

CHAPTER 10

Homeowners Assistance Program

10-1 Purpose. This chapter covers accounting and reporting instructions for the Homeowners Assistance Program (HAP) authorized by Section 1013, PL 69-754 (80 Stat 1255, 1290) approved 3 November 1966. The Act authorizes the Secretary of Defense to provide assistance to eligible civilian employee and military member homeowners by reducing their losses incident to the disposal of their homes when the military installations at which they were employed or serving are, subsequent to 1 November 1964, ordered to be closed in whole or in part. The Program is financed by Revolving Fund 97X4090 Homeowners Assistance Fund, Defense from which funds are made available to the Chief of Engineers as "97X4090.0122 Homeowners Assistance Fund, Defense - Allocation to the Department of the Army," here-
* in after termed "Budget Expenditure Account." This chapter supplements other portions of this regulation and of OCE Supplement 1 to AR 37-108 by prescribing special financial accounting and reporting for HAP. *

10-2 References. a. ER 405-345-700 Homeowners Assistance Program. This ER prescribes rules, policies and procedures for the administration of HAP. It also prescribes the Docket Sheet, ENG Form 4153 for recording steps in the administration of HAP, and procedure for its maintenance and the submission of data on punched cards to the Chief of Engineers.

b. Agreement between Department of Defense (DOD) and Department of Housing and Urban Development (HUD), 18 June 1968, delineates assistance to be furnished by Federal Housing Administration (FHA). A copy has been furnished only to Baltimore District.

10-3 Relationship to FHA. In accordance with the DOD/HUD Agreement, FHA maintains the homes acquired by the Corps of Engineers, rents homes, makes principal and interest payments on the mortgages assumed upon acquisition of homes and payments in lieu of taxes and insurance; sells homes for cash or credit (purchase money mortgages), or by transfer of existing mortgages; and collects sales proceeds and payments on principal and interest on purchase money mortgages. The Chief of Engineers will issue annual reimbursable orders to FHA, reimbursable by Baltimore District, to cover FHA expenditures in administering HAP. FHA expenses will be reimbursed from the Budget Expenditure Account. FHA payments on mortgage principal will be reimbursed from Borrowing Account - Disbursements. Monthly, Baltimore District will receive bill (SF 1080) from FHA thru OCE in the net amount of expenditures incurred and receipts collected, accompanied by a statement of transactions applicable bureau voucher and journal entry. If the monthly receipts exceed expenditures, Baltimore District will receive check with reverse bill from FHA.

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* 10-4 Accounting principles, a. Accounting offices. Office, Chief of Engineers (OCE) and all districts (includes operating division offices) administering HAP will maintain accounts and render prescribed reports. Baltimore District will maintain accounts for OCE expense and for FHA participation in HAP.

b. General ledger. A separate general ledger will be maintained in accounting for HAP.

c. Subsidiary records. (1) Allotment ledger accounting for the Budget Expenditure Account will be maintained in accordance with Chapter 5. In addition, obligational authority to assume mortgages will be automatically created and entered in the accounts to the extent of the amount of mortgages actually assumed subject to annual funding limitations.

(2) Cost accounts will be maintained for each installation in connection with which homeowner assistance has been granted, in support of general ledger accounts for acquisition of homes (GL 1791); for other relief to homeowners in the form of reimbursements for loss on private sales (GL 7851) and payments in foreclosure cases (GL 7852); and for appraisals (GL 7853).

(3) Cost accounts (7859.11 thru 7859.17) will be maintained to support district office administrative expense (CL 7859.1).

(4) Records subsidiary to general ledger accounts representing FHA activity (GL 1603.-, 2601.2, 2601.3, 6742.-, 6743, 7854.- 7859.3 and 7859.4) will be derived from bills (SF 1080) and supporting schedules furnished by FHA to the Chief of Engineers.

