SECTION 185—FEDERAL CREDIT

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Summary of Changes

Clarifies that interest rate reestimates may be performed in some cases prior to a cohort being 90 percent disbursed (section 185.6).

Specifies the receipt account where modification adjustment transfer occurs (section 185.7(b)).

185.1 Does this section apply to me?

These instructions apply to all programs that provide direct loans or loan guarantees (see sections 185.3(e) and 185.3(n) for definitions of these terms) to non-Federal entities and are subject to the Federal Credit Reform Act of 1990, as amended (FCRA). Even though section 506 of the FCRA exempts certain programs from credit reform budgeting, these programs are still required to report data in MAX schedules G and H (see section 185.11) and follow other instructions contained in this Circular.

This section answers frequently asked questions, defines credit terms and concepts, and illustrates how budget formulation, apportionment, and budget execution forms should be prepared. This section supplements other instructions in this Circular and should be used in conjunction with credit program guidance in Circular A–129, Policies for Federal Credit Programs and Non-Tax Receivables.

Section 504(b) of the FCRA provides that new direct loan obligations and new loan guarantee commitments may be made only to the extent that:

- New budget authority to cover their costs is provided in advance in an appropriations act;
- A limitation on the use of funds otherwise available for the cost of a direct loan or loan guarantee program is provided in advance in an appropriations act; or
- Authority is otherwise provided in an appropriations act.

These requirements also apply to modifications of direct loans (or direct loan obligations) or loan guarantees (or loan guarantee commitments) that increase the cost to Government, including modifications of pre–1992 direct loans and loan guarantees. OMB will specify exemptions from these requirements for mandatory programs pursuant to section 504(c) of the FCRA.

Unless otherwise specified by law, budget authority is available to liquidate obligations (i.e., outlays) for only five fiscal years after the authority expires. For credit subsidies financed by annual or multi-year budget authority, you must ensure that the budget authority obligated for the subsidy cost will remain available for disbursement over the full period in which loans will be disbursed. If you expect the disbursement period will be longer than five fiscal years after the budget authority expires, you must include a special provision in the appropriations language (see section 95).

185.2 What background information must I know?

The FCRA changed the budgetary measurement of cost for direct loans and loan guarantees from the cash flows into or out of the Treasury at the time such cash flows occurred, to the estimated long-term cost to the Government on a present value basis.

Only the unreimbursed costs of making or guaranteeing new loans (the subsidy cost, on a present value basis, and administrative expenses, on a cash basis) are included in the budget. Agencies must receive appropriations for the subsidy cost before they can enter into direct loan obligations or loan guarantee commitments. The actual cash flows are recorded as a means of financing (see section 20.7(h)) and are not included in the budget totals.

The subsidy cost is the estimated present value of the cash flows from the Government (excluding administrative expenses) less the estimated present value of the cash flows to the Government resulting from a direct loan or loan guarantee, discounted to the time when the loan is disbursed. The cash flows are the contractual cash flows adjusted for expected deviations from the contract terms (delinquencies, defaults, prepayments, and other factors). Present values must be calculated using the Credit Subsidy Calculator 2 (the Calculator). The Calculator discounts the cash flow that is estimated for each time period using the interest rate on a marketable zero-coupon Treasury security with the same maturity as that cash flow from the date of disbursement. A positive net present value means that the Government incurs a cost for extending a subsidy to borrowers; a negative present value means that the credit program generates a positive return to the Government, excluding administrative costs.

Appropriations for the subsidy cost are made to the program account and are recorded as budget authority. Obligations for the subsidy cost are recorded when the Government enters into a loan obligation or guarantee commitment. Outlays are recorded when the direct loan or guaranteed loan is disbursed to the public and simultaneously the subsidy is paid from the program account to the financing account. The program account also receives appropriations for the direct costs of administering the credit program.

The actual cash flows to and from the Government (e.g., loan disbursements, collections of principal and interest payments, and payment of guarantee claims) are recorded in separate financing accounts. There is at least one financing account associated with each program account. Separate financing accounts are required for direct loan cash flows and for loan guarantee cash flows. The transactions of the financing accounts are displayed in the Budget *Appendix* for informational and analytical purposes, together with the related program accounts, but are excluded from the budget totals because the net cash flows do not represent a cost to the Government. The direct loan financing account combines the subsidy payment from the program account with borrowing from Treasury to finance direct loans. It repays Treasury over time (with interest) using payments from the borrower. The loan guarantee financing account holds the subsidy payment from the program account as a reserve against default claims on loan guarantees. The reserve, together with interest earnings on this reserve from Treasury, is used to pay default claims over the life of the loans.

All cash flows resulting from direct loan obligations and loan guarantee commitments made prior to the effective date of the FCRA (in FY 1991 or previous years) are recorded in liquidating accounts. These accounts are recorded on a cash basis and are included in the budget totals. Liquidating account collections are available to pay obligations of the account, but they are not available to finance new direct loans or loan guarantees. If the collections are insufficient, the FCRA provides liquidating accounts with permanent indefinite authority to pay for losses and to repay debt owed to Treasury or to other sources.

By focusing on the long-term costs of the program, credit budgeting meets the most fundamental goal of budgetary cost measurement: it provides decision makers with the information and the incentive to allocate resources efficiently. Unlike most budgetary transactions, the cash disbursements for a credit program are a poor measure of cost. Counting outlays for loan disbursements without taking into account probable repayments overstates the cost of direct loans. Loan guarantees appear costless initially because payments of guarantee claims generally occur several years after the decision to extend credit has been made. Credit budgeting places the cost of credit programs on a budgetary basis equivalent to other forms of Federal spending, allowing for better comparison of cost between direct loan and loan guarantee programs, and between credit and other programs. This improves the incentive to make good budgetary decisions.

Agencies are required to reestimate the subsidy cost throughout the life of each cohort of direct loans or loan guarantees to account for differences between the original assumptions of cash flow and actual cash flow or revised assumptions about future cash flow. These reestimates represent additional costs or savings to the Government and are recorded in the budget. Reestimates that indicate an increase in the subsidy cost are financed by permanent indefinite authority. There are two types of reestimates. Interest rate reestimates adjust for the effect on the subsidy of differences between actual interest rates and the discount rates assumed when estimates were made for budget formulation and obligation (the same discount rate assumptions must be used at formulation and obligation). These reestimates must be made when a cohort is at least 90 percent disbursed. Technical reestimates adjust for revised assumptions about loan performance, such as differences between assumed and actual default rates or new projections of prepayments. Technical reestimates must be made after the close of each fiscal year, unless an alternative plan has been approved by OMB.

Modifications of a direct loan or loan guarantee also change the subsidy cost. A modification is any Government action different from the baseline assumptions that affects the subsidy cost, such as a change in the terms of the loan contract or legislation that provides new collection tools. The cost of a modification is the difference between the present value of the remaining cash flows before and after the modification. Before a direct loans or a loan guarantee can be modified, agencies must have budget authority available to cover the cost of a modification that increases the subsidy cost.

185.3 What special terms must I know?

The following are key terms used in credit budgeting. In these definitions, the term "post–1991" means direct loan obligations or loan guarantee commitments made on or after October 1, 1991, and the resulting direct loans or loan guarantees. The term "pre–1992" means direct loan obligations or loan guarantee commitments made prior to October 1, 1991, and the resulting direct loans or loan guarantees.

(a) ***Administrative expenses*** mean all costs that are directly related to credit program operations, including payments to contractors. The FCRA generally requires that administrative expenses for both pre–1992 and post–1991 direct loans and loan guarantees be included in program accounts. Administrative expenses are included in the liquidating accounts only if the amounts would have been available for administrative expenses under a provision of law in effect prior to October 1, 1991, and if no direct loan obligation or loan guarantee commitment has been made, or any modification of a direct loan or loan guarantee has been made, since September 30, 1991.

Administrative expenses that are tangentially related to the credit program should not be included in the program account. As an illustration, the cost of auditing credit programs that is financed in the accounts for Inspectors General should not be included. Administrative expenses include:

- The appropriate proportion of administrative expenses that are shared with non-credit programs;
- The cost of operating separate offices or units that make policy decisions for credit programs;
- The cost of loan systems development and maintenance, including information technology systems costs (under no circumstances should such costs be paid out of financing accounts);
- The cost of monitoring credit programs and private lenders for compliance with laws and regulations;
- The cost of all activities related to credit extension, loan servicing, write-off, and close out; and
- The cost of collecting delinquent loans, except for the costs of foreclosing, managing, and selling collateral that are capitalized or routinely deducted from the proceeds of sales.

The capitalized costs of foreclosing, managing, and selling collateral are those that add or maintain value to property prior to sale. These costs are part of the cash flows that must be taken into account in calculating the subsidy cost. They are financed by the subsidy cost payment from the program account to the financing account and paid out of the financing account. The cost of managing these functions must be paid from administrative expense appropriations in the program account.

Administrative expenses may be expended directly from the program account or, if authorized by appropriation language (see section 95), used to reimburse a salaries and expenses account or the Federal Financing Bank (FFB). If administrative appropriations are paid to a salaries and expenses account or the FFB, record the transfer as an expenditure transfer. Record an obligation and outlay in the program account and an offsetting collection in the salaries and expenses account. In the salaries and expenses account, obligations for administrative expenses may be recorded without necessarily identifying them as credit program expenses.

Administrative expenses are almost always provided by annual appropriations acts and, therefore, are discretionary spending. If such expenses are included in a program account that subsidizes a mandatory program, the account will be split between mandatory and discretionary spending.

(b) ***Claim payment*** means a payment made to private lenders when a guaranteed loan defaults.

(c) ***Cohort*** refers to the fiscal year of obligation for direct loan obligations, or loan guarantee commitments of a program (except as provided below for pre–1992 direct loans and loan guarantees that are modified). Even if the direct loans or guaranteed loans are funded in supplemental appropriations acts, or disbursed in subsequent years, the cohort is defined by the fiscal year of obligation.

Cohort accounting applies to post–1991 direct loans and loan guarantees and pre–1992 direct loans and loan guarantees that have been modified. Post–1991 direct loans or loan guarantees remain with their original cohort throughout the life of the loans, even if they are modified. Modified pre–1992 direct and guaranteed loans are assigned to a single cohort defined by the year of modification, program, and credit instrument, regardless of the fiscal year of the appropriation. For purposes of budget presentation, cohorts will be aggregated. However, accounting and other records must be maintained separately for each cohort.

(d) ***Credit Subsidy Calculator 2*** means the discounting tool issued by OMB for agencies to calculate credit subsidy costs and financing account interest for post-1991 direct loans and loan guarantees. Subsidy rates and reestimates, and actual interest income or expense for financing accounts, must be calculated with the Credit Subsidy Calculator 2.

(e) ***Direct loan*** means a disbursement of funds by the Government to a non-Federal borrower under a contract that requires repayment of such funds with or without interest. The term includes:

- The purchase of, or participation in, a loan made by another lender;
- Financing arrangements that defer payment for more than 90 days, including the sale of a Government asset on credit terms; and
- Loans financed by the Federal Financing Bank (FFB) pursuant to agency loan guarantee authority.

The term does not include the acquisition of federally-guaranteed loans in satisfaction of default or other guarantee claims or the price support loans of the Commodity Credit Corporation.

Pre–1992 loans made by the FFB on behalf of any agency continue to be recorded as direct loans of the agency. Agency guarantees of post–1991 loans that are financed by the FFB are treated as direct loans in the budget, but the intrabudgetary cash flows reflect elements of direct loans and loan guarantees insofar as the direct loan financing account for these loans will collect and hold the subsidy payment from the program account as a reserve to cover losses. This balance, together with interest earnings, will be available to pay the FFB in the event of default by the non-Federal borrower. All other intragovernmental transactions, including financing account interest income and expense, are treated as any other direct loan. Agencies with programs financed by the FFB should consult with the OMB representative with primary responsibility for the program to ensure correct treatment of these loans.

(f) ***Direct loan obligation*** means a binding agreement by a Federal agency to make a direct loan when specified conditions are fulfilled by the borrower.

(g) ***Direct loan subsidy cost*** means the estimated long-term cost to the Government of a direct loan, calculated on a net present value basis, excluding administrative costs. Specifically, the cost of a direct loan is the net present value, at the time when the direct loan is disbursed from the financing account, of the following estimated cash flows:

- Loan disbursements;

- Repayments of principal;
- Payments of interest;
- Recoveries or proceeds of asset sales; and
- Other payments by or to the Government over the life of the loan.

These estimated cash flows include the effects of estimated defaults, prepayments, fees, penalties, and expected actions by the Government and the borrower within the terms of the loan contract, such as the exercise by the borrower of an option included in the loan contract.

Obligations for the subsidy cost will be recorded against budget authority in the program account when the direct loan obligation is incurred. Accounts payable (to the direct loan financing account) will be recorded in the amount of the estimated obligation. The subsidy will be paid to the financing account for each disbursement when the loan is disbursed. (See section 185.5 and the Credit Subsidy Calculator 2 and accompanying documentation for information about estimating the subsidy.)

(h) ***Discount rates*** mean the collection of Treasury interest rates that are used to calculate the present value of the cash flows that are estimated over a period of years. The budget assumption discount rates are part of the economic assumptions for the budget year of obligation. Actual discount rates for substantially disbursed cohorts (i.e., at least 90 percent disbursed) are provided roughly 10 days before the end of the fiscal year. For direct loan obligations and loan guarantee commitments, and modifications made in or after 2001, the cash flow estimated for each year (or other time period) is discounted using the interest rate on a marketable zero-coupon Treasury security with the same maturity from the date of disbursement (or point of modification) as that cash flow. The discount rates for the budget are provided by OMB in the Credit Subsidy Calculator 2. For subsidy rate estimates beyond the budget year, please consult your OMB representative regarding the appropriate discount rates. The discount rates for technical reestimates, and at which interest will be paid on the amounts borrowed or held as an uninvested balance by a financing account for a particular cohort is a disbursement-weighted average discount rate (for cohorts before 2001) or single effective rate (for cohorts 2001 and after) derived from this collection of interest rates.

(i) ***Economic assumptions*** include the interest rates used for discounting cash flows, the rate of inflation, and may include other assumptions as applicable to a particular program. They also include the interest rate charged to the borrower on the loan, if the rate is tied to a variable benchmark, such as the rate on specified Treasury securities. Agencies must use the appropriate President's Budget economic assumptions for credit subsidy calculations.

(j) ***Financing account*** means a non-budgetary account (i.e., its transactions are excluded from the budget totals) that records all of the cash flows resulting from post–1991 direct loans or loan guarantees. It disburses loans, collects repayments and fees, makes claim payments, holds balances, borrows from Treasury, earns or pays interest, and receives the subsidy cost payment from the credit program account. There is at least one financing account associated with each program account. Separate financing accounts are required for direct loan cash flows and for loan guarantee cash flows. Financing account schedules are printed in the Budget *Appendix* together with the program account.

(k) ***Forecast assumptions*** are factors that affect the expected cash flows of the direct loan or loan guarantee. They are factors which are estimated, but not actually observable, at the time of loan origination or modification. Forecast assumptions include: default rates, timing of defaults, delinquency rates, late fees, proceeds from the sale of collateral or acquired defaulted loans, income from (and costs of managing) foreclosed collateral and acquired defaulted guaranteed loans, reschedulings, prepayments, loan asset sales proceeds and costs, and disbursement rates.

(l) ***Liquidating account*** means a budget account that records all cash flows to and from the Government resulting from pre–1992 direct loan obligations or loan guarantee commitments (unless they have been modified and transferred to a financing account). Liquidating account collections in any year are available only for obligations incurred during that year or to repay debt. In general, all liquidating account transactions are classified as mandatory. Collections credited to a liquidating account include:

- Interest;
- Loan repayments and prepayments;
- Payments from financing accounts when required for modifications;
- Proceeds from the sales of loans; and
- Fees.

These collections are available only for:

- Interest payments and repayment of debt;
- Disbursements of loans;
- Default and other guarantee claim payments;
- Interest supplement payments;
- Cost of foreclosing, managing, and selling collateral that is capitalized or routinely deducted from the proceeds of sales;
- Payments to financing accounts when required for modifications;
- Administrative expenses, but only if (1) amounts credited to the liquidating accounts would have been available for administrative expenses under a provision of law in effect prior to October 1, 1991, and (2) no direct loan obligations or loan guarantee commitments have been made, or any modification of a direct loan or loan guarantee has been made, since September 30, 1991; and
- Other payments that are necessary for the liquidation of pre–1992 direct loan obligations and loan guarantee commitments.

Amounts credited to liquidating accounts in any year are only available for obligations that are incurred in that year (the outlay may occur in a subsequent year) and for repayment of debt. Any remaining unobligated balances at the end of the fiscal year are unavailable for obligation in subsequent fiscal years and must be transferred to the general fund at the end of the fiscal year unless an extension has been approved by OMB (see section 51.14). The FCRA provides permanent indefinite authority to cover obligations and commitments in the event that funds in liquidating accounts are otherwise insufficient. If the liquidating account's obligations will exceed its collections during the year, the agency must request an apportionment and warrant of permanent indefinite authority estimated to be needed for the fiscal year, before the beginning of the fiscal year.

The liquidating account status of direct and/or guaranteed loans schedule reflects disbursements and repayments of pre–1992 loans. Therefore, in the liquidating account status of direct and/or guaranteed loans:

- There will be no post–1991 direct loan obligations or loan guarantee commitments;
- Direct and guaranteed loan disbursements will be shown only for pre–1992 direct loans or loan guarantees; and
- Repayments and prepayments will reflect only pre–1992 direct loan obligations and loan guarantee commitments.

(m) ***Loan asset sale*** means a sale of one or more loans to a non-Federal buyer, individually, pooled, packaged, securitized, or as a joint venture, at a single point in time, subject to parties fulfilling the terms and conditions of the Government's offer. Loan assets consist of direct loans and loan receivables resulting from defaulted guaranteed loans.

(n) ***Loan guarantee*** means any guarantee, insurance, or other pledge with respect to the payment of all or a part of the principal or interest on any debt obligation of a non-Federal borrower to a non-Federal lender, except for the insurance of deposits, shares, or other withdrawable accounts in financial institutions. Loan guarantees do not include 100 percent guaranteed loans that are financed by the FFB pursuant to agency loan guarantee authority; these are treated as direct loans rather than loan guarantees.

(o) ***Loan guarantee commitment*** means a binding agreement by a Federal agency to make a loan guarantee when specified conditions are fulfilled by the borrower, the lender, or any other party to the guarantee agreement.

(p) ***Loan guarantee subsidy cost*** means the estimated long-term cost to the Government of a loan guarantee, calculated on a net present value basis, excluding administrative costs. Specifically, the cost of a loan guarantee is the net present value, at the time when the guaranteed loan is disbursed by the lender, of the following estimated cash flows:

- Payments by the Government to cover defaults and delinquencies, interest subsidies, and other requirements; and
- Payments to the Government, including origination and other fees, penalties, and recoveries.

These estimated cash flows include the effects of expected Government actions and the exercise by the guaranteed lender or the borrower of an option included in the loan guarantee contract.

Obligations for the subsidy cost are recorded against budget authority in the program account, and loan guarantee commitment authority is recorded in the guaranteed loan financing account, when the loan guarantee commitment is made. The subsidy for each disbursement is paid to the guaranteed loan financing account when the loan is disbursed by the private lender. (See section 185.5 and the Credit Subsidy Calculator 2 and accompanying documentation for information about estimating the subsidy.)

(q) ***Loan terms*** are those terms made explicit in the contract between the Government and the borrower or in the federally-guaranteed contract between a private lender and the borrower. These assumptions are forecast in the formulation subsidy cost estimate but are known at the time of loan origination. They may include: the interest rate charged on loans, the extent of a guarantee, fees, repayment terms, collateral held, grace periods, options, and other terms and conditions.

(r) ***Methodological assumptions*** are the technical practices used to develop subsidy cost estimates and loan modification cost estimates. These assumptions include methods and models or cash flow estimation, discounting methodology, and mathematical equations used in subsidy cost estimation. Agencies are required to use the same version of the Credit Subsidy Calculator 2 within risk categories and cohorts.

(s) ***Modification*** means a Government action that (1) differs from actions assumed in the baseline estimate of cash flows and (2) changes the estimated cost of an outstanding direct loan (or direct loan obligation) or an outstanding loan guarantee (or loan guarantee commitment). The modification may be for a single loan or loan guarantee as well as a group; it may be any size; and it may affect pre–1992 direct loans and loan guarantees or post–1991 direct loans or loan guarantees. New legislation that alters the baseline cash flow estimate for a loan or group of loans always results in a modification.

A Government action may change the cost directly by altering the terms of existing contracts, selling loan assets (with or without recourse) or converting guaranteed loans to direct loans by purchasing them from a private lender. It also may change the cost indirectly by legislatively changing the way in which a portfolio of direct loans or guaranteed loans is administered. Examples of changes in the terms of existing loan contracts are forgiveness, forbearance, interest rate reductions, extensions of maturity, and prepayments without penalty. Examples of changes in loan administration are new methods of debt collection, such as using tax refunds to repay loans and restrictions on debt collections. If the baseline cost estimate does not assume an action, and the cost would be increased or decreased as a result of that action, the action is a modification.

Modifications do not include a Government action that is assumed in the baseline cost estimate, as long as the assumption is documented and has been approved by OMB. For example, modifications would not include routine administrative workouts (see section 185.3(ac)) of troubled loans or loans in imminent default. They also would not include a borrower's or the Government's exercise of an option that is permitted within the terms of an existing contract, such as a borrower prepaying the loan. The baseline subsidy estimate must include all anticipated actions by the Government, lenders, and borrowers that are permissible under current law and that affect the cash flow. Subsequently, if the cost estimate of an action by the borrower, lender, or the Government differs from what is anticipated in the documented baseline subsidy estimate, then the difference in cost is included in a reestimate. Assumptions underlying the subsidy estimates must be documented to assist in determining whether an action is a modification or a reestimate.

Modifications do not include additional disbursements to borrowers that increase the amount of an outstanding direct loan or an outstanding loan guarantee. These are treated as new direct loans or loan guarantees in the amount of the additional disbursement.

