

**COMMUNITY PLANNING AND DEVELOPMENT  
 REVOLVING FUND (LIQUIDATING PROGRAMS)  
 2013 Summary Statement and Initiatives  
 (Dollars in Thousands)**

REVOLVING FUND (LIQUIDATING PROGRAMS)	<u>Appropriation</u>	<u>Receipts and Repayments</u>	<u>Repayments to Treasury-In Year Dividend</u>	<u>Repayments to Treasury-Cumulative</u>	<u>Book Value of Assets, EOY</u>	<u>Outlays</u>
2011 Appropriation.....	\$1,170	\$36	\$206	\$2,292,531	\$8,000	\$74
2012 Appropriation/Request.	1,170	50	50	2,292,581	8,000	2,000
2013 Request.....	<u>1,170</u>	<u>50</u>	<u>50</u>	<u>2,292,631</u>	<u>8,000</u>	<u>2,000</u>
Program Improvements/Offsets	...	...	...	+50	...	...

**1. What is this request?**

The Department is requesting \$1.17 million in fiscal year 2013 equal to previous years funding for this program. These funds provide property disposition, mortgage satisfactions and releases, file storage and servicing of the defunct Section 312 program.

**2. What is this program?**

The expenses of the Revolving Fund are financed from permanent indefinite budget authority. This account’s largest previous source of funds came from the Section 312 loan portfolio, the bulk of which was sold in fiscal year 2001 for \$64 million. Contract support of \$1.17 million in fiscal year 2013 is still required to support the loans sold to the private sector, as well as the remaining reduced portfolio, including Public Facility Loans. There are three components to this contract:

- (1) Property Disposition--resolution of the outstanding issues related to the July 2001 loan sale with the primary focus on compiling the necessary property documents required for placing the remaining assets into the Department’s property disposition pipeline (goal is to sell these remaining assets); this part of the Revolving Fund is located in the Office of Housing;

## Revolving Fund (Liquidating Programs)

- (2) Mortgage Satisfactions and Releases—preparation and processing of all Section 312 mortgage releases and satisfactions, as requested by 312 borrowers or their legally appointed representatives, who claim that their loans have been paid-in-full and include lien releases as well as Public Facility Loan responsibilities; and
- (3) File Storage and Servicing—storage of all Section 312 historical program files and resolution of correspondence and telephone inquiries pertaining to the portfolio as well as Public Facility Loan requirements.

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 20 years ago. More than 100,000 loans were made while this program, which was authorized by the Housing Act of 1964, was active. All of the remaining Section 312 properties will be sold.

On October 1, 1991 the assets and liabilities of Public Facility Loans were transferred to the Revolving Fund (Liquidating Programs) pursuant to P.L. 102-27 and P.L. 102-139. HUD awarded these loans to State housing finance agencies, State community and/or economic development agencies, local rural non-profits, and community development corporations. The Federal Reserve Bank of Richmond, acting as the United States Department of Treasury's Fiscal Agent, provides loan services for HUD, and ensures timely and cost effective collection of principal and interest that has accrued on public facility loans. HUD estimates that loan servicing for the remaining seven public facility loans will be required through fiscal year 2019.

### **3. Why is this program necessary and what will we get for the funds?**

Since the sale of the bulk of the Section 312 loan portfolio in fiscal year 2001, activity in this account has been substantially reduced, but there are variances depending on the timing of bills, tax considerations and other issues under legal review.

### **4. How do we know that this program works?**

This program ceased loan origination in fiscal year 1991. Without funding, the remaining essential functions would not continue, such as the property owners' mortgage satisfactions and lien releases would not be processed, thereby interfering with selling or purchasing of other properties and other fiscal matters.

The loan servicing for the remaining seven public facility loans would also not continue without this funding.

Revolving Fund (Liquidating Programs)

**COMMUNITY PLANNING AND DEVELOPMENT  
 REVOLVING FUND (LIQUIDATING PROGRAMS)  
 Summary of Resources by Program  
 (Dollars in Thousands)**

<u>Budget Activity</u>	<u>2011 Receipts and Repayments</u>	<u>2011 In year Dividend</u>	<u>2011 Cumulative</u>	<u>2012 Receipts and Repayments</u>	<u>2012 In year Dividend</u>	<u>2012 Cumulative</u>	<u>2013 Receipts and Repayments</u>	<u>2013 In year Dividend</u>
Liquidating Programs	\$36	\$206	\$2,292,531	\$50	\$50	\$2,292,581	\$50	\$50
Total Revolving Fund (Liquidating Programs)	36	206	2,292,531	50	50	2,292,581	50	50