HOUSING
GENERAL AND SPECIAL RISK INSURANCE FUND
2011 Summary Statement and Initiatives
(Dollars in Thousands)

FHA--GENERAL AND SPECIAL RISK INSURANCE FUND	Enacted/ Request	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2009 Appropriation	$57,471	$18,203	-$5,000	$70,674	$50,674	$57,963
2010 Appropriation/Request	8,600[a/]	14,715	...	23,315	14,552	49,909
2011 Request	...	8,763	...	8,763	8,656	29,144
Program Improvements/Offsets	-8,600	-5,952	...	-14,552	-5,896	-20,765

a/ Appropriation level reflects the realignment of all administrative contract funding to the FHA Mutual Mortgage Insurance Fund. Amount includes a 1 percent transfer to the Departmental Transformation Initiatives account pursuant to the fiscal year 2010 Consolidated Appropriations Act, P.L. 111-117.

Summary Statement

Through the FHA's General and Special Risk Insurance (GI/SRI) Fund, HUD offers a range of loan guarantee programs to address specialized mortgage financing needs. The most active programs include those authorized under Sections 220, 221(d)(3) and (4), 223(a)(7), 223(f), 223(d), 231, 241, 232, and 242 of the National Housing Act and Sections 542(c) and 542(b) of the Housing and Community Development Act. These programs include mortgage insurance for developing, rehabilitating, and refinancing multifamily rental housing, nursing home facilities, and hospitals. Title I loan guarantees are also offered for manufactured housing and for property improvement loans. These insurance programs are a critical component of the Department's efforts to meet the Nation's need for decent, safe and affordable housing. The role of these programs is especially significant in the current economic climate. Driven by low interest rates, more limited lending in the conventional mortgage market, the introduction of a refinance product for hospitals, and a number of other factors, GI/SRI commitment projections for fiscal year 2010 have increased significantly since initial estimates were presented in the fiscal year 2010 President's Budget. Once projected at $7.3 billion, commitments are now expected to closely approach the Fund's $15 billion limitation. High levels of mortgage insurance activity are anticipated to continue in fiscal year 2011.

Loan Guarantee Limitation. A loan guarantee limitation of $20 billion is requested for fiscal year 2011, an increase of $5 billion from 2010. New insurance commitments are projected to exceed $14 billion in fiscal year 2010 and increase to $15.7 billion in 2011. The amount requested above $15.7 billion minimizes the potential for reaching the limitation and having to suspend program activity prior to the end of the year. Of the total commitments projected for fiscal year 2011, it is estimated that $7.5 billion will be issued for FHA's multifamily housing programs. Another $8 billion in commitments are estimated for hospitals and other health care facility mortgages. Title I Property Improvements and Manufactured Housing commitments are projected to reach $189 million in 2011, a 5 percent increase over the current fiscal year 2010 estimate.

Prior to fiscal year 2009, the GI/SRI fund carried certain single family insurance programs in addition to the multifamily insurance programs. With the passage of the Housing and Economic Recovery Act of 2008 (HERA), financial responsibility for almost all single family programs was transferred to the Mutual Mortgage

Insurance (MMI) Fund at the beginning of fiscal year 2009. The loan guarantee limitation of $15 billion enacted for GI/SRI for fiscal year 2010 and the $20 billion requested for 2011 are substantially lower than the fiscal year 2009 level of $45 billion, reflecting the smaller portfolio of programs now included in the Fund.

Appropriations. No appropriation is requested for fiscal year 2011, a reduction of $8.6 million from fiscal year 2010. The Department anticipates that carryover funds available from prior year appropriations will be sufficient to cover positive credit subsidy requirements for the handful of loan programs in GI/SRI that are not self-funding. The zero funding level also reflects the consolidation of all administrative contract expense appropriations in the MMI Fund beginning in the fiscal year 2010.

