CIRCULAR NO. A–11

PART 5

FEDERAL CREDIT

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
JUNE 2008

SECTION 185—FEDERAL CREDIT

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Summary of Changes

Clarifies requirement that unobligated indefinite borrowing authority in financing accounts cannot be carried forward, and must be returned at the end of the fiscal year (section 185.32, exhibit 185BB).

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(d) and (m) 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 the instructions provided in other parts of this Circular and should be used in conjunction with other credit program guidance in Circular A–129, Policies for Federal Credit Programs and Non-Tax Receivables (www.whitehouse.gov/omb/circulars).

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 their cost, 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 for liquidating 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 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 amount of cash flowing into or out of the Treasury to the estimated long-term cost to the Government. 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 OMB Credit Subsidy Calculator 2. The OMB Credit Subsidy Calculator 2 discounts the cash flow that is estimated for each year (or other time period) using the interest rate on a marketable zero-coupon Treasury security with the same maturity from the date of disbursement as that cash flow. A positive net present value means that the Government is extending a subsidy to borrowers; a negative present value means that the credit program generates a "profit" (excluding administrative costs) to the Government.

Appropriations for the subsidy cost are made to the program account established for the credit program 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 (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 if the program account provides subsidy costs for both forms of credit. 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 the direct loans. It repays Treasury over time using principal and interest collected from the borrower. The loan guarantee financing account holds the subsidy payment from the program account as a reserve against default claims. 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 any 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 a direct loan. 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 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 the 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. These 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 can 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 cash flows before and after the modification. Agencies must have budget authority available to cover the cost of a modification that increases the subsidy before the loans can be modified.

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 computer costs (under no circumstances should computer 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 they are transferred 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*** means all direct loans or loan guarantees of a program for which a subsidy appropriation is provided for a given fiscal year (except as provided below for pre–1992 direct loans and loan guarantees that are modified). For direct loans and loan guarantees for which a subsidy appropriation is provided for one fiscal year, the cohort will be defined by that fiscal year. For direct loans and loan guarantees for which multi-year or no-year appropriations are provided, the cohort is defined by the year of obligation. Direct loans and loan guarantees that are made from supplemental appropriations will be recorded in the same cohort as those that are funded in annual appropriations acts. These rules apply even if the direct loans or guaranteed loans are disbursed in subsequent years.

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. Pre–1992 direct and guaranteed loans are assigned to a single cohort by program and credit instrument regardless of the fiscal year of the subsidy appropriation. For purposes of budget presentation, cohorts will be aggregated. However, accounting and other records must be maintained separately for each cohort.

(d) ***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. The direct loan financing account for these loans will collect and hold the subsidy payment from the program account. This balance, together with interest earnings, will be available to pay the FFB in the event of default by the non-Federal borrower. 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.

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

(f) ***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 when the loan is disbursed. (See section 185.5 and the OMB Credit Subsidy Calculator 2 and accompanying documentation for information about estimating the subsidy.)

(g) ***Discount rates*** mean the collection of interest rates that are used to calculate the present value of the cash flows that are estimated over a period of years. The discount rates are based on the Treasury rates in the economic assumptions for the budget year. For loans made, guaranteed, or modified in FY 2001 and thereafter, 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 as that cash flow. The discount rate assumptions for the budget will be provided by OMB in a file for use with the OMB Credit Subsidy Calculator 2. The rate 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. Actual interest income or expense for financing accounts must be calculated with the OMB Credit Subsidy Calculator 2.

(h) ***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.

(i) ***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 if the program account receives appropriations for both forms of credit. Financing account schedules are printed in the budget *Appendix* together with the program account.

(j) ***Forecast assumptions*** are factors that affect the expected cash flows of the loan or 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.

(k) ***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 51.13).

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.

(l) ***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.

(m) ***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. Loans that are financed by the FFB pursuant to agency loan guarantee authority are treated as direct loans rather than loan guarantees.

(n) ***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.

(o) ***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 when the loan guarantee commitment is made. The subsidy is paid to the guaranteed loan financing account when the loan is disbursed by the private lender. (See section 185.5 and the OMB Credit Subsidy Calculator 2 and accompanying documentation for information about estimating the subsidy.)

(p) ***Loan terms*** are those terms made explicit in the contract between the U.S. 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, and other factors such as grace periods.

(q) ***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 OMB Credit Subsidy Calculator 2 within risk categories and cohorts.

(r) ***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(ab)) 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., 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 and loan guarantees. The effect of the Government action on the subsidy cost of 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.

(s) ***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) can not 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. 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.

(t) ***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.

(u) ***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 a 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 (v) below.

(v) ***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 (see section 185.3(u)). 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(y)).

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 are permanently appropriated for subsidy costs but usually are available for administrative expenses only to the extent provided in annual appropriations acts.

Obligations may not be incurred against appropriations of the 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.

(w) ***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.

(x) ***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.

(y) ***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.

(z) ***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.

(aa) ***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.

(ab) ***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. Therefore, to the extent that the effects of work-outs on cash flow are the same as originally estimated, they do not alter the subsidy cost. If the effects on cash flow are more or less than the original estimate, the differences are included in reestimates of the subsidy and are not 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 OMB Credit Subsidy Calculator 2 to discount all agency-generated estimates of cash flows to and from the Government. The OMB Credit Subsidy Calculator 2 and documentation provide an explanation and example of the discounting method and how the subsidy rate is calculated. All agencies must use the OMB Credit Subsidy Calculator 2 and discount rates to ensure government-wide comparability and uniformity of discounting. These 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(f) and (o). 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 OMB Credit Subsidy Calculator 2.

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.

(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 OMB Credit Subsidy Calculator 2. The difference between the present value of the cash outflows and inflows is the total subsidy (i.e., the subsidy cost) for the obligations or commitments made in that year.

- *Step 2.* (Performed automatically by the OMB Credit Subsidy Calculator 2.) 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. Then multiply the subsidy rate by the baseline estimate of demand for loans to calculate the subsidy BA.

- *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 2006 would be reestimated during 2007 and would be recorded in the 2007 column of the FY 2008 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., when at least 90 percent of the direct loans or guaranteed loans have been 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. 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. Those programs that benchmark to Treasury rates for borrower's interest rates or interest subsidies to lenders will also update cashflow 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 four 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; and

(4) 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 OMB 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 OMB Credit Subsidy Calculator 2. 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 Credit Subsidy Calculator 2 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 (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 OMB Credit Subsidy Calculator 2 can calculate both traditional approach and balances approach reestimated subsidy rates. The dollar reestimate is calculated using the balances approach. For details on calculating combined traditional and balances approach reestimates, contact the OMB representative with primary responsibility for the program.

Agencies are required to use the OMB Credit Subsidy Calculator 2 for reestimate submissions for the President's Budget. The OMB Credit Calculator 2 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 OMB Credit Subsidy Calculator 2.

(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 that reestimate 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 OMB Credit Subsidy Calculator 2.

(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 OMB Credit Subsidy Calculator 2 can automatically calculate the financing account interest adjustment for cohorts with historical data. Please see the documentation accompanying the OMB Credit Subsidy Calculator 2.

(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 the reestimate) must be recorded in the financing account. In the case of direct loans, the obligation will be financed with authority to borrow from the Treasury. In the case of loan guarantees, the obligation will 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 the 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 cashflows prepared for the Credit Subsidy Calculator 2, you may need to adjust the signs 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 2008, then the discount rates used to discount the cash flows will be the interest rates used to formulate the 2008 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 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. 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. 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 that makes the present value of the assets and liabilities held by the financing account come out even.

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 6927 of the program and financing schedule, "Capital transfer to general fund." This corresponds to line 6C on the SF132 apportionment. The transfer and the modification subsidy cost together produce the following transactions with Treasury:

- If a loan guarantee is modified, the financing account's offsetting collection for the modification cost increases the unobligated balance (line 2440 of the program and financing schedule). 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 2440 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 6947 of the program and financing schedule, "Portion applied to debt reduction"). The capital transfer reduces the amount by which the debt is reduced. (The amount of the increase shown on line 6947 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. There will be one receipt account to collect the modification adjustment transfers from all financing accounts.