There are situations where it is not clear whether a Government action constitutes a modification or a reestimate. These situations should be judged on a case-by-case basis by OMB in consultation with the agency. They could include actions by the Government that are not addressed in existing contracts, management changes that are within an agency's existing specific authority for the loan program, and broad changes in agency policy (e.g., a new loan sale policy). In general, if the possibility of the action was explicitly included in the cash flows for the baseline subsidy estimate, and this can be documented, it would most likely be a reestimate. If not, it would most likely be a modification.

Modifications produce a one-time change in the subsidy cost of *outstanding* direct loans (or direct loan obligations) and loan guarantees (or loan guarantee commitments). The effect of the Government action on the subsidy cost of new direct loan obligations and loan guarantee commitments made after the date of the modification, if there is any effect, is not a modification. Instead, the effects are incorporated in the initial cost estimates for subsequent direct loan obligations and loan guarantee commitments.

(t) ***Modification cost*** means the difference between the estimate of the net present value of the remaining cash flows assumed for the direct loan or loan guarantee contract before and after the modification. The estimate of the remaining cash flows before the modification must be the same as assumed in the baseline for the most recent President's Budget. The estimate of the remaining cash flows after the modification must be the pre-modification cash flows adjusted solely to reflect the effects of the modification.

An outstanding direct loan (or direct loan obligation) or loan guarantee (or loan guarantee commitment) cannot be modified in a manner that increases its cost, unless budget authority for the additional cost has been provided in advance in an appropriations act. Should a modification result in a savings, the amount of the savings are recorded as negative subsidy receipts, and paid to the appropriate negative subsidy receipt account. (See section 185.3(w).) If the modification is mandated in legislation, the legislation itself provides the budget authority to incur a subsidy cost obligation (whether explicitly stated or not).

Budget authority, an obligation, and an outlay will be recorded in the year in which the legislation is enacted or the administrative discretion is exercised, or in the case of appropriations acts enacted before the fiscal year to which they apply, the year for which appropriations are provided. See section 185.7 for guidance on calculating modification costs.

(u) ***Modification adjustment transfer*** means an adjusting entry to correct for differences between current discount rates and cohort discount rates. When a post–1991 direct loan or loan guarantee is modified, a modification adjustment transfer must be made between the financing account and the general fund. The modification adjustment transfer adjusts for the disconnect between the discount rate used to calculate the cost of the modification and the interest rate at which the cohort pays or earns interest. These calculations and the budgetary treatment are explained in section 185.7.

(v) ***Negative subsidies*** mean subsidy costs that are less than zero. They occur if the present value of cash inflows to the Government exceeds the present value of cash outflows. In such cases, appropriations bills must still provide specific authority before direct loans or loan guarantees can be made, generally in the form of a loan limitation.

When a direct loan obligation or loan guarantee commitment is made that has a negative subsidy, an amount equal to the negative subsidy will be obligated in the financing account. When the loan is disbursed, the financing account will pay the negative subsidy to the negative subsidy receipt account. The collections are recorded as offsetting receipts, and they offset the agency's budget authority and outlays. The accounting for negative subsidies is discussed in section 185.3(w) below.

(w) ***Negative subsidy receipt accounts*** mean budget accounts for the receipt of amounts paid from the financing account when there is a negative subsidy for the original estimate or where a modification results in a savings (see sections 185.3(v) and 185.3(t)). The receipt account is a general fund receipt account and amounts are not earmarked for the credit program. They are available for appropriation only in the sense that all general fund receipts are available for appropriation. Separate downward reestimate receipt accounts are used to record amounts paid from the financing account for downward reestimates (see section 185.3(z)).

At the discretion of the OMB representative with primary responsibility for the program, a special fund receipt account may instead be established for the purpose of earmarking the receipts for appropriation to the program (in which case a special fund expenditure account also will be established and merged with the program account). If the program is a discretionary program, these receipts are available for obligation only to the extent provided in annual appropriations acts. For mandatory programs, the receipts usually are available for administrative expenses only to the extent provided in annual appropriations acts.

Obligations may not be incurred against appropriations of the negative subsidy receipts until they have been credited to the receipt account. Because negative subsidy receipts are not credited to the receipt account until the underlying direct loan or guaranteed loan is disbursed, they might not become available in time to fund expenditures in a timely manner. Such situations might require an appropriation from the general fund to permit obligations to be made until receipts are available for obligation.

(x) ***Net proceeds***, when used in the context of loan asset sales, mean the amounts paid by the purchasers less all seller transaction costs (such as underwriting, rating agency, legal, financial advisory, and due diligence fees) that are paid out of the gross sales proceeds rather than paid as direct obligations by the agency. The net proceeds from the sale of an equity partnership are the same as defined above plus an estimate of the net present value of future cash inflows to the Government from the sale.

(y) ***Program account*** means a budget account that receives and obligates appropriations to cover the subsidy cost of a direct loan or loan guarantee and disburses the subsidy cost to the financing account. Program accounts usually receive a separate appropriation for administrative expenses.

(z) ***Reestimates*** mean revisions of the subsidy cost estimate of a cohort (or risk category) based on information about the actual performance and/or estimated changes in future cash flows of the cohort. Reestimates must be made immediately after the end of each fiscal year, as long as any loans in the cohort are outstanding, unless a different plan is approved by OMB (see section 185.6). An upward reestimate indicates that insufficient funds had been paid to the financing account, so the increase (plus interest on reestimates) is paid from the program account to the financing account to make it whole. Permanent indefinite budget authority is available for this purpose pursuant to section 504(f) of the FCRA. A downward reestimate indicates that too much subsidy had been paid to the financing account. The excess (plus interest) is disbursed to a downward reestimate receipt account. See section 185.6 for guidance on calculating reestimates.

(aa) ***Risk categories*** mean subdivisions of a cohort of direct loans or loan guarantees into groups that are relatively homogeneous in cost, given the facts known at the time of obligation or commitment. They are developed by agencies in consultation with the OMB representative with primary budget responsibility for the credit account. The number will depend on the size of the difference in subsidy cost between categories and the ability to predict it statistically based on facts known at origination.

Risk categories will group all direct loans or loan guarantees within a cohort that share characteristics predictive of defaults and other costs. They may be defined by characteristics or combinations of characteristics of the loan, the project financed, and/or the borrower. Examples of characteristics or indicators that may predict cost include:

- The loan-to-value ratio;
- The relationship between the loan interest rate and relevant market rates;
- Type of school attended for education loans;
- Country risk categories for international loans; and
- Various asset or income ratios.

Statistical evidence must be presented, based on historical analysis of program data or comparable credit data, concerning the likely costs of defaults, other deviations from contract, or other costs that are expected to be associated with the loans in that category.

(ab) ***Subsidy estimates*** mean estimates of budget authority and outlays for direct loan and loan guarantee subsidy costs for a cohort or risk category of direct loans or loan guarantees. Like budget estimates for non-credit programs, the budget includes both Presidential policy subsidy estimates and baseline subsidy estimates. Baseline subsidy estimates project the current year (CY) levels of subsidy costs into the outyears based on laws already enacted. Presidential policy subsidy estimates reflect the effect on subsidy costs of policies included in the budget, including any proposed legislation that would affect subsidy costs. See section 185.5 for guidance on calculating subsidy estimates.

(ac) ***Work-outs*** mean plans that offer options short of default or foreclosure for resolving troubled loans or loans in imminent default, such as deferring or forgiving principal or interest, reducing the borrower's interest rate, extending the loan maturity, or postponing collection action. Work-outs are expected to minimize the cost to the Government of resolving troubled loans or loans in imminent default. They should only be utilized if it is likely that the borrower will be able to repay under the terms of the work-out and if the cost of the work-out is less than the cost of default or foreclosure. For post–1991 direct loans and loan guarantees, the expected effects of work-outs on cash flow are included in the original estimate of the subsidy cost. If the effects of the work out on the cash flow are the same as originally estimated, the subsidy cost does not change. However, if the effects of the work-out result in cash flows that are higher or lower than originally estimated, the difference in cost is included in reestimates, and is not considered a modification.

185.4 Are there special requirements for reporting Antideficiency Act violations?

Yes. The special requirements for credit programs are provided in section 145.3.

185.5 How do I calculate the subsidy estimate?

(a) *General*

You must provide subsidy estimates for both Presidential policy and the baseline for all budget accounts that have post–1991 direct loan obligations or loan guarantee commitments or that have modifications of pre–1992 direct loan or loan guarantee contracts. You must make subsidy estimates for each risk category. Under section 503(a) of the FCRA, OMB has the final responsibility for determining subsidy estimates, in consultation with the agencies.

Use the Credit Subsidy Calculator 2 (the Calculator) to discount all agency-generated estimates of cash flows to and from the Government. The Calculator and documentation provide explanation and examples of the discounting method and how the subsidy rate is calculated. All agencies must use the Calculator and associated discount rates to ensure government-wide comparability and uniformity of discounting. It can be obtained from the OMB representative with primary budget responsibility for the credit account.

Direct loan and loan guarantee subsidy costs are defined in sections 185.3(g) and 185.3(p). The subsidy cost is the estimated long-term cost to the Government of direct loans or loan guarantees calculated on a net present value basis, excluding administrative costs. For budget formulation (and execution), subsidy estimates are to be based on the economic and technical assumptions underlying the President's Budget that is submitted for the fiscal year in which the funds will be obligated. For CY, this means using the economic and technical assumptions underlying the BY subsidy estimates contained in the President's Budget for the previous year (adjusted for changes in terms of the contract or legislation enacted since the budget was transmitted; see section 185.24). For BY through BY+9, this means using the economic and technical assumptions in the President's Budget that will be submitted for BY.

For loans made, guaranteed, or modified in FY 2001 and thereafter, the cash flow that is estimated for each year (or other time period) is discounted using the interest rate on a marketable zero-coupon Treasury security with the same maturity from the date of disbursement as that cash flow. For example, a cash flow expected to occur one year after the date of disbursement will be discounted at the one-year zero-coupon Treasury rate. The discount rate assumptions for the budget will be provided by OMB in a file for use with the Calculator. For estimates of credit subsidy cost in BY+1 through BY+9, please contact the OMB representative with primary responsibility for the account regarding the appropriate discount rates for these estimates.

For consistency between the projected cash flows and economic assumption discount rates in cost estimates for direct loan programs where the borrower interest rate is tied to Treasury rates at the time the loan is made, agencies must use the appropriate economic assumption interest rates derived from the Calculator discount rates underlying the President's Budget for the fiscal year of obligation, incorporating any relevant contractual terms associated with the borrower's interest rate. A tool for deriving interest rate assumptions is available through the OMB representative with primary responsibility for the account.

For purposes of calculating loan guarantee subsidy estimates, the loan guarantee commitment is the full principal amount of the loan that is guaranteed, not just the portion guaranteed by the Government.

For revolving loan guarantee credit facilities, i.e., where a borrower may draw and repay a private lender multiple times under the same contract, agencies may record loan guarantee commitments reflecting the maximum face value that may be outstanding per the contract. Agency credit subsidy cost models for these programs must reflect all other cash flows associated with the anticipated commitments over the life of the cohort. For revolving loan guarantee credit facilities, or other non-standard terms, please contact your primary OMB representative for further guidance.

(b) *Presidential policy subsidy estimates*

Make separate subsidy estimates for all programs (discretionary and mandatory) for CY and BY. The steps for calculating the Presidential policy estimates of subsidy budget authority and outlays (including negative subsidies) for a cohort (or risk category) of direct loans and loan guarantees are as follows:

- ***Step 1.*** Estimate the cash flows to and from the Government for the cohort of direct loans or loan guarantees obligated or committed in that year, for that year and each subsequent year for the life of the direct or guaranteed loan. If you have not finalized the requested amount of obligations or commitments, you may use any amount to calculate the subsidy estimate as long as the cash flows you have developed are based on that same amount. Discount these cash flows to the point of loan disbursement using the Calculator. The difference between the present value of the Government cash outflows and inflows is the total subsidy (i.e., the subsidy cost) for the obligations or commitments made in that year. For calculations of subsidy cost in BY+1 through BY+9, agencies with separate credit subsidy cost estimates for each cohort should contact their OMB representative for the appropriate discount rates.

- ***Step 2.*** (Performed automatically by the Calculator.) Calculate the subsidy rate for the cohort by dividing the subsidy cost by the direct loan obligations or loan guarantee commitments made in that year.

- ***Step 3.*** When the requested amount of direct loan obligations or loan guarantee commitments has been finalized, multiply the subsidy rate by the direct loan obligations or loan guarantee commitments to calculate budget authority (or offsetting receipts, in the case of negative subsidies) for the subsidy cost.

- ***Step 4.*** Subsidy outlays for each fiscal year are equal to the subsidy cost for all loans disbursed in that year, whether the loans or guarantees were obligated or committed in that year or in prior years.

(c) *Baseline subsidy estimates*

The steps for calculating the baseline estimates of subsidy budget authority and outlays (including negative subsidies) for a cohort (or risk category) of direct loans and loan guarantees are as follows:

- ***Step 1.*** For discretionary programs, inflate the subsidy budget authority enacted for CY (the base year) to calculate the subsidy budget authority for BY through BY+9. The inflator is the annual adjustment factor for non-pay costs (the gross domestic product chain-type price index) provided in the economic assumptions for the President's Budget that will be submitted for BY.

- ***Step 2.*** For mandatory programs, first calculate the subsidy rate as described above under "Presidential policy estimates," excluding the effects of any legislative proposals. For cohorts BY+1 through BY+9, cash flows should be discounted using the appropriate out-year discount rates for each cohort. For each cohort year, multiply the subsidy rate by the baseline estimate of demand for loans to calculate the subsidy BA for that cohort.

- ***Step 3.*** For any programs with negative subsidies, first calculate the subsidy rate as described above under "Presidential policy estimates," excluding the effects of any legislative proposals. Then multiply the subsidy rate by the baseline estimate of demand for loans, constrained by the estimated limitation, to calculate the amount of offsetting receipts. The limitation should be estimated by inflating the CY enacted limitation using the annual adjustment factor for non-pay costs (the gross domestic product chain-type price index) provided in the economic assumptions for the President's Budget that will be submitted for BY.

- ***Step 4.*** Subsidy outlays for each fiscal year are equal to the subsidy cost for all loans disbursed in that year, whether the loans or guarantees were obligated or committed in that year or in prior years. For CY only, the total also includes outlays for reestimates and interest on reestimates. First calculate outlays expected from disbursements of loans obligated or committed in prior fiscal years; for example, the subsidy cost of a direct loan obligated in CY that disburses equally over 2 years will outlay 50 percent in the first year (CY) and 50 percent in the second year (BY). Then add outlays from disbursements of loans obligated or committed in that year. For CY only, you should also add outlays for reestimates and (although it is not part of the subsidy as such) add outlays for interest on reestimates.

185.6 How do I calculate reestimates?

(a) *General*

Subsidy reestimates are made on direct loans and loan guarantees that have been disbursed. They are recorded in the current year column of the budget. (For example, the subsidy for direct or guaranteed loans disbursed during 2013 would be reestimated during 2014 and would be recorded in the 2014 column of the FY 2015 Budget.) A closing reestimate should be made once all the loans in the cohort have been repaid or written off.

Two different types of reestimates are made:

- Interest rate reestimates, for differences between discount rate assumptions at the time of formulation (the same assumption is used at the time of obligation or commitment) and the actual interest rate(s) for the year(s) of disbursement; and
- Technical reestimates, for changes in technical assumptions.

Interest rate reestimates of the subsidy cost of a cohort of direct loans or loan guarantees must be made when a cohort has substantially disbursed (i.e., the first fiscal year when the direct loans or guaranteed loans are at least 90 percent disbursed). The computation should be made after the close of the fiscal year in which this criterion is met, unless a later time within the same fiscal year is approved by the OMB representative with primary budget responsibility for the credit account. You may calculate interest rate reestimates more frequently than under this requirement, including a final interest rate reestimate when the cohort has fully disbursed. You may also perform an interest rate reestimate if a cohort is not yet 90 percent disbursed and no further disbursements are possible. If you decide to do so, consult with the OMB representative with primary responsibility for the account.

An interest rate reestimate will be made to adjust the subsidy estimate for the difference between the discount rates estimated at the time of formulation (the same assumptions are used at the time of obligation or commitment) and the actual interest rate(s) prevailing during the year(s) of disbursement. To calculate the size of this effect, all other assumptions (disbursement rates, default rates, etc.) must be identical to those used to calculate the original subsidy estimate. For those programs with variable interest rate supplements to the lender or with variable interest rates charged to the borrower, the original cash flow projections are adjusted to incorporate the actual interest rate(s) prevailing during the year(s) of disbursement and are subsequently adjusted after the end of each year so long as the loans are outstanding. Please contact the OMB representative with primary responsibility for the account for further guidance. Those programs that benchmark to Treasury rates for borrower's interest rates or interest subsidies to lenders will also update cash flow assumptions for the actual Treasury interest rates.

Technical reestimates of the subsidy cost of a cohort of direct loans or loan guarantees must be made after the close of each fiscal year as long as the loans are outstanding, unless a different plan is approved by the OMB representative with primary budget responsibility for the credit account. The different plan might be with regard to the time when reestimates are made within the year or the frequency of reestimates. If the plan allows reestimates to be made less frequently than every year, it should require reestimates to be made for any year when any one of the following five conditions is met:

(1) When required based on periodic schedules established in coordination with OMB, consistent with the unique attributes of each program (e.g., initially every two years after the cohort has been substantially disbursed, then every five years);

(2) When a major change in actual versus projected activity is detected (e.g., a loan that is large relative to the size of the portfolio goes into default or prepays substantially earlier than expected);

(3) When a material difference is detected through monitoring triggers developed in coordination with OMB. The triggers would focus on major data elements (e.g., total projected versus total actual

cohort collections) rather than in-depth individual cohort analysis. Agencies should focus on a few major loan elements recognizing there are different key elements applicable to each program and different reporting problems;

(4) When a cohort reaches 90 percent disbursement. The final cohort interest rate is established from the first technical reestimate following the interest rate reestimate (see 185.36 below); and

(5) When a cohort is being closed out.

Technical reestimates are made for all changes in assumptions other than interest rates. This type of reestimate compares the subsidy estimate that already includes any reestimate for actual interest rates with a reestimated subsidy using updated technical information (for defaults, fees, recoveries, etc.) as well as actual interest rates.

The purpose of technical reestimates is to adjust the subsidy estimate for differences between the original projection of cash flows (as estimated at obligation) and the amount and timing of cash flows that are expected based on actual experience, new forecasts about future economic conditions, and other events and improvements in the methods used to estimate future cash flows. Because actual cash flows are experienced every year and the ability to forecast future years also changes, this reestimate must be done after the end of every fiscal year as long as any loans are outstanding (except as provided above).

Reestimates must be made separately for each cohort. If a cohort is divided into risk categories, each risk category within a cohort must be reestimated separately. The reestimate will then be compared with the previous estimate. For this purpose, all details of the previous subsidy estimates by risk category should be retained in program records.

The requirements for recording reestimates in the budget and the financial statements are not identical. For both interest rate and technical reestimates, you should record reestimates in the budget whenever they have been made for the financial statements even if they are not otherwise required for the budget under the criteria of this chapter (e.g., if interest rate reestimates are made before the cohort is substantially disbursed, or if technical reestimates are made more often than under a plan OMB has approved). You should also be sure to record reestimates in the budget whenever they are required for the budget under the criteria of this section, even if they are not required for the financial statements (e.g., if reestimates are not material for the financial statements). Whenever reestimates are made less frequently than every year, the reestimate should cover cumulatively the entire period since the last reestimate.

(b) *Calculating interest rate reestimates*

Use the following procedures to calculate interest rate reestimates, unless an alternative method has been approved by OMB. For further details, see the instructions accompanying the Credit Subsidy Calculator 2 (the Calculator), available from the OMB representative with primary budget responsibility for the credit account.

- ***Step 1.*** Start with the original cash flows used to estimate the subsidy at obligation (on a risk category basis), updated only for actual interest rate(s) as outlined above.

- ***Step 2.*** Reestimate the subsidy rate using the Calculator. The Calculator will use the actual average annual interest rates for the year in which the loans were disbursed. For programs that disburse over more than one year, the Calculator will determine a disbursement-weighted average discount rate (for cohorts before 2001) or single effective rate (for cohorts 2001 and after) based on actual average annual interest rates for each year in which loans have disbursed using the original disbursement assumptions. The Calculator will calculate a revised subsidy rate for the entire cohort. This is the interest rate reestimated subsidy rate.
- ***Step 3.*** Calculate the percentage point difference between this revised subsidy rate and the subsidy rate estimated at the time of obligation. For example, if the subsidy rate estimated at the

time of obligation is 7 percent and the revised subsidy rate is 9 percent, then this difference is 2 percentage points. The Calculator can automatically perform this calculation when performing technical reestimates, please see accompanying documentation for the Calculator for more information.

- ***Step 4.*** Multiply the dollar value of actual loan disbursements to date by the percentage point difference in the subsidy rates. For example, using the case in step 3, if $100 million in loans have been disbursed, then this amount would be $2 million ($100 million multiplied by 2 percentage points). The product is the cumulative interest rate reestimate.

- ***Step 5.*** To derive the additional interest rate subsidy reestimate for the current year, deduct previous interest rate reestimates, if any (see 185.6 (d) below).

(c) *Calculating technical reestimates*

There are two methods for calculating technical reestimates: the traditional approach and the balances approach. Under the traditional approach, reestimates are performed by revising the original subsidy estimate cash flows to incorporate any available actual data and to update future year projected data for any changes in assumptions. Under the balances approach, reestimates are performed by comparing the net present value of projected future cash flows to the balance in the financing account. The Calculator can calculate both traditional approach and balances approach reestimated subsidy rates. The dollar reestimate is calculated using the balances approach. Both traditional and balances approach reestimates are required for each risk category/cohort, unless otherwise approved by OMB.

Agencies are required to use the Calculator for reestimate submissions for the President's Budget. The Calculator is available from the OMB representative with primary budget responsibility for the credit account to assist with these calculations. For further details, see the documentation accompanying the Calculator.

(d) *Calculating interest on reestimates*

Interest on reestimates is the amount of interest that would have been earned or paid by each cohort on the subsidy reestimate, if the reestimated subsidy had been included as part of the original subsidy estimate. It is paid on the amount of the reestimate by the program account (for upward reestimates) or the financing account (for downward reestimates). The purpose is to put the financing account in the same position as if the subsidy cost had been estimated in the first place using the information that is incorporated in the reestimate. The interest rate to calculate the interest on reestimates is the same rate that is used to discount cash flows for the cohort. Interest on reestimates is calculated automatically by the Calculator.