For fiscal year 2011, three risk categories are estimated to require positive subsidy: 1) 221(d)(3) which insures loans to non-profit, public, or cooperative organizations for new development or substantial rehabilitation of multifamily rental housing; 2) 241(a) insurance for supplemental loans to finance improvements for multifamily housing projects; and 3) insurance of 223(d) Operating Loss Loans, which help cover losses during a 2-year period for projects with a HUD-insured first mortgage. For fiscal year 2011, HUD will propose to cease offering 223(d) loans to multifamily housing projects, but will continue to make the product available for eligible Section 232 nursing home/assisted living facilities.

Through rulemaking, HUD will also seek the termination of single family lending in military impact areas under Section 238(c), a program that would otherwise require positive subsidy in 2011. The elimination of Section 238(c) will not negatively impact the availability of FHA insured financing in the six counties currently covered under this program. All other GI/SRI programs will generate modest negative subsidy, which will be returned to the Treasury general fund as offsetting receipts.

Direct Loan Limitation. A direct loan limitation of $20 million is requested, the same as fiscal year 2010. The loan authority requested is for short-term purchase money mortgages for non-profit and governmental agencies to make HUD-acquired single family properties available for resale to purchasers with household incomes at or below 115 percent of an area's median.

HOUSING
GENERAL AND SPECIAL RISK INSURANCE FUND
Summary of Resources by Program
(Dollars in Thousands)

Budget Activity	2009 Budget Authority	2008 Carryover Into 2009	2009 Total Resources	2009 Obligations	2010 Budget Authority/ Request	2009 Carryover Into 2010	2010 Total Resources	2011 Request
Administrative Contract Expenses	$48,871	...	$48,871	$43,583	...	...	...	...
Positive Subsidy Appropriation	8,600	$13,203	21,803	7,091	$8,514	$14,715	$23,229	...
Transformation Initiatives transfer	...	...	...	...	86	...	86	...
Discount Multifamily Property and Loan Sales Appropriation	-5,000	5,000	...	...	...	...	...	...
Total	52,471	18,203	70,674	50,674	8,600	14,715	23,315	...

FTE	2009 Actual	2010 Estimate	2011 Estimate
Headquarters	376	399	400
Field	841	833	833
Total	1,217	1,232	1,233

HOUSING
GENERAL AND SPECIAL RISK INSURANCE FUND
Program Offsets
(Dollars in Thousands)

Administrative Contract Expenses	Amount
2009 Appropriation	$48,871
2010 Appropriation/Request	...
2011 Request	...
Program Improvements/Offsets	...

Proposed Actions

2011 Request. Beginning in 2010, funding for all FHA administrative contract expenses is consolidated in the MMI Fund.

HOUSING
GENERAL AND SPECIAL RISK INSURANCE FUND
Program Offsets
(Dollars in Thousands)

Positive Subsidy Appropriation	Amount
2009 Appropriation	$8,600
2010 Appropriation/Request	8,514
2011 Request	...
Program Improvements/Offsets	-8,514

2010 Appropriation/Request. The $8.5 million reflects appropriation of $8.6 million reduced by $86,000 provided for the transfer to the Transformation Initiatives account.

Proposed Actions

No appropriation is requested for GI/SRI for fiscal year 2011, a reduction of $8.5 million from fiscal year 2010. It is anticipated that approximately $8.8 million of unobligated prior year appropriations will carry forward to fiscal year 2011, which is sufficient funding to support loan commitments at the projected levels.

For fiscal year 2011, three programs are estimated to require positive subsidy: 1) 221(d)(3) which insures loans to non-profit, public, or cooperative organizations for new development or substantial rehabilitation of multifamily rental housing; 2) 241(a) insurance for supplemental loans to finance improvements for multifamily housing projects; and 3) insurance of 223(d) Operating Loss Loans, which help cover losses during a 2-year period for projects with a HUD-insured first mortgage. For fiscal year 2011, HUD will cease offering 223(d) loans to multifamily housing projects, but will continue to make the product available for eligible Section 232 nursing home/assisted living facilities. Through rulemaking, HUD will seek the termination of single family lending in military impact areas under Section 238(c), a program that would otherwise require positive subsidy in 2011. All other GI/SRI programs will generate modest negative subsidy, which will be returned to the Treasury general fund as offsetting receipts. Approximately, $412 million in negative subsidy receipts are projected to be generated in fiscal year 2011.