(5) Records subsidiary to general ledger Account 1792 Homes Sold (Cr) and 7855 (Dr) will be derived from the schedules furnished by FHA and Docket Sheet data prepared by OCE. Based on these data, OCE will furnish journal entry to Baltimore District, debiting Account 7855 Acquisition Cost of Homes Sold and crediting Account 1792.

d. Accrual basis of accounting and reporting. Accounts will be maintained on the accrual basis. The obligation and accrued expenditure for the amounts of the homeowner*s equity and liquidation of second mortgages and other liens will be recorded as of the date of the Government's acceptance of the homeowner*s offer to sell. The obligation and accrued expenditure for the amount of a first mortgage assumed will be recorded as of the date of settlement for acquisition of the home. The obligation and accrued expenditure for the amount reimbursable for loss on a private sale or for amount(s) payable in a foreclosure case will be

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* recorded as of the date the District Engineer receives the applicant's written acceptance of the amount of proposed reimbursement or foreclosure relief.

10-5 Account structure. a. Chart of accounts. The following chart shows the general ledger and cost subsidiary ledger accounts prescribed in accounting for HAP. The general ledger accounts to be maintained by each office of the Corps are indicated by "G" in the applicable columns. Cost accounts are indicated by "C." The letter "F" indicates those general ledger accounts supported by data furnished by FHA. The letter "E" indicates those general ledger accounts based on Docket Sheet data supporting Journal entry furnished by the Chief of Engineers. New accounts will not be added without the prior approval of the Chief of Engineers.

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ASSET ACCOUNTS

Available Funds

1000	Disbursing Officer*s Cash		G	
1020.-	Funds with Treasury -			
.1	DOD	.0022	G	
.2	OCE	.0122	G	
.3-	District -			
.31	Budget Expenditure Account	.0122	G	
.32	Borrowing Account - Receipts	.0197	G	
.33	Borrowing Account - Disbursements	.0187		G
.34	Loan Account - Disbursements	.0163		G *

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* 1020.- Funds with Treasury (continued)

.35	Loan Account - Repayments	.0173		G
.36	Revenue Account	.0022		G

Accounts Receivable

1100.- Accounts Receivable -

.1	Within Government			G
.2	Other			G

Other Receivables

1603.- Purchase Money Mortgages Receivable -

.1	Mortgages Accepted -	.0163		
.11	Within Government			G-F
.12	Other			G-F
.2-	Collections by US (Cr) -	.0173		
.21	Within Government			G-F
.22	Other			G-F

Other Assets Held for Sale

1791	Homes Acquired	.0122		G
1791.1	Equity Payments to Homeowners			C
1791.2	Liquidation of Secondary Mortgages/Liens			C
1791.3	Mortgages Payable Assumed			C
1792	Homes Sold (Cr)	.0122		G-E
1793	Acquisitions in Process	.0122		G

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* LIABILITY ACCOUNTS

Accounts Payable and Accrued Liabilities .0122

2100.-	Accounts Payable -		
.1	Within Government		G
.2	Other		G
2120	Contract Payments Withheld (Retained Percentage)		G
		.0122	

Long-term Liabilities

2601.-	First Mortgages Payable -		
.1-	Mortgages Assumed by US -	.0197	
.11	Within Government		G
.12	Other		G
.2-	Payments by US (Dr) -	.0187	
.21	Within Government		G-F
.22	Other		G-F
.3-	Mortgages Transferred to Purchaser (Dr) -	.0187	
.31	Within Government		G-F
.32	Other		G-F

INVESTMENT OF THE UNITED STATES

3012.-	Expended Allotment -	.0122	
.1	Prior Fiscal Years		G
.2	Current Fiscal Year		G
3102	Accumulated Operating Results		G
3214	Funds Returned to US Treasury	.0122	G

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* Unexpended Appropriation

4001.-	Unapportioned Appropriation -	.0022		
.1	Appropriation Realized		G	
.2	Appropriation Apportioned		G	
4011	Appropriation Reserve	.0022	G	
4201	Unallocated Apportionments	.0022	G	
4301	Apportionments Allocated	.0022	G	
4401	Allocations Received and Distributed	.0122	G	
4404	Allotments Issued	.0122	G	
4501	Unobligated Allotment	.0122		G
4801	Undelivered Orders	.0122		G