(e) *Financing account interest adjustments*

The financing account interest adjustment corrects for the difference between the interest that should have been earned or paid on the financing account debt and cash balances, and the actual net financing account interest executed for the cohort. This allows agencies to correct for the period where interest was earned or paid using budget assumption interest rates before the actual rates were available.

Financing account interest adjustments are included in the interest on reestimate for reporting purposes. The Calculator can automatically calculate the financing account interest adjustment for cohorts with historical data. This approach reduces the number of transactions required to adjust for changes in the financing account interest calculation, a non-Budgetary transaction. Please see the documentation accompanying the Calculator.

(f) *Reestimate increases/decreases*

All increases or decreases in subsidy cost for different risk categories within the same cohort will be netted against each other; that is, risk categories which require increased subsidies may first draw on the excess from any risk categories within the cohort where the reestimate shows a subsidy decrease. No such netting may occur between cohorts.

If the reestimate indicates a net increase in the subsidy cost of the cohort as a whole since the last estimate or reestimate, an obligation in the amount of the net increase (plus interest) must be recorded against permanent indefinite budget authority available to the program account for this purpose. The obligation must be recorded separately in the program and financing schedule as "reestimates of direct loan subsidy" or as "reestimates of loan guarantee subsidy" (and as "interest on reestimates of direct loan subsidy" or as "interest on reestimates of loan guarantee subsidy"), so that it can be distinguished from obligations for the subsidy cost of new loans and loan guarantees. An equal amount of outlays from the program account to the financing account will be recorded when the reestimate is made. The interest rate to calculate the interest on upward reestimates is the same rate that is used to discount cash flows for the cohort.

When outlays for reestimates are recorded in the credit program account, an equal amount of offsetting collections will be recorded in the appropriate risk categories in the financing account. In the case of direct loans, the offsetting collections from the program account, together with repayments from borrowers, will be used to pay interest and repay principal on borrowing from Treasury and for other expenses. In the case of loan guarantees, the offsetting collections will be retained as unobligated balances, together with the unobligated balances of the original subsidy payment, fees, and interest, until needed to pay default claims and other expenses. Any unused balances of collections due to the reestimate will earn interest at the same rate as is paid on other funds held by the financing account for the same cohort.

If the reestimate indicates a net decrease in the subsidy cost of the cohort as a whole since the last estimate or reestimate, there is a downward reestimate. To keep the correct amount of balances in the financing account, an obligation and a financing disbursement in the amount of the net decrease (plus interest on reestimate) must be recorded in the financing account. In the case of direct loans, the obligation will typically be financed with authority to borrow from the Treasury. In the case of loan guarantees, the obligation will typically be financed with unobligated balances. The obligation will be recorded in the program and financing schedule as "payment of downward reestimates" (and as "interest on downward reestimates"). The interest rate to calculate the interest on downward reestimates is the same rate that is used to discount cash flows for the cohort.

As a general rule, the financing disbursement for a downward reestimate (plus interest on reestimate) will be made from the financing account to a general fund downward reestimate receipt account established for each credit program. The receipts will be recorded as offsetting receipts, which will offset the total budget authority and outlays of the agency and the budget subfunction of the program. However, at the discretion of the OMB representative with primary responsibility for the program, a special fund receipt account may instead be established.

If a special fund receipt account is used for the credit program and already exists, the downward reestimates and interest on reestimates will be recorded in a subaccount rather than a new special fund receipt account. Schedule N is required for these special funds (see section 86.4). When a special fund receipt account is used, the receipts from downward reestimates and interest on reestimates, like those from negative subsidies, are only available for obligation to the extent provided in advance in appropriations acts (except for mandatory programs, where they are immediately available for obligation). The normal provisions still apply: discretionary appropriations are required for discretionary subsidy costs, modifications, and administrative costs; mandatory appropriations are available for upward reestimates and mandatory programs.

(g) *Closing reestimates*

Agencies will make a closing technical reestimate once all of the loans in a cohort have been either repaid or written off. This reestimate will be based on actual accounting systems data and will be used in closing the accounting books for the cohort. All the procedures that are described above for the technical reestimate and interest on reestimates are applied. Closing entries will be made in the accounting records.

The increases or decreases in subsidy cost for different risk categories within the same cohort will be netted against each other; that is, risk categories which require increased subsidies may first draw on the excess from any risk categories within the cohort where the reestimate shows a subsidy decrease. No such netting may occur between cohorts.

185.7 How do I calculate and record modifications?

When a direct loan or loan guarantee is modified, the subsidy cost of the modification must be calculated. The subsidy cost calculation will indicate whether the Government action changes the subsidy cost. If there is no change in cost, there will be no budgetary effect, and nothing needs to be recorded in the budget. If the modification will increase or decrease the cost, the budgetary effect must be recorded as described under modification cost increases/decreases below. Additional transfers to or from the financing account will be required, with the type of transfer depending on whether the modification affects pre–1992 or post–1991 direct loans and loan guarantees. These additional transfers are described in a separate subsection below.

The subsidy cost of the modification is the difference between the estimate of the net present value of the remaining cash flows for the direct loan or loan guarantee before and after the modification. The estimate of remaining cash flows before modification must be the same as assumed in the baseline for the most recent President's Budget. The estimate of remaining cash flows after modification must be the pre-modification cash flows adjusted solely to reflect the effects of the modification.

(a) *Estimating the modification subsidy cost*

The modification subsidy cost is calculated using the steps below (where cash flows to the Government have positive signs and cash flows from the Government have negative signs). Note: If you are using cash flows prepared for the Credit Subsidy Calculator 2, you may need to adjust the signs on some cash flows for the following modification calculation.). <u>These steps must be followed for each cohort affected by the modifying action.</u>

- ***Step 1.* Calculate the net present value of remaining pre-modification cash flows**. Use the reestimated cash flows from the most recent President's Budget. If applicable, exclude prior year cash flow data; calculations should be made using only the estimated flows for the current and future years. Discount these cash flows using the discount rates assumed in formulating the subsidy estimates in the President's Budget for the year in which the modification takes place. For example, if the modification will occur in 2015, then the discount rates used to discount the cash flows will be the interest rates used to formulate the 2015 President's Budget.

- ***Step 2.* Calculate the net present value of remaining post-modification cash flows**. Use the same cash flows used in step 1 above, modified only to reflect the effect of the modification. Do not alter the cash flows to reflect any other changes that may have occurred between the most recent President's Budget and the time of the modification. Use the same discount rates as in step 1 above to discount these post-modification cash flows. If a loan asset is sold, in most cases the post-modification cash flows will be the net proceeds expected from the sale (see section 185.8) and no discounting is necessary. Contact your OMB representative with questions on calculations for loan asset sales.

- ***Step 3*. Compute the cost of the modification.** This is equal to step 1 minus step 2. The results of this calculation will be positive, negative, or zero. A positive estimate indicates that the Government will incur an additional subsidy cost because of the modification. A negative estimate indicates that the Government is achieving savings.

(1) *Cost increases*. Modifications may be made only to the extent that budget authority for the additional cost has been provided in advance and is available in the program account. At the time that a modification is made, record an obligation in the amount of the estimated increase in subsidy cost against budget authority in the program account. At the same time, record an outlay in the amount of the increase in the subsidy cost from the program account to the appropriate direct loan or guaranteed loan financing account. Simultaneously, record an equal amount of offsetting collections in the financing account.

In the case of direct loans, the offsetting collections in the financing account will be credited to the cohort and risk category of the modified loan and will be used to pay interest and to repay debt owed to Treasury and for other expenses. In the case of loan guarantees, the offsetting collections will be credited to the cohort and risk category of the modified loan guarantee and will be retained as unobligated balances until needed to pay default claims and other expenses. The additional balances due to the modification will earn interest at the same rate as is paid on other funds held by the financing account for the same cohort.

(2) *Cost decreases.* At the time that a modification is made, record an obligation in the amount of the estimated decrease in subsidy cost in the financing account. In the case of a direct loan modification, record the obligation against authority to borrow from the Treasury. In the case of a loan guarantee, record the obligation against unobligated balances for the cohort, or if unobligated balances are insufficient, against authority to borrow. At the same time, record in the financing account an equal disbursement to the negative subsidy receipt account established for each credit program.

See sections 185.10, 185.11, and 185.30 for additional information on recording these transactions for budget formulation and execution.

(b) *Estimating the modification adjustment transfer*

The above calculation is the cost of the modification. However, for post–1991 direct loans or loan guarantees, an additional calculation must be accomplished to account for the difference between the discount rate used to calculate the cost of the modification and the interest rate at which the cohort pays or earns interest. If the only transfer made between the financing account and the general fund was for the change in the subsidy cost, the resources of the financing account would be out of balance because of this difference. This imbalance is corrected by a modification adjustment transfer between the financing account and the general fund. The transfer is not an outlay or an offsetting collection because it does not represent a cost to the Government of the loan or the guarantee. Instead, it is a facilitating adjustment to balance the present value of the assets and liabilities held by the financing account.

To compute the modification adjustment transfer, one needs to follow the following steps:

- ***Step 4*. Calculate the net present value of remaining pre-modification cash flows using cohort interest rates**. Take the pre-modification cash flows from step 1 and compute the net present value of these cash flows using the applicable cohort interest rate (as opposed to the President's Budget formulation discount rates used in step 1).

- ***Step 5*. Calculate the net present value of remaining post-modification cash flows using cohort interest rates.** Take the post-modification cash flows from step 2 and compute the net present value of these cash flows using the applicable cohort interest rate (as opposed to the President's Budget formulation discount rates used in step 2).

- ***Step 6*. Compute the difference between step 4 and step 5**. This is equal to step 4 minus step 5.

- ***Step 7.* Compute the modification adjustment transfer (MAT)**. This is equal to step 6 minus step 3. If the MAT is negative, then the MAT should be transferred from the financing account to the general fund. If the MAT is positive, then the MAT should be transferred from the general fund to the financing account.

If the financing account makes a modification adjustment transfer to the general fund, this transfer is recorded on line 1820, Capital transfer from offsetting collections to general fund (-). The transfer and the modification subsidy cost together produce the following transactions with Treasury. All transactions noted below are recorded on the program and financing schedule.

- If a loan guarantee is modified, the financing account's offsetting collection for the modification cost increases the unobligated balance brought forward into the following fiscal year (line 1000 in the following fiscal year). The capital transfer to the general fund reduces the amount by which the unobligated balance is increased. (The amount of the increase shown on line 1000 is net of the capital transfer.) Subsequent interest earnings on the addition to the balance are lower than they would have been without the capital transfer.

- If a direct loan is modified, the financing account's offsetting collection for the modification cost is used to reduce debt owed to Treasury (line 1825, Spending authority from offsetting collections applied to repay debt). The capital transfer reduces the amount by which the debt is reduced. (The amount of the increase shown on line 1825 is net of the capital transfer.) Subsequent interest paid to Treasury is higher than it would have been without the capital transfer.

- For modification adjustment transfers to the general fund, the general fund will collect the modification adjustment transfer in a non-budgetary capital transfer receipt account. Treasury receipt account 2814 should be used to collect the modification adjustment transfers from all financing accounts. For more information about this account, see the Treasury Federal Account Symbols and Titles (FAST Book), available at https://www.fiscal.treasury.gov/fsreports/ref/fastBook/fastbook_home.htm.

If the financing account receives a modification adjustment transfer from the general fund, this is recorded in the financing account as a permanent appropriation (line 1200, Appropriation). Cite the Federal Credit Reform Act (FCRA), P.L. 101-508, as the law providing budget authority for the modification adjustment transfer. The transfer and the modification subsidy cost together produce the following transactions with Treasury. All transactions noted below are recorded on the program and financing schedule.

- If a loan guarantee is modified, the financing account's offsetting collection for the modification cost increases the unobligated balance brought forward into the following fiscal year (line 1000). The modification adjustment transfer also increases the unobligated balance (line 1000). Subsequent interest on uninvested funds is higher than it would have been without the modification adjustment transfer.

- If a direct loan is modified, the offsetting collection for the modification cost is used to reduce debt owed to Treasury (line 1825, Spending authority from offsetting collections applied to repay debt). The modification adjustment transfer is also used to reduce debt owed to Treasury (line 1236, Appropriations applied to repay debt). Subsequent interest paid to Treasury is lower than it would have been without the modification adjustment transfer.

(c) *Additional financing account transfers for modifications of pre–1992 direct loans and loan guarantees*

When modifications are made to pre–1992 direct loans and loan guarantees, the immediately following approach (#1) should be used, unless the OMB representative for the credit program approves using the alternative approach (described in #2 below).

1) *Transfer of asset or liability to financing account*. Pre–1992 direct loans and loan guarantees are held in liquidating accounts until they are modified. When they are modified, they are "purchased" from the liquidating account by the financing account. The direct loan asset or loan guarantee liability will be transferred from the liquidating account to the financing account, and a one-time adjusting payment will be made between the two accounts. The adjusting payment will equal the estimated net present value of the pre-modification cash flows. At the same time, the cost (or savings) of the modification will flow to or from the financing account. When the transaction is complete, the newly modified loan or guarantee will reside in the financing account. This process is accomplished by the following steps:

- ***Step 1*. Calculate the net present value of remaining pre-modification cash flows**. Calculations should be made using only the baseline estimated net cash flows in the liquidating account from the most recent President's Budget for the current and future years. Discount these cash flows using the discount rates assumed in formulating the subsidy estimates in the President's Budget for the year in which the modification takes place. For example, if the modification will occur in 2015, then the discount rates used to discount the cash flows will be those used to formulate the 2015 President's Budget.

- ***Step 2*. Calculate the net present value of remaining post-modification cash flows**. Use the same cash flows as in step 1 above, modified only to reflect the effect of the modification. Do not alter the cash flows to reflect any other changes that may have occurred between the most recent President's Budget and the time of the modification. Use the same discount rates as in step 1 above to discount these post-modification cash flows. If a loan asset is sold, in most cases the post-modification cash flows will be the net proceeds expected from the sale (see section 185.8) and no discounting is necessary. Contact your OMB representative with questions on calculations for loan asset sales.

- ***Step 3*. Compute the adjusting payment.** If the net present value computed in step 1 above is positive (representing future collections to the Government), then the adjusting payment for the purchase of the loan or guarantee will flow from the financing account to the liquidating account to compensate the liquidating account for this loss of expected inflow. An obligation and a disbursement will be recorded in the financing account in the amount of the adjusting payment. The liquidating account will record offsetting collections equal to the adjusting payment, which it will use to repay debt owed to Treasury or to transfer to the general fund as a capital transfer.

  If the net present value computed in step 1 above is negative (representing future claims on the Government), then the adjusting payment will flow from the liquidating account to the financing account to compensate the financing account for its new burden of expected outflows. Unobligated balances and permanent indefinite appropriations to the liquidating account will be used to make the payment. Outlays will be recorded in the liquidating account in the amount of the payment when it is made. The financing account will record an equal amount of offsetting collections.

- ***Step 4*. Compute the cost of modification**. This is equal to step 1 minus step 2. The results of this calculation will be positive, negative or zero. If the cost is positive, this amount should be outlayed from the program account to the financing account. If the cost is negative (a savings), then this amount should be paid from the financing account to the negative receipt account. For information on recording these transactions, see section 185.7(a).

The adjusting payment computed in step 3 and the modification cost/savings computed in step 4 are moved simultaneously on the same governing apportionment. Either an adjusting payment or a modification savings (or both) may require the financing account to borrow funds from Treasury in order to accomplish the outflowing payment. If this occurs, collections from the assets purchased by the financing account will be used to pay interest and repay debt owed to Treasury.

2) *Assets retained by liquidating account.* Subject to the approval of the OMB representative for the credit program, some loans or guarantees may remain in the liquidating account after modification. This method might be used if a modification affects a large number of direct loans or loan guarantees and it would be less complicated for the liquidating account to retain the assets or liabilities. In these cases, the modification process is accomplished by the following steps:

- ***Step 1.*** See step 1 in (c)(1) above.

- ***Step 2.*** See step 2 in (c)(1) above.

- ***Step 3.*** **Compute the cost of modification**. This is equal to step 1 minus step 2. The result of this calculation will be positive, negative or zero. If the cost is positive, this amount should be outlayed from the program account to the financing account. The financing account will then obligate and disburse the same amount to the liquidating account to compensate it for the reduced asset or increased liability. The liquidating account will record offsetting collections, which it will use to pay current obligations or to repay debt. If the cost is negative (a savings), the liquidating account will use permanent indefinite authority to make a payment to the financing account equal to the modification savings. The financing account will consequently record offsetting collections, which it will pay to the negative subsidy receipt account for the credit program. Because both modification costs and savings result in equalizing flows among the program, financing, liquidating, and negative subsidy receipt accounts (as applicable), neither a modification cost nor savings directly causes a net change in the surplus or deficit. However, interest, repayments, default claims, and other loan cash flows may change both in that year and in future years.

See section 185.31 for specific guidance on reporting these transactions for budget execution.

(d) *Single cohort for modifications of pre–1992 direct loans or loan guarantees*

All modifications of pre–1992 direct loans and loan guarantees for a given program will be accounted for in a single direct loan cohort or a single loan guarantee cohort.

185.8 What must I know about the sale of loan assets?

(a) *General*

Under the Debt Collection Improvement Act of 1996, credit agencies with over $100 million in loan assets are expected to sell delinquent loan assets that meet the criteria described in (b). This applies to loan assets held by both liquidating and financing accounts. The cash flows used to calculate the baseline subsidy rates for existing cohorts should be adjusted to reflect this policy, as should the cash flows used to estimate the subsidy rates for future cohorts. Modifications of this policy that increase the cost will have to be covered by appropriations of subsidy budget authority. Differences between the estimated and actual sale proceeds due to market conditions will be treated as reestimates.

Agencies are also encouraged to explore selling performing loan assets to the extent such sales would benefit the Government. In such cases, the procedures, analysis, and methods for selling performing assets are the same for selling delinquent loan assets.

(b) *Loan asset sale criteria*

Loan assets that are more than one year delinquent should be sold, except for the following categories of loans:

- Loans to foreign countries or entities.

- Loans in structured forbearance, when conversion to repayment status is expected within 12 months or after statutory requirements are met.
- Loans that are written off as unenforceable due to death, disability, or bankruptcy.
- Loans that have been submitted to Treasury for offset and are expected to be extinguished within three years.
- Loans in adjudication or foreclosure.

Performing loan assets may be sold as well, either alone or in conjunction with delinquent loan assets, to the extent that such sales provide benefits to either the program or the Government as a whole.

Agencies should consult the OMB representative with primary responsibility for the account to determine which loan assets meet these criteria.

(c) *Justification for non-compliance*

If an agency can demonstrate that the present value of cash flows associated with continued Government ownership of the loan assets would exceed the expected sale proceeds, the agency may not be required to sell the loan assets. Also, if there is a serious conflict between selling loan assets and Administration policy for the program, and the agency can justify to the satisfaction of their OMB representative that the sale policy cannot be reconciled with the program policy, the agency may not be required to sell the loan assets. Agencies should consult with the OMB representative with primary responsibility for the program if they believe either of these tests would be met.

(d) *Cost of loan asset sales*

If the cash flows for existing loans do not incorporate an explicit assumption about the sale of loan assets, the sale is a modification, whether the loan assets are held by financing accounts or liquidating accounts. Otherwise, the sale is part of the subsidy estimates for Presidential policy and the baseline, and differences between the estimated and actual sale proceeds are a reestimate.

If the sale is a modification, the cost would equal the difference between the net sale proceeds and the estimated value to the Government, on a present value basis, of continuing to own the loan asset (the "hold value"). The method for calculating the hold value is the same as for calculating the net present value of cash flows before modification, as outlined in section 185.7(a).

The modification cost of multiple sales with closing dates in the same fiscal year is the sum of the cost or saving calculated for each sale of loans within the same cohort or risk category. The closing date of a sale is the date on which the seller and the buyer(s) close the transaction and title of the assets legally transfers to the buyer(s). Therefore, for loans within the same cohort or risk category, a modification cost for one sale can be offset by a modification saving for a different sale within the same fiscal year. For sales that include loans from more than one cohort or risk category, a single modification cost or savings is first calculated for all of the loans sold, and the cost or savings is subdivided among each of the cohorts or risk categories.

Loan assets that are sold with recourse are treated as a combination of a sale without recourse and a new loan guarantee. The cost of the provision for recourse is estimated separately from the cost of the loan asset sale, and the subsidy for its cost, as well as the cost of the implicit loan sale without recourse, must be appropriated in advance of the sale. Sales with recourse are not permitted except where they are specifically authorized by statute.

If the Government takes an equity stake (or participation) in the cash flow of the sold assets, such as a joint venture or equity-held sale, the net sale proceeds equal the actual cash proceeds plus an estimate of the present value of the proceeds from the Government's equity position, net of any transaction costs.

You may pay certain direct costs of loan asset sales from the gross proceeds of those sales. In general, the guidelines for whether an expense should be paid from the administrative expense appropriation or from asset sale proceeds are similar to those for determining whether an expense should be paid from the administrative expense appropriation to the program account or from the financing account (see section 185.3(a)). Generally, costs that may be paid from proceeds include:

- Underwriting;
- Rating agency;
- Due diligence;
- Legal; and
- Transaction financial advisory fees.

These costs are part of the cash flows used to calculate net sale proceeds to determine the modification cost of the sale (if the sale constitutes a modification) or to reestimate the subsidy cost on a cohort in which loan assets have been sold (if the sale is not a modification).

The costs of Government personnel, travel, computer systems, etc., associated with the development and execution of a loan asset sales program, as well as the cost of any contracts for asset sale program financial advisory services, should be paid from the agency's administrative expense appropriation. Questions about whether a specific cost should be paid from the administrative expense appropriation or sale proceeds should be directed to OMB.