Credit Subsidy Rates. The Department devotes significant efforts to updating and continuously refining credit subsidy estimates. The fiscal year 2011 credit subsidy estimates were developed after consultation with the Office of Management and Budget (OMB) and reflect on-going analysis by the Department. Each year the extensive statistical base from which projections of future loan performance are calculated is updated with an additional year of actual data. The Department and OMB continue to examine the data, assumptions, and calculations that are used to estimate loan program cash flows and subsidy rates in order to eliminate errors and improve the accuracy and reliability of projections. The credit subsidy rates reflect historic performance data for similar loans made over the past 40 years, with adjustments made for significant policy shifts as well as changing economic and market conditions.

The following table displays the estimated allocation of commitment authority and subsidy by budget risk category for fiscal year 2011.

Mortgage and Loan Insurance Programs – GI/SRI Account

GI/SRI PROGRAMS	Commitment Estimates FY 2011	Subsidy Rates FY 2011	Positive Subsidy BA FY 2011	Negative Subsidy BA FY 2011
Multifamily				
221(d)(4) Apartments New Construction/Sub. Rehab	1,950,000,000	-1.76%		(34,320,000)
221(d)(3) Non-profit Apartments	64,000,000	10.74%	6,873,600	
Tax Credit Projects..	900,000,000	-3.43%		(30,870,000)
223(f)/223(a)(7) Apartments Refinance/Purchase.....................	3,400,000,000	-3.35%		(113,900,000)
241(a) Supplemental Loans for Apartment................................	25,000,000	5.40%	1,350,000	
223(d) Operating Loss Loans..	2,000,000	21.63%	432,600	
HFA Risksharing	370,000,000	-1.42%		(5,254,000)
GSE Risksharing..	35,000,000	-1.43%		(500,500)
Other Rental (Sections 220,231,207)..	755,000,000	-3.10%		(23,405,000)
Subtotal	7,501,000,000			
Hospitals (includes Refinances & Supplemental Loans)	4,040,000,000	-3.67%		(148,268,000)
Nursing Homes				
Full Insurance for Health Care Facilities	900,000,000	-0.19%		(1,710,000)
Health Care Facility Refinance...	3,030,000,000	-1.32%		(39,996,000)
Subtotal	3,930,000,000			
Title I				
Property Improvements..	63,000,000	-0.76%		(478,800)
Manufactured Housing	126,000,000	-0.99%		(1,247,400)
Subtotal	189,000,000			
GI/SRI TOTAL..	**$15,660,000,000**		**$8,656,200**	**($399,949,700)**
Stand-by Authority..	4,340,000,000			
Total New Commitment Authority..	$20,000,000,000			

HOUSING - FEDERAL HOUSING COMMISSIONER
FHA--GENERAL AND SPECIAL RISK INSURANCE FUND
Program Offsets
(Dollars in Thousands)

Transformation Initiatives transfer	Amount
2009 Appropriation	...
2010 Appropriation/Request	$86
2011 Request	...
Program Improvements/Offsets	-86

Proposed Actions

No budget authority is requested and therefore, no transfer is proposed for the Transformation Initiatives account.

HOUSING
GENERAL AND SPECIAL RISK INSURANCE FUND
Program Offsets
(Dollars in Thousands)