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 6000 of the program and financing schedule, "Appropriation"). This corresponds to line 3A1 on the SF132 apportionment. Cite the Federal Credit Reform Act, 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:

- If a loan guarantee is modified, the financing account's offsetting collection for the modification cost increases the unobligated balance (line 2440 of the program and financing schedule). The modification adjustment transfer also increases the unobligated balance (line 2440). 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 6947 of the program and financing schedule, "Portion applied to debt reduction"). The modification adjustment transfer is also used to reduce debt owed to Treasury (line 6047, "Portion applied to debt reduction"). 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 2009, then the discount rates used to discount the cash flows will be those used to formulate the 2009 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 185.7 (a) (1 and 2).

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 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. 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 cashflows 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 transfer 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 examiner. After identifying loans that meet the criteria described in (b), agencies must develop a plan for selling these loans in consultation with their OMB examiner. 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 examiner 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:

- 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 (CY-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 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 Appendix D.

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:
0001	Direct loan subsidy
0002	Loan guarantee subsidy
0003	Subsidy for modifications of direct loans
0004	Subsidy for modifications of loan guarantees
0005	Reestimates of direct loan subsidy
0006	Interest on reestimates of direct loan subsidy
0007	Reestimates of loan guarantee subsidy
0008	Interest on reestimates of loan guarantee subsidy
0009	Administrative expenses

(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 Government accounts." 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 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. For preparation of the 2010 Budget, subsidy rates and reestimates for direct loan and guaranteed loan programs will be controlled by edit-checks based on calculations that are 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 line entries indicated in** boldface.

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 available in that year. Include loan volume reestimates, if any, in PY. The loan volume reestimate 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 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. 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

Entry	Description
	percent) must be rounded to the nearest hundredth of one percent and entered into MAX with decimal points. For example, enter 50.503 as 50.50; 5.05 percent as 5.05; and 0.5 percent as 0.5. Amounts should be shown, even if zero or negative.
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 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. 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. Report even if the subsidy is negative.
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 disbursed in a given year for new direct loans. An outlay is recorded in the program account at the time of disbursement of the loan to the borrower. Report outlays from both new budget authority and from balances on this line. This line shows the sum of lines 1341xx and 1342xx.
1341xx Negative subsidy outlays	Report negative subsidy outlays from both new budget authority and from balances on this line. Data on this line is 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. Data on this line is used to calculate net subsidy outlays in line 1340.
134999 Total subsidy outlays	The sum of all lines 1340 above.
Direct loan upward reestimate:	
1350xx Upward reestimate	The 1350 data line series presents data on the amount of upward 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.
135999 Total upward reestimate	The sum of all lines 1350 above.
Direct loan downward reestimate:	
1370xx Downward reestimate (–)	The 1370 data line series presents data on the amount of downward reestimate paid out of the financing account in any given year. Report downward reestimates for all outstanding fiscal year

Entry	Description
	cohorts for which downward reestimates will be paid out of the financing account. Report amounts in PY and CY only.
137999 Total downward reestimate	The sum of all lines 1370 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 new subsidy budget authority requested or available in that year. Include loan volume reestimates, if any, in PY. The loan volume reestimate 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 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. 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 hundredth of one percent and entered into MAX with decimal points. For example, 50.503 percent will be entered as 50.50; 5.05 percent as 5.05; and 0.5 percent as 0.5. 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, this is the change to the subsidy rates reported under transmittal code zero, not the new 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. It does not include unobligated balances eligible to be carried forward for BY and CY. 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. Report even if the subsidy is zero or negative.
233999 Total subsidy budget authority	The sum of all lines 2330 above.

Entry	Description
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 is recorded in the program account at the time the lender disburses the loan to the borrower. Report outlays from both new budget authority and from balances on this line. Report even if the subsidy is negative.
2341xx Negative subsidy outlays	Report negative subsidy outlays from both new budget authority and from balances on this line. Data on this line is 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. Data on this line is used to calculate net subsidy outlays in line 2340.
234999 Total subsidy outlays	The sum of all lines 2340 above.
Guaranteed loan upward reestimate:	
2350xx Upward reestimate	The 2350 data line series presents data on the amount of upward 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.
235999 Total upward reestimate	The sum of all lines 2350 above.
Guaranteed loan downward reestimate:	
2370xx Downward reestimate (–)	The 2370 data line series presents data on the amount of downward 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.
237999 Total downward reestimate	The sum of all lines 2370 above.
Administrative expense data:	Report lines 3510–3590 for all program accounts.
351001 Budget authority	Budget authority provided or requested for administrative expenses for both direct and guaranteed loan programs.
358001 Outlays from balances	Outlays for administrative expenses from prior year obligated balances.
359001 Outlays from new authority	Outlays for administrative expenses from new budget authority.

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 79.2, 82.10).

(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):

SELECTED P&F ENTRIES IN FINANCING ACCOUNTS

Entry	Description
Obligations by program activity:	
Stub entries should describe the transactions reported below.	
0001 Direct loan obligations -- or --	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.
0001 Default claim payments	Obligations for default claim payments on post–1991 loan guarantees. Equal to the sum of terminations for default in schedule H, lines 2261-2263.
0002 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.
0003–0009	Other entries for obligations, such as interest supplements to lenders or other expenses.
0801 Negative subsidy obligations	Obligations for negative subsidies 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.
0802 Downward reestimates paid to receipt accounts	Obligations for downward reestimates of the subsidy to be paid to the negative subsidy receipt account for the credit program.
0803 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.
0804 Interest on downward reestimates	Obligations for interest on the downward reestimate to be paid to the negative subsidy receipt account for the credit program.
New financing authority (gross), detail:	
6000 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.
6710 Authority to borrow	Financing authority (authority to borrow from Treasury) for the part of direct loans not financed by subsidy and fees, and for any default claims that cannot be paid by unobligated balances.
6900 Offsetting collections (cash)	Amount of offsetting collections (cash) credited to the account and refunds that pertain to obligations recorded in prior years.
6910 Change in uncollected customer payments from program account	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).
6927 Capital transfer to general fund (–)	Used for modification adjustment transfer to the general fund in

Entry	Description
	the event that the modification cost estimate over compensated the financing account. See 185.7(b).
6947 Portion applied to repay debt (–)	Amount of offsetting collections used for repayments of outstanding borrowing.
Change in obligated balance:	
7240 Obligated balance, start of year	Includes unpaid obligations that represent undisbursed direct loan obligations.
7440 Obligated balance, end of year	Includes unpaid obligations that represent undisbursed direct loan obligations.
Offsets:	
8800 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.
8825 Interest on uninvested funds	Collections of interest on uninvested funds. Tools are available from OMB to calculate interest earned.
8840 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, and proceeds from the sale of direct loans or collateral.

Note: MAX automatically modifies financing account line stubs from budget authority and outlays to financing authority and financing disbursements, respectively. Financing accounts do not use lines 8690 through 8698. For example, Schedule P line 8896, Portion of cash 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 5800–5899. 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 Limitation on direct loans	Amount of limitation enacted or proposed to be enacted in appropriations acts. For discretionary programs, the BY amount should be consistent with line 1159 in schedule U. So long as any entry appears on lines 1111 through 1131, this line should remain in MAX and will be listed in the stub column even if no amounts are shown.
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

Entry	Description
	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.
1131 Direct loan obligations exempt from limitation	Amount of obligations for direct loans to the public not subject to a specific limitation in appropriations acts. Use this line for mandatory programs or for discretionary programs without a maximum loan volume specified in appropriations acts.
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 0001 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.
Disbursements:	
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 8840 (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 Limitation on guaranteed loans made by private lenders	Amount of limitation enacted or proposed to be enacted in appropriations acts on full principal of commitments to guarantee loans by private lenders. For discretionary programs, the BY amount is equal to line 2159 in schedule U. So long as any entry appears on lines 2111 through 2132, this line should remain in MAX and will be listed in the stub column even if no amounts are shown.
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.
2131 Guaranteed loan commitments exempt from limitation	Amount of full principal of commitments to guarantee loans by private lenders that is not subject to limitation. Use this line for mandatory programs and discretionary programs that do not have a loan limitation.
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

Entry	Description
	the unguaranteed portion of the loan principal disbursed.
Repayments:	
2251 Repayments and prepayments (–)	Amount of principal repayments and prepayments.
Adjustments:	
2261 Terminations for default that result in loans receivable (–)	Amount of loan principal reduced by terminations for default that subsequently become a 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; 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.
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.)

Entry	Description
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+4). 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 9000 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 9000 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.
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.

Entry	Description
Net financing disbursements:	Provide lines 6200 and 6300 for direct and guaranteed loan financing accounts only. Report PY-BY+9.
6200 Net financing disbursement—policy	Net financing disbursements based on presidential policy. Policy net financing disbursements should equal line 9000 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 Appendix but are used by OMB for reporting and analytical purposes.