(e) *OMB review of sales*

No sale may occur without the approval of the OMB representative. After identifying loans that meet the criteria described in (b), agencies must develop a plan for selling these loans in consultation with their OMB representative. In addition, at least 30 calendar days prior to the scheduled final bid day (the last date on which a buyer may submit a bid to the seller), the agency must submit for approval to the OMB representative with primary responsibility for the program the following information:

- The expected date of sale;
- A description of the loans to be sold (including balances, business program under which the loans were originated, and current payment status);
- The estimated hold value, with relevant supporting documents and analysis;
- The estimated net sale proceeds, with relevant supporting documents and analysis;
- The estimated modification cost, whether positive, negative, or zero; and
- An evaluation of relevant previous asset sales, including the hold values, net sale proceeds, and positive/negative subsidy generated from each, if applicable.

Three weeks after the sale, an agency must advise the OMB representative of the actual amount of the proceeds realized from the sale and the actual amount of the transaction costs that were paid from the proceeds.

185.9 What are the budget formulation reporting requirements for credit accounts?

Each program making or having outstanding post–1991 direct loans or loan guarantees will have at least two and as many as six types of accounts, even if the Administration is proposing to terminate the program or the program has been previously terminated. The accounts are:

- A program account.
- A financing account for direct loan obligations, if any.
- A financing account for loan guarantee commitments, if any.
- A negative subsidy receipt account for negative subsidies, if any.

- A downward reestimate receipt account for downward reestimates, if any.
- A liquidating account for pre–1992 direct loans and loan guarantees, if any.

Generally, the print materials and MAX schedules required for credit program, financing, liquidating, and negative subsidy receipt accounts are listed below. References to applicable A–11 sections are also provided.

SUMMARY OF REQUIREMENTS

Requirement	**Program**	**Financing**	**Liquidating**	**Receipt**
Appropriations language (section 95)	✓			
Narrative statement (section 95)		✓	✓	
Schedule P (PY-BY) (section 82)	✓	✓	✓	
Schedule O (PY-BY) (section 83)	✓		✓	
Schedule N (PY-BY) (section 86)	✓			
Schedule U (PY-BY) (section 185)	✓			
Schedule A (PY-BY+9) (section 81)	✓		✓	
Schedule S (CY-BY+9) (section 81)	✓		✓	
Schedule C (PY-BY) (section 84)	✓		✓	
Schedule G (PY-BY+4) (section 185)		✓	✓	
Schedule H (PY-BY+4) (section 185)		✓	✓	
Schedule R (PY-BY+9) (section 81)				✓
Schedule K (PY-BY+9) (section 81)				✓
Schedule Y (PY-BY+9) (section 185)		✓	✓	
Schedule F (PY-1-PY) (section 86)		✓	✓	

Separate schedules are required for supplemental requests and proposed legislation items for all credit accounts (see sections 79.2 and 82.10). These schedules show the effect of the supplemental request or proposed legislation on the information presented in the regular schedules for the program. For post-1991 credit programs, amounts reflected in related credit program accounts, financing accounts, and receipt accounts must agree. Cross-account edit checks and other credit-account edit checks are included in the MAX Edit Checks report on the Budget Season Reports page.

A written justification is required for all new credit programs or for reauthorizing, expanding, or significantly increasing funding for existing credit programs. The justification must address the Federal credit policies and guidelines contained in OMB Circular No. A–129. For more information on required budget justification materials, see section 51.

185.10 What do I report for program accounts?

Program accounts are required for post–1991 direct loan obligations or loan guarantee commitments and for modifications of pre–1992 direct loans and loan guarantees. They record budget authority, obligations, and outlays for subsidy costs and the administrative expenses of a credit program (including administrative expenses for pre–1992 direct loans and loan guarantees). In most cases, current, definite budget authority is provided in appropriation acts for subsidy payments (except for entitlements, which have permanent indefinite budget authority) and administrative expenses. Permanent indefinite authority is available for reestimates and interest on reestimates.

(a) *Program and financing schedule (schedule P)*

Use the following line number scheme in the "obligations by program activity" section of the program and financing schedule (see exhibit 185A):

SELECTED P&F ENTRIES IN PROGRAM ACCOUNTS

Line number	Description
	OBLIGATIONS BY PROGRAM ACTIVITY:
0701	Direct loan subsidy
0702	Loan guarantee subsidy
0703	Subsidy for modifications of direct loans
0704	Subsidy for modifications of loan guarantees
0705	Reestimates of direct loan subsidy
0706	Interest on reestimates of direct loan subsidy
0707	Reestimates of loan guarantee subsidy
0708	Interest on reestimates of loan guarantee subsidy
0709	Administrative expenses

The data for the lines 0705, 0706, 0707, and 0708 is automatically generated from the Credit Supplement Report (CSR) exercise.

(b) *Object classification (schedule O)*

Record all direct expenses in the appropriate object class. To record subsidy obligations, use object class 41, Grants, subsidies, and contributions. For administrative expenses transferred to a salaries and expenses account, use object class 25.3, Other purchases of goods and services from Federal sources. In the salaries and expenses account receiving the transfer, record reimbursable obligations for administrative expenses using a "2" as the first digit of the line number. (See section 83 for more information about the classification of reimbursable programs in the object class schedule.)

(c) *Loan levels and subsidy (schedule U)*

Prepare a schedule of loan levels (see exhibit 185B), subsidy budget authority, subsidy rate, subsidy outlays, and reestimates for each program account. These data are displayed by program or by program and risk category. The titles of the stub entries should be tailored to identify the program to which each entry belongs. To add, delete, or modify a risk category, please contact your primary OMB representative.

Note that in each column, some entries are reported by cohort while others (reestimates) are reported for combined cohorts. Although no outyear data are collected in schedule U, you may be required to provide outyear data by your OMB representative. Schedule U data is identified by a four-digit line number and a two-digit suffix. The four-digit number identifies data by category (e.g., direct loan subsidy budget authority). The two-digit suffix differentiates between the various risk categories reported in the schedule unless the line is a total line. Subsidy rates and reestimates for direct loan and guaranteed loan programs entered into MAX are controlled by edit-checks based on calculations that have been reviewed and approved by OMB (see sections 185.5 and 185.6). If you have questions about the approved values, please contact your primary OMB representative. MAX will automatically generate the summary data for line entries indicated in **boldface** below.

DATA REQUIREMENTS FOR SCHEDULE U

Entry	Description
Direct loan levels supportable by subsidy budget authority**:**	
1150xx Direct loan levels	Equals the amount of direct loans that can be obligated with the subsidy budget authority requested or available in that year, except in cases where loan volume limitations would prevent the full obligation of available budget authority. In those cases enter the maximum amount that can be obligated under enacted and anticipated limitations. For revolving loans, include the cumulative anticipated face value drawn under the facilities. Include loan volume reestimates, if any, in PY. The loan volume should match schedule G in the financing account. For PY, enter the actual level of loans obligated, which may include limitation from carry forward or may be less than the full limitation appropriated. For CY and BY, enter the expected level of loans to be obligated, including the unused portion of multi-year loan limitations that are carried forward. In the PY and CY, loan levels may be less than enacted loan limitations, as the Congress may enact limitations that are not achievable with the subsidy budget authority provided. However, in the BY, loan levels supportable by the subsidy requested must equal the direct loan limitation. These data are required even if the subsidy rate is zero or negative.
115999 Total direct loan levels	The sum of all lines 1150.
Direct loan subsidy (in percent):	
1320xx Subsidy rate (+ or –)	The 1320 data line series presents data in percentages on the subsidy costs inherent in making a cohort of direct loans. The data for this line is automatically generated from the Credit Supplement Report (CSR) exercise. In the PY column, the rate should be the actual execution rate. In the CY column use the budget execution rate. Note that the subsidy rate (in percent) must be rounded to the nearest hundredth of one percent and entered into MAX with decimal points. For example, enter 10.503 percent as 10.50; 5.05 percent as 5.05; and 0.5 percent as 0.50. Amounts should be shown, even if zero or negative.

Entry	Description
132999 Weighted average subsidy rate	The disbursement weighted average sum of all lines 1320 above is automatically calculated by multiplying each subsidy rate detail line (lines 1320) by a weighting factor. The weighting factor is calculated by dividing the corresponding direct loan level (lines 1150) by the total direct loan level (line 1159). A weighted average subsidy rate should not be zero when a positive or negative subsidy program is included in the calculation. For non-zero transmittal codes, this is the change to the subsidy rates reported under transmittal code zero, not the new rates.
Direct loan subsidy budget authority:	
1330xx Subsidy budget authority (+ or –)	The 1330 data line series presents data in dollars on the subsidy costs inherent in making direct loans. For positive subsidy programs, amounts reflect the budget authority obligated in the program account. For negative subsidy programs, amounts reflect financing authority obligated in the financing account—amounts must be reported even if the subsidy is negative. In the PY column, the amount is equal to subsidy obligated. In the CY column, the amount will equal the amount appropriated for subsidies plus unobligated balances eligible to be carried forward. The BY column will show the requested subsidy amount and must agree with amounts in appropriations language.
133999 Total subsidy budget authority	The sum of all lines 1330 above.
Direct loan subsidy outlays:	
1340xx Net subsidy outlays	The 1340 data line series presents data on the amount of subsidy outlays and negative subsidy receipts in a given year for new direct loans. An outlay or negative subsidy receipt is recorded at the time of disbursement of the loan to the borrower. This line shows the sum of lines 1341xx and 1342xx.
1341xx Negative subsidy outlays	Report negative subsidy receipts from both new budget authority and from balances on this line. Also, report modification savings on this line. Data on this line are used to calculate net subsidy outlays in line 1340.
1342xx Positive subsidy outlays	Report positive subsidy outlays from both new budget authority and from balances on this line. Also, report modification costs on this line. Data on this line are used to calculate net subsidy outlays in line 1340.
134999 Total subsidy outlays	The sum of all lines 1340 above.

Entry	Description
Direct loan reestimate:	
1350xx Net reestimate (+ or –)	The 1350 data line series presents data on the net amount of reestimate executed by the program and financing accounts in a given year, including interest on reestimate. Report amounts in PY and CY only.
1351xx Upward reestimate	The 1351 data line series presents data on the amount of upward reestimate paid to the financing account in any given year, including upward interest on reestimate. Report upward reestimates for all outstanding fiscal year cohorts for which upward reestimates are paid to the financing account. Report amounts in PY and CY only.
1352xx Downward reestimate (–)	The 1352 data line series presents data on the amount of downward reestimate paid out of the financing account in any given year, including downward interest on reestimate. Report downward reestimates for all outstanding fiscal year cohorts for which downward reestimates will be paid out of the financing account. Report amounts in PY and CY only.
135999 Total direct loan reestimates	The sum of all lines 1350 above.
Guaranteed loan levels supportable by subsidy budget authority:	
2150xx Loan guarantee levels	Equals the full principal amount, not just the portion guaranteed by the Government, of guaranteed loans that can be supported by the amount of subsidy budget authority requested or available in that year, except in cases where loan volume limitations would prevent the full obligation of available budget authority. In those cases enter the maximum amount that can be obligated under enacted and anticipated limitations. Include loan volume reestimates, if any, in PY. The loan volume should match schedule H in the financing account. For PY and CY, the level of guaranteed loan commitments may include limitation from carryforward or may be less than the full limitation appropriated. In the PY and CY, loan levels may be less than enacted loan guarantee limitations, as the Congress may enact limitations that are not achievable with the subsidy budget authority provided. However, in the BY, loan levels supportable by the subsidy must equal the guaranteed loan limitation. These data are required even if the subsidy rate is zero or negative.
215999 Total loan guarantee levels	The sum of all lines 2150.
Guaranteed loan subsidy (in percent):	
2320xx Subsidy rate (+ or –)	The 2320 data line series presents data on the subsidy costs inherent in making a cohort of loan guarantees. The data for this line is automatically generated from the Credit Supplement Report (CSR) exercise. In the PY, the rate should be the actual execution rate. In the CY column use the budget execution rate. Note that the subsidy rate (in percent) must be rounded to the nearest

Entry	Description
	hundredth of one percent and entered into MAX with decimal points. For example, 50.503 percent will be entered as 10.50; 1.05 percent as 5.05; and 0.5 percent as 0.50. Amounts should be shown, even if zero or negative.
232999 Weighted average subsidy rate	The disbursement weighted average of all lines 2320 above is automatically calculated by multiplying each subsidy rate detail line (lines 2320) by a weighting factor. The weighting factor is calculated by dividing the corresponding guaranteed loan level (lines 2150) by the total guaranteed loan level (line 2159). For non-zero transmittal codes, enter the change to the subsidy rates reported under transmittal code zero due to legislation in schedule U, not the new subsidy rates.
Guaranteed loan subsidy budget authority:	
2330xx Subsidy budget authority (+ or –)	The 2330 data line series presents data in dollars on the subsidy costs inherent in making a cohort of guaranteed loans. For positive subsidy programs, amounts reflect the budget authority obligated in the program account. For negative subsidy programs, amounts reflect financing authority obligated in the financing account—amounts must be reported even if the subsidy is negative. For PY only, budget authority should reflect both new and carry forward used. In the CY column, the amount will equal the amount appropriated for subsidies plus unobligated balances eligible to be carried forward. The BY column will show the requested subsidy amount and must agree with amounts in appropriations language.
233999 Total subsidy budget authority	The sum of all lines 2330 above.
Guaranteed loan subsidy outlays:	
2340xx Net subsidy outlays (+ or –)	The 2340 data line series presents data on the amount of subsidy disbursed in a given year for new loan guarantees. An outlay or a negative subsidy receipt is recorded in the program account at the time the lender disburses the loan to the borrower. Report outlays and receipts from both new budget authority and from balances on this line.
2341xx Negative subsidy receipts	Report negative subsidy receipts from both new budget authority and from balances on this line. Also, report modification savings on this line. Data on this line are used to calculate net subsidy outlays in line 2340.
2342xx Positive subsidy outlays	Report positive subsidy outlays from both new budget authority and from balances on this line. Also, report modification costs on this line. Data on this line are used to calculate net subsidy outlays in line 2340.
234999 Total subsidy outlays	The sum of all lines 2340 above.
Guaranteed loan reestimate:	
2350xx Net reestimate (+ or –)	The 1350 data line series presents data on the net amount of reestimate executed by the program and financing accounts in a given year, including interest on reestimate. Report amounts in PY and CY only.

Entry	Description
2351xx Upward reestimate	The 2351 data line series presents data on the amount of upward reestimate, including upward interest on reestimate, paid to the financing account in any given year. Report upward reestimates for all outstanding fiscal year cohorts for which upward reestimates are paid to the financing account. Report amounts in PY and CY only.
2352xx Downward reestimate (–)	The 2352 data line series presents data on the amount of downward reestimate, including downward interest on reestimate, paid out of the financing account in any given year. Report downward reestimates for all outstanding fiscal year cohorts for which downward reestimates will be paid out of the financing account. Report amounts in PY and CY only.
235999 Total guaranteed loan reestimate	The sum of all lines 2350 above.

185.11 What do I report for financing accounts?

Financing accounts record the cash flows associated with post–1991 direct loan obligations or loan guarantee commitments and for modifications of all direct loans and loan guarantees. These cash flows include loan disbursements, payments for guarantee claims, principal repayments, interest received from borrowers, interest paid on borrowing, interest earned on uninvested funds, interest supplements, fees and premiums received, and recoveries on defaults. Separate financing accounts are used for direct loan obligations and loan guarantee commitments. As for all other accounts, changes due to legislative proposals should be reflected in the appropriate transmittal code (see sections 79.2 and 82).

(a) *Program and financing schedules (schedule P)*

Use the following line number scheme in the "obligations by program activity" section of the program and financing schedule for financing accounts (see exhibits 185C and 185F). MAX will automatically generate the line entries indicated in **boldface**.

SELECTED P&F ENTRIES IN FINANCING ACCOUNTS

Entry	Description
Obligations by program activity:	
Stub entries should describe the transactions reported below.	
0710 Direct loan obligations	Obligations for post–1991 direct loan disbursements (equal to face value). Equal to the total direct loan obligations on line 1159 in schedule U of the program account.
0711 Default claim payments on principal	Obligations for default claim payments for principal on post–1991 loan guarantees. Equal to the sum of terminations for default in schedule H, lines 2261-2263.
0712 Default claim payments on interest	Obligations for default claim payments for interest on post–1991 loan guarantees.

Entry	Description
0713 Payment of interest to Treasury	Interest on debt owed to Treasury (calculated at the same rate as the discount rate for the cohort). Tools are available from OMB to calculate interest income and interest expense.
0715 –0739	Other entries for obligations, such as interest supplements to lenders or other expenses.
0740 Negative subsidy obligations	Obligations for negative subsidies for new direct loan obligations or loan guarantee commitments, to be paid to the negative subsidy receipt account for the credit program. Equal to the sum of negative subsidy obligations on lines 1330 or 2330 in schedule U of the program account.
0741 Modification savings	Obligations for negative subsidies (savings) resulting from a modified direct loan or loan guarantee, to be paid to the negative subsidy receipt account.
0742 Downward reestimates paid to receipts accounts	Obligations for downward reestimates of the subsidy to be paid to the downward reestimate receipt account for the credit program.
0743 Interest on downward reestimates	Obligations for interest on the downward reestimate to be paid to the downward reestimate receipt account for the credit program.
0744 Adjusting payments to liquidating accounts	Obligations for payments to purchase liquidating account loan assets or to reimburse the liquidating account for modification cost increases for pre–1992 direct loans and loan guarantees.
Unobligated balance:	
1000 Unobligated balance brought forward, Oct 1	In the case of loan guarantees, unobligated balances of the original subsidy payment, fees, interest, and other offsetting collections will be retained until needed to pay default claims and other expenses. If a loan guarantee is modified, the unobligated balance brought forward into the *following fiscal year* is adjusted by the amount of the modification, net of the amount of the modification adjustment transfer.
New financing authority (gross), detail:	
1200 Appropriation	Amount of authority becoming available as a result of a modification adjustment transfer from the general fund in the event that the modification cost estimate under-compensated the financing account.
1236 Appropriations applied to repay debt	If a direct loan financing account receives a modification adjustment transfer from the general fund, the amount is used to reduce debt owed to Treasury.
1400 Borrowing authority	Financing authority (authority to borrow from Treasury) for the part of direct loans not financed by subsidy and fees, and for any default claims or other obligations of the financing account that cannot be paid by unobligated balances.
Spending authority from offsetting collections:	
1800 Collected	Amount of offsetting collections (cash) credited to the account.
1801 Change in uncollected customer payments from program account from Federal sources (+ or –)	Change in unpaid, unfilled orders from program account for subsidy cost. Report increases as positive entries (for expected future subsidy cost collections in future fiscal years); report decreases as negative entries (for received subsidy cost collections in prior fiscal years).
1820 Capital transfer of spending	Used for modification adjustment transfer to the general fund in

Entry	Description
authority from offsetting collections to general fund (–)	the event that the modification cost estimate over compensated the financing account. See section 185.7(b).
1825 Spending authority from offsetting collections applied to repay debt (–)	Amount of offsetting collections used for repayments of outstanding borrowing.
Memorandum (non-add) entries:	
3100 Obligated balance, start of year	For PY, this amount must tie to the PY end of year amounts reported in GTAS for PY-1, including any revisions made during the GTAS revision window. CY and BY amounts automatically generated by MAX. Includes unpaid obligations, e.g., undisbursed direct loans, negative subsidies or other obligations.
3200 Obligated balance, end of year	Includes unpaid obligations, e.g., undisbursed direct loans, negative subsidies or other obligations. Automatically generated by MAX.
Offsets against budget authority and outlays:	
4120 Federal sources (–)	Collections of subsidy payments and upward reestimates from program accounts, and adjusting payments from liquidating accounts for pre–1992 direct loans and loan guarantees.
4122 Interest on uninvested funds (–)	Collections of interest on uninvested funds (financing account interest earned). Tools are available from OMB to calculate interest earned.
4123 Non-Federal sources (–)	Collections of principal repayments and interest payments on direct loans by borrowers, collections on defaulted direct loans or guaranteed loans, fees or premiums paid by non-Federal lenders or borrowers, prepayments of direct loans, proceeds from the sale of direct loans or collateral, or other collections from the public resulting from a direct loan or loan guarantee.

Note: MAX automatically modifies financing account line stubs from budget authority and outlays to financing authority and financing disbursements, respectively. Financing accounts do not have discretionary amounts, and therefore do not use lines 4010 through 4101. Further, Schedule P line 4142, Offsetting collections credited to expired accounts, is not valid in financing accounts. All cash collections are used to repay Treasury debt, pay obligations of the financing account, or execute downward reestimates. Do not use lines 1700 through 1742. Financing authority from offsetting collections in financing accounts must be recorded as mandatory, regardless of whether the authority for subsidy in the program account is mandatory or discretionary.

(b) *Direct loan data (schedule G)*

Prepare a Status of direct loans schedule (schedule G) (PY-BY+4) for all liquidating accounts and all direct loan financing accounts (see exhibits 185D and 185J). Each line entry is described in the table below. MAX will automatically generate the line entries indicated in **boldface**.

