G. Classification Change--Treatment of Interest on Defaulted Single-Family Mortgage Notes and Title I Notes

Before fiscal 1981, interest collected on single-family defaulted notes (both mortgage and Title I) had been recognized as interest income. Since fiscal 1981, all cash receipts on these notes are reported as principal collections, a practice which is consistent with the treatment of cash receipts on multifamily defaulted notes.

H. Classification Change--Treatment of Insurance Claim Losses

To present insurance losses more clearly, the income statement caption "Estimated Losses on Claims Paid" was adopted in fiscal 1981. Previously, these losses were reported as the net of several figures: (1) loss on acquired security, which reflected the FHA Fund's recorded losses on property sales, recorded gains on multifamily defaulted mortgage notes, and interest collected on multifamily purchase money mortgages, (2) loss on defaulted Title I notes, (3) interest income on defaulted single family notes, and (4) changes in five valuation allowances. (See note 19 for detail on fiscal 1981 losses on claims.)

Note 3 U.S. Government Securities

Investments in U.S. Government securities are carried at amortized cost. The market value of these securities was \$1,534.0 million at September 30, 1981.

No provision is made for unrealized gains or losses on these securities because they are virtually always held to maturity.

Note 4 Loss Reimbursement Receivable

The General Insurance Fund and Special Risk Insurance Fund are authorized to receive appropriated reimbursement for losses sustained in programs designed to assist low and moderate income families. The appropriation is not received, however, until the second fiscal year after the related losses were incurred. Accordingly, each year's receivable includes the allowable losses from the last 2 years.

The detail of loss reimbursement receivable is as follows (\$000,000):

Loss Reimbursement Receivable
September 30, 1981

	<u>From fiscal 1980</u>	<u>From fiscal 1981</u>	<u>Total</u>
General Insurance Fund	\$127.2	\$128.4	\$255.6
Special Risk Insurance Fund	<u>94.9</u>	<u>111.6</u>	<u>206.5</u>
Total	<u>\$222.1</u>	<u>\$240.0</u>	<u>\$462.1</u>

Note 5 Premiums Receivable, net

The detail of premiums receivable is as follows (\$000,000):

	<u>September 30, 1981</u>		
	<u>Gross</u>	<u>Loss allowance</u>	<u>Net</u>
Mortgage insurance programs	\$254.5	\$1.5	\$253.0
Title I	<u>.5</u>	<u>-</u>	<u>.5</u>
Total	<u>\$255.0</u>	<u>\$1.5</u>	<u>\$253.5</u>

Note 6 Defaulted Notes Receivable, net

The detail of defaulted notes receivable is as follows (\$000,000):

	<u>September 30, 1981</u>		
	<u>Gross</u>	<u>Loss allowance</u>	<u>Net</u>
Mortgage notes assigned	\$2,800.5	\$1,767.5	\$1,033.0
Title I notes	<u>143.8</u>	<u>86.3</u>	<u>57.5</u>
Total	<u>\$2,944.3</u>	<u>\$1,853.8</u>	<u>\$1,090.5</u>

The "mortgage notes assigned" figures include escrow advances from the FHA Fund to mortgagors. Such advances are used to pay expenses, such as real estate taxes, which the mortgagor cannot pay but which must be paid to protect the FHA Fund's interest.

Note 7 Purchase Money Mortgages Receivable, net

The purchase money mortgages receivable figure includes an allowance for doubtful accounts of \$20.0 million.

Note 8 Other Receivables, net

The detail of other receivables is as follows (\$000,000):

	<u>September 30, 1981</u>		
	<u>Gross</u>	<u>Loss allowance</u>	<u>Net</u>
Escrow advances to purchase money mortgagors	\$ 2.7	\$1.2	\$ 1.5
Sale of HUD-held properties	23.1	-	23.1
Other	5.0	-	5.0
Sale of HUD-held mortgages	.8	-	.8
Other notes receivable	<u>1.6</u>	<u>.2</u>	<u>1.4</u>
Total	<u>\$33.2</u>	<u>\$1.4</u>	<u>\$31.8</u>

Note 9 Real Estate Acquired in Settlement of Claims

The detail of acquired property is as follows (\$000,000):

	<u>September 30, 1981</u>		
	<u>Initial fair value estimate</u>	<u>Capitalized holding costs</u>	<u>Total</u>
Single-family	\$229.6	\$ 79.5	\$309.1
Multifamily	<u>75.1</u>	<u>107.3</u>	<u>182.4</u>
Total	<u>\$304.7</u>	<u>\$186.8</u>	<u>\$491.5</u>

Note 10 Insurance Claims Payable

The insurance claims payable category reflects insurance claims received. Amounts are estimated for those claims not completely processed. Estimates for claims incurred but not reported are reflected in the estimate for premium deficiency. (See note 2E.)

Note 11 Accounts Payable

The detail of accounts payable is as follows
(\$000,000):

	<u>September 30, 1981</u>
Dividends	\$56.9
Miscellaneous	<u>39.7</u>
Total	<u>\$96.6</u>

The dividends reflect the amounts payable to participants in the FHA Fund's mutual insurance programs, all of which are in the Mutual Mortgage Insurance and the Cooperative Management Housing Insurance Funds. Virtually all of the 1981 figure relates to the Mutual Mortgage Insurance Program.

The miscellaneous payables are amounts owed the public for various services and owed the U.S. Treasury as reimbursement for debenture interest payments made on behalf of the FHA Fund.