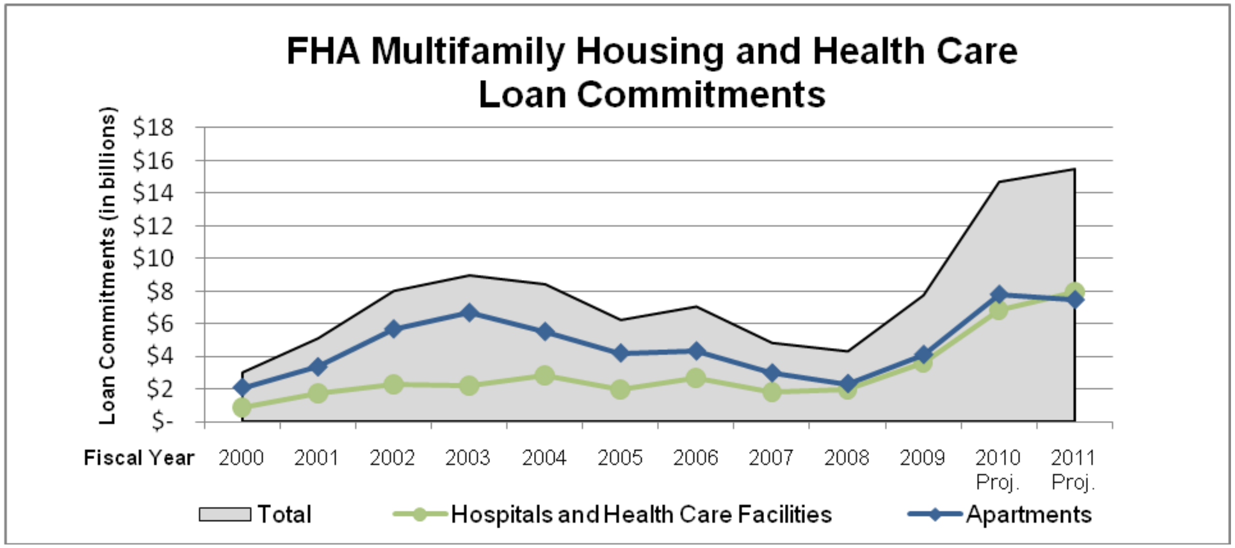
Insurance Commitment

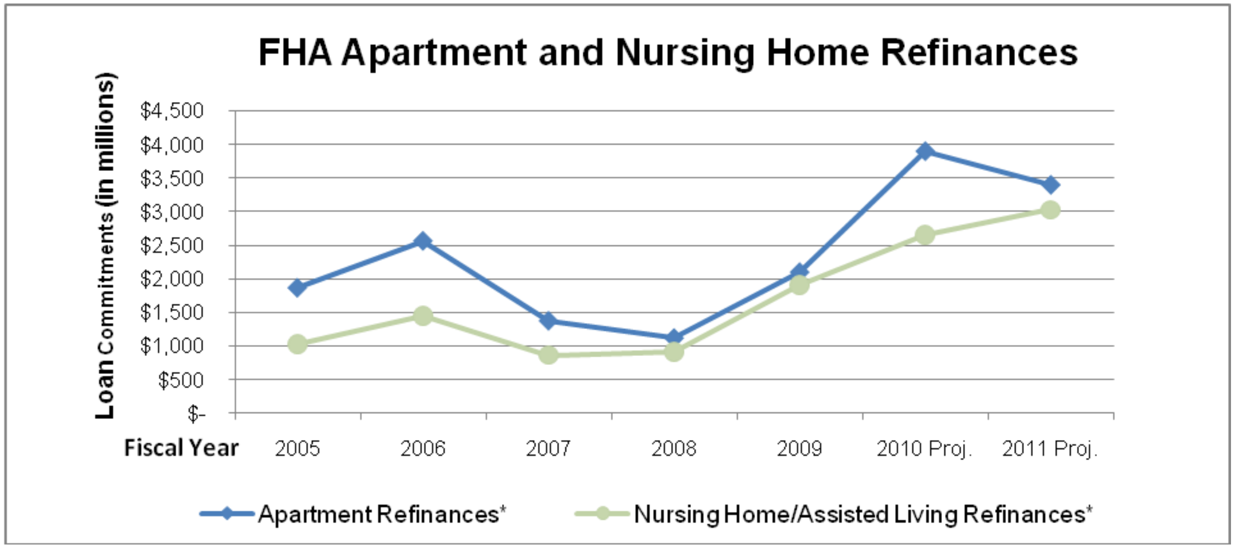
Limitation Enacted/Requested	**Loan Guarantees Amount**
2009 Appropriation	$45,000,000
2010 Request	15,000,000
2011 Request	20,000,000
Program Improvements/Offsets	5,000,000

Proposed Actions

Loan Guarantee Limitation. The fiscal year 2011 Budget proposes a loan guarantee limitation of $20 billion for GI/SRI, an increase of $5 billion over the fiscal year 2010 request. New insurance commitments are estimated at $14.95 billion for 2010 and $15.7 billion for 2011. The 2011 request is substantially lower than the $45 billion limitation in 2009 and previous years due to the transfer of several single family mortgage guarantee programs to the MMI Fund in fiscal year 2009. The limitation will cover estimated commitments and allow a contingency reserve cushion for unanticipated increases in volume. The requested commitment level minimizes the potential for reaching the ceiling and having to suspend program activity prior to the end of the year.