DATA REQUIREMENTS FOR SCHEDULE G

Entry	Description
Position with respect to appropriations act limitation on obligations:	Provide lines 1111–1150 for direct loan financing accounts only.
1111 Direct loan obligations from current-year authority	Amount of limitation enacted or proposed to be enacted in appropriations acts, and amount of obligations of direct loans to the public without an explicit loan limitation specified in appropriations acts. For discretionary programs, the BY amount

Entry	Description
	should be equal to line 1359 in schedule U.
1121 Limitation available from carry-forward	Amount of limitation available from a multi-year limitation enacted in a previous year that was not obligated and is available for use. This amount should correspond to the previous year's amount of unobligated limitation carried forward (line 1143). For programs that do not have a fixed loan limitation, this amount should be equal to the direct loan level supportable with the budget authority that is carried forward.
1142 Unobligated direct loan limitation (–)	Amount of limitation enacted in appropriations acts that is not obligated in the year it is enacted. Include only amounts that expire. Do not include multi-year limitation amounts that can be carried forward in a future fiscal year (see line 1143). Report amounts in PY and CY only unless specifically approved by OMB.
1143 Unobligated limitation carried forward (P.L. xx) (–)	Amount of multi-year limitation enacted in an appropriations act that was not obligated and is carried forward for use in a subsequent year.
1150 Total direct loan levels	The sum of lines 1111 through 1143. This is the direct loan portion of the credit budget. This amount should be consistent with direct loan obligations recorded on line 0710 in the program and financing schedule of the financing account and line 1159 in schedule U of the program account.
Cumulative balance of direct loans outstanding:	Provide lines 1210–1290 for liquidating and direct loan financing accounts. Do not report amounts reflecting defaulted guaranteed loans. Defaulted guaranteed loans are presented in schedule H 2310-2390.
1210 Outstanding, start of year	Amount of direct loan principal outstanding at the beginning of the year. Amounts for PY are automatically generated from data reported in the previous year's Budget *Appendix*. If the number needs to be revised, use line 1264 "other adjustment" with explanatory comment.
1231 Direct loan disbursements	Amounts of disbursements of principal for direct loans and 100 percent guarantees financed by the Federal Financing Bank. This does not include amounts shown separately on line 1232.
1232 Purchase of loan assets from the public	Amount of loans purchased or repurchased by the account from non-Federal lenders.
1233 Purchase of loan assets from a liquidating account	Amount of direct loan assets transferred from liquidating account to a financing account as a result of a loan modification.
Repayments:	These entries must agree with amounts included for these transactions on line 4123 (offsetting collections from non-Federal sources) of the program and financing schedule for the account. The proceeds from discounted prepayment programs that were part of a loan asset sales program should be recorded together with the proceeds from loan asset sales to the public (line 1253). The discount (i.e., the difference between the face value of the loan and the proceeds received from discounted prepayments) should be recorded together with the discount on loan asset sales to the public (line 1262).

Entry	Description
1251 Repayments and prepayments (–)	Amount of principal repayments or prepayments. In the liquidating account, this entry will include repayments on loans disbursed by the FFB.
1252 Proceeds from loan asset sales to the public or discounted prepayments without recourse (–)	Amount of gross proceeds received from the non-recourse sale of loans to non-Federal buyers or the discounted loan prepayments that were part of a loan asset sales program.
1253 Proceeds from loan asset sales to the public with recourse (–)	Amount of gross proceeds received from the sale of loans to non-Federal buyers when loans are sold with recourse to the Federal Government. The full principal of the loans is scored as a new guaranteed loan commitment (line 2132).
Adjustments:	
1261 Capitalized interest	Amount of interest due at the end of the year that is capitalized as part of the existing loan principal.
1262 Discount on loan asset sales to the public or discounted prepayments (–)	Difference between the face value of the loan and the proceeds received by the account from the sales of loans to non-Federal buyers or discounted loan prepayments that were part of a loan asset sales program.
1263 Write-offs for default: Direct loans (–)	Amount of direct loan principal reduced by write-offs for defaults. This line should only be used to indicate write-offs of loans that were initiated as direct loans. (Refer to the processes for write-offs in OMB Circular No. A–129.
1264 Other adjustments, net (+ or –)	Proceeds from the sale of collateral acquired from the foreclosure of direct loans; amount of principal repayments waived as provided by statute, in the event of certain specified contingencies; outstanding balances of loans transferred to or received from other accounts amount of principal reduced or increased for other reasons. When this line is used, the adjustment must be explained in a comment.
1290 Outstanding, end of year	Amount of direct loan principal outstanding at the end of the year. The sum of lines 1210 through 1264.

(c) *Guaranteed loan data (schedule H)*

Prepare a Status of guaranteed loans (schedule H) (PY-BY+4) for all liquidating and guaranteed loan financing accounts (see exhibits 185G and 185K). Report the full principal amounts of loans guaranteed, whether guaranteed in full or in part. Report principal only, even if the guarantee covers both the principal and interest. Do not count agency guarantees of loans disbursed by the FFB as guaranteed loans; treat such loans as direct loans of your agency financed by the FFB.

Each line entry is described in the table below. MAX will automatically generate the line entries indicated in **boldface**.

DATA REQUIREMENTS FOR SCHEDULE H

Entry	Description
Position with respect to appropriations act limitation on commitments:	Provide lines 2111–2199 for guaranteed loan financing accounts only.

Entry	Description
2111 Guaranteed loan commitments from current-year authority	Amount of limitation enacted or proposed to be enacted in appropriations acts on the full principal of commitments to guarantee loans by private lenders, and amount of full principal of commitments to guarantee loans by private lenders that is not subject to specific loan limitations in appropriations acts. For discretionary programs, the BY amount should be consistent with line 2159 in schedule U.
2121 Limitation available from carry-forward	Amount of limitation on full principal of commitments to guarantee loans by private lenders that is available from a multi-year limitation enacted in a previous year that was not obligated and is available for use. This amount should correspond to the previous year's amount of unobligated limitation carried forward (line 2143). For programs that do not have a fixed loan limitation, this amount should be equal to the guaranteed loan level supportable with the budget authority that is carried forward.
2132 Guaranteed loan commitments for loan asset sales to the public with recourse	Amount of full principal of guaranteed loan commitments made as a result of selling direct loans to non-Federal buyers with recourse to the Federal Government.
2142 Uncommitted loan guarantee limitation (–)	Amount of limitation enacted in appropriations acts on full principal of commitments to guarantee loans by private lenders that is not committed in the year it is enacted. Includes only amounts that expire. Do not include multi-year limitation amounts that can be carried forward in a future fiscal year (see line 2143). Report amounts for PY and CY only.
2143 Uncommitted limitation carried forward (P.L. xx) (–)	Amount of multi-year limitation enacted in an appropriations act that was not committed and is carried forward for use in a subsequent year.
2150 Total guaranteed loan levels	The sum of lines 2111 through 2143. This is the guaranteed loan portion of the credit budget. This amount should be consistent with line 2159 of schedule U in the program account.
Memorandum: 2199 Guaranteed amount of guaranteed loan commitments	Amount of maximum potential Federal liability for the guaranteed loan principal associated with line 2150. To the extent the guarantee covers both principal and interest, this amount must exclude interest. This entry is required even though the amount may be the same as in line 2150.
Cumulative balance of guaranteed loans outstanding:	Provide lines 2210–2390 for liquidating and guaranteed loan financing accounts.
2210 Outstanding, start of year	Full face value of guaranteed loan principal outstanding at the beginning of the year. This includes the unguaranteed portion of the loan principal outstanding. Amounts for PY are automatically generated from data reported in the previous year's Budget *Appendix*. If the PY amount needs to be revised, use line 2264 and include an explanatory comment.
Disbursements:	
2231 Disbursements of new guaranteed loans	Amount of guaranteed loan principal disbursed. This includes the unguaranteed portion of the loan principal disbursed.
2232 Guarantees of loans sold to the public with recourse	Face value amount of guaranteed loan principal of loans sold to non-Federal buyers with recourse to the Federal government. This includes the unguaranteed portion of the loan principal disbursed.
Repayments:	
2251 Repayments and prepayments (–)	Amount of principal repayments and prepayments.

Entry	Description
Adjustments:	
2261 Terminations for default that result in loans receivable (–)	Amount of loan principal reduced by terminations for default that subsequently become loans receivable in which the formerly guaranteed borrower owes the agency for the amount of claims paid as a result of the borrower's default. (See lines 2310–2390.)
2262 Terminations for default that result in acquisition of property (–)	Amount of loan principal reduced by terminations for default that lead to the acquisition of physical property by the agency.
2263 Terminations for default that result in claim payments (–)	Amount of loan principal reduced by terminations for default that lead to claim payments by the agency that result in neither a loan receivable nor the acquisition of property.
2264 Other adjustments, net (+ or –)	Amount of loan principal reduced or increased for reasons other than those covered by the lines listed above; includes outstanding principal balances of guaranteed loans transferred to or received from other accounts. When this line is used, the adjustment must be explained in a comment.
2265 Capitalized Interest (+)	Amount of loan principal increased due to capitalized interest.
2290 Outstanding, end of year	Amount of guaranteed loan principal outstanding at the end of the year. The sum of lines 2210 through 2264.
Memorandum: 2299 Guaranteed amount of guaranteed loans outstanding, end of year	Amount of maximum potential Federal liability for the guaranteed loan principal associated with line 2290. To the extent the guarantee covers both principal and interest, this amount must exclude interest. This entry is required even though the amount may be the same as in line 2290.

Entry	Description
Addendum: Cumulative balance of defaulted guaranteed loans that results in loans receivable:	
2310 Outstanding, start of year	Amount of defaulted guaranteed loans that resulted in the acquisition of a loan receivable outstanding at the beginning of the year.
2331 Disbursements for guaranteed loan claims	Amount of disbursements for acquisition of defaulted loans that were previously guaranteed and result in loans receivable, where the borrower owes the account for the disbursement. These disbursements include past due interest amounts that were paid under the terms of the loan guarantee, if such amounts were capitalized as part of the loan principal.
2351 Repayments of loans receivable (–)	Proceeds received by the account from the settlement of claims on defaulted guaranteed loans that resulted in loans receivable to be applied to the reduction of the loans receivable outstanding. Exclude any premium realized.
2361 Write-offs of loans receivable (–)	Amount of loans receivable written-off for default that were initiated as guaranteed loans but were subsequently acquired as loans receivable. (Refer to the definitions for write-offs provided in OMB Circular No. A–129.)
2364 Other adjustments, net (+ or –)	Amount of loans receivable reduced or increased for reasons other than those covered by the lines listed above. When this line is used, the adjustment must be explained in a comment.
2390 Outstanding, end of year	Amount of defaulted guaranteed loans that resulted in loans receivable outstanding at the end of the year. The sum of lines 2310 through 2364.

(d) *Agency debt held by the FFB and net financing disbursements (schedules Y, G, and H)*

Baseline data on ***debt owed to the FFB*** must be reported by all financing and liquidating accounts and by programs that are not covered by the FCRA, such as the Tennessee Valley Authority and Federal Deposit Insurance Corporation (which assumed the responsibilities of the Resolution Trust Corporation). All FFB transactions are treated as means of financing to the agencies. In order to track old and new transactions, the lines should be coded with a two-digit suffix as follows, to identify the transactions:

- .01 FFB loan originations.
- .02 Sale of loan assets to the FFB.
- .03 Sale of debt securities to the FFB.

Report this data on the 3300 data line series in schedule Y (PY through BY+9). No policy estimates are required.

Baseline and policy data on ***net financing disbursements*** must be reported for all financing accounts. "Net financing disbursements" are analogous to net outlays reported on line 4170 in schedule P of the program account and consist of total financing disbursements (gross) less total offsetting collections in the financing account. Net financing disbursements are calculated by subtracting total cash inflows to the financing account from total cash outflows from the financing account. Cash inflows include subsidy and reestimate collections from the program account, borrower principal and interest payments, recoveries, fees, interest received from Treasury, and other inflows. Cash outflows include loan disbursements, default claim payments, negative subsidy and downward reestimate payments to the receipt account, interest paid to Treasury, and other outflows. In PY through BY, these amounts should equal the amount reported on line 4170 in schedule P of the financing account. These data are needed to estimate Federal borrowing and interest on the public debt.
Report this data in schedule Y for both baseline and policy estimates.

DATA REQUIREMENTS FOR SCHEDULE Y

Entry	Description
Agency debt held by the FFB	Provide lines 3310–3390 for liquidating and direct and guaranteed loan financing accounts. Report PY-BY+9.
3310 Outstanding agency debt, start of year	Amount of agency debt issues held by FFB at the beginning of the year.
3330 New agency borrowing	Amount of new borrowing from FFB.
3350 Repayments and prepayments (–)	Amount of repayments made to FFB.
3390 Outstanding agency debt, end of year	Amount of agency debt issued held by FFB at the end of the year. The sum of lines 3310 through 3350.
Net financing disbursements:	Provide lines 6200 and 6300 for direct and guaranteed loan financing accounts only. Report PY-BY+9.
6200 Net financing disbursements—policy	Net financing disbursements based on Presidential policy. Policy net financing disbursements should equal line 4170 in schedule P of the financing account. See section 185.11(d).
6300 Net financing disbursements—baseline	Net financing disbursements based on current law. Enter data for CY-BY+9. Should equal line 6200 above unless there is a policy proposal that would affect the numbers in Y.

Note: Lines 3310–3390 do not print in the Budget *Appendix*. These data are used by OMB for reporting and analysis.

185.12 What do I report for liquidating accounts?

Reporting requirements for liquidating accounts are discussed in sections 185.9, 185.11(b), 185.11(c), and 185.11(d). An illustration of a typical liquidating account program and financing schedule can be found at exhibit 185I. Illustrations of typical liquidating account status of direct and guaranteed loans schedules can be found at exhibits 185J and 185K.

185.13 What do I report for receipt accounts?

Negative subsidy and downward reestimate receipt accounts record receipts of amounts paid from the financing account when there is a negative subsidy or downward reestimate. Usually, they are general fund receipt accounts, but with the permission of the OMB representative for the account, they can be special fund receipt accounts. If the program is discretionary, report negative subsidies as "discretionary." If the program is mandatory, report negative subsidies as "mandatory." Report downward reestimates for all credit programs as "mandatory, authorizing committee" in schedules R and K (see section 81).

185.14 Must credit accounts be apportioned?

Yes. The Antideficiency Act requires that all appropriation and fund accounts, including credit program accounts, financing accounts, and liquidating accounts, be apportioned unless exempted by OMB or a specific statute. OMB may grant exemptions from apportionment in the form of a letter to the head of the department or establishment.

185.15 When do I submit an apportionment request (SF 132)?

If budgetary resources...	For example ...	Then ...
Result from current action by Congress	The annual appropriation in the program account for the: • direct loan subsidy cost, • loan guarantee subsidy cost, • administrative expenses, or • modifications.	Submit the initial apportionment requests by August 21 or within 10 calendar days after the approval of the act providing the new budgetary resource, whichever is later. Apportionments for both the program and financing account must be submitted and approved prior to incurring direct loan obligations or loan guarantee commitments. Submit reapportionment requests whenever circumstances change. For example, if the subsidy cost appropriation was apportioned solely to make new loans, then you must submit a reapportionment request for both the program and financing accounts before you make a modification that will increase the cost.

If budgetary resources...	For example ...	Then ...
Do not result from current action by the Congress	The unobligated balances in the financing accounts. Permanent indefinite appropriation in the program account to cover an upward reestimate.	Submit the initial apportionment request by August 21 before the beginning of the fiscal year. Submit the request for anticipated reestimates with the initial apportionment. When the exact amount is calculated, submit a reapportionment to cover any increase over your initial approved amount.
	Permanent indefinite appropriation in the liquidating account.	Submit the initial apportionment request by August 21 before the beginning of the fiscal year. Submit reapportionments as needed.

185.16 How do I fill out the apportionment request (SF 132)?

Section 120 of this circular provide general apportionment guidance, including terminology, line descriptions, timing, and apportionment categories. As with other programs, you will need to locate and review the enacted appropriations language for your credit program. In some cases, you may also need to locate and review other authority in authorizing or substantive acts. An example of standard appropriations language for credit programs is provided in section 95.7, and illustrated in exhibit 185M. Standard appropriations language for credit programs consists of the following parts:

- Appropriation for the subsidy cost of the direct loan or guarantee program;
- Limitation on the loan program; and
- Appropriation for administrative expenses.

You need the appropriations language to verify that:

- Subsidy cost amounts and administrative expenses are shown correctly on your program account apportionment request (see exhibit 185N);
- Amounts apportioned to reimburse your salaries and expenses account, if any, are correct; and
- Program level portion for the guaranteed loan financing account apportionment request (see exhibit 185P) agrees with the limitation set in the appropriations language. For programs with subsidy budget authority but without an enacted loan limitation, reflect the program volume as the apportioned budget authority divided by the OMB-approved subsidy rate.
- For mandatory programs with indefinite subsidy budget authority, the program level will equal the amount of loan guarantees anticipated to be committed.

Instructions for filling out the apportionment request for liquidating accounts can be found in section 120. Exhibits 185N through 185Z are a simplified presentation highlighting the budget execution dynamics for interrelated credit accounts. The scenario begins with the program account receiving an appropriation for both direct loans and loan guarantees and concludes with preparing the last quarterly budget execution report for each account. Exhibits for modifications and reestimates are also provided. For this example, assume that this is a new credit program; 25 percent of the amounts appropriated for subsidy cost are obligated each quarter but only 80 percent is disbursed each quarter (with the remainder in the next quarter); 25 percent of the amount appropriated for administrative expenses is obligated and outlayed each quarter; no borrower fees are charged; and simplified interest and repayments calculations are used.

185.17 Do amounts for an upward reestimate (and interest on reestimate) need to be apportioned?

Yes. An upward reestimate indicates that insufficient funds were paid to the financing account. The reestimate amount (plus interest on reestimate) must be obligated and outlayed from the program account to the financing account to make sure it has sufficient assets to cover its liabilities. Before recording this obligation, ensure you have adequate resources apportioned. Section 504(f) of the FCRA provides permanent indefinite budget authority for this purpose. If you were unable to include the reestimate in your program account's initial apportionment or you requested too little, submit a reapportionment request for the additional permanent indefinite appropriation the program account needs to pay to the financing account. See exhibit 185R for a sample reapportionment for an upward reestimate of a program account.

You must make a reestimate immediately after the end of each fiscal year as long as any loans are outstanding, unless a different plan is approved by OMB. After you complete your reestimate, prepare and submit an apportionment request as needed.

185.18 Do amounts for a downward reestimate (and the interest on reestimate) need to be apportioned?

Yes. A downward reestimate indicates that the subsidy cost payment to the financing account by the program account was too large so that its assets exceed its liabilities. The reestimate amount (plus interest on reestimate) must be obligated and disbursed from the financing account. Before recording the obligation, ensure you have adequate resources apportioned. For direct loans only, if the downward reestimate is due to increased actual collections, use these amounts to cover the obligation. To the extent the reestimate is due to projected increased collections, request borrowing authority to cover the obligation. For loan guarantees only, to the extent the reestimate is due to lower default payments than initially estimated, either actual or projected, use your uninvested balance with Treasury to cover the obligation. In cases where amounts less than $1 need to be returned, do not include the amount on the face of the apportionment (Category B lines 6011-6111). Instead, place a footnote on Line 6190 that discusses the return of the amount.

For both discretionary and mandatory programs, disburse the excess (plus interest on reestimate) to a downward reestimate receipt account (see exhibit 185S).

185.19 Do amounts for interest payments to Treasury need to be apportioned?

Yes. For financing and liquidating accounts, additional amounts for interest payments to Treasury (i.e., amounts exceeding your estimate on the most recent approved apportionment) are automatically apportioned. Please contact your OMB representative if you have questions regarding what interest payments are automatically apportioned.

185.20 Do amounts for transfers of unobligated balances to the general fund or debt repayments to Treasury need to be apportioned?

No. Capital transfers, including transfers of unobligated balances in liquidating accounts to the general fund (i.e., liquidating account sweeps), and redemption of debt are not obligations and therefore do not need to be apportioned on lines 6001-6173. However, you do need to plan for such transfers or repayments and show your estimated debt repayments as a negative amount on line 1236 or 1252 (if anticipated) when you submit your apportionment request.

185.21 How do I handle modifications?

Before you modify a direct loan or loan guarantee, you should take the following steps:

- **Step 1.** Estimate the cost of the modification (see section 185.7);
- **Step 2.** Request an apportionment, if necessary;
- **Step 3.** Receive an approved apportionment from OMB, if necessary;
- **Step 4.** Modify the direct loan or loan guarantee; and
- **Step 5.** Record the obligation (see sections 185.30 and 185.31).

To determine whether you need a reapportionment:

If ...	Then ...
The current apportionment allows the apportioned resources to be used for modifications and the cost of the modification is equal to or lower than the amount apportioned less any amounts already obligated.	No reapportionment is required.
The current apportionment does not allow the apportioned resources to be used for modifications.	Yes. See exhibit 185Q for a sample reapportionment for a modification.
If the cost of the modification is higher than the amount apportioned less amounts already obligated.	Yes. See exhibit 185Q for a sample reapportionment for a modification.

185.22 Am I required to submit budget execution reports (SF 133)?

Yes. Submit SF 133s on a quarterly basis for all accounts, including those that OMB has exempted from apportionment. The OMB representative with primary budget responsibility for the credit account may require budget execution reports more frequently, such as monthly. For credit financing accounts, submit the final SF 133 on a cohort basis unless OMB has approved reporting on a combined basis.

185.23 How do I fill out the SF 133?

Section 130 and Appendix F of this circular provide general budget execution reporting guidance, including terminology, line descriptions, and timing. You prepare the SF 133 to show the extent that resources controlled by the apportionment request and other resources have been consumed. The relationship between program and financing accounts is dynamic, affecting different entries of the apportionment request and SF 133 at different stages of the process as transactions occur throughout the year. Exhibits 185U through 185W illustrate the individual SF 133s for the program, direct loan financing, and guaranteed loan financing accounts, respectively, for the first quarter. Exhibits 185X through 185Z illustrate the individual SF 133s for the program, direct loan financing, and guaranteed loan financing accounts, respectively, for the fourth quarter.

Because program accounts typically receive one-year budget authority, the SF 133 will have an unexpired account column as well as five expired account columns. Financing and liquidating accounts, however, have no-year authority so their SF 133s will have only an unexpired column (see section 20.4(c) for a discussion of period of availability).

185.24 How do I calculate the initial subsidy cost estimate for execution?

You are required to use the Credit Subsidy Calculator 2 (the Calculator) to calculate subsidy cost estimates. The Calculator and accompanying documentation are available from the OMB representative with primary responsibility for the credit account.

In most cases, you will use the same subsidy rate for execution as you calculated earlier for the Budget policy subsidy rate. However, if the loan contract terms have changed for any reason, then you must update the subsidy rate to reflect the actual terms at the time the loan contract is signed. For programs that calculate separate subsidy rates for each loan or loan guarantee, if the borrower's interest rate is benchmarked to a Treasury interest rate, then the borrower interest rate assumption should be consistent with the economic assumptions for that cohort. The default expectation associated with the risk rating is a forecast assumption and should match the President's Budget for the year of obligation. Please see your OMB contact for more information.

Do not change the forecast technical assumptions or the methodological assumptions.

For mandatory programs in the Mid-Session Review (MSR), consistent with MSR guidance you should update estimates of subsidy budget authority, outlays, receipts, and net financing disbursements for volume updates reflecting MSR economic assumptions. Do not update the execution subsidy rate for MSR economic assumptions.