Note 12 Trust and Deposit Liabilities

The detail of trust and deposit liabilities is as follows (\$000,000):

	<u>September 30, 1981</u>
Deposits held for mortgagors and lessees	\$70.7
Earnest money on pending property sales	14.4
Certificates of claim	4.2
Deposits held for wage restitution	2.7
Deposits in lieu of performance bonds	<u>.1</u>
Total	<u>\$95.1</u>

Note 13 Borrowings from U.S. Treasury and Debentures

The following table summarizes the FHA Fund's borrowings from the U.S. Treasury and its debentures (originally issued as claim payments) at September 30, 1981 (\$000,000):

	<u>Payable within 1 year</u>	<u>Payable after 1 year</u>	<u>Total</u>
Borrowings from U.S. Treasury	-	\$4,146.8	\$4,146.8
Debentures	<u>\$110.1</u>	<u>339.2</u>	<u>449.3</u>
Total	<u>\$110.1</u>	<u>\$4,486.0</u>	<u>\$4,596.1</u>
Accrued interest:			
Borrowings	\$ 81.0	-	\$ 81.0
Debentures	<u>7.1</u>	<u>-</u>	<u>7.1</u>
Total	<u>\$ 88.1</u>	<u>-</u>	<u>\$ 88.1</u>

Note 14 Other Liabilities

The detail of other liabilities is as follows (\$000,000):

	<u>September 30, 1981</u>
Liability for foreclosure costs-- defaulted mortgage notes	\$28.0
Deferred credits	<u>12.0</u>
Total	<u>\$40.0</u>

Note 15 Premium Deficiency

The detail of the premium deficiency is as follows (\$000,000):

<u>Date</u>	<u>General Insurance Fund</u>	<u>Special Risk Insurance Fund</u>	<u>Total</u>
September 30, 1980	\$1,100.7	\$385.0	\$1,485.7
September 30, 1981	<u>902.4</u>	<u>393.5</u>	<u>1,295.9</u>
Increase (decrease)	<u>\$ (198.3)</u>	<u>\$ 8.5</u>	<u>\$ (189.8)</u>

Note 16 Cumulative Results of Operations

The insurance programs accounted for in the Mutual Mortgage Insurance (MMI) and the Cooperative Management Housing Insurance (CMHI) Funds are mutual fund programs wherein program participants receive pro rata shares of realized profits that these programs have consistently generated over the years.

The cumulative profits of the mutual fund programs are less than the cumulative losses of those programs designed to serve low and moderate income families, which are accounted for in the General Insurance (GI) and the Special Risk Insurance (SRI) Funds. Consequently, the FHA Fund's overall equity position reflects a deficit. This deficit does not affect the dividends paid to insurance program participants. (See note 11.) The accounting for each program of the FHA Fund is separate, and profitmaking programs do not subsidize programs that incur losses.

The detail of the FHA Fund's cumulative results of operations by sub-fund is as follows (\$000,000):

	<u>September 30, 1981</u>			
	<u>MMI</u>	<u>CMHI</u>	<u>GI</u>	<u>SRI</u>
Unrestricted	\$1,614.7	\$16.0	\$(2,152.6)	\$(1,894.3)
Restricted*	<u>1,267.1</u>	<u>6.2</u>	<u>-</u>	<u>-</u>
Total	<u>\$2,881.8</u>	<u>\$22.2</u>	<u>\$(2,152.6)</u>	<u>\$(1,894.3)</u>

*For dividends to program participants.

The total for the combined funds equals a deficit of \$1,142.9.

Note 17 Premiums

The detail of premium income is as follows (\$000,000):

	<u>Fiscal 1981</u>
Mortgage insurance programs	\$638.3
Title I	<u>36.6</u>
Total	<u>\$674.9</u>

Note 18 Fees

All of the fee revenue was generated from multifamily mortgage insurance application fees. In June 1980, HUD discontinued charging single-family mortgage insurance application fees and, at the same time, stopped performing appraisals and inspections.

Note 19 Estimated Losses on Claims Paid

The detail of estimated losses on claims paid is as follows (\$000,000):

	<u>Fiscal 1981</u>
Defaulted mortgage notes assigned to HUD	\$ 33.4
Properties acquired directly from mortgagees	92.6
Defaulted Title I notes assigned to HUD	<u>1.5</u>
Total	<u>\$127.5</u>

During fiscal 1981, expectations of recovery on claims paid in prior years increased. Applying the new loss rate estimates to the total claims paid in fiscal 1981 yielded a loss of \$361.9 million, but the reduced loss rate estimates also resulted in a \$234.4 million decrease to losses reported in prior years, leaving a net loss of \$127.5 million.

Note 20 Appropriations

The detail of appropriations is as follows (\$000,000):

	<u>Fiscal 1981</u>
Reimbursement of certain program losses	\$240.0
Recoveries under the Urban Homesteading Program	<u>11.4</u>
Total	<u>\$251.4</u>

Note 4 elaborates on loss reimbursements and the related receivables. Regarding the Urban Homesteading Program recoveries, the Congress formerly appropriated funds directly to the FHA Fund as reimbursement for properties given municipalities. Beginning in fiscal 1981, however, the Congress appropriated \$20 million to HUD's Community and Planning Development Fund from which the FHA Fund is reimbursed. Of the \$11.4 million recognized as earned in

1981, \$7.8 million came from funds appropriated directly to the FHA Fund in prior years and \$3.6 million came from the HUD program fund. Note 8 discusses the related receivable.

As note 2F indicates, FHA Fund programs receive other appropriations. The total fiscal 1981 amounts transferred to the FHA Fund from these other HUD housing program appropriations are as follows (\$000,000):

	<u>Fiscal 1981</u>
Section 235--Interest reduction on single-family mortgages	\$.7
Section 236--Interest reduction on multifamily mortgages	43.1
Rental assistance	.5
Rent supplement	<u>26.4</u>
Total	<u>\$70.7</u>

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