While growth is projected to occur across all FHA multifamily and healthcare programs in fiscal year 2010, increased activity in the refinance programs is especially notable. More than $750 million in commitments were issued under multifamily and healthcare refinance risk categories in the final month of fiscal year 2009. This volume represented a dramatic surge in activity that continued through the first quarter of 2010. In addition to growth in long-standing programs, FHA anticipates $1.2 billion in volume for a new refinance product for Hospitals (Sec 242/223(f)) in fiscal year 2010. Refinance activity for the Fund is expected to remain at a high level, estimated at $7.8 billion in fiscal year 2011, but is sensitive to interest rate changes.





* Refinance totals reflect all loans insured under Apartment Refinance and Health Care Facility Refinance risk categories, including any Section 223(f) loans made for the purchase of existing facilities not requiring substantial rehabilitation.

Mortgage and Loan Insurance Programs – GI/SRI Account

Active GI/SRI mortgage insurance programs are divided into 15 different risk categories, which can be grouped together as follows: hospital programs, nursing home programs, multifamily housing programs, Title I programs, and other single family/military impact areas.

Hospital Programs. The Section 242 Program provides mortgage insurance for loans made for the construction, renovation, and/or equipping of acute care hospitals. As of December 2009, the Section 242 program was insuring 88 hospital mortgage loans with a total remaining principal balance of $7.39 billion. The program also includes: Section 241(a) supplemental loans; Section 223(a)(7) loans for refinancing current FHA- insured projects; and Section 223(e) loans for hospitals in older, economically declining urban areas. New loan commitments for all Hospital programs are estimated to total $3.5 billion in fiscal year 2010 and $4 billion in fiscal year 2011. In the current economic climate, hospitals with higher-quality credits (rated "A") are beginning to apply for FHA mortgage insurance as a way of accessing affordable capital for their projects. This participation has the potential to further strengthen the performance of the Hospitals portfolio.

The significant increase in activity projected for 2010 and 2011 stems in part from the Department's plans to offer a new hospital refinance product under the statutory authority of 223(f). The new program will insure refinancing of loans to acute care hospitals suffering financial hardship caused by high-interest rate debt. Unlike Section 242 loans, there will not be a requirement that at least 20 percent of the funds be used for construction and equipment. Demand for the program is expected to be high, with approximately $1.2 billion and $1.4 billion in loan commitments anticipated for fiscal years 2010 and 2011, respectively. These loans will be included within the Hospitals risk category.

Nursing Home Programs. The Section 232 Program provides mortgage insurance for loans made for the refinancing, construction, and renovation of nursing homes and assisted living facilities. As of December 2009, the Section 232 program was insuring 2,321 loans with a total remaining principal balance of $14.6 billion. HUD expects to complete $3.4 billion in new loan commitments in fiscal year 2010 and an additional $3.9 billion in fiscal year 2011. The program has been experiencing a significant level of increasing demand, due to a combination of the Department's improvements in processing times and the reduced availability of affordable credit in the capital markets.

Multifamily Housing Programs. FHA multifamily insurance programs play an important role in the mortgage market, especially for a number of higher risk segments in the housing industry. In fiscal year 2009, insurance commitments for multifamily housing programs (excluding nursing homes and assisted care facilities) were more than $4.1 billion, translating to support for upwards of 65,000 units of housing. New loan commitments are expected to increase dramatically in fiscal year 2010 to $7.8 billion and drop slightly to $7.5 billion in 2011 as refinance activity declines.