INCOME ACCOUNTS

6742.-	Sales of Homes -	.0022		
.1	Sales Proceeds			G-F
.2	Mortgages Transferred to Purchaser			G-F
.3	Purchase Money Mortgages Accepted by US			G-F
6743	Purchase Money Mortgages Interest	.0022		G-F

NOTE: Report on Status of Reimbursements (RCS CSCAA-112(R4) will be prepared from current fiscal year data in GL 6742, 6743 and 1020.36. *

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* EXPENSE ACCOUNTS

.0122

7851	Reimbursement for Loss on Private Sales	G	
7851	Reimbursement for Loss on Private Sales	C	
7852	Payments in Foreclosure Cases	G	
7852	Payments in Foreclosure Cases	C	
7853.1	Appraisals - By Contract	G	
7853.2	Appraisals - In House (Hired labor)	G	
7853	Appraisals (Allocated to installations)	C	
7854.-	FHA Activities -		
.1	Interest Payments on Mortgages Assumed		G-F
.2	Payments in Lieu of Taxes and Insurance		G-F
.3	Maintenance		G-F
.4	Sales Expense		G-F
7855	Acquisition Cost of Homes Sold		G-E
7859.-	Administrative Expense -		
.1	District Office	G	
.11	Rejections - Processing	C	
.12	Private Sale - Processing	C	
.13	Foreclosure - Processing	C	
.14	Acquisition - Processing	C	
.15	Appeals	C	
.16	Other Direct Costs	C	
.17	District Overhead	C	

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* 7859.-	Administrative Expense - (continued)		
.2	OCE		G
.3	FHA Insuring Offices		G-F
.4	FHA Headquarters		G -F
9029	Military Personnel Costs (Memo)	G	

b. Descriptions of accounts. Descriptions of accounts peculiar to HAP are furnished below. Descriptions in Chapter 2 apply generally to the remaining general ledger accounts required in accounting for HAP. Explanation is furnished regarding the breakdown of Account 1020 Funds with Treasury. Accounts representing receivables and payables will be broken down to show transactions within the Federal Government and those with others.

1020 Funds with Treasury. Accounts 1020.1, 1020.2 and 1020.3- will be maintained for Funds with Treasury at DOD, OCE and District level, respectively. The balances in Accounts 1020.1 and 1020.2 will show the total made available to DOD under Revolving Fund 97X4090 and to OCE under the allocation account 97X4090.0122, respectively. Account 1020.3- is further broken down to show amounts for each classification of funds involved.

1603 Purchase Money Mortgages Receivable. Two accounts will be maintained under this heading.

1603.1 Mortgages Accepted. This is a debit balance account. It will be debited with amounts of purchase money mortgages accepted by FHA upon the sale of homes. It will be credited with the amount of the balance in Account 1603.2 at the end of each fiscal year.

1603.2 Collections by US (Cr). This is a credit balance account. It will, be credited with amounts of principal payments on purchase money mortgages received by FHA. The balance will be closed into Account 1603.1 at the end of each fiscal year.

1791. Homes Acquired. This is a debit balance account. It will be debited with the purchase price of homes acquired by the Government. It will, be supported by cost accounts described below. *

- * Cost accounts 1791.1 thru 1791.3 will be maintained for each impacted installation in connection with which homeowner assistance has been granted, to show the nature of the expenditure.

1791.1 Equity Payments to Homeowners. This account will show the amounts paid to homeowners for their equity in their homes.

1791.2 Liquidation of Secondary Mortgages/Liens. This account will show the amounts paid for liquidation of secondary mortgages or other liens.

1791.3 Mortgages Payable Assumed. This account will show the amounts of first mortgages assumed by the Government in acquiring homes.

1792 Homes Sold (Cr). This is a credit balance account showing the amount of the investment included in Account 1791, that is applicable to homes sold.

1793 Acquisitions in Process, This is a clearing account. It will be debited with accrued expenditures for homeowners* equity and liquidation of secondary mortgages and other liens on homes. Upon settlement for acquisition of a home, Account 1793 will be credited and Account 1791 will be debited with the total of the amounts shown thereon for the homeowners* equity and liquidation of secondary mortgages and other liens, and applicable amounts will be charged to cost subsidiary accounts 1791.1 and 1791.2, respectively.