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). Illustrations of typical liquidating account status of direct and guaranteed loans schedules can be found at exhibits 185J and 185K. An illustration of a typical liquidating account program and financing schedule can be found at exhibit 185I.

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 81.3).

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 <u>current action</u> by Congress	The annual appropriation in the <u>program</u> account for the: • direct loan subsidy cost, • loan guarantee subsidy cost, • administrative expenses, or • modifications.	Submit the initial apportionment request by August 21 or within 10 calendar days after the approval of the act providing the new budgetary resource, whichever is later. 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

If budgetary resources...	For example ...	Then ...
		request for both the program and financing accounts before you make a modification that will increase the cost.
Do not result from current action by 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 SF 132?

Sections 120 and 121 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 illustrated in Exhibit 185M, and it 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 SF 132 (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 SF 132 (Exhibit 185P) agrees with the limitation set in the appropriations language. (For mandatory programs, this amount will equal the amount of loan guarantees anticipated to be committed.)

Exhibit 185Q provides side-by-side, line-by-line instructions for completing the SF 132 for the program account, direct loan financing account, and guaranteed loan financing account. Exhibits 185M through 185BB 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 the interest on the 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 the reestimates) 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 185S 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 SF 132 as needed.

185.18 Do amounts for a downward reestimate (and the interest on the 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 the 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.

For both discretionary and mandatory programs, disburse the excess (plus interest on reestimates) to a downward reestimate receipt account (Exhibit 185T).

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

Yes. For financing accounts, additional amounts (i.e., amounts exceeding your estimate on the most recent approved apportionment) are automatically apportioned. For liquidating accounts, you will need to submit a reapportionment for any additional amounts.

185.20 Do amounts for debt repayments to Treasury need to be apportioned?

No. Capital transfers and redemption of debt are not obligations and therefore do not need to be apportioned on line 8. However, you do need to plan for repayments and show your estimated debt repayments as a negative amount on line 6C or 6F (if anticipated) when you submit your SF 132.

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 185R 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 185R 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 program examiner 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 A 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 SF 132 and other resources have been consumed. The relationship between program and financing accounts is dynamic, affecting different entries of the SF 132 and SF 133 at different stages of the process as transactions occur throughout the year. These complex relationships are illustrated in Exhibit 185X which provides side-by-side, line-by-line instructions for completing the first quarter SF 133 for the hypothetical credit program. 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. Exhibit 185BB continues the presentation of Exhibit 185X by describing the entries for the SF 133 for the fourth quarter. Exhibits 185Y through 185AA 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 OMB Credit Subsidy Calculator 2 to calculate subsidy cost estimates. The Credit Subsidy Calculator 2 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 Presidential policy 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. The default expectation associated with the risk rating is a forecast assumption and should match the President's Budget.

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

For mandatory programs only, also update the economic assumptions to reflect those in the Mid-Session Review if it has been released by the time you are making the calculations.

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

For the program account (Exhibit 185U):

- Include the estimated subsidy cost obligations on line 8A, Obligations incurred, Direct. If resources for the subsidy cost were apportioned in Category A, include the amount on line 8A1. If the resources were apportioned in Category B, include the amount on line 8A2 in the appropriate category; and

- Include the amount on lines 13, Obligations incurred and 18A, Obligated Balance, net, end of period, Unpaid obligations, since the amount is not yet outlayed to the financing account.

For the direct loan financing account (Exhibit 185V):

- Include the subsidy cost payment obligated in the program account but not yet paid on line 3D2b, Spending authority from offsetting collections, Change in unfilled customer orders, Without advance from Federal sources; and

- Include the amount on lines 17, Change in uncollected customer payments from Federal Sources and 18B, Obligated balance, net, end of period, Uncollected customer payments from Federal sources, 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 3B 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 8, Obligations incurred. If the direct loan was apportioned in Category A, include the amount on line 8A1. If the direct loan was apportioned in Category B, include it on line 8A2 in the appropriate category; and

- Include the amount on lines 13 Obligations incurred and 18A, Obligated balance, net, end of period, Unpaid obligations.

For the loan guarantee financing account (Exhibit 185W):

- Include the subsidy payment obligated in the program account but not yet paid on line 3D2b, Spending authority from offsetting collections, Change in unfilled customer orders, Without advance from Federal sources; and

- Include the amount on line 10C, Unobligated balance not available, Other, when the amounts are not apportioned and held as a reserve for future defaults. When the amounts are apportioned, include the amounts on line 9A, Unobligated balance, Apportioned, Balance currently available.

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 185.3(u)).

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 (Exhibit 185U), just before a loan is disbursed from the financing account:

- Pay the financing account and include the subsidy cost payment on lines 14, Gross outlays and 19A Net Outlays, Gross outlays; and

- Reduce line 18A, Obligated balance, net, end of period, Unpaid obligations by the same amount.

For the financing account:

- When the subsidy cost payment is received from the program account, reduce lines 3D2b, Without advance from Federal sources, and 17, Change in uncollected payments from Federal Sources. Also, increase lines 3D1a, Collected, and with a negative amount, 19B, Net outlays, Offsetting collections;

- For direct loan programs (Exhibit 185V), once the loan is actually disbursed, include the loan disbursement on lines 14, Gross outlays and 19A, Net outlays, Gross outlays and reduce the amount of loans payable from line 18A, Obligated balance, net, end of period, Unpaid obligations;

- For loan guarantee programs (Exhibit 185W), do not report any loan disbursement because the private lender disbursed the loan, not the Federal Government. 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 10C, Unobligated balance not available, 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 3D3, Spending authority from offsetting collections, Anticipated for rest of year, without advance. As collections are actually received throughout the year, report them on line 3D1a, Earned, Collected, with a corresponding reduction on line 3D3 and a negative amount on line 19B, Net outlays, Offsetting Collections. 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(k)) 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 8, Obligations incurred. If defaults were apportioned in Category A, place the amount on line 8A1. If defaults were apportioned in Category B, place it on line 8A2 in the appropriate category; and

- Include the amount as payable to the private lender on lines 13, Obligations incurred and 18A, Obligated balance, net, end of period Unpaid obligations.

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

- Include the payment on lines 14, Gross Outlays, and 19A Net outlays, Gross outlays; and
- Reduce the amounts payable on line 18A by the amount reported on lines 14 and 19A.

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 6C, Permanently not available, Capital transfers, and redemption of debt. 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 8 and 13, *Obligations incurred.* If the resources for subsidy cost were apportioned in category A, include the amount on line 8A1. If the resources were apportioned in category B, include the amount on line 8A2 in the appropriate category; and: • The payment to the financing account on lines 14, *Gross outlays* and 19A, *Net outlays, Gross outlays*. Note: You cannot incur subsidy cost obligations for modifications unless budgetary resources are available in the program account and have been apportioned for modifications. In the financing account, include: • The collection from the program account on lines 3D1, *Spending authority from offsetting collections, Earned, Collected* 19B, *Net outlays, Offsetting collections*. Credit this amount to the cohort and risk category of the modified loan. Decrease the estimated collection on line 3D3, 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 8 and 13, *Obligations incurred*. If the resources for the subsidy cost were apportioned in category A, include the amount on line 8A1. If

If Modification...	Then...
	the resources were apportioned in category B, include the amount on line 8A2 in the appropriate category); and • The payment of the amount transferred to the appropriate account on lines 14, *Gross outlays* and 19A, *Net outlays, Gross outlays*. 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 modified direct loan assets or loan guarantee liabilities 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 13 and 8B, *Obligations incurred, Category B, Modifications* and a disbursement in the same amount on line 14, *Gross outlays* and 19A, *Net outlays, Gross outlays.* Include the receipt of the payment in the liquidating account on line 3D1a, *Spending authority from offsetting collections, Earned, Collected* and 19B, *Net outlays, Offsetting collections.* For loan guarantees, include the obligation and outlay in the liquidating account and the offsetting collection in the financing account.
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 13 and 8B, *Obligations incurred, Category B, Modifications* and an outlay in the same amount on lines 14, *Gross outlays* and 19A*, Net outlays, Gross outlays*. • For the financing account, include the corresponding transaction on lines 3D1a, *Spending authority from offsetting collections, Earned, Collected,* 19B, *Offsetting collections;* an obligation on lines 8 and 13, and a disbursement on lines 14 and 19A. • For the liquidating account, include the payment on lines 3D1a, *Spending authority from offsetting collections, Earned, Collected* and 19B, *Offsetting collections*. 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

If Asset or Liability will be	Then...
	3A1, *Budget authority, Appropriation.* • For the financing account, include this receipt on lines 3D1a, *Spending authority from offsetting collections, Earned, Collected* and 19B, *Offsetting collections* ,and include the subsequent payment to the negative subsidy receipt account on lines 14, *Gross outlays* and 19A *Gross outlays, Net outlays*.