Multifamily programs assist private industry in the construction or rehabilitation of rental and cooperative housing for moderate-income and displaced families by making capital more readily available. Assistance is sought by small builders, buyers or owners of aging inner-city properties, and non-profit sponsors. FHA's unique and valuable products include insurance that covers both the construction financing and long-term permanent financing of modest-cost rental housing, and is a vehicle whereby lenders (including many with public purpose missions such as housing finance agencies) can gain access to the AAA rating of Ginnie Mae securities. Loans insured by FHA can be securitized by Ginnie Mae and sold in the secondary mortgage market, which has the potential to improve the availability of loan funds and permit more favorable interest rates.

Specific multifamily housing risk categories are summarized as follows:

> *Section 221(d)(3) and Section 221(d)(4) Mortgage Insurance for Rental and Cooperative Housing*. These two programs assist private industry in the construction or rehabilitation of rental and cooperative housing. Section 221(d)(4) is the largest of FHA's multifamily programs and constitutes mortgage insurance for profit motivated sponsors. Non-profit sponsors apply under Section 221(d)(3). The programs allow for long-term mortgages (up to 40 years) that can be financed with the Government National Mortgage Association (GNMA) Mortgage Backed Securities (MBS). Section 221(d)(4) provides for up to 90 percent financing on the replacement cost of a project, while 221(d)(3) allows for up to 100 percent financing.

Section 223(f) Mortgage Insurance for Refinancing or Purchase of Existing Multifamily Rental Housing. This high-volume program allows for long-term mortgages (up to 35 years) for refinance or purchase of existing multifamily rental housing. Refinances of current FHA insured multifamily loans are offered under Section 223(a)(7), but are grouped together with Section 223(f) for budgetary purposes.

Section 223(d) Mortgage Insurance for 2-year Operating Loss Loans. Section 223(d) insures 2-year operating loss loans that cover operating losses during the first 2 years after a project's completion (or any other 2-year period within the first 10 years after completion) of multifamily projects with a HUD-insured first mortgage. In 2011, HUD plans to offer this type of mortgage insurance only to health care facilities with a primary mortgage under Section 232. Mortgage insurance on this type of loan has previously been offered (though infrequently utilized) for multifamily housing, but is no longer viewed as a cost effective means for preventing future losses on the associated primary FHA mortgages. However, the program remains a valuable option for Section 232 loans.

Section 241(a) Mortgage Insurance for Supplemental Loans for Multifamily Projects. This program is intended to keep projects competitive, extend their economic life, and finance the replacement of obsolete equipment. Insured mortgages finance repairs, additions, and improvements to multifamily projects already insured by HUD or held by HUD.

Section 542(b) and 542(c) Mortgage Risk Sharing. Under these two programs, state and local housing finance agencies (HFAs) and Government-Sponsored Enterprises (GSEs) share the risk and mortgage insurance premium with FHA for multifamily housing loans. HFA risk share agreements range between 10 and 90 percent, while GSE risk shares are fixed at a 50-50 split.

Tax Credit Projects. Projects assisted with Low Income Housing Tax Credits may be insured under a number of FHA multifamily programs, but are grouped together in a single budget risk category.

Title I Manufactured Housing and Property Improvement Programs. These two relatively small FHA programs fill an important niche. Under Title I, HUD provides mortgage insurance for the purchase of manufactured homes. In fiscal year 2009, $97 million in manufactured housing loans were endorsed. The program is expected to experience continuing growth in fiscal years 2010 and 2011 due to the implementation of program reforms authorized under HERA, including increased loan limits. The program is expected to generate a loan volume of $120 million in 2010 and $126 million in 2011.

The Title I Property Improvement program insures loans for repairs and other improvements to residential and non-residential structures, as well as new construction of non-residential buildings. Property Improvement endorsements were $56 million in fiscal year 2009, and are projected at $60 million in 2010 and $63 million in 2011.