185.25 What transactions do I report when the Government incurs direct loan obligations or makes loan guarantee commitments?

For the program account (see exhibit 185U):

- Include the estimated subsidy cost obligations on lines 2001-2102, Obligations incurred. If resources for the subsidy cost were apportioned in Category A, include the amount on line 2001. If the resources were apportioned in Category B, include the amount on lines 2002 in the appropriate category; and

- Include the amount on lines 3010, Obligations incurred: unexpired accounts and 3050, Unpaid obligations, end of year, since the amount is not yet outlayed to the financing account.

For the direct loan financing account (see exhibit 185V):

- Include the subsidy cost payment obligated in the program account but not yet paid on line 1801, Change in uncollected customer payments from Federal sources (mand.) (+ or –); and

- Include the amount on lines 3070, Change in uncollected customer payments from Federal sources: Unexpired accounts (+ or –) (with the opposite sign as line 1801) and 3090, Uncollected customer payments from Federal sources, end of year (–), since the amounts have not been received from the program account.

  To show the borrowing component:

- Before signing the contract, verify that OMB has apportioned enough borrowing authority on line 1400 to cover the part of the direct loan obligation not covered by the subsidy cost payment and upfront fees;

- After you sign the contract, include the obligation on line 2101-2102, Obligations incurred. If the direct loan was apportioned in Category A, include the amount on line 2101. If the direct loan was apportioned in Category B, include it on line 2102 in the appropriate category; and

- Include the amount on lines 3010 Obligations incurred: unexpired accounts and 3050, Unpaid obligations, end of year.

- Record the face value of the direct loan obligation on line 1200 of schedule G, Total outstanding direct loan obligations EOY.

For the loan guarantee financing account (see exhibit 185W):

- Include the subsidy payment obligated in the program account but not yet paid on line 1801, Change in uncollected customer payments from Federal sources (mand.) (+ or –); and

- Include the amount on lines 3070, Change in uncollected customer payments from Federal sources: Unexpired accounts (+ or –) (with the opposite sign as line 1801) and 3090, Uncollected customer payments from Federal sources, end of year (–), since the amounts have not been received from the program account.

- Include the uncollected subsidy amount (as a negative amount) on line 3200, Obligated balance EOY until the amount is transferred from the program account via an expenditure transfer.

- Record the face value of the loan guarantee commitment on line 2200 of schedule H, Total outstanding loan guarantee commitments EOY.

It is conceptually possible that the line 1801 entries may result in a negative end of year obligated balance (line 3200), particularly for programs that disburse slowly. The transactions are similar for a negative subsidy program except that the financing account will make a transaction with the negative subsidy receipt account rather than the program account (see section 185.3(v)).

185.26 What transactions do I report when the Government disburses a direct loan or a private lender disburses a guaranteed loan?

For the program account (see exhibit 185U), just before a loan is disbursed from the financing account:

- Pay the financing account and include the subsidy cost payment on lines 3020, Outlays (gross) (–) and 4010, Outlays from new discretionary authority. If the loan will be disbursed in multiple payments, transfer only the subsidy amount proportional to the amount of the disbursement; and

- Reduce line 3050, Unpaid obligations, end of year by the same amount.

For direct loan financing accounts:

- When the subsidy cost payment is received from the program account, reduce lines 1801, Change in uncollected customer payments from Federal sources (mand.) (+ or –), and 3070, Change in uncollected customer payments from Fed sources: Unexpired accounts (+ or –). Also, increase line 1800, Spending authority from offsetting collections (mand.): Collected, and line 4120, Offsetting collections from: Federal sources (mand.); and

- Once the loan is actually disbursed (see exhibit 185V), include the loan disbursement on lines 3020, Financing disbursements (gross) (–) and 4110 Total financing disbursements, gross (mand.), and reduce the amount of loans payable from line 3050, Unpaid obligations, end of year.

For loan guarantee financing accounts:

- When the subsidy cost payment is received from the program account, reduce lines 1801, Change in uncollected customer payments from Federal sources (mand.) (+ or –), and 3070, Change in uncollected customer payments from Federal sources: unexpired accounts (+ or –). Also, increase line 1800, Spending authority from offsetting collections (mand.): collected, and line 4120, Offsetting collections from Federal sources (mand.);

- Do not report any loan disbursement because the private lender disbursed the loan, not the Federal Government (see exhibit 185V). Include the budget authority on line 4000 or 4090, Budget authority (gross). The subsidy cost payment collected by the financing account is held as an uninvested balance that earns interest from Treasury until it is used, for example, to pay default claims; interest supplements; the capitalized costs of foreclosing, managing, and selling collateral assets acquired as a result of defaults; and the costs routinely deducted from the proceeds of sales. Until these resources are needed for such obligations and they are apportioned, include them on line 6182, Unapportioned—other.

185.27 How do I handle non-subsidy cost collections?

Report all collections of direct loan principal, interest on direct loans, fees, proceeds from the liquidation of collateral assets, as well as any other collections, to the appropriate cohort and risk category in the financing or liquidating account, as appropriate. Place the amount you anticipate collecting on line 1840, Anticipated collections, reimbursements, and other income (mand.). As collections are actually received throughout the year, report them on line 1800, Spending authority from offsetting collections (mand.): Collected with a corresponding reduction on line 1840, Anticipated offsetting collections and a negative amount on line 4120, Offsetting collections from Federal sources (mand.). Because these amounts in financing accounts earn interest, include them in the interest income calculations (see section 185.34).

In financing accounts, non-subsidy cost collections may be used only for the cohort that generated the collection. Except for fees collected, these amounts are not available to make new loans. These amounts are available to:

- Fund a portion of the direct loan, if the collection is a fee paid by the borrower;
- Pay the capitalized costs of foreclosing, managing, and selling collateral assets acquired as the result of defaults on direct or guaranteed loans and costs that are routinely deducted from the proceeds of sales (see section 185.8 for items that qualify);
- Make annual payments of interest to Treasury; and
- Make repayments of principal on amounts borrowed from Treasury using any remaining amounts.

Non-subsidy cost collections in guaranteed loan financing accounts are available to:

- Pay the capitalized costs of foreclosing, managing, and selling collateral assets acquired as the result of defaults on direct or guaranteed loans and costs that are routinely deducted from the proceeds of sales;
- Maintain an unobligated balance to pay such capitalized costs or routinely deducted costs, if any;
- Pay default claims and interest supplements on guaranteed loans;
- Make annual payments of interest to Treasury;
- Make repayments of principal on amounts borrowed from Treasury; and
- Add to the unobligated balance.

To the extent that there are insufficient collections to make timely payment of interest or principal on Treasury borrowings, the financing account must borrow to make such payments. If the cohort's expected future cash flows will not be sufficient to fully repay this additional borrowing plus the cohort's other expected obligations, you must calculate a reestimate and use the subsidy cost collections from this reestimate to repay the additional borrowing, with interest.

In liquidating accounts, these amounts may be used for similar expenses (see section 185.3(l)) without regard to cohort.

185.28 What transactions do I report when a guaranteed loan defaults?

Loan guarantee default claims are recorded in financing and liquidating accounts. When you receive a loan guarantee default claim:

- Verify that the amount of the default claim is apportioned;
- Include the obligation to pay the claim on line 2101-2102, Obligations incurred (reimbursable) for the financing accounts and lines 2001-2002 for liquidating accounts (direct obligations). If defaults were apportioned in Category A, place the amount on line 2101 for financing accounts and 2001 for liquidating accounts. If defaults were apportioned in Category B, place it on lines 2102 for financing accounts and 2002 for liquidating accounts in the appropriate category; and
- Include the amount as payable to the private lender on lines 3010, Obligations incurred: unexpired accounts and 3050, Unpaid obligations, EOY.

When you disburse a payment for a loan guarantee default claim:

- Include the payment on lines 3020, Financing disbursements (gross) (–), and 4110, Total financing disbursements, gross (mand.); and
- Reduce the amounts payable on line 3050 by the amount reported on lines 3020 and 4110.

185.29 What should I do with unobligated balances in the liquidating account?

You must transfer any unobligated balance remaining at the end of the fiscal year to the general fund unless OMB has approved an extension. Include this transfer on line 1022, Capital transfer of unobligated balances to general fund (–) and line 1820, Capital transfer of spending authority from offsetting collections to general fund (mand.) (–). Additionally, unobligated balances may be applied to repay debt using line 1023, Unobligated balances applied to repay debt (–) and line 1825, Spending authority from offsetting collections applied to repay debt (mand.) (–).

Amounts credited to liquidating accounts in any year are available only for obligations that are incurred in that year and repaying debt owed to the Treasury (including the FFB).

185.30 How do I report modifications of post–1991 direct loans and loan guarantees?

A modification results in a subsidy cost increase or decrease which must be recorded on the SF 133 as follows:

If Modification...	Then...
Increases cost	In the program account, include: • The increase on lines 2001-2002 and 3010, Obligations incurred; Unexpired accounts. If the resources for subsidy cost were apportioned in Category A, include the amount on line 2001. If the resources were apportioned in Category B, include the amount on lines 2002 in the appropriate category; and • The payment to the financing account on lines 3020, Outlays (gross) (–) and 4020, Total outlays, gross (disc.). Note: You cannot incur subsidy cost obligations for modifications unless budgetary resources are available in the program account and have been apportioned for modifications.

If Modification...	Then...
	In the financing account, include: • The collection from the program account on lines 1800, Spending authority from offsetting collections (mand.): Collected and 4120, Offsetting collections from Federal sources (mand.). Credit this amount to the cohort and risk category of the modified loan. Decrease the estimated collection on line 1840, Anticipated collections, if appropriate; • For a direct loan modification, use these amounts to pay interest and other expenses and to repay debt owed to Treasury; and • For a loan guarantee modification, use these amounts as needed to pay default claims and other expenses. Remaining balances will be held as uninvested balances with Treasury and will earn interest at the same rate as is paid on other funds held by the financing account for the same cohort.
Decreases cost	In the financing account include: • The estimated decrease on lines 2001-2002, Obligations incurred and 3010, Obligations incurred: unexpired accounts. If the resources for the subsidy cost were apportioned in Category A, include the amount on line 2001. If the resources were apportioned in Category B, include the amount on line 2002 in the appropriate category); and • The payment of the amount transferred to the appropriate account on lines 3020, Financing disbursements (gross) (–) and 4110, Total financing disbursements, gross (mand.). Include the collection in a negative subsidy receipt account.

For additional transactions, see section 185.7(b).

185.31 How do I report modifications of pre–1992 direct loans and loan guarantees?

You estimate and account for the increase or decrease in cost in the same way as modifications of post-1991 loans. In addition to the steps enumerated in section 185.30, normally you must transfer the direct loan assets or loan guarantee liabilities to be modified from the liquidating account to the financing account. As part of the transfer, you must make a payment from the financing account to the liquidating account, in the case of direct loans, or from the liquidating account to the financing account, in the case of loan guarantees. In exceptional cases, subject to the approval of the OMB representative with responsibility for the credit program, the modified loans may be retained in the liquidating account. In each case, fill out the budget execution report as follows:

If Asset or Liability will be…	Then...
Transferred to the financing account	For direct loans, report an obligation in the financing account that is equal to the payment amount on lines 3010, Obligations incurred: Unexpired accounts and 2102, Reimbursable obligations, Category B, and a disbursement in the same amount on line 3020, Financing disbursements (gross) (–) and 4010/4011, Financing disbursements from new discretionary authority / Financing disbursements from discretionary balances. Include the receipt of the payment in the liquidating account on line 1800, Spending authority from offsetting collections, collected (mand) and 4033, Offsetting collections from non-Federal sources. For loan guarantees, include the obligation and outlay in the liquidating account and the offsetting collection in the financing account.

If Asset or Liability will be…	Then...
Retained by the liquidating account	Where the modification increases the cost: • For the program account, report an obligation for the appropriate subsidy cost amount on lines 3010, Obligations incurred: unexpired accounts and 2102, Obligations incurred, Category B, Modifications and an outlay in the same amount on lines 3020, Outlays (gross) (–) and 4010/4011, Outlays from new discretionary authority / Outlays from discretionary balances. • For the financing account, include the corresponding transaction on lines 1800, Spending authority from offsetting collections (mand.): Collected, 4120, Offsetting collections from: Federal sources (mand.) and obligation on lines 2000 and 3010, and a disbursement on lines 3020 and 4110. For the liquidating account, include the payment on lines 1800, Spending authority from offsetting collections (mand.): collected and 4120, Offsetting collections from Federal sources (mand.). • This payment compensates this account for the reduction in its assets (direct loan) or its increased liability (loan guarantee). Where the modification decreases the cost: • For the liquidating account, include permanent indefinite authority to make the payment to the financing account on line 1200, Appropriation (mand.). • For the financing account, include this receipt on lines 1800, Collected (mand.) and 4120, Offsetting collections from: Federal sources (mand.) and include the subsequent payment to the negative subsidy receipt account on lines 3020, Financing disbursements (gross) (–) and 4110, Total financing disbursements, gross (mand.).

See section 185.7 for additional discussion about modification transactions.

185.32 Why do financing accounts borrow from Treasury?

The FCRA provides indefinite borrowing authority to financing accounts to fund the unsubsidized portion of direct loans and to satisfy obligations in the event the financing account's resources are insufficient. For direct loan financing accounts, each loan disbursement is financed by the subsidy cost payment from the program account, fees where applicable, and borrowing from Treasury. The financing account makes a single borrowing from Treasury at the beginning of each fiscal year for each cohort based on the estimated net loan disbursements for the cohort in that fiscal year. For loans financed through the FFB (FFB-financed loans), the financing account effectively borrows the full face value of the loans made to the public.

For loan guarantees, the financing account may borrow from Treasury when balances in the financing account are insufficient to pay claims. These borrowings generally occur on an as-needed basis.

If a direct loan or loan guarantee program or risk category generates negative subsidy cost, the financing account must borrow from Treasury to cover the payment to the negative subsidy receipt account. For FFB-financed loans with negative subsidy costs, borrowing for negative subsidy or other obligations in excess of financing account resources is through the Fiscal Service, as with any other direct loans or loan guarantees.

For intragovernmental transactions, all borrowing, including amounts treated as financing account lending by the FFB, but excluding amounts borrowed for financing account interest, is dated October 1 regardless of whether it is the original amount borrowed at the beginning of the year or a supplementary amount borrowed later in the year. As a result of treating the entire amount as a single borrowing, net interest expense is not affected by whether all borrowed funds were disbursed or whether the original borrowing had to be supplemented later in the year (see 185.33).

You may only carry forward obligated indefinite borrowing authority into the next fiscal year. At the end of each fiscal year, you must return unobligated indefinite borrowing authority or make an adjustment during the GTAS year-end preliminary or revision windows.

Specifically, if the indefinite borrowing authority is apportioned and exercised in a given fiscal year, the indefinite borrowing authority must be recorded as borrowing authority applied to repay debt if cash resulting from exercise of the borrowing authority is unobligated as of September 30th in the same fiscal year. If the exercised but unobligated indefinite borrowing authority is not recorded as borrowing authority applied to repay debt as of September 30th in the same fiscal year, then show the amount as a negative amount on line 1020, Adjustment to unobligated balance brought forward, October 1 (+ or –) in the subsequent fiscal year.

If the indefinite borrowing authority is apportioned and is not exercised in a given fiscal year, the indefinite borrowing authority must be recorded as decrease to the borrowing authority if it is unobligated as of September 30th in the same fiscal year. If the indefinite borrowing authority is not recorded as an adjustment to borrowing authority as of September 30th in the same fiscal year, then show the amount as a negative amount on line 1020, Adjustment to unobligated balance brought forward, October 1 (+ or –) in the subsequent fiscal year.

185.33 Why do financing accounts earn interest?

The basic purpose of a guaranteed loan financing account is to accumulate funds to finance future default costs. Subsidy cost payments to the account, fees collected, and other collections are retained in the financing account as an uninvested balance and earn interest at the same rate as the discount rate used to calculate the subsidy cost. The subsidy cost payments, fees, other collections, and interest earnings will be sufficient to finance the net default costs if the initial estimate of subsidy cost is correct.

In direct loan financing accounts, undisbursed Treasury borrowings, including amounts treated as financing account lending by the FFB, earn interest at the same rate as the financing account pays on its debt owed to Treasury so that borrowing from Treasury for subsequent disbursements during the year does not have any effect on the results of operations or net financial position of the financing account.

185.34 Who calculates interest expense and income?

You do, using the guidance and Credit Subsidy Calculator 2 provided by OMB. Staff at the Fiscal Service may also perform the calculations to ensure agreement between Treasury and your agency. For amounts treated as financing account lending by the FFB, please contact the OMB representative with primary responsibility for the program to ensure correct treatment of interest expense and income.

185.35 When do I calculate interest expense and income?

You must make the calculations to provide an estimate for the initial apportionment request. You also will make these calculations again at the end of the year based on actual data to determine the payment amounts. Financing account interest adjustments are calculated by the Credit Subsidy Calculator 2 with the reestimate and interest on reestimate.

185.36 What interest rate do I use to calculate interest expense and income?

The FCRA requires that the rates for discounting cash flows, financing account borrowing (including amounts treated as financing account lending by the FFB), and financing account interest earnings be identical and based on the Treasury rates in effect during the period of loan disbursement. The correct discount rates for generating the cohort interest rate are provided for you in the Credit Subsidy Calculator 2 (the Calculator), available from the OMB representative with the primary responsibility for the account. For cohorts before 2001, the Calculator will generate a disbursement-weighted average discount rate (DWADR). For cohorts 2001 and after, the Calculator will generate a single effective rate (SER). The cohort interest rate (whether DWADR or SER) is used for both technical reestimates and calculating financing account interest expense and income. Cohort interest rates reflect budget estimate discount rates, until the final cohort rate is established from the first technical reestimate following the interest rate reestimate.

185.37 What are the interest expense requirements for amounts treated as lending to financing accounts by the Federal Financing Bank?

The requirements are the same as any other financing account borrowing, and have no impacts on the terms and conditions of the loan with the public, including the borrower's interest rate. Regardless of whether the FFB collects borrower payments, or the credit agency processes payments and separately repays principal and interest owed on financing account borrowing to the FFB, the FFB can only be credited with interest on amounts treated as financing account lending at the appropriate cohort discount rate and under the same terms as any other financing account borrowing. Likewise, to finance amounts treated as lending to financing accounts, the FFB must keep a matched book, borrowing the full principal amount from Fiscal Service on the same terms and conditions as the financing account borrowing from the FFB, including the cohort interest rate. This makes sure that all amounts collected from the public are appropriately credited to the financing account and reflected in the credit subsidy cost as required under the FCRA, and that the FFB bears no risk on the amounts treated as lending to financing accounts.

Program Account
Program and Financing Schedule (Schedule P)

Program and Financing (in millions of dollars)

		PY actual	CY est.	BY est.
OBLIGATIONS BY PROGRAM ACTIVITY:				
Credit program obligations:				
0701	Direct loan subsidy	23	26	20
0702	Loan guarantee subsidy	128	125	129
0705	Reestimates of direct loan subsidy	88	20	----
0706	Interest on reestimates of direct loan subsidy	29	35	----
0707	Reestimates of loan guarantee subsidy	----	----	----
0708	Interest on reestimates of loan guarantee subsidy	----	----	----
0709	Administrative expenses	48	49	55
0900	Total new obligations	316	255	204
BUDGETARY RESOURCES:				
Unobligated balance:				
1000	Unobligated balance, brought forward, October 1	23	140	172
Budget authority:				
Appropriation:				
Discretionary:				
1100	Appropriation	316	255	204
Nonexpenditure transfers:				
1121	Appropriations transferred from other accounts	----	----	----
Adjustments:				
1130	Appropriations permanently reduced	----	----	----
1160	Appropriation (total)	316	255	204
Mandatory:				
1200	Appropriation	117	55	0
1260	Appropriation (total)	117	55	0
1900	Budget authority total (discretionary and mandatory)	433	310	204
1930	Total budgetary resources available	456	450	376
Memorandum (non-add) entries:				
1940	Unobligated balances expiring	----	-23	----
1941	Unexpired unobligated balance, end of year	140	172	172
CHANGE IN OBLIGATED BALANCE:				
Obligated balance, start of year (net)				
3000	Unpaid obligations brought forward, October 1 (gross)	10	-109	-172
3020	Obligated balance, start of year (net)	10	-109	-172
Changes in obligated balance during the year:				
3100	Obligations incurred, unexpired accounts	316	255	204
3011	Obligations incurred, expired accounts	----	----	----
3020	Outlays (gross) (-)	-435	-318	-204
3040	Recoveries of prior year unpaid obligations, unexpired accounts	----	----	----
3041	Recoveries of prior year unpaid obligations, expired accounts	----	----	----
Obligated balance, end of year (net)				
3050	Unpaid obligations, end of year (gross)	-109	-172	-172
3200	Obligated balance, end of year (net)	-109	-172	-172
FINANCING AUTHORITY AND DISBURSEMENTS, NET:				
Discretionary:				
Gross budget authority and outlays:				
4000	Budget authority, gross	316	255	204
4010	Outlays from new discretionary authority	316	255	204
4011	Outlays from discretionary balances	2	8	----
4020	Total outlays, gross	318	263	204
4070	Budget authority, net (discretionary)	316	255	204
4080	Outlays, net (discretionary)	318	263	204
Mandatory:				
Gross budget authority and outlays:				
4090	Budget authority, gross	117	55	----
4100	Outlays from new mandatory authority	117	55	----
4110	Total outlays, gross	117	55	----
4160	Budget authority, net (mandatory)	117	55	----
4170	Outlays, net (mandatory)	117	55	----
Budget authority and outlays, net (total):				
4180	Budget authority, net (discretionary and mandatory)	433	310	204
4190	Outlays, net (discretionary and mandatory)	435	318	204

Subsidy and reestimate rates are automatically generated from CSR

You must use special line coding for lines 0701 - 0709. See section 185.10(a) for a complete list.

Shaded entries are automatically calculated by MAX.

The FCRA provides permanent authority to finance reestimates (line 1200). Show reestimates in PY and CY only.