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 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.

All borrowing 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, 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.

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 FACTS II year-end preliminary or revision windows.

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 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 Department of Treasury's Bureau of Public Debt or Financial Management Service may also perform the calculations to ensure agreement between Treasury and your agency.

185.35 When do I calculate interest expense and income?

You must make the calculations to provide an estimate for the initial SF 132. You also will make these calculations again at the end of the year based on actual data to determine the payment amounts.

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

The FCRA requires that the rates for discounting cashflows, financing account borrowing, 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 are provided for you in the OMB Credit Subsidy Calculator 2, available from the OMB representative with the primary responsibility for the account. For cohorts before 2001, the Credit Subsidy Calculator 2 will generate a disbursement-weighted average discount rate. For cohorts 2001 and after, the Credit Subsidy Calculator 2 will generate a single effective rate.

Program Account
Program and Financing Schedule (Schedule P)

Program and Financing (in millions of dollars)

Identification code 73-1154-0-1-376		PY actual	CY est.	BY est.
	Obligations by program activity:			
00.01	Direct loan subsidy	2	2	2
00.02	Guaranteed loan subsidy	136	179	....
00.05	Reestimate of direct loan subsidy	....	1	....
00.07	Reestimate of loan guarantee subsidy	3	31	....
00.08	Interest on reestimates of loan guarantee subsidy	2	3	....
00.09	Administrative expenses	129	129	129
10.00	Total new obligations	272	345	131
	Budgetary resources available for obligation:			
21.40	Unobligated balance carried forward, start of year	76	111	94
22.00	New budget authority (gross)	264	328	131
22.10	Resources available from recoveries of prior year obligations	41	....	....
22.22	Unobligated balance transferred from other accounts	2	....	....
23.90	Total budgetary resources available for obligation	383	439	225
23.95	Total new obligations	-272	-345	-131
24.40	Unobligated balance carried forward, end of year	111	94	94
	New budget authority (gross), detail:			
	Discretionary			
40.00	Appropriation	267	294	131
40.35	Appropriation rescinded	-13	-1	....
42.00	Transferred from other accounts	5	....	....
43.00	Appropriation (total discretionary)	259	293	131
	Mandatory			
60.00	Appropriation	5	35	....
70.00	Total new budget authority (gross)	264	328	131
	Change in obligated balances:			
72.40	Obligated balance, start of year	109	33	33
73.10	Total new obligations	272	345	131
73.20	Total outlays (gross)	-283	-345	-192
73.40	Adjustments in expired accounts (net)	-24	....	....
73.45	Recoveries of prior year obligations	-41	....	....
74.40	Obligated balance, end of year	33	33	-28
	Outlays (gross), detail:			
86.90	Outlays from new discretionary authority	190	185	83
86.93	Outlays from discretionary balances	88	125	109
86.97	Outlays from new mandatory authority	5	35	....
87.00	Total outlays (gross)	283	345	192
	Net budget authority and outlays:			
89.00	Budget authority	264	328	131
90.00	Outlays	283	345	192

You must use special line coding for lines 0001 - 0009. 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 6000). 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	27	34	21
115999	Total direct loan levels	27	34	21
	Direct loan subsidy (in percent):			
132001	Risk category A	8.54	8.95	6.78
132999	Weighted average subsidy rate	8.54	8.95	6.78
	Direct loan subsidy budget authority:			
133001	Risk category A	2	2	2
133999	Total subsidy budget authority	2	2	2
	Direct loan subsidy outlays:			
134001	Risk category A net subsidy outlays	2	2	1
	Direct loan negative subsidy outlays:			
134101	Risk category A negative subsidy outlays	-1	-2	-----
	Direct loan positive subsidy outlays:			
134201	Risk category A positive subsidy outlays	3	4	1
134999	Total subsidy outlays	2	2	1
	Direct loan upward reestimate:			
135001	Risk category A	-----	1	-----
135999	Total upward reestimate	-----	1	-----
	Guaranteed loan levels supportable by subsidy budget authority:			
215001	Risk category B	9,697	9,826	10,722
215002	Risk category C	2,194	4,252	4,353
215003	Risk category D	1,261	2,109	2,500
215999	Total loan guarantee levels	13,152	16,187	17,575
	Guaranteed loan subsidy (in percent):			
232001	Risk category B	1.16	1.17	-1.07
232002	Risk category C	-----	-----	-----
232003	Risk category D	1.80	2.26	-1.87
232999	Weighted average subsidy rate	1.03	1	-0.92
	Guaranteed loan subsidy budget authority:			
233001	Risk category B	113	115	-115
233002	Risk category C	-----	-----	-----
233003	Risk category D	23	48	-47
233999	Total subsidy budget authority	136	163	-162
	Guaranteed loan subsidy outlays:			
234001	Risk category B	116	110	-100
234002	Risk category C	-----	-----	-----
234003	Risk category D	31	34	-30
	Guaranteed loan negative subsidy outlays:			
234101	Risk category B negative subsidy outlays	-24	-10	-110
234103	Risk category D negative subsidy outlays	-----	-6	-30
	Guaranteed loan positive subsidy outlays:			
234201	Risk category B positive subsidy outlays	140	120	10
234203	Risk category D positive subsidy outlays	31	40	-----
234999	Total subsidy outlays	147	144	-130
	Guaranteed loan upward reestimate:			
235002	Risk category C	5	34	-----
235999	Total upward reestimate:	5	34	-----
	Guaranteed loan downward reestimate:			
237001	Risk category B	-284	-117	-----
237002	Risk category C	-----	-271	-----
237003	Risk category D	-----	-334	-----
237999	Total downward reestimate	-284	-722	-----
	Administrative expense data:			
351000	Budget authority	129	129	129
359000	Outlays from new authority	129	129	129

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 and 1370xx for direct loans, 2350xx and 2370xx 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)

Program and Financing (in millions of dollars)

Identification code 73-4148-0-3-376		PY actual	CY est.	BY est.
	Obligations by program activity:			
00.01	Direct loans	27	60	21
00.02	Interest on Treasury borrowing	24	29	28
	Other expenses:	...	...	...
00.03	Other expenses	17	...	5
10.00	Total new obligations	68	89	54
	Budgetary resources available for obligation:			
21.40	Unobligated balance carried forward, start of year	77	122	18
22.00	New financing authority (gross)	131	75	83
22.60	Portion applied to repay debt	-18	-90	-45
23.90	Total budgetary resources available for obligation	190	107	56
23.95	Total new obligations	-68	-89	-54
24.40	Unobligated balance carried forward, end of year	122	18	2
	New financing authority (gross), detail:			
	Mandatory:			
67.10	Authority to borrow	27	24	19
	Spending authority from offsetting collections:			
69.00	Offsetting collections (cash)	82	50	64
	(unexpired)			...
69.10		22	1	...
69.90	Spending authority from offsetting collections (total mandatory)	104	51	64
70.00	Total new financing authority (gross)	131	75	83
	Change in obligated balances:			
72.40	Obligated balance, start of year	25	86	94
73.10	Total new obligations	68	89	54
73.20	Total financing disbursements (gross)	15	-80	-60
74.00	Change in uncollected customer payments from program account (unexpired)	-22	-1	...
74.40	Obligated balance, end of year	86	94	88
87.00	Total financing disbursements (gross)	-15	80	60
	Offsets:			
	Against gross financing authority and financing disbursements:			
	Offsetting collections (cash) from:			
88.00	Federal sources: Payments from program account	2	3	1
	Non-Federal sources:			
88.40	Repayments of principal, net	16	8	10
88.40	Interest received on loans	22	22	28
88.40	Other income	42	17	25
88.90	Total, offsetting collections (cash)	82	50	64
	Against gross financing authority only:			
88.95	Change in uncollected customer payments from program account	22	1	...
	Net financing authority and financing disbursements:			
89.00	Financing authority	27	24	19
90.00	Financing disbursements	-97	30	-4

Shaded entries are automatically calculated by MAX.