Other Single Family/Military Impact Areas. In July of 2008, the enactment of HERA was intended to transfer single family mortgage insurance programs in the GI/SRI Fund authorized under Title II of the National Housing Act to the MMI Fund, but the legislation left in the GI/SRI Fund one small program with new activity--238(c) Military Impact Areas. This program has offered mortgage insurance in a small number of counties where housing demand is heavily dependent on the continuing presence of a military installation. HUD has determined that any benefits gained through the program do not justify the projected cost to the government and will seek to suspend all activity through the rulemaking process. No new endorsements are planned for fiscal year 2011. The elimination of Section 238(c) will not negatively impact the availability of FHA- insured financing in the six counties currently covered under this program.

GENERAL AND SPECIAL RISK INSURANCE FUND
Program Highlights
(Dollars in Thousands)

	Actual 2009	Enacted 2010	Estimate 2011	Increase + Decrease – 2011 vs 2010
Insurance Commitment Limitation:	$45,000,000	$15,000,000	$20,000,000	$5,000,000
Insurance Commitments (dollars)				
Multifamily	4,112,653	7,832,000	7,501,000	-331,000
Hospitals	1,111,124	3,450,000	4,040,000	590,000
Nursing Homes	2,501,323	3,400,000	3,930,000	530,000
Single Family Homes	88,678	88,000	0	-88,000
Title I	153,634	180,000	189,000	9,000
Total	7,967,412	14,950,000	15,660,000	710,000
Insurance Commitments (units/beds)				
Multifamily	66,535	127,212	119,033	-8,179
Hospitals	1,623	4,841	5,563	722
Nursing Homes	36,073	47,891	54,199	6,308
Single Family Homes	583	606	0	-606
Title I	6,031	6,714	6,918	204
Total	110,845	187,264	185,713	-1,551
Insurance Written (dollars)				
Multifamily	3,050,800	7,506,128	7,583,750	77,622
Hospitals	1,564,258	2,817,425	3,892,500	1,075,075
Nursing Homes	1,918,980	3,398,914	3,797,500	398,586
Single Family Homes	88,678	88,000	0	-88,000
Title I	153,634	180,000	189,000	9,000
Total	6,776,350	13,990,467	15,462,750	1,472,283
Insurance in Force – End of Year (dollars)	$127,663,000	$120,124,000	$121,413,000	$1,289,000

HOUSING
GENERAL AND SPECIAL RISK INSURANCE FUND
Program Offsets
(Dollars in Thousands)

Direct Loan

Limitation Enacted/Requested	Direct Loan Amount
2009 Appropriation	$50,000
2010 Request	20,000
2011 Request	20,000
Program Improvements/Offsets	. . .

Proposed Actions

A direct loan limitation of $20 million is requested for fiscal year 2011, the same as fiscal year 2010. The loan authority requested is for short-term purchase money mortgages for non-profit and governmental agencies to make HUD-acquired single family properties available for resale to purchasers with household incomes at or below 115 percent of an area's median.

HUD has not previously utilized direct loan authority for bridge financing in connection with the sale of multifamily real properties held by the Secretary. Language authorizing this type of direct loan was not included in the fiscal 2010 HUD Appropriations Act, and not included in the proposed language for fiscal year 2011.

HOUSING
FHA--GENERAL AND SPECIAL RISK INSURANCE FUND
Program Offsets
(Dollars in Thousands)

Discount Multifamily Property and Loan Sales Appropriation	Amount
2009 Appropriation	-$5,000
2010 Appropriation/Request	...
2011 Request	...
Program Improvements/Offsets	...

Proposed Actions

The Congress included a $5 million appropriation for this purpose in the fiscal year 2008 Appropriations Act. These funds were rescinded in the Omnibus Appropriations Act for fiscal year 2009. No funds are requested for discount sales for fiscal years 2010 or 2011.