2601 First Mortgages Payable. Three accounts will be maintained under this heading. The algebraic sum of the balances in these accounts, each maintained cumulative from inception by Baltimore District, represents the amount remaining due on first mortgages assumed by the Government upon the acquisition of homes. Account 2601.1 will be maintained by all districts; Accounts 2601.2 and 2601.3 by Baltimore District only.

2601.1 Mortgages Assumed by US. This is a credit balance account. It will be credited with the amounts of first mortgages assumed by the Government.

2601.2 Payments by US (Dr). This is a debit balance account. It will be debited with amounts of payments on first mortgages reimbursed to FHA.

2601.3 Mortgages Transferred to Purchaser (Dr). This is a debit balance account. It will be debited with the amounts of balances of first mortgages transferred by FHA to purchasers.

3012 Expended Allotment. Two accounts will be maintained under this heading

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* 3012.1 Prior Fiscal Years. This is a credit balance account. It will be credited at the end of each fiscal year with the balance transferred from Account 3012.2.

3012.2 Current Fiscal Year. This account will be credited at the end of each month with the month*s accrued expenditure. recorded in the Budget expenditure Account, in accordance with para 5-8. It will be closed into Account 3012.1 at the end of each fiscal year.

3:102 Accumulated Operating Results. The balance in this account may be a debit balance or a credit balance depending upon whether cumulative expenses exceed cumulative income, or vice versa. This is a fiscal year-end account for transfer of balances of accounts in the 6000 and 7000 series.

3214 Funds Returned to US Treasury. This is a debit balance account. It will be debited with amounts of funds deposited to Miscellaneous Receipts account 972814 Other Repayments of Investments and Recoveries (Homeowners Assistance Fund,* Defense).

4001 Unapportioned Appropriation. Two accounts will be maintained under this heading.

4001.1 Appropriation Realized. This credit balance account reflects the amounts of appropriations made by the Congress.

4001.2 Appropriation Apportioned. This debit balance account reflects amounts of apportionments made by Bureau of the Budget to DOD.

4011 Appropriation Reserve. This is a credit balance account. It will be credited with amounts reserved from apportionment by BOB. It will be debited with amounts released by apportionment.

4201 Unallocated Apportionments. This is a credit balance account. It will be credited with amounts of apportionments by BOB. It will be debited with amounts allocated by DOD to Department of the Army (DA).

4301 Apportionments Allocated. This is a credit balance account. It will be credited with amounts of apportionments allocated to DA.

4401 Allocations Received and Distributed. This is a credit balance account. It will be credited with amounts of allocations from DOD to DA/OCE, and debited with amounts allotted to districts.

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4404 Allotments Issued. This is a credit balance account. It will be credited with allotments issued by the Chief of Engineers to districts and debited with amounts of allotments revoked.

Income accounts. These are credit balance accounts maintained to show income accrued in administering HAP. Mounts for these accounts will be obtained from statements accompanying FHA bills, regarding homes sold and purchase money mortgage interest collected. The 30 Sept balances in these accounts will be closed into Account 3102 in the month of October. *

6742 Sales of Homes. Three accounts will be maintained under this heading.

6742.1 Sales Proceeds. This account will be credited with amounts of cash collected by FHA upon sales of homes.

6742.2 Mortgages Transferred to Purchaser. This account will be credited with the amounts of first mortgage balances transferred to purchasers upon sale of homes by FHA.

6742.3 Purchase Money Mortgages Accepted by US. This account will be credited with the amounts of purchase money mortgages accepted by the Government (FHA) upon sale of homes.

6743 Purchase Money Mortgages Interest. This account will be credited with amounts of interest collected by FHA on purchase money mortgages.