You must use special line coding for lines 0001 - 0804. See section 185.11(a) for a complete list.

Line 7400 is automatically copied from line 6910 but with the opposite sign. Update the line stub to be consistent with 6910.

Enter lines 8800-8845 as positive amounts. These amounts will appear in the Budget Appendix with the opposite sign.

Line 8895 is automatically copied from line 6910 but will appear in the Budget Appendix 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	Limitation on direct loans	30	60	25
1142	Unbligated direct loan limitations (-)	-3		
1150	Total direct loan obligations	27	60	25
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	93	60	93
	Disbursements:			
1231	Direct loan disbursements	15	48	18
1232	Purchase of loan assets from the public	-30	……………..	……………..
1251	Repayments: Repayments and prepayments	-16	-8	-10
1263	Write-offs for default: Direct loans	-2	-7	-5
1290	Outstanding, end of year	60	93	96

Shaded entries are automatically calculated by MAX.

Include line 1111 even if the value is zero.

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	72	198
1106	Receivables, net	0	0
1206	Non-Federal assets: Receivables, net	…………..	29
	Net value of assets related to post-1991 direct loans receivable:		
1401	Direct loans receivable, gross	83	60
1402	Interest receivable	3	2
1405	Allowance for subsidy cost (-)	-7	-5
1499	Net present value of assets related to direct loans	79	57
1404	Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable: Foreclosed property	9	……………
1999	Total assets	160	284
	LIABILITIES		
	Federal liabilities:		
2103	Debt payable to Treasury	160	284
2999	Total liabilities	160	284
	NET POSITION		
3300	Cumulative results of operations	…………..	……………..
3999	Total net position	…………..	……………..
4999	Total liabilities and net position	160	284

Shaded entries are automatically calculated by MAX.

Line 1101 equals obligated and unobligated balances.

See Section 86.2 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.

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

Program and Financing (in millions of dollars)

Identification code 73-4149-0-3-376		PY actual	CY est.	BY est.
	Obligations by program activity:			
00.01	Default claims	681	720	762
00.05	Other expenses	293	283	159
08.01	Negative subsidy obligations			162
08.02	Payment of downward reestimate to receipt account	238	558	
08.03	Payment to liquidating account to purchase loan assets	39	24	24
08.04	Payment of interest on downward reestimate to receipt account	46	164	
10.00	Total new obligations	1,297	1,749	1,107
	Budgetary resources available for obligation:			
21.40	Unobligated balance carried forward, start of year	1,027	849	118
22.00	New financing authority (gross)	1,119	1,018	1,126
23.90	Total budgetary resources available for obligation	2,146	1,867	1,244
23.95	Total new obligations	-1,297	-1,749	-1,107
24.40	Unobligated balance carried forward, end of year	849	118	137
	New financing authority (gross), detail:			
	Spending authority from offsetting collections:			
	Mandatory:			
69.00	Offsetting collections (cash)	1,121	1,079	1,126
69.10	Change in uncollected customer payments from program account (unexpired)	-2	-61	
69.90	Spending authority from offsetting collections (total mandatory)	1,119	1,018	1,126
	Change in obligated balances:			
72.40	Obligated balance, start of year	75	337	972
73.10	Total new obligations	1,297	1,749	1,107
73.20	Total financing disbursements (gross)	-1,037	-1,175	-1,472
74.00	Change in uncollected customer payments from program account (unexpired)	2	61	
74.40	Obligated balance, end of year	337	972	607
87.00	Total financing disbursements (gross)	1,037	1,175	1,472
	Offsets:			
	Against gross financing authority and financing disbursements:			
	Offsetting collections (cash) from:			
	Federal sources:			
88.00	Payments from program account	147	140	
88.00	Upward reestimate	3	31	
88.00	Interest on reestimate	2	3	
88.25	Interest on uninvested funds	22	45	46
	Non-Federal sources:			
88.40	Fees	435	588	800
88.40	Proceeds from loan asset sales	60	80	124
88.40	Other	448	154	156
88.90	Total, offsetting collections (cash)	1,117	1,041	1,126
	Against gross financing authority only:			
88.95	Change in uncollected customer payments from program account	-2	-61	
	Net financing authority and financing disbursements:			
89.00	Financing authority			
90.00	Financing disbursements	-80	134	346

Shaded entries are automatically calculated by MAX.

Line 7400 is automatically copied from line 6910 but with the opposite sign. Update the line stub to be consistent with 6910.

Enter lines 8800-8845 as positive amounts. The amounts will appear in the Budget Appendix with the opposite sign.

Line 8895 is automatically copied from line 6910 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	Limitation on guaranteed loans made by private lenders	14,874	16,187	17,575
2131	Guaranteed loan commitments exempt from limitation	1,284	……………..	……………..
2142	Uncommitted loan guarantee limitation	-3,006	……………..	……………..
2150	Total guaranteed loan commitments	13,152	16,187	17,575
	Memorandum:			
2199	Guaranteed amount of guaranteed loan commitments	10,522	12,950	14,060
	Cumulative balance of guaranteed loans outstanding:			
2210	Outstanding, start of year	36,767	31,739	27,572
2231	Disbursements of new guaranteed loans	12,149	10,488	9,111
2251	Repayments and prepayments	-16,463	-13,965	-5,338
	Adjustments			
2261	Terminations for default that result in loans receivable	-681	-656	-670
2264	Other adjustments, net	-33	-34	-35
2290	Outstanding, end of year	31,739	27,572	30,640
	Memorandum:			
2299	Guaranteed amount of guaranteed loans outstanding, end of year	23,280	20,679	22,459
	Addendum:			
	Cumulative balance of defaulted guaranteed loans that result in loans receivable			
2310	Outstanding, start of year	753	817	1,011
2331	Disbursements for guaranteed loan claims	681	656	670
2351	Repayments of loans receivable	-204	-210	-214
2361	Write-offs of loans receivable	-236	-118	-61
2364	Other adjustments, net	-177	-134	-137
2390	Outstanding, end of year	817	1,011	1,269

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	1,102	1,186
1106	Receivables, net	5	34
1207	Non-Federal assets:Advances and pre-payments..	……………..	449
	Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable:		
1501	Defaulted guaranteed loans receivable	834	817
1502	Interest receivable	38	37
1505	Allowance for subsidy cost (-)	-215	-78
1599	Net present value of assets related to defaulted guaranteed loans	657	776
1901	Other Federal assets: Other assets	128	197
1999	Total assets	1,892	2,642
	LIABILITIES		
2101	Accounts payable	284	722
2204	Non-Federal liabilities: Liabilities for loan guarantees	1,608	1,920
2999	Total liabilities	1,892	2,642
	NET POSITION		
3300	Cumulative results of operations	……………..	……………..
3999	Total net position	……………..	……………..
4999	Total liabilities and net position	1,892	2,642

Shaded entries are automatically calculated by MAX.

Line 1101 equals obligated and unobligated balances.

Line 1106 includes <u>only</u> undisbursed upward reestimates and interest on such reestimates. Do <u>not</u> report amounts for CY or BY. Do <u>not</u> 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)

Program and Financing (in millions of dollars)

Identification code 73-4154-0-3-376		2003 actual	2004 est.	2005 est.
	Obligations by program activity:			
00.01	Interest expense to Treasury	31	25	20
00.03	Miscellaneous program expenses	130	120	150
00.05	Guaranteed loan default claims	26	100	65
10.00	Total new obligations	187	245	235
	Budgetary resources available for obligation:			
21.40	Unobligated balance carried forward, start of year	32	...	...
22.00	New budget authority (gross)	187	245	235
22.40	Capital transfer to general fund	-2	...	...
22.60	Portion applied to repay debt	-30	...	...
23.90	Total budgetary resources available for obligations	187	245	235
23.95	Total new obligations	-187	-245	-235
24.40	Unobligated balance carried forward, end of year	...	...	...
	New budget authority (gross), detail:			
	Mandatory:			
69.00	Offsetting collections (cash)	270	617	327
69.27	Capital transfer to general fund (-)	-3	-22	...
69.47	Portion applied to repay debt (-)	-80	-350	-92
69.90	Spending authority from offsetting collections	187	245	235
	Change in obligated balances:			
72.40	Obligated balance, start of year	27	55	20
73.10	Total new obligations	187	245	235
73.20	Total outlays (gross)	-159	-280	-231
74.40	Obligated balance, end of year	55	20	24
	Outlays (gross) detail:			
86.97	Outlays from new mandatory authority	150	265	222
86.98	Outlays from mandatory balances	9	15	9
87.00	Total outlays (gross)	159	280	231
	Offsets:			
	Against gross budget authority and outlays:			
	Offsetting collections (cash) from:			
	Loan repayments:			
	Non-Federal sources:			
88.40	Principal	99	100	80
88.40	Interest Income	20	27	21
88.40	Net changes in receivables from the public	1	7	2
88.40	Sale of acquired collateral	150	433	199
88.90	Total of offsetting collections (cash)	270	617	327
	Net budget authority and outlays:			
89.00	Budget authority	-83	-372	-92
90.00	Outlays	-111	-337	-96

Shaded entries are automatically calculated by MAX.