HOUSING
FHA--GENERAL AND SPECIAL RISK INSURANCE FUND
Summary of Budget Authority
(Dollars in Millions)

	ENACTED 2009	CURRENT ESTIMATE 2010	ESTIMATE 2011	INCREASE + DECREASE- 2011 vs 2010
LOAN LIMITATIONS				
Insurance Commitment Limitation	$45,000	$15,000	$20,000	$5,000
Direct Loans Limitation	50	20	20	0
BUDGET AUTHORITY				
Discretionary:				
Administrative Contract Expenses	49	0	0	0
Positive Subsidy Appropriations	9	9	0	-9
Discount Loan Sales	-5	0	0	0
Total Discretionary Appropriation	53	9	0	-9
Offsetting Receipts (negative subsidy disbursed to the General Fund)	-146	-399	-412	-13
Mandatory:				
Liquidating account (Pre-1992 Insurance Obligations) (net)	97	201	172	-29
Program Account Upward Re-estimate	6,793	863	0	-863
Receipt Account Downward Re-estimate	-19	-164	0	164

HOUSING
FHA--GENERAL AND SPECIAL RISK INSURANCE FUND
Summary of Budget Outlays
(Dollars in Millions)

	ENACTED 2009	ENACTED 2010	ESTIMATE 2011	INCREASE+ DECREASE- 2011 vs 2010
BUDGET OUTLAYS				
Discretionary:				
Administrative Contract Expenses	51	37	20	-17
Positive Subsidy/Loan Modification Appropriations	7	13	9	-4
Total Discretionary Outlays	58	50	29	-21
Offsetting Receipts (negative subsidy disbursed to the General Fund)	-146	-399	-412	-13
Mandatory:				
Liquidating account (Pre-1992 Insurance Obligations) (net)	-106	50	107	57
Program Account Upward Re-estimate	6,793	863	0	-863
Receipt Account Downward Re-estimate	-19	-164	0	164
Negative Subsidies (Loan Modifications)	-18	0	0	0

HOUSING
GENERAL AND SPECIAL RISK INSURANCE FUND
Justification of Proposed Appropriation Language

[For the cost of guaranteed loans,] *<u>During fiscal year 2011, commitments to guarantee loans incurred under the General and Special Risk Insurance Funds,</u>* as authorized by sections 238 and 519 of the National Housing Act (12 U.S.C. 1715z–3 and 1735c), [including the cost of loan guarantee modifications, as that term is defined in section 502 of the Congressional Budget Act of 1974, as amended, $8,600,000, to remain available until expended: *Provided,* That commitments to guarantee loans] shall not exceed [$15,000,000,000] *<u>$20,000,000,000</u>* in total loan principal, any part of which is to be guaranteed. Gross obligations for the principal amount of direct loans, as authorized by sections 204(g), 207(l), 238, and 519(a) of the National Housing Act, shall not exceed $20,000,000, which shall be for loans to non-profit and governmental entities in connection with the sale of single family real properties owned by the Secretary and formerly insured under such Act. (Department of Housing and Urban Development Appropriations Act, 2010.)

<u>Explanation of Changes</u>

Language requesting appropriations for positive credit subsidy is removed, since no new funds are being sought. The commitment limitation is increased from $15 billion to $20 billion in order to accommodate increasing demand for FHA programs.

HOUSING
GENERAL AND SPECIAL RISK INSURANCE FUND
Crosswalk of 2009 Availability
(Dollars in Thousands)

Budget Activity	2009 Enacted	Supplemental/ Rescission	Approved Reprogrammings	Transfers	Carryover	Total 2009 Resources
Administrative Contract Expenses	$48,871	...	...	...	...	$48,871
Positive Subsidy Appropriation	8,600	...	...	...	$13,203	21,803
Transformation Initiatives transfer .	...	...	...	...	...	...
Discount Multifamily Property and Loan Sales Appropriation	...	-$5,000	...	...	5,000	...
Total	57,471	-5,000	...	...	18,203	70,674

HOUSING
GENERAL AND SPECIAL RISK INSURANCE FUND
Crosswalk of 2010 Changes
(Dollars in Thousands)

Budget Activity	2010 President's Budget Request	Congressional Appropriations Action on 2010 Request	2010 Supplemental/ Rescission	Reprogrammings	Carryover	Total 2010 Resources
Administrative Contract Expenses	...	...	...	...	...	...
Positive Subsidy Appropriation	$8,600	$8,514	...	...	$14,715	$23,229
Transformation Initiatives transfer .	...	86	...	...	...	86
Discount Multifamily Property and Loan Sales Appropriation	...	...	...	...	...	...
Total	8,600	8,600	...	...	14,715	23,315