Program Account

Summary of Loan Levels and Subsidy Data (Schedule U)

Summary of Loan Levels and Subsidy Data (in millions of dollars)

Identification code 73-1154-0-1-376		PY actual	CY est.	BY est.
	Direct loan levels supportable by subsidy budget authority:			
115001	Risk category A	500	500	500
115999	Total direct loan levels	500	500	500
	Direct loan subsidy (in percent):			
132001	Risk category B (+ or -)	4.57	5.23	4.03
132999	Weighted average subsidy rate	4.57	5.23	4.03
	Direct loan subsidy budget authority:			
133001	Risk category A (+ or -)	23	26	20
133999	Total subsidy budget authority	23	26	20
	Direct loan subsidy outlays:			
134001	Risk category A (+ or -)	23	26	10
134999	Total subsidy outlays	23	26	10
	Direct loan net reestimate:			
135001	Net reestimate (+ or -)	117	55	----
135999	Total direct loan reestimate	117	55	----
	Guaranteed loan levels supportable by subsidy budget authority:			
215001	Risk category B	3,000	3,000	3,000
215999	Total loan guarantee levels	3,000	3,000	3,000
	Guaranteed loan subsidy (in percent):			
232001	Risk category B (+ or -)	4.25	4.17	4.29
232999	Weighted average subsidy rate	2.93	0.35	0.26
	Guaranteed loan subsidy budget authority:			
233001	Risk category B (+ or -)	128	125	129
233999	Total subsidy budget authority	128	125	129
	Guaranteed loan subsidy outlays:			
234001	Risk category B (+ or -)	128	125	13
234999	Total subsidy outlays	128	125	13
	Guaranteed loan net reestimate:			
235001	Net reestimate (+ or -)	-4	-2	----
235999	Total guaranteed loan reestimate:	-4	-2	----

Shaded entries are automatically calculated by MAX.

Contact the OMB representative with primary responsibility for the account to add or modify risk categories.

Enter reestimate budget authority in the appropriate lines (1350xx, 1351xx, and 1352xx for direct loans, 2350xx, 2351xx, and 2352xx for loan guarantees).

For risk categories with negative subsidy, report lines as negative amounts (1320xx and 1340xx for direct loan risk categories, 2320xx through 2340xx for loan guarantee risk categories.)

Direct Loan Financing Account
Program and Financing Schedule (Schedule P)

Identification code 73-4148-0-3-376		PY actual	CY est.	BY est.
OBLIGATIONS BY PROGRAM ACTIVITY:				
Credit program obligations:				
0710	Direct loan obligations	500	500	500
0713	Payment of interest to Treasury	----	20	20
0742	Downward reestimate paid to receipt account	----	----	----
0743	Interest on downward reestimates	----	----	----
0900	Total new obligations	500	520	520
BUDGETARY RESOURCES:				
Unobligated balance:				
1000	Unobligated balance brought forward, October 1	----	----	----
1021	Recoveries of prior year unpaid obligations	----	----	----
1023	Unobligated balances applied to repay debt	----	----	----
1050	Unobligated balance (total)	----	----	----
New financing authority (gross)				
Borrowing authority:				
Mandatory:				
1400	Borrowing authority	478	494	500
1440	Borrowing authority (total)	478	494	500
Spending authority from offsetting collections:				
Mandatory:				
1800	Collected	275	352	426
1801	Change in uncollected customer payments from program account	----	----	----
1825	Spending authority from offsetting collections applied to repay debt	-253	-346	-426
1850	Spending authority from offsetting collections (total)	22	6	0
1900	Total new financing authority	500	500	500
1930	Total budgetary resources available (gross)	500	500	500
CHANGE IN OBLIGATED BALANCE:				
Obligated balance, start of year (net)				
3000	Unpaid obligations brought forward, October 1 (gross)	----	1	21
3060	Uncollected payments, Fed sources, brought forward Oct. 1	----	----	----
3100	Obligated balance, start of year (net)	----	1	21
Changes in obligated balance during the year:				
3010	Obligations incurred, unexpired accounts	501	520	520
3020	Total financing disbursements (gross)	-500	-500	-500
3070	Uncollected customer payments from program account	----	----	----
3040	Recoveries of prior year unpaid obligations, unexpired	----	----	----
Obligated balance, end of year (net)				
3050	Unpaid obligations, end of year (gross)	1	21	41
3090	Uncollected customer payments from program account	----	----	----
3200	Obligated balance, end of year (net)	1	21	41
FINANCING AUTHORITY AND DISBURSEMENTS, NET:				
Mandatory:				
Gross budget authority and outlays:				
4090	Budget authority, gross	500	500	500
4110	Total financing disbursements (gross)	500	500	500
Offsets agains gross budget authority and outlays:				
Offsetting collections (collected) from:				
	FEDERAL SOURCES			
4120	Payment from program account (-)	-23	-26	-20
4120	Upward reestimate (-)	-88	-20	----
4120	Interest on upward reestimate (-)	-29	-35	----
	NON-FEDERAL SOURCES			
4123	Repayments of principal, net (-)	-123	-247	-373
4123	Other income (-)	-12	-24	-33
4130	Offsets against gross budget authority and outlays (total)	-275	-352	-426
Additional offsets against gross budget authority only:				
4140	Change in uncollected customer payments from Federal sources, unexpired accounts	----	----	----
4150	Additional offsets against budget authority only (total)	----	----	----
4160	Budget authority, net (mandatory)	225	148	74
4170	Outlays, net (mandatory)	225	148	74
Budget authority and outlays, net (total):				
4180	Financing authority, net	225	148	74
4190	Financing disbursements, net	225	148	74

Shaded entries are automatically calculated by MAX.

You must use special coding for lines 0701-0709. See section 185.11(a) for a complete list.

Line 3050 is automatically copied from line 1801 but with the opposite sign. Update the line stub to be consistent with line 1801.

Line 4140 is automatically copied from line 1801 but with the opposite sign.

Direct Loan Financing Account
Status of Direct Loans (Schedule G)

Status of Direct Loans (in millions of dollars)

Identification code 73-4148-0-3-376		PY actual	CY est.	BY est.
	Position with respect to appropriations act limitation on obligation:			
1111	Direct loan obligations from current-year authority	500	500	500
1142	Unobligated direct loan limitations (-)	----	----	----
1150	Total direct loan obligations	500	500	500
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	----	377	630
	Disbursements:			
1231	Direct loan disbursements	500	500	500
1232	Purchase of loan assets from the public	----	----	----
1251	Repayments: Repayments and prepayments (-)	-123	-247	-373
1263	Write-offs for default: Direct loans (-)	----	----	----
1290	Outstanding, end of year	377	630	757

Shaded entries are automatically calculated by MAX.

Direct Loan Financing Account
Balance Sheet (Schedule F)

Balance Sheet (in millions of dollars)

Identification code 73-4148-0-3-376		PY-1 actual	PY actual
	ASSETS:		
	Federal assets:		
1101	Fund balances with Treasury	0	54
1106	Receivables, net	0	0
	Net value of assets related to post-1991 direct loans receivable:		
1401	Direct loans receivable, gross	0	377
1405	Allowance for subsidy cost (-)	0	-23
1499	Net present value of assets related to direct loans	0	354
1999	Total assets	0	408
	LIABILITIES		
	Federal liabilities:		
2103	Debt payable to Treasury	0	378
2999	Total liabilities	0	378
4999	Total liabilities and net position	0	378

Shaded entries are automatically calculated by MAX.

Line 1101 equals obligated and un-obligated balances.

See Section 86.1 for detailed information about balance sheets.

Line 1106 includes only undisbursed upward reestimates and interest on such reestimates. Do not report amounts for CY or BY. Do not include undisbursed subsidy from the program account even if it has been obligated.

Include undisbursed downward reestimates and interest on such reestimates on line 2101.

The financing account is designed to break even and thus have a zero results of operation.

Guaranteed Loan Financing Account
Program and Financing Schedule (Schedule P)

Identification code 73-4149-0-3-376		PY actual	CY est.	BY est.
OBLIGATIONS BY PROGRAM ACTIVITY:				
Credit program obligations:				
0711	Default claim payments on principal	73	72	72
0712	Default claim payments on interest	27	31	31
0742	Downward reestimate paid to receipt account	3	1	----
0743	Interest on downward reestimates	1	1	----
0900	Total new obligations	104	105	103
BUDGETARY RESOURCES:				
Unobligated balance:				
1000	Unobligated balance brought forward, October 1	100	278	376
New financing authority (gross)				
Borrowing Authority:				
Mandatory:				
1400	Borrowing authority	----	----	----
Spending authority from offsetting collections:				
Mandatory:				
1800	Collected (mandatory)	282	318	323
1825	Spending authority from offsetting collections applied to repay debt	----	-115	----
1850	Spending authority from offsetting collections (total)	282	203	323
1900	Total new financing authority	282	203	323
1930	Total budgetary resources available (gross)	382	481	699
Memorandum (non-add) entries:				
1941	Unexpired unobligated balances, end of year	278	376	----
CHANGE IN OBLIGATED BALANCE:				
Obligated balance, start of year (net)				
3000	Unpaid obligations brought forward, October 1 (gross)	----	----	----
3060	Uncollected payments, Fed sources, brought forward, Oct 1	----	----	----
3100	Obligated balance, start of year (net)	----	----	----
Changes in obligated balance during the year:				
3010	Obligations incurred, unexpired accounts	104	105	103
3020	Total financing disbursements (gross)	-252	-333	-331
Obligated balance, end of year (net)				
3050	Unpaid obligations, end of year (gross)	----	----	----
3090	Uncollected customer payments from program account	----	----	----
3200	Obligated balance, end of year (net)	----	----	----
FINANCING AUTHORITY AND DISBURSEMENTS, NET:				
Mandatory:				
Gross budget authority and outlays:				
4090	Budget authority, gross	282	203	323
4110	Total financing disbursements (mandatory)	252	333	331
Offsets against gross budget authority and outlays:				
Offsetting collections (collected) from:				
	FEDERAL SOURCES			
4120	Payment from program account	-128	-125	-129
4122	Interest on uninvested funds	----	-2	-1
	NON-FEDERAL SOURCES			
4123	Fees	-30	-30	-30
4123	Recoveries	-124	-165	-165
4130	Offsets against gross budget authority and outlays (total)	-282	-322	-325
Additional offsets against gross budget authority only:				
4140	Uncollected customer payments from program account	----	----	----
4160	Financing authority, net (mandatory)	----	-115	8
4170	Financing disbursements, net (mandatory)	-30	15	6
Budget authority and outlays, net (total):				
4180	Financing authority, net	0	-115	8
4190	Financing disbursements, net	-30	15	6

Shaded entries are automatically calculated by MAX.

Line 3050 is automatically copied from line 1801 but with the opposite sign. Update the line stub to be consistent with 1801.

Line 4140 is automatically copied from line 3050 but will appear in the Budget Appendix with the opposite sign.

Guaranteed Loan Financing Account
Status of Guaranteed Loans (Schedule H)

Status of Guaranteed Loans (in millions of dollars)

Identification code 73-4149-0-3-376		PY actual	CY est.	BY est.
	Position with respect to appropriations act limitation on commitments:			
2111	Guaranteed loan commitments from current-year authority	3,000	3,000	3,000
2150	Total guaranteed loan commitments	3,000	3,000	3,000
	Memorandum:			
2199	Guaranteed amount of guaranteed loan commitments	3,000	3,000	3,000
	Cumulative balance of guaranteed loans outstanding:			
2210	Outstanding, start of year	5,821	7,763	9,691
2231	Disbursements of new guaranteed loans	3,000	3,000	3,000
2251	Repayments and prepayments	-985	-1,000	-1,000
	Adjustments			
2261	Terminations for default that result in loans receivable	-48	-50	-50
2263	Terminations for default that result in claim payments	-25	-22	-22
2290	Outstanding, end of year	7,763	9,691	11,619
	Memorandum:			
2299	Guaranteed amount of guaranteed loans outstanding, end of year	5,821	7,326	8,804
	Addendum:			
	Cumulative balance of defaulted guaranteed loans that result in loans receivable			
2310	Outstanding, start of year	3,450	4,866	5,718
2331	Disbursements for guaranteed loan claims	1,452	980	980
2351	Repayments of loans receivable	-24	-48	-48
2361	Write-offs of loans receivable	-68	-80	-80
2364	Other adjustments, net	56	----	----
2390	Outstanding, end of year	4,866	5,718	6,570

Shaded entries are automatically calculated by MAX.

Include line 2111 even if the value is zero.

Line 2199 is required even if the value is the same as line 2150.

Guaranteed Loan Financing Account
Balance Sheet (Schedule F)

Balance Sheet (in millions of dollars)

Identification code 73-4149-0-3-376		PY-1 actual	PY actual
	ASSETS:		
	Federal assets:		
1101	Fund balances with Treasury	165	130
1106	Receivables, net	1,674	1,521
1206	Non-Federal assets: Receivables, net	7	11
	Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable:		
1501	Defaulted guaranteed loans receivable	6,426	8,396
1504	Foreclosed property	2	12
1505	Allowance for subsidy cost (-)	-4,342	-6,204
1599	Net present value of assets related to defaulted guaranteed loans	2,086	2,204
1999	Total assets	3,932	3,866
	LIABILITIES		
	Federal liabilities:		
2101	Accounts Payable	50	123
2103	Debt	1,692	1,409
2105	Other	2	6
	Non-Federal liabilities:		
2201	Accounts Payable	265	354
2204	Liabilities for loan guarantees	1,923	1,974
2999	Total liabilities	3,932	3,866
	NET POSITION		
4999	Total liabilities and net position	3,932	3,866

Shaded entries are automatically calculated by MAX.

Line 1101 equals obligated and unobligated balances.

Line 1106 includes only undisbursed upward reestimates and interest on such reestimates. Do not report amounts for CY or BY. Do not include undisbursed subsidy from the program account even if it has been obligated.

Include undisbursed downward reestimates and interest on such estimates on line 2101.

See section 86.2 for detailed information about balance sheets.

The financing account is designed to break even and thus have a zero results of operation.

Liquidating Account
Program and Financing Schedule (Schedule P)

Identification code 73-4154-0-3-376		PY actual	CY est.	BY est.
OBLIGATIONS BY PROGRAM ACTIVITY:				
Credit program obligations:				
0005	Guaranteed loan default claims	1	1	1
0709	Administrative expenses	2	1	1
0711	Default claim payments on principal	1	0	0
0791	Direct program activities, subtotal	3	1	1
0900	Total new obligations	4	2	2
BUDGETARY RESOURCES:				
Unobligated balance:				
1000	Unobligated balance, brought forward, October 1	6	5	0
1022	Capital transfer of unobligated balances to general fund	-6	-5	----
1050	Unobligated balance (total)	0	0	0
New financing authority (gross)				
Budget Authority:				
Mandatory:				
1200	Appropriation (mandatory)	2	2	1
Spending authority from offsetting collections:				
Mandatory:				
1800	Collected (mandatory)	10	6	4
1820	Capital transfer of spending authority to general fund	----	-5	-2
1825	Spending authority from offsetting collections applied to repay debt	-3	-1	-1
1850	Spending authority from offsetting collections (total)	7	----	1
1900	Budget authority (discretionary and mandatory)	9	2	2
1930	Total budgetary resources available	9	2	2
CHANGE IN OBLIGATED BALANCE:				
Obligated balance, start of year (net)				
3000	Unpaid obligations brought forward, October 1 (gross)	3	3	5
3100	Obligated balance, start of year (net)	3	3	5
Changes in obligated balance during the year:				
3010	Obligations incurred, unexpired accounts	4	2	2
3020	Outlays (gross)	-4	----	-1
Obligated balance, end of year (net)				
3050	Unpaid obligations, end of year (gross)	3	5	6
3200	Obligated balance, end of year (net)	3	5	6
FINANCING AUTHORITY AND DISBURSEMENTS, NET:				
Mandatory:				
Gross budget authority and outlays:				
4090	Mandatory budget authority, gross	9	2	2
4100	Outlays from new mandatory authority	4	0	1
4110	Total outlays, gross	4	0 #	1
Offsets against gross budget authority and outlays:				
Offsetting collections (collected) from:				
	NON-FEDERAL SOURCES			
4123	Principal	-10	-6	-4
4130	Offsets against gross budget authority and outlays (total)	-10	-6	-4
4160	Budget authority, net (mandatory)	-1	-4	-2
4170	Outlays, net (mandatory)	-6	-6	-3
Budget authority and outlays, net (total):				
4180	Budget authority, net	-1	-4	-2
4190	Outlays, net	-6	-6	-3

Shaded entries are automatically calculated by MAX.

There should be no unobligated balance (line 1000) unless an extension has been approved by OMB. Excess amounts should be used to repay debt or transferred to the general fund.

Liquidating Account
Status of Direct Loans (Schedule G)

Status of Direct Loans (in millions of dollars)

Identification code 73-4154-0-3-376		PY actual	CY est.	BY est.
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	25	21	16
1251	Repayments and prepayments	----	-1	-1
	Write-offs for default:			
1263	Direct loans	-2	-2	-2
1264	Other adjustments, net (+ or -)	-2	-2	-1
1290	Outstanding, end of year	21	16	12

Shaded entries are automatically calculated by MAX.

For liquidating accounts, do not use lines 1111-1150. Most liquidating accounts should not use line 1231. Liquidating accounts should not use schedule Y lines 6200 or 6300 (net financing disbursements).

Liquidating Account
Status of Guaranteed Loans (Schedule H)

Status of Guaranteed Loans (in millions of dollars)

Identification code 73-4154-0-3-376		PY actual	CY est.	BY est.
	Cumulative balance of guaranteed loans outstanding:			
2210	Outstanding, start of year	74	52	33
2251	Repayments and prepayments	-20	-18	-15
	Adjustments:			
2263	Terminations for default that result in claim payments	-2	-1	-1
2290	Outstanding, end of year	52	33	17
	Memorandum:			
2299	Guaranteed amount of guaranteed loans outstanding, end of year	43	18	10
	Addendum:			
	Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310	Outstanding, start of year	45	42	29
2331	Disbursements for guaranteed loan claims	----	1	1
2361	Write-offs of loans receivable	-7	-14	-14
2364	Other adjustments, net	4	----	----
2390	Outstanding, end of year	42	29	16

Shaded entries are automatically calculated by MAX.

For liquidating accounts, do not use lines 2111-2150 or 6300. Most liquidating accounts should not use line 2231. Liquidating accounts should not use schedule Y lines 6200 or 6300 (net financing disbursements).

Liquidating Account
Balance Sheet (Schedule F)

Balance Sheet (in millions of dollars)

Identification code 73-4154-0-3-376		PY-1 actual	PY actual
	ASSETS:		
	Federal assets:		
1101	Fund balances with Treasury	8	8
	Non-Federal Assets		
1206	Receivables, net	3	3
	Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:		
1601	Direct loans, gross	25	21
1603	Allowance for estimated uncollectible loans and interest (-)	-1	----
1604	Direct loans and interest receiveable, net	24	21
1699	Value of assets related to direct loans	24	21
1701	Defaulted guaranteed loans, gross	45	42
1703	Allowance for estimated uncollectible loans and interest (-)	-23	-24
1799	Value of assets related to loan guarantees	22	18
1901	Other Federal assets: Other assets	7	6
1999	Total assets	64	56
	LIABILITIES		
	Federal liabilities:		
2101	Accounts payable	1	1
2103	Debt to the FFB	6	2
2104	Resources payable to Treasury	55	50
	Non-Federal liabilities:		
2201	Accounts payable	1	2
2207	Other liabilities	1	1
2999	Total liabilities	64	56
	NET POSITION		
4999	Total liabilities and net position	64	56

Shaded entries are automatically calculated by MAX.

See section 86.2 for detailed information

Standard Appropriations Language

Subsidy cost of the direct loan program

Subsidy cost of the loan guarantee program

For the cost of direct loans, $20,000,000, and for the cost of loan guarantees, $129,000,000, as authorized by 7 U.S.C. 999: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed $500,000,000 and total loan principal, any part of which is to be guaranteed, not to exceed $3,000,000,000. In addition, for administrative expenses to carry out direct and loan guarantee programs, $55,000,000.

Authorizing statute

Limitation on direct loan program

Limitation on loan guarantee program

Administrative expenses

Please see section 95.7 for more information on appropriations language for credit programs.

Initial Apportionment
Program Account
Funds Provided by Public Law XXX-XXX

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

Line No.	Line Split	Bureau / Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote
		Department of Government						
		Bureau: Office of the Secretary						
		Account : Credit Program Account (003-04-0138)						
		TAFS: 80-0138 /2011						
Rprt Cat	NO	Reporting Categories						
AdjAuth	NO	Adjustment Authority provided						
1100		BA: Disc: Appropriation……………………………………			18,530,000			
1920		**Total budgetary resources avail (disc. and mand.)**			18,530,000			
6011		Direct loan subsidy………………………………………			11,530,000			
6012		Guaranteed loan subsidy……………………………………			6,000,000			
6013		Administrative expenses……………………………………			1,000,000			
6190		**Total budgetary resources available**			18,530,000			

Subsidy ($11,530,000 + $6,000,000) + administrative expenses ($1,000,000).

These two entries must be equal.

Approval By:________________________

Approval On:________________________

NOTE. Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriation for this account is apportioned for the purpose of paying legitimate obligations related to canceled accounts.

Initial Apportionment
Direct Loan Financing Account
Funds Provided by Public Law XXX-XXX

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

	Line No.	Line Split	Bureau / Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote
			Department of Government						
			Bureau: Office of the Secretary						
			Account : Direct Loan Financing Account (003-04-4147)						
			TAFS 80-4147 /X						
	Rprt Cat	NO	Reporting Categories						
	AdjAuth	NO	Adjustment Authority provided						
	1400		BA: Mand: Borrowing authority..			88,470,000			
	1840		BA: Mand: Spending auth: Antic colls, reimbs, other……………………………………			21,773,000			
	1842		BA: Mand: Spending auth: Antic cap tran, red debt..			-8,562,750			
	1920		**Total budgetary resources avail (disc. and mand.)**			101,680,250			
	6001		First quarter..			25,000,000			
	6002		Second quarter...			25,000,000			
	6003		Third quarter..			25,000,000			
	6004		Fourth quarter...			25,000,000			
	6011		Interest paid to Treasury...			1,680,250			
	6190		**Total budgetary resources available**			101,680,250			

Direct loan limitation ($100,000,000) minus subsidy ($11,530,000).