There should be no unobligated balance at the end of any fiscal year (line 2440) unless an extension has been approved by OMB. Excess amounts should be used to repay debt or transferred to the general fund.

Enter lines 8800-8845 as positive amounts. These amounts will appear in the Budget Appendix with the opposite sign.

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.
	Loan fund A, Direct Loans			
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	555	326	149
1232	Disbursements: Purchase of loans assets from the Public	20	22	18
	Repayments:			
1251	Repayments and prepayments	-126	-119	-39
1252	Proceeds from loan asset sales to the public or discounted prepayments without recourse	-39	-24	-24
1262	Adjustments: Discount on loan asset sales to the public or discounted prepayments	-36	-15	....
1263	Write-offs for default: Direct loans	-48	-41	-13
1290	Outstanding, end of year	326	149	91
	Loan fund B and C, Direct Loans			
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	193	159	137
	Repayments:			
1251	Repayments and prepayments	-20	-13	-15
1252	Proceeds from loan asset sales to the public or discounted	-14	-9	-5
1290	Outstanding, end of year	159	137	117

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.
	Loan Fund D, Loan Guarantees			
	Cumulative balance of guaranteed loans outstanding:			
2210	Outstanding, start of year	2,652	2,010	1,578
2251	Repayments and prepayments	-613	-398	-313
	Adjustments:			
2261	Terminations for default that result in loans receivable	-26	-28	-22
2264	Other adjustments, net	-3	-6	-5
2290	Outstanding, end of year	2,010	1,578	1,238
	Memorandum:			
2299	Guaranteed amount of guaranteed loans outstanding, end of year	1,766	1,442	1,127
	Addendum:			
	Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310	Outstanding, start of year	1,378	1,320	1,242
2331	Disbursements for guaranteed loan claims	26	28	22
2361	Write-offs of loans receivable	-9	-6	……..
2364	Other adjustments, net	-75	-100	……..
2390	Outstanding, end of year	1,320	1,242	1,264

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	779	920
	Investments in US securities:		
1102	Treasury securities, net	244	218
1107	Advances and prepayments	6	3
	Non-Federal Assets		
1206	Receivables, net	214	280
1207	Advances and prepayments	8	8
	Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:		
1601	Direct loans, gross	748	484
1603	Allowance for estimated uncollectible loans and interest (-)	-303	-73
1699	Value of assets related to direct loans	445	411
1901	Other Federal assets: Other assets	21	115
1999	Total assets	1,717	1,955
	LIABILITIES		
	Federal liabilities:		
2101	Accounts payable	1,123	48
2102	Interest payable	57	96
2103	Debt to the FFB	193	159
2105	Other Liabilities	…………..	1,046
	Non-Federal liabilities		
2201	Accounts payable	13	108
2204	Liabilities for loan guarantees	18	13
2207	Other Liabilities	313	485
2999	Total liabilities	1,717	1,955
	NET POSITION		
3300	Cumulative results of operations	…………..	……………..
3999	Total net position	…………..	……………..
4999	Total liabilities and net position	1,717	1,955

Shaded entries are automatically calculated by MAX.

See Section 86.2 for detailed information about balance sheets.

Standard Appropriations Language

Subsidy cost of the direct loan program

Subsidy cost of the loan guarantee program

For the cost of direct loans, $11,530,000, and for the cost of loan guarantees, $6,000,000, 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 $100,000,000 and total loan principal, any part of which is to be guaranteed, not to exceed $70,000,000. In addition, for administrative expenses to carry out direct and loan guarantee programs, $1,000,000.

Authorizing statute

Limitation on direct loan program

Limitation on loan guarantee program

Administrative expenses

Please see A-11 Section 95.7 for more information on appropriations language for credit programs.

Initial Apportionment
Program Account

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
YYYY [= last year of availability, or "X" for no-year]
0138 [= Treasury account code]
YYYY [= fiscal year]
01 [= program number. Use the default value of "01" unless OMB tells you to use other numbers]

Fiscal year CY

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

	AGENCY: Department of Government BUREAU: Office of the Secretary	APPROPRIATION OR FUND TITLE AND SYMBOL Credit Program Account 80Y0138		
	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
	BUDGETARY RESOURCES			
	Budget authority:			
	Appropriation:			
3A1	Actual		18,530,000	Subsidy ($11,530,000 + $6,000,000) + administrative expenses
7	**Total budgetary resources**		18,530,000	
	APPLICATION OF BUDGETARY RESOURCES			
	Apportioned:			These two entries should be equal.
	Category B:			
8B1	Direct loan subsidy		11,530,000	
8B2	Guaranteed loan subsidy		6,000,000	
8B3	Administrative expenses		1,000,000	
11	**Total budgetary resources**		18,530,000	

NOTE: Line 3A1, P.L. 106-XXX.

SUBMITTED Authorized officer (Date)

APPORTIONED______________________________ (Date)

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

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
X [= last year of availability, or "X" for no-year]
4147 [= Treasury account code]
YYYY [= fiscal year]
01 [= program number. Use the default value of "01" unless OMB tells you to use other numbers]

Fiscal year CY

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

	AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL		
	BUREAU: Office of the Secretary	Direct Loan Financing Account 80X4147		
	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
	BUDGETARY RESOURCES			
	Budget authority:			
3B	Borrowing authority		88,470,000	
	Spending authority from offsetting collections (gross):			
3D3	Anticipated for rest of year, without advance		21,773,000	
	Permanently not available:			
6F	Anticipated for rest of year (-)		-8,562,750	
7	**Total budgetary resources**		101,680,250	
	APPLICATION OF BUDGETARY RESOURCES			
	Apportioned:			
	Category A:			
8A1	First quarter		25,000,000	
8A2	Second quarter		25,000,000	
8A3	Third quarter		25,000,000	
8A4	Fourth quarter		25,000,000	
	Category B:			
8B1	Interest paid to Treasury		1,680,250	
11	**Total budgetary resources**		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 should be equal.

SUBMITTED *Authorized officer* (Date)

APPORTIONED________________ (Date)

Initial Apportionment
Guaranteed Loan Financing Account

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
X [= last year of availability, or "X" for no-year]
4148 [= Treasury account code]
YYYY [= fiscal year]
01 [= program number. Use the default value of "01" unless OMB tells you to use other numbers]

Fiscal year CY

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

	AGENCY: Department of Government BUREAU: Office of the Secretary	APPROPRIATION OR FUND TITLE AND SYMBOL Guaranteed Loan Financing Account 80X4148		
	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
	PROGRAM LEVEL			
	Guaranteed loan levels:			
G1A	Current year……		70,000,000	
G1B	Unused from prior years……			
	APPLICATION			
	Apportioned:			
	Category A:			
G8A1	First quarter			
G8A2	Second quarter			
G8A3	Third quarter			
G8A4	Fourth quarter			
	Category B:			
G8B1	Guaranteed loan program		70,000,000	
	BUDGETARY RESOURCES			
	Budget authority:			
	Spending authority from offsetting collections (gross):			
3D3	Anticipated for rest of year, without advance……		6,360,000	
7	**Total budgetary resources……**		6,360,000	
	APPLICATION OF BUDGETARY RESOURCES			
10C	**Unapportioned balance of revolving fund……**		6,360,000	
11	**Total budgetary resources……**		6,360,000	

Limitation on loan guarantees.

Lines G1A and G1B are only used on the SF 132 for guaranteed loan financing accounts.

Subsidy from the program account ($6,000,000) + interest from Treasury ($360,000)

These two entries should be equal.

