An immaterial difference exists between HUD's recorded Fund Balances with the U.S. Treasury and the U.S. Department of Treasury's records. It is the Department's practice to adjust its records to agree with Treasury's balances at the end of the fiscal year. The adjustments are reversed at the beginning of the following fiscal year.

## Note 5: Investments

The U.S. Government securities are non-marketable intra-governmental securities. Interest rates are established by the U.S. Treasury and during FY 2013 ranged from 1.88 percent to 2.00 percent. During FY 2012, interest rates ranged from 0.44 percent to 2.00 percent. The amortized cost and estimated market value of investments in debt securities as of September 30, 2013 and 2012 were as follows (dollars in millions):

| | Cost | Amortized (Premium)/ Discount, Net | Accrued Interest | Net Investments | Market Value |
|---|---|---|---|---|---|
| **FY 2013** | $ 1,815 | $ (1) | $ 10 | $ 1,824 | $ 1,868 |
| **FY 2012** | $ 4,892 | $ (3) | $ 10 | $ 4,899 | $ 4,960 |

### Investments in Private-Sector Entities

These investments in private-sector entities are the result of FHA's participation in the Accelerated Claims Disposition Demonstration program and Risk Sharing Debentures as discussed in Note 2G. The following table presents financial data on FHA's investments in Section 601 and Risk Sharing Debentures as of September 30, 2013 and 2012 (dollars in millions):

| | Beginning Balance | New Acquisitions | Share of Earnings or Losses | Return of Investment | Redeemed | Ending Balance |
|---|---|---|---|---|---|---|
| **2013** | | | | | | |
| 601 Program | $ - | $ - | $ - | $ - | $ - | $ - |
| Risk Sharing Debentures | 57 | 1 | - | - | (2) | 56 |
| Total | **$ 57** | **$ 1** | **$ -** | **$ -** | **$ (2)** | **$ 56** |
| **2012** | | | | | | |
| 601 Program | $ 6 | $ 21 | $ 7 | $ (31) | $ - | $ 3 |
| Risk Sharing Debentures | 57 | - | - | - | - | 57 |
| Total | **$ 63** | **$ 21** | **$ 7** | **$ (31)** | **$ -** | **$ 60** |

## Note 6: Accounts Receivable (Net)

The Department's accounts receivable represents Section 8 year-end settlements, claims to cash from the public, state and local authorities for bond refunding, Section 236 excess rental income, sustained audit findings, refunds of overpayment, FHA insurance premiums, and foreclosed property proceeds.

A 100 percent allowance for loss is established for all delinquent accounts 90 days and over for bond refunding. The allowance for loss methodology is the total delinquencies greater than 90 days plus/or minus economic stress factors. The economic stress factors include payoff, foreclosure, bankruptcy and hardship of the project. Adjustments to the bond refunding allowance for loss account are done every quarter to ensure they are deemed to be necessary.