Subsidy from the program account ($11,530,000) + repayments from borrower ($10,243,000). 100% of the subsidy is recorded because the spending plan assumes that all loans will be obligated in the first year.

Anticipated principal repayments to Treasury.

These two entries must be equal.

Approval By:________________________

Approval On:________________________

NOTE. Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriation for this account is apportioned for the purpose of paying legitimate obligations related to canceled accounts.

Initial Apportionment
Guaranteed Loan Financing Account
Funds Provided by Public Law XXX-XXX

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

Line No.	Line Split	Bureau / Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote
		Department of Government						
		Bureau: Office of the Secretary						
		Account: Guaranteed Loan Financing Account (003-04-4148)						
		TAFS 80-4148 /X						
Rprt Cat	NO	Reporting Categories						
AdjAuth	NO	Adjustment Authority provided						
1840		BA: Mand: Spending auth:Antic colls, reimbs, other………….			6,360,000		Subsidy from the program account ($6,000,000) + interest from Treasury ($360,000).	
1920		**Total budgetary resources avail (disc. and mand.)**			6,360,000		These two entries must be equal.	
6182		Budgetary Resources: Unappor bal, revolving fnd……....……			6,360,000			
6190		**Total budgetary resources available**		`	6,360,000			
8100		Program Level, Current Year………………			70,000,000		Limitation on loan guarantees.	
8200		Program Level, Unused from prior years…..…	Lines 8100 and 8200 are only used on the SF 132 for guaranteed loan financing accounts.					
8201		Application, Category A, First quarter…………………….……..						
8202		Application, Category A, Second quarter…………………...….						
8203		Application, Category A, Third quarter……………………..……						
8204		Application, Category A, Fourth quarter………………………						
8211		Category B: Guaranteed loan program………….………………			70,000,000			

Application, Category A, First quarter
Approval By:_______________________

Approval On:_______________________

NOTE. Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriation for this account is apportioned for the purpose of paying legitimate obligations related to canceled accounts.

Reapportionment for Modification
Program Account
Funds Provided by Public Law XXX-XXX

Line No.	Line Split	Bureau / Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote
		Department of Government						
		Bureau: Office of the Secretary						
		Account : Credit Program Account (003-04-0138)						
		TAFS: 80-0138 /2011						
Rprt Cat	NO	Reporting Categories						
AdjAuth	NO	Adjustment Authority provided						
1100		BA: Disc: Appropriation…………………	18,530,000		19,530,000			
1920		**Total budgetary resources (disc. and mand.)**	18,530,000		19,530,000			
6011		Direct loan subsidy………………………………………………	11,530,000		11,530,000			
6012		Guaranteed loan subsidy………………………………………	6,000,000		6,000,000			
6013		Administrative expenses………………………………………	1,000,000		1,000,000			
6014		Direct loan modification……………………………………			1,000,000			
6190		**Total budgetary resources available**	18,530,000		19,530,000			

If your current apportionment does not provide budgetary resources to cover the modification cost, you must submit a reapportionment.

Subsidy ($11,530,000 + $6,000,000) + modification ($1,000,000) + administrative expenses ($1,000,000).

Budgetary resources for modifications must be apportioned in advance.

These two entries must be equal.

Approval By:________________________

Approval On:________________________

NOTE. Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriation for this account is apportioned for the purpose of paying legitimate obligations related to canceled accounts.

Reapportionment for Upward Reestimate
Program Account
Funds Provided by Public Law XXX-XXX

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

Line No.	Line Split	Bureau / Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote
		Department of Government						
		Bureau: Office of the Secretary						
		Account : Credit Program Account (003-04-0138)						
		TAFS: 80-0138 /2011						
Rprt Cat	NO	Reporting Categories						
AdjAuth	NO	Adjustment Authority provided						
1200		BA: Mand: Appropriation…………	18,530,000		18,530,000			
1250		BA: Mand: Anticipated appropriation…………			1,000,000			
1920		**Total budgetary resources avail (disc. and mand.)**	18,530,000		19,530,000			
6011		Direct loan subsidy…………	11,530,000		11,530,000			
6012		Guaranteed loan subsidy…………	6,000,000		6,000,000			
6013		Administrative expenses…………	1,000,000		1,000,000			
6014		Reestimate…………			1,000,000			
6190		**Total budgetary resources available**	18,530,000		19,530,000			

Until indefinite appropriations are warranted, include them on line 1250. On subsequent apportionments, include the warranted amounts on line 1200 (see line description of indefinite appropriation).

If your current apportionment does not provide budgetary resources to cover the upward reestimate, you must submit a reapportionment requesting permanent indefinite authority to cover upward reestimate of $1,000,000.

Budgetary resources for upward reestimate.

These two entries must be equal.

Approval By:________________________

Approval On:________________________

NOTE. Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriation for this account is apportioned for the purpose of paying legitimate obligations related to canceled accounts.

Reapportionment for Downward Reestimate
Direct Loan Financing Account
Funds Provided by Public Law XXX-XXX

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

Line No.	Line Split	Bureau / Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote
		Department of Government						
		Bureau: Office of the Secretary						
		Account : Direct Loan Financing Account (003-04-4147)						
		TAFS 80-4147 /X						
Rprt Cat	NO	Reporting Categories						
AdjAuth	NO	Adjustment Authority provided						
1400		BA: Mand: Borrowing authority…………………………………	88,470,000		88,470,000			
1800		BA: Mand: Spending auth: Collected (mand.)…………………	21,773,000		22,773,000			
1825		BA: Mand: Spending auth: Applied to repay debt………….....	-8,562,750		-8,562,750			
1920		**Total budgetary resources avail (disc. and mand.)**	101,680,250		102,680,250			
6001		First quarter…………………………………………………	25,000,000		25,000,000			
6002		Second quarter………………………………………………	25,000,000		25,000,000			
6003		Third quarter…………………………………………………	25,000,000		25,000,000			
6004		Fourth quarter………………………………………………	25,000,000		25,000,000			
6011		Interest paid to Treasury………………………... …………	1,680,250		1,680,250			
6012		To receipt account……………………………………………			1,000,000			
6190		**Total budgetary resources available**	101,680,250		102,680,250			

Direct loan limitation ($100,000,000) minus subsidy ($11,530,000).

Direct loan limitation ($100,000,000) minus subsidy ($11,530,000).

$1,000,000 more was collected from borrowers than estimated.

If your current apportionment does not address the downward reestimate, you must submit a reapportionment.

Use 1825 (actual) and 1842 (anticipated) to show principal repayments to Treasury.

These two entries must be

Downward reestimates are obligated and disbursed to the receipt account.

Approval By:________________________

Approval On:________________________

NOTE. Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriation for this account is apportioned for the purpose of paying legitimate obligations related to canceled accounts.

Apportionment for Liquidating Account

FY 20xx Apportionment
Funds provided by Public Law XXX-XXX

Line No.	Line Split	Bureau / Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote
		Department of Government **Bureau: Office of the Secretary** **Account : Liquidating Account (003-04-4147)** **TAFS 80-4147 /X**						
IterNo	1	Last Approved Apportionment: N/A, First Request of year						
Rprt Cat	NO	Reporting Categories						
AdjAut	NO	Adjustment Authority provided						
1250		BA: Mand: Anticipated appropriation			1,000,000			
1800		BA: Mand: Spending auth: Collected (mand.)			4,000,000			
1820		BA: Mand: Cap trans of spending authority from offsetting collections to general fund (-)			-2,000,000		Repay debt ($1,000,000) and balances swept to Treasury ($1,000,000).	
1825		BA: Mand: Spending auth: Applied to repay debt			-1,000,000		Use 1825 (actual) and 1842 (anticipated) to show principal repayments to Treasury.	
1920		**Total budgetary resources avail (disc. and mand.)**			2,000,000			
6001		First quarter						
6002		Second quarter					These two entries must be equal.	
6003		Third quarter						
6004		Fourth quarter						
6011		Payment on Default Loans			1,000,000			
6012		Administrative Expenses			1,000,000			
6190		**Total budgetary resources available**			2,000,000			

End of First Quarter: Program Account
Report on Budget Execution

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Period ended 12/31/CY

AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL			
BUREAU: Office of the Secretary	Credit Program Account			
	Unexpired			
BUDGETARY RESOURCES				
1100 BA: Disc: Appropriation (disc.)…………………………	18,530,000			
1900 Budget authority total (disc. and mand.)........................	18,530,000			
1910 Total budgetary resources (disc. and mand.)...........	**18,530,000**			
STATUS OF BUDGETARY RESOURCES				
2002 Direct loan subsidy…………………………….........	2,882,500			
2002 Guaranteed loan subsidy…...……………………………	1,500,000			
2002 Administrative expenses…………………………………	250,000			
2201 Unob Bal: Apportioned: Avail in the current period..........	13,897,500			
2500 Total budgetary resources…….…………...…………	18,530,000			
CHANGE IN OBLIGATED BALANCES				
3000 Ob Bal: SOY: Unpaid obs brought forwd, Oct 1 gross.....	0			
3030 Ob Bal: Obligations incurred: Unexpired accounts...........	4,632,500			
3040 Ob Bal: Outlays (gross)...	3,756,000			
3090 Ob Bal: EOY: Unpaid obligations (gross).......................	876,500			
3100 Obligated balance, end of year (net)........................	**876,500**			
BUDGET AUTHORITY AND OUTLAYS, NET				
4000 Disc: Budget authority, gross...	18,530,000			
4010 Disc: Outlays from new authority..................................	3,756,000			
4020 Disc: Total outlays, gross...	3,756,000			
4070 Disc: Budget authority, net...	18,530,000			
4080 Disc: Outlays, net...	3,756,000			
4180 Budget authority, net (disc. and mand.)...................	**18,530,000**			
4190 Outlays, net (disc. and mand.)..................................	**3,756,000**			

The appropriations becoming available on or after October 1 of the fiscal year. In this case, it is composed of direct loan subsidy ($11,530,000) + guaranteed loan subsidy ($6,000,000) + administrative expenses ($1,000,000).

25% of the total direct and guaranteed loan subsidy has been obligated.

25% of the total administrative expenses has been obligated.

Amount apportioned under Category B of the latest SF 132 ($18,530,000) minus the total obligations incurred above ($4,632,500).

Loan subsidy obligated but not yet disbursed.

Loan subsidy and administrative cost obligated and disbursed.

Note: Exhibit 185U illustrates the End of First Quarter SF 133 report for this account. Exhibits 185V amd 185W show the related end of First Quarter Direct Loan and Guaranteed Loan Financing accounts, respectively.

End of First Quarter: Direct Loan Financing Account
Report on Budget Execution

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Fiscal Year CY

AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL
BUREAU: Office of the Secretary	Direct Loan Financing Account
	Unexpired

		Unexpired
BUDGETARY RESOURCES		
1400	BA: Mand: Borrowing authority………………………………………	88,470,000
1800	BA: Mand: Spending auth: Collected………………………………	2,306,000
1801	BA: Mand: Spending auth: Chng uncoll paymt Fed src………….....	576,500
1825	BA: Mand: Spending auth: Applied to repay debt………............	-8,562,750
1840	BA: Mand: Spending auth:Antic colls, reimbs, other advance………	18,890,500
1850	BA: Mand: Spending auth: Total……………………....................	13,210,250
1910	**Total budgetary resources (disc. and mand.)……………..………**	**101,680,250**
STATUS OF BUDGETARY RESOURCES		
2001	Direct obs incurred: Category A (by quarter)……..……………………	25,000,000
2002	Interest payment to Treasury……..…...............…………………	1,680,250
2202	Unob Bal: Apportioned: Avail in subsequent periods……..…………	56,109,500
2203	Unob Bal: Apportioned: Anticipated ……..…………………..……	18,890,500
2500	**Total budgetary resources…..………....…………………………**	**101,680,250**
CHANGE IN OBLIGATED BALANCES		
3000	Ob Bal: SOY: Unpaid obs brought forwd, Oct 1 gross……………	0
3030	Ob Bal: Obligations incurred: Unexpired accounts…………………	26,680,250
3040	Ob Bal: Outlays (gross) (-)…………………. ###############	-79,907,250
3050	Ob Bal: Change, uncoll cust paymt, Fed srcs, unexp………………	-576,500
3090	Ob Bal: EOY: Unpaid obligations (gross)…………………………	-53,227,000
3091	Ob Bal: EOY: Uncoll cust payments fm Fed srcs, EOY…............	-576,500
3100	**Obligated balance, end of year (net)……………………………**	**-53,803,500**
BUDGET AUTHORITY AND OUTLAYS, NET		
4090	Mand: Budget authority, gross………………………………………	82,789,750
4110	Mand: Total outlays, gross………..………………………………	20,000,000
4120	Mand: Offsets, BA and OL: Collections fm Fed srcs………………	-2,306,000
4140	Mand: Offset, BA: Chng in uncol pay, Fed src, unex	-576,500
4160	Mand: Budget authority, net………………………………………	79,907,250
4170	Mand: Outlays, net…………………………..……………………	17,694,000
4180	**Budget authority, net (disc. and mand.)………………………**	**79,907,250**
4190	**Outlays, net (disc. and mand.)…………………………………**	**17,694,000**

Amount apportioned on latest SF 132. For indefinite borrowing authority, see SF 132 lines 1000, 1400, and 1401.

As direct loans are obligated and disbursed, the loan subsidy is collected from the program account.

Direct loan subsidy obligated but not yet received from the program account.

Use 1825 (actual) and 1840 (anticipated) to show principal repayments to Treasury. If you have any unobligated balances brought forward October 1st, please use 1023 to repay debt.

The remainder of the loan subsidy expected from the program account for the unobligated portion of the direct loans plus the expected repayments from borrowers that will not be received until the end of the fiscal year.

Obligations incurred against the amount apportioned for this period under Category A of the latest SF 132.

Interest is obligated through the year but not yet disbursed.

Amount apportioned on latest SF 132 by time periods (under Category A &B) that will not become available until after the reporting period.

Direct loans obligated but not yet disbursed + interest payment to Treasury obligated but not yet disbursed.

Subsidy receivable from the program account for the portion of the direct loans that were obligated but not disbursed.

Loans disbursed from the account, as of this reporting period.

Direct loan subsidy collected from program account.

Note: Exhibit 185U illustrates the End of First Quarter SF 133 report for the Program Account for this account. Exhibit 185Z illustrates the End of Fiscal Year SF 133 report for this account.

End of First Quarter: Guaranteed Loan Financing Account
Report on Budget Execution

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Fiscal Year CY

AGENCY: Department of Government BUREAU: Office of the Secretary	APPROPRIATION OR FUND TITLE AND SYMBOL Guaranteed Loan Financing Account			
	Unexpired			
BUDGETARY RESOURCES				
1000 Unob Bal: Brought forward, October 1	4,860,000	When loan guarantees have been committed and the loans disbursed, the subsidy is received from the program account ($1,500,000).		
1800 BA: Mand: Spending auth: Collected	1,500,000			
1850 BA: Mand: Spending auth: Total	6,360,000			
1910 Total budgetary resources (disc. and mand.)	**6,360,000**			
STATUS OF BUDGETARY RESOURCES				
2202 Unob Bal: Apportioned: Avail in subsequent periods	6,360,000	Guaranteed loan financing accounts hold a reserve for future defaults.		
2500 Total budgetary resources	**6,360,000**			
CHANGE IN OBLIGATED BALANCES				
3000 Ob Bal: SOY: Unpaid obs brought forwd, Oct 1 gross	0			
3090 Ob Bal: EOY: Unpaid obligations (gross)	0			
3100 Obligated balance, end of year (net)	**0**			
BUDGET AUTHORITY AND OUTLAYS, NE				
4090 Mand: Budget authority, gross	1,500,000			
4110 Mand: Total outlays, gross	0			
4120 Mand: Offsets, BA and OL: Collections fm Fed srcs	-1,500,000	Subsidy collected from program account.		
4160 Mand: Budget authority, net	0			
4170 Mand: Outlays, net	-1,500,000			
4180 Budget authority, net (disc. and mand.)	**0**			
4190 Outlays, net (disc. and mand.)	**-1,500,000**			

Note: Exhibit 185U illustrates the End of First SF 133 Quarter Program account for this account. Exhibit 185AA illustrates the End of First Quarter SF 133 for this account.

End of Fiscal Year: Program Account
Report on Budget Execution

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Period ending 9/30 CY

AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL			
BUREAU: Office of the Secretary	Credit Program Account			
	Unexpired			
BUDGETARY RESOURCES				
1100 BA: Disc: Appropriation (disc.)…………	18,530,000			
1910 Total budgetary resources (disc. and mand.)…………	**18,530,000**			
STATUS OF BUDGETARY RESOURCES				
2002 Direct loan subsidy…………	11,530,000			
2002 Guaranteed loan subsidy…………	6,000,000	100% of direct and guaranteed loan subsidy and administrative expenses have been obligated.		
2002 Administrative expenses…………	1,000,000			
2500 Total budgetary resources…………	18,530,000			
CHANGE IN OBLIGATED BALANCES				
3000 Ob Bal: SOY: Unpaid obs brought forwd, Oct 1 gross…………	0			
3030 Ob Bal: Obligations incurred: Unexpired accounts…………	18,530,000			
3040 Ob Bal: Outlays (gross)…………	-15,024,000			
3090 Ob Bal: EOY: Unpaid obligations (gross)…………	3,506,000	Loan subsidy obligated but not yet disbursed.		
3100 Obligated balance, end of year (net)…………	**3,506,000**			
BUDGET AUTHORITY AND OUTLAYS, NET				
4000 Disc: Budget authority, gross…………	18,530,000			
4010 Disc: Outlays from new authority…………	15,024,000	Loan subsidy and administrative cost obligated and disbursed.		
4020 Disc: Total outlays, gross…………	15,024,000			
4070 Disc: Budget authority, net…………	18,530,000			
4080 Disc: Outlays, net…………	15,024,000			
4180 Budget authority, net (disc. and mand.)…………	**18,530,000**			
4190 Outlays, net (disc. and mand.)…………	**15,024,000**			

End of Fiscal Year: Direct Loan Financing Account
Report on Budget Execution

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Fiscal Year CY

AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL	
BUREAU: Office of the Secretary	Direct Loan Financing Account	
	Unexpired	
BUDGETARY RESOURCES		
1400 BA: Mand: Borrowing authority……	88,470,000	Amount apportioned on latest SF 132.
1800 BA: Mand: Spending auth: Collected……	19,467,000	Direct loan subsidy collected from the program account ($11,530,000 * 80%) + repayments from borrower ($10,243,000).
1801 BA: Mand: Spending auth: Chng uncoll paymt Fed src sources….	2,306,000	Portion of the direct loan subsidy obligated but not yet disbursed from the program account ($11,530,000* 20%).
1825 BA: Mand: Spending auth: Applied to repay debt……	-8,562,750	Actual principal repayments to Treasury.
1820 BA: Mand: Spending auth: Total……	13,210,250	
1910 Total budgetary resources (disc. and mand.)……	**101,680,250**	
STATUS OF BUDGETARY RESOURCES		
2001 Direct obs incurred: Category A (by quarter)……	100,000,000	Loan subsidy and administrative cost obligated and disbursed.
2002 Interest payment to Treasury……	1,680,250	
2500 Total budgetary resources……	**101,680,250**	
STATUS OF BUDGETARY RESOURCES		
3000 Ob Bal: SOY: Unpaid obs brought forwd, Oct 1 gross……	0	
3030 Ob Bal: Obligations incurred: Unexpired accounts……	101,680,250	
3040 Ob Bal: Outlays (gross) ……	-81,680,250	
3090 Ob Bal: EOY: Unpaid obligations (gross)……	20,000,000	Amount of direct loans obligated but not yet disbursed ($100,000,000 * 20%).
3091 Ob Bal: EOY: Uncoll cust payments fm Fed srcs, EOY……	-2,306,000	Direct loan subsidy still receivable from program account.
3100 Obligated balance, end of year (net)……	**17,694,000**	
BUDGET AUTHORITY AND OUTLAYS, NET		
4090 Mand: Budget authority, gross……	101,680,250	
4110 Mand: Total Outlays, gross……	-81,680,250	Portion of the loan that has been disbursed ($100,000,000 * 80%) + interest paid to Treasury ($1,680,250).
4120 Mand: Offsets, BA and OL: Collections fm Fed srcs ……	-19,467,000	Direct loan subsidy collected from the program account ($11,530,000 * 80%) + repayments from borrower ($10,243,000).
4140 Mand: Offset, BA: Chng in uncol pay, Fed src, unex ……	-2,306,000	
4160 Mand: Budget authority, net……	79,907,250	
4170 Mand: Outlays, net……	-62,213,250	
4180 Budget authority, net (disc. and mand.)……	**79,907,250**	
4190 Outlays, net (disc. and mand.)……	**-62,213,250**	

End of Fiscal Year: Guaranteed Loan Financing Account
Report on Budget Execution

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Fiscal Year CY

AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL			
BUREAU: Office of the Secretary	Guaranteed Loan Financing Account			
	Unexpired			
BUDGETARY RESOURCES				
1000 Unob Bal: Brought forward, October 1	4,860,000			
1800 BA: Mand: Spending auth: Collected	6,600,000	Subsidy collected from the program account $6,000,000 plus interest earned on financing account balances of $600,000.		
1910 Total budgetary resources (disc. and mand.)	11,460,000			
STATUS OF BUDGETARY RESOURCES				
2403 Unob Bal: Unapportioned: Other resources	11,460,000	Guaranteed loan financing accounts hold a reserve for future defaults.		
2500 Total budgetary resources	11,460,000			
CHANGE IN OBLIGATED BALANCES				
3000 Ob Bal: SOY: Unpaid obs brought forwd, Oct 1 gross	0			
3100 Obligated balance, end of year (net)	**0**			
BUDGET AUTHORITY AND OUTLAYS, NET				
4090 Mand: Budget authority, gross	6,600,000			
4110 Mand: Total Outlays, gross	0			
4120 Mand: Offsets, BA and OL: Collections fm Fed srcs	-6,000,000			
4122 Mand: Offset, BA and OL: Collect, int, uninvested	-600,000			
4160 Mand: Budget authority, net	0			
4170 Mand: Outlays, net	-6,600,000			
4180 Budget authority, net (disc. and mand.)	**0**			
4190 Outlays, net (disc. and mand.)	**-6,600,000**	Amount of subsidy and interest collected.		