SUBMITTED *Authorized officer* (Date)

APPORTIONED ____________ (Date)

INITIAL APPORTIONMENT SIDE-BY-SIDE-ACCOUNT COMPARISON

Line Entry	Program Account	Financing Account: Direct	Financing Account: Guaranteed
		Program Level	
Guaranteed loan levels G1A. Current year			Record the loan guarantee limitation, in this case $70,000,000. For mandatory programs, record the amount of guaranteed loans anticipated to be committed.
		Application	
Apportioned: Category B G1B. Guaranteed loan program			Should equal the amount on line 1 immediately above.
		Budgetary Resources	
Budget authority Appropriations 3A1. Actual	The total amount specified in the appropriations language and becoming available on or after October 1 of the fiscal year. It is composed of amounts to cover direct and guaranteed loan subsidy costs and administrative expenses ($11,530,000 +$6,000,000 + $1,000,000).		
3B. Borrowing authority		The amount of borrowing authority anticipated to be used to cover obligations during the year that are not covered by subsidy cost payments or fees. Usually, assume direct loan obligations equal to the direct loan limitation and subtract corresponding estimates of subsidy cost payments and any fees paid by the borrower ($100,000,000–$11,530,000). (This example assumes borrowers are not charged any fees.)	
Spending authority from offsetting collections		The expected collections of credit subsidy cost	The expected collections of credit subsidy cost

Line Entry	Program Account	Financing Account: Direct	Financing Account: Guaranteed
(Gross) 3D3. Anticipated for rest of year, without advance		payments from the program account, plus expected repayments from borrowers ($11,530,000 + $10,243,000).	payments from the program account plus interest earned from Treasury ($6,000,000 + $360,000).
Permanently not available 6F. Anticipated rest of year		Repayments of Treasury debt are shown as a reduction in resources rather than as obligations and disbursements. Does not include interest payments made on debt owed to Treasury, which are treated as an obligation and an outlay. To calculate principal repayments to Treasury, contact your OMB representative.	
7. Total Budgetary Resources	The sum of lines 1–6 and always equal to line 12.	The sum of lines 1–6 and always equal to line 12.	The sum of lines 1–6 and always equal to line 12.
Application of Budgetary Resources			
Apportioned Category A: 8A1. First quarter 8A2. Second quarter 8A3. Third quarter 8A4. Fourth quarter		The amount for each quarter to incur direct loan obligations and to disburse loans. Assuming that 100% of the direct loans will be obligated evenly throughout the first year, entries for each quarter are calculated by dividing the direct loan limitation level equally into four quarters ($100,000,000 * .25).	
Category B: 8B1. Direct loan subsidy cost 8B2. Guaranteed loan subsidy cost 8B3. Administrative expenses 8B4. Interest paid to Treasury	Includes separate amounts for direct loan and loan guarantee subsidy cost and administrative expenses. Because this program expects to obligate the full amounts in the first fiscal year, the total amount of subsidy cost and administrative expenses appropriated to the account should be apportioned.	In this example, $1,680,250 is requested for interest payments to Treasury.	
10C. Unapportioned balance of revolving fund			Records the amount of subsidy cost payments and interest which will be held

Line Entry	Program Account	Financing Account: Direct	Financing Account: Guaranteed
			to finance future defaults ($6,000,000 + $360,000).
11. Total Budgetary Resources	The sum of lines 8–10 and always equal to line 7.	The sum of lines 8–10 and always equal to line 7.	The sum of lines 8–10 and always equal to line 7.

Reapportionment for Modification
Program Account

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
YYYY [= last year of availability, or "X" for no-year]
0138 [= Treasury account code]
YYYY [= fiscal year]
01 [= program number. Use the default value of "01" unless OMB tells you to use other numbers]

Fiscal year CY

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

	AGENCY: Department of Government BUREAU: Office of the Secretary	APPROPRIATION OR FUND TITLE AND SYMBOL Credit Program Account 80Y0138		
	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
	BUDGETARY RESOURCES			
	Budget authority:			
	Appropriation:			
3A1	Actual	18,530,000	19,530,000	
7	**Total budgetary resources**	18,530,000	19,530,000	
	APPLICATION OF BUDGETARY RESOURCES			
	Apportioned:			
	Category B:			
8B1	Direct loan subsidy	11,530,000	11,530,000	
8B2	Guaranteed loan subsidy	6,000,000	6,000,000	
8B3	Administrative expenses	1,000,000	1,000,000	
8B4	Direct loan modification		1,000,000	
11	**Total budgetary resources**	18,530,000	19,530,000	

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

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

These two entries should be equal.

Budgetary resources for modifications must be apportioned in advance.

NOTE: Line 3A1, P.L. 106-XXX.

SUBMITTED Authorized officer (Date) APPORTIONED______________ (Date)

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

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
YYYY [= last year of availability, or "X" for no-year]
0138 [= Treasury account code]
YYYY [= fiscal year]
01 [= program number. Use the default value of "01" unless OMB tells you to use other numbers]

Fiscal year CY

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
	AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL		
	BUREAU: Office of the Secretary	Credit Program Account 80Y0138		
	BUDGETARY RESOURCES			
	Budget authority:			
	Appropriation:			
3A1	Actual……	18,530,000	18,530,000	
3A2	Anticipated……… FCRA……		1,000,000	
7	**Total budgetary resources……**	18,530,000	19,530,000	
	APPLICATION OF BUDGETARY RESOURCES			
	Apportioned:			
	Category B:			
8B1	Direct loan subsidy……	11,530,000	11,530,000	
8B2	Guaranteed loan subsidy……	6,000,000	6,000,000	
8B3	Administrative expenses……	1,000,000	1,000,000	
8B4	Reestimate……		1,000,000	
11	**Total budgetary resources……**	18,530,000	19,530,000	

Until indefinite appropriations are warranted, include them on line 3A2. On subsequent apportionments, include the warranted amounts on line 3A1 (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.

These two entries should be equal.

Budgetary resources for upward reestimate.

NOTE: Line 3A1, P.L. 106-XXX.

SUBMITTED *Authorized officer* ______ (Date)   APPORTIONED ______ (Date)

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

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
X [= last year of availability, or "X" for no-year]
4148 [= Treasury account code]
YYYY [= fiscal year]
01 [= program number. Use the default value of "01" unless OMB tells you to use other numbers]

Fiscal year CY

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

	AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL		
	BUREAU: Office of the Secretary	Direct Loan Financing Account 80X4148		
	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
	BUDGETARY RESOURCES			
	Budget authority:			
3B	Borrowing authority	88,470,000	88,470,000	Direct loan limitation ($100,000,000) minus subsidy ($11,530,000).
	Spending authority from offsetting collections (gross):			
	Earned:			
3D1a	Collected	21,773,000	22,773,000	$1,000,000 more was collected from borrowers than estimated.
	Permanently not available:			
6C	Capital transfers and redemption of debt (-)	-8,562,750	-8,562,750	Use 6C (actual) and 6F (anticipated) to show principal repayments to Treasury.
7	**Total budgetary resources**	101,680,250	102,680,250	
	APPLICATION OF BUDGETARY RESOURCES			
	Apportioned:			
	Category A:			
8A1	First quarter	25,000,000	25,000,000	
8A2	Second quarter	25,000,000	25,000,000	
8A3	Third quarter	25,000,000	25,000,000	
8A4	Fourth quarter	25,000,000	25,000,000	These two entries should be equal.
	Category B:			
8B1	Interest paid to Treasury	1,680,250	1,680,250	
8B2	To receipt account		1,000,000	
11	**Total budgetary resources**	101,680,250	102,680,250	

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

Downward reestimates are obligated and disbursed to the receipt account.

SUBMITTED *Authorized officer* (Date)   APPORTIONED (Date)

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				
3. Budget authority:				
A. Appropriation:				
1. Actual…………	18,530,000	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).		
7. Total budgetary resources…………	18,530,000			
STATUS OF BUDGETARY RESOURCES				
8. Obligations incurred:				
A. Direct				
2. Category B:				
1. Direct loan subsidy…………	2,882,500	25% of the total direct and guaranteed loan subsidy has been obligated.		
2. Guaranteed loan subsidy…………	1,500,000			
3. Administrative expenses…………	250,000	25% of the total administrative expenses has been obligated.		
9. Unobligated balance:				
A. Apportioned:				
1. Balance, currently available…………	13,897,500	Amount apportioned under Category B of the latest SF 132 ($18,530,000) minus the total obligations incurred on line 8.B. above ($4,632,500).		
11. Total status of budgetary resources…………	18,530,000			
CHANGE IN OBLIGATED BALANCES				
12. Obligated balance, net:				
A. Unpaid obligations, brought forward, October 1 (+)…………				
13. Obligations incurred (+)…………	4,632,500			
14. Gross outlays (-)…………	-3,756,000			
18. Obligated balance, net, end of period:				
A. Unpaid obligations (+)…………	876,500	Loan subsidy obligated but not yet disbursed.		
B. Uncollected customer payments from Federal sources (-)…………				
NET OUTLAYS				
19. Net outlays:				
A. Gross outlays (+)…………	3,756,000	Loan subsidy and administrative cost obligated and disbursed.		
B. Offsetting collections (-)…………				

NOTE: Line 3A1, P.L. 106-XXX.

