



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

OFFICE OF GENERAL COUNSEL

B-215605

September 30, 1985

The Honorable Warren T. Lindquist
Assistant Secretary for Public and
Indian Housing
Department of Housing and Urban Development

Dear Mr. Lindquist:

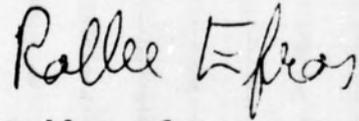
This is in connection with a letter from your office dated June 14, 1984, requesting our opinion concerning the authority of the Department of Housing and Urban Development (HUD) to sell certain obligations to the Federal Financing Bank (FFB). The specific question we were asked to address was whether section 19 of the United States Housing Act of 1937, as amended, 42 U.S.C. § 1437q, prohibited HUD from using its unused budget authority from the 1983 fiscal year to make interest differential payments to FFB that would be required in connection with HUD's proposed sale of public housing obligations to FFB in June or July of 1984.

Shortly after we received this request we were advised by your staff that our answer was needed no later than July 9, 1984. Since it was not possible in light of the complex subject matter involved for us to prepare a formal written response within such a brief period of time, we agreed to provide your office with an informal response. Accordingly, on July 9, 1984, a member of our staff advised a representative of your office that it was our informal, but considered, opinion that the funds in question could not be used after October 1, 1983, to make periodic interest differential payment to FFB that would be required in connection with the proposed sale of public housing obligations to FFB.

While our substantive position regarding this issue has remained unchanged, a final written draft to this effect has never been completed and agreed to within our Office. In light of the specific issue involved, relating to the obligation of budget authority that was available in the 1983 fiscal year, and considering recent discussions with members of your staff, it

appears unlikely that a formal written response will serve any useful purpose at the present time. Accordingly, unless your office advises us to the contrary, we intend to close our files on this matter on the basis of the information previously furnished to you.

Sincerely yours,



(Mrs.) Rollee E. Fros
Associate General Counsel