Expense accounts. Accounts numbered 7851 thru 7859.4 are debit balance accounts. They show amounts of expenses incurred in administering HAP. Except for Account 7855, they are described in AR 37-102-5 Department of Defense Fiscal Code. Accounts 7851 thru 7853 and 7859.1 show Corps of Engineers field office expenses incurred in acquiring homes and providing homeowner relief. Account 7859.2 covers OCE administrative expense. Account 7855 represents the amount of investment in homes sold. The remaining accounts represent FHA expenses incurred in the maintenance and disposal of homes. The balances as of 30 Sept in the expense accounts will be closed into Account 3102 in the month of October. *

Cost accounts will be maintained in support of general ledger accounts 7851, 7852 and 7853 in accordance with para 10-4c(2), and in support of general ledger account 7859.1 in accordance with para 10-4c(J).

9029 Military Personnel Costs (Memo). This account will be maintained on a memorandum basis to record the cost of services of military personnel engaged in HAP activities. It will be maintained on a fiscal year basis.

c. Sample entries. Samples of entries in accounting for HAP are illustrated in Appendix 10-I.

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* 10-6 Acquisition of homes. Accrued expenditures for the homeowners equity and liquidation of secondary mortgages and liens will be charged to GL 1793 Acquisitions in Process. Upon settlement for the acquisition of a home the district Real Estate Division will furnish to the FAO a statement showing the amounts applicable to the homeowner*s equity, liquidation of secondary mortgages and liens, and the balance due on the first mortgage assumed. Upon receipt of the statement the FAO will:

a. Process ENG Form 3007 crediting GL 1793 and debiting GL 1791 (cost accounts 1791.1 and 1791.2) for the amounts of the homeowner*s equity and liquidation of secondary mortgages/liens, respectively.

b. Process ENG Form 3006 debiting GL 1791 (cost account 1791.3), payable from the Budget Expenditure Account and crediting GL 2100 for the amount of the balance due on the first mortgage assumed.

c. Process no-check SF 1080 in payment for the ENG Form 3006 expenditure, transferring the amount to Borrowing Account - Receipts. The entry for this SF 1080 in the Funds Receipts and Disbursement Register will be: Dr 2100, Cr 1020.31; also: Dr 1020.32, Cr 2601.1.

10-7 Funds accounts, a. The fund account for the Revolving Fund 97X4090 Homeowners Assistance Fund, Defense will be maintained at OCE, in general ledger account 1020.1.

b. The fund account at OCE level for the allocation account 97X4090. 0122 Homeowners Assistance Fund, Defense - Allocation to the Department of the Army. (Budget Expenditure Account) will be maintained at OCE, in general ledger account 1020.2.

c. The following funds accounts under 97X4090 Homeowners Assistance Fund, Defense, with related general ledger accounts, will be maintained at District level:

<u>Decimal limitation</u>	<u>Account title</u>	<u>GL account</u>
.0122	Budget Expenditure Account	1020.31
.0197	Borrowing Account - Receipts	1020.32
.0187	Borrowing Account - Disbursements	1020.33
.0163	Loan Account - Disbursements	1020.34
.0173	Loan Account - Repayments	1020.35
.0022	Revenue Account	1020.36

The Budget Expenditure Account and Borrowing Account - Receipts will be maintained by all districts receiving allotments from 97X4090.0122. The other accounts will be maintained by Baltimore District only.

10-8 Budget Expenditure Account. Allotment accounting for this account will be maintained in accordance with Chapter 5. The purposes for which this account will be maintained are stated in AR 37-100.

10-9 Borrowing Accounts.

a. Borrowing Account - Receipts will reflect the amounts of first mortgage balances due and assumed by the Government in the acquisition of homes. The amounts will be recorded from vouchers for no-check transfers from the Budget Expenditure Account for this purpose.

b. Borrowing Account - Disbursements will reflect two kinds of transactions in the liquidation of the liability for first mortgages assumed. These include amounts of payments by FHA on the mortgage principal and amounts of mortgage balances transferred to purchasers upon the sale of homes. Amounts of Borrowing Account - Disbursements will be determined from the statements of transactions accompanying FHA bills in settlement for their participation in HAP.

10-10 Loan Accounts. Loan Account - Disbursements will reflect the amounts of purchase money mortgages accepted by IRA for the Government upon the sale of homes. Loan Account - Repayments will reflect the amounts collected by FHA on the principal of purchase money mortgages. Amounts for both of these accounts will be determined from the statements of transactions accompanying FHA bills.

10-11 Revenue Account. Revenue accrued in the administration of HAP is comprised of the amounts of sales and purchase money mortgage interest. These amounts will be determined from statements accompanying FHA bills.

* The revenue will be classified 97X4090.0022 C S49-129.

10-12 Funds Returned to US Treasury. Subject to the approval of the Assistant Secretary of Defense (Comptroller), revenue in excess of Program needs will be deposited in Miscellaneous Receipt account 972814 Other Repayments of Investments and Recoveries (Homeowners Assistance Fund, Defense).

10-13 Reports. In addition to the reports required by OCE Supplement 1 to AR 37-108; reporting for HAP is required as follows:

* a. Cost - Budget Summary. ENG Form 3018c (RCS DAEN-RMF-6(R4)). HAP activity will be included under Item 30015AD, Miscellaneous Activities (para 8-13):

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(1) Column 1, Direct Costs. All districts will report in this column the costs of appraisals (GL 7853.1 and 7853.2) and district office administrative expense (Cost Accounts 7859.11 thru 7859.16). Baltimore District will also report OCE administrative expense (GL 7859.2) in Column 1.

(2) Column 4, Overhead Distributed. All districts will report in this column the overhead charged (Cost Account 7859.17).

(3) Column 7, Real Estate Payments. All districts will report in this column the costs of homes acquired (CL 1791), reimbursements for loss on private sales (GL 7851) and payments in foreclosure cases (GL 7852).

(4) Column 9, All Other. Baltimore District will report in this column FHA expenses in GL Accounts 78%.-, 7859.3 and 7859.4.

b. Financial Reporting - Homeowners Assistance Fund (RCS DAEN-RMF-18 (R2)). Districts with Homeowners Assistance activity will submit a report in the format of Appendix 10-II to reach HQDA (DAEN-RMF-C) WASH DC 20314 by 15 April for the period ending 31 March and by 31 October for the period ending 30 September.

(1) Item A of the report is a trial balance of the general ledger covering all funds involved in accounting for HAP by districts. Not all accounts apply to all Districts, as indicated by para 10-5a. For GL 1791, amounts will be shown in parentheses for each of the subsidiary cost accounts. For the receivables and payables, amounts will be shown separately for Within Government and Other.

(2) Item B of the report relates to budget expenditure (.0122) accounts only. It is designed to reconcile data in selected general ledger accounts with those in the status of funds report.

(3) The number of homes acquired in the current fiscal year will be chosen for Item C.

* c. (Rescinded.)

- * (a) Lines 1 and 2. Appraisals. The unit is "Completed Appraisal, including final review."
- (b) Line 3. Applications Processing - Rejection. The unit is "Notice of rejection (ineligibility) forwarded to the applicant."
- (c) Lines 4, 5 and 6. Applications Processing - Private Sale, Applications Processing Foreclosure. Applications Processing - Acquisition. The unit is "settlement completed", i.e., when the payment to the homeowner has been made. Delayed in the transfer of properties to FHA do not affect the reporting of acquisitions.
- (d) Line 7. Appeals. The unit is "Appeal Assembly forwarded to higher authority."
- (e) Lines 11, 12 and 13. Private Sale - Payments. Foreclosure - Payments. Acquisition - Payments. The unit is "settlement completed." The number of units reported for each of these line items should agree with the number of units reported for lines 4, 5 and 6 respectively.
- (f) Line 15. Mortgages Assumed. The unit is "First Mortgage Assumed."
Note: Liquidation of second mortgages is covered in units for line 13, Acquisition - Payments.
- (3) The number of "man-hours" is actual work time of Government personnel applied to the listed activities; exclude non-effective time (leave and holidays) and time of personnel included in district overhead.
- (4) The amount of "labor costs" is the charge for Government personnel at effective time rates; exclude personnel benefits.
- (5) The amount of "total costs" for each of the activities is the total charged during the fiscal year to the accounts cited on ENG Form 4298.
- d. Reports to DA and higher authorities. Reports required of the Chief of Engineers will be in accordance with applicable instructions. *