SUBMITTED ____________ ____________ (Preparer: Name) ____________
(Authorized Officer) (Date) (Address) ____________
(Phone number) ____________

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	
BUDGETARY RESOURCES		
3. Budget authority:		
B. Borrowing authority	88,470,000	Amount apportioned on latest SF 132.
D. Spending authority from offsetting collections (gross):		
1. Earned:		
a. Collected	2,306,000	As direct loans are obligated and disbursed, the loan subsidy is collected from the program account.
2. Change in unfilled customer orders (+ or -):		
b. Without advance from Federal sources	576,500	Direct loan subsidy obligated but not yet received from the program account.
3. Anticipated for rest of year, without advance	18,890,500	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.
6. Permanently not available (-):		
C. Capital transfers and redemption of debt (-)	-8,562,750	Use 6C (actual) and 6F (anticipated) to show principal repayments to Treasury.
7. Total budgetary resources	101,680,250	
STATUS OF BUDGETARY RESOURCES		
8. Obligations incurred:		
A. Direct		
1. Category A	25,000,000	Obligations incurred against the amount apportioned for this period under Catergory A of the latest SF 132.
2. Category B:		
1. Interest payment to Treasury	1,680,250	Interest is obligated through the year but not yet disbursed.
10. Unobligated balance not available:		
A. Apportioned for subsequent periods	75,000,000	Amount apportioned on latest SF 132 by time periods (under Category A &B) that will not become available until after the reporting period.
11. Total status of budgetary resources	101,680,250	
CHANGE IN OBLIGATED BALANCES		
12. Obligated balance, net:		
A. Unpaid obligations, brought forward, October 1 (+)		
13. Obligations incurred (+)	26,680,250	
14. Gross outlays (-)	-20,000,000	
17. Change in uncollected customer payments from Federal sources	-576,500	
18. Obligated balance, net, end of period:		
A. Unpaid obligations (+)	6,680,250	Direct loans obligated but not yet disbursed + interest payment to Treasury obligated but not yet disbursed.
B. Uncollected customer payments from Federal sources (-)	-576,500	Subsidy receivable from the program account for the portion of the direct loans that were obligated but not disbursed.
NET OUTLAYS		
19. Net outlays:		
A. Gross outlays (+)	20,000,000	Loans disbursed from the account, as of this reporting period.
B. Offsetting collections (-)	-2,306,000	Direct loan subsidy collected from program account.

SUBMITTED ____________________ (Authorized Officer) ________ (Date)

(Preparer: Name) ____________________

(Address) ____________________

(Phone number) ____________________

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	APPROPRIATION OR FUND TITLE AND SYMBOL			
BUREAU: Office of the Secretary	Guaranteed Loan Financing Account			
	Unexpired			
BUDGETARY RESOURCES				
3. Budget authority:				
B. Borrowing authority				
D. Spending authority from offsetting collections (gross):				
1. Earned:				
a. Collected	1,200,000			
2. Change in unfilled customer orders (+ or -):				
b. Without advance from Federal sources	300,000			
3. Anticipated for rest of year, without advance	4,860,000			
7. Total budgetary resources	6,360,000			
STATUS OF BUDGETARY RESOURCES				
10. Unobligated balance not available:				
C. Other	6,360,000			
11. Total status of budgetary resources	6,360,000			
CHANGE IN OBLIGATED BALANCES				
12. Obligated balance, net:				
A. Unpaid obligations, brought forward, October 1 (+)				
13. Obligations incurred (+)				
14. Gross outlays (-)				
17. Change in uncollected customer payments from Federal sources	-300,000			
18. Obligated balance, net, end of period:				
A. Unpaid obligations (+)				
B. Uncollected customer payments from Federal sources (-)	-300,000			
NET OUTLAYS				
19. Net outlays:				
A. Gross outlays (+)				
B. Offsetting collections (-)	-1,200,000			

When loan guarantees have been committed and the loans disbursed, the subsidy is received from the program account.

Subsidy obligated but not yet received from program account.

The remainder of loan guarantee subsidy expected from the program account.

Guaranteed loan financing accounts hold a reserve for future defaults.

Subsidy collected from program account.

SUBMITTED ____________ ____________
(Authorized Officer) (Date)

(Preparer: Name) ____________
(Address) ____________
(Phone number) ____________

BUDGET EXECUTION REPORTING—END OF FIRST QUARTER
SIDE-BY-SIDE ACCOUNT COMPARISON

Line Entry	Program Account	Financing Account: Direct	Financing Account: Guaranteed
	Budgetary Resources		
3. Budget Authority A. Appropriations 1. Actual	The total amount becoming available on or after October 1 of the fiscal year. It is composed of amounts for direct loan and loan guarantee subsidy costs and administrative expenses ($11,530,000 + $6,000,000 + $1,000,000). The entry for this line should equal the entry on line 3A of the latest SF 132 for this account.		
B. Borrowing authority		The amount of borrowing authority anticipated to be used to cover obligations during the year that are not covered by subsidy cost payments or fees. Usually, assume direct loan obligations equal to the direct loan limitation and subtract corresponding estimates of subsidy cost payments and any fees paid by the borrower ($100,000,000–$11,530,000). The entry for this line should equal the entry on line 3B of the latest SF 132 for this account.	
D. Spending authority from offsetting collections (Gross) 1. Earned a. Collected		When a direct loan is disbursed, the financing account collects the subsidy cost payment from the program account. So far, only 80% of the loans obligated this quarter have been disbursed so only 80% of the subsidy cost should be collected ($2,882,500 * .8). Later, as borrowers make repayments, such amounts will also be recorded on this line.	When a guaranteed loan is disbursed by a private lender, the financing account collects the subsidy cost payment from the program account. These collections are held to finance future defaults. So far, private lenders have disbursed only 80% of the loans guaranteed this quarter ($1,500,000 * .8).

Line Entry	Program Account	Financing Account: Direct	Financing Account: Guaranteed
2. Change in unfilled customer orders: b. Without advance from Federal sources		The portion of the subsidy cost for loans obligated but not yet disbursed in the first quarter ($2,882,500 * .2). When the remaining 20% of the loans is disbursed, the program account will pay the remaining subsidy cost to the financing account, and the amount on this line will be moved to line 3A1.	The portion of the subsidy cost for guarantees committed but not yet disbursed in the first quarter ($1,500,000 * .2). When the remaining 20% of the loans is disbursed, the program account will pay the remaining subsidy cost to the financing account, and the amount on this line will be moved to line 3A1.
3. Anticipated for rest of year without advance		The anticipated subsidy cost payments from the program account for loans planned to be obligated in the remaining quarters of this year and expected borrower repayments of principal and interest for this year [($2,882,500 * 3) + $10,243,000]. As direct loans are obligated and disbursed, reflect these actions by moving the corresponding amounts to lines 3A2 and 3A1, as appropriate.	The anticipated subsidy cost payments from the program account for guarantees planned to be committed in the remaining quarters of this year and interest earned from Treasury [($1,500,000 * 3) + $360,000]. As guarantees are committed and guaranteed loans are disbursed, reflect these actions by moving the corresponding amounts to lines 3A2 and 3A1, as appropriate.
6. Permanently not available F. Anticipated rest of year		Repayments of Treasury debt are shown as a reduction in resources rather than as an obligation of resources. This entry does not include interest payments made on borrowing from Treasury, which are treated as an obligation and an outlay.	
7. Total Budgetary Resources	Represents all the budgetary resources available for new obligations. This line should always equal line 11. However, because this is an example of a new program, the entry should also equal line 3A.	The sum of lines 1–6 and should equal line 11.	The sum of lines 1–6 and should equal line 11.

Line Entry	Program Account	Financing Account: Direct	Financing Account: Guaranteed
Status of Budgetary Resources			
8. Obligations incurred A. Direct 1. Category A		A quarter of the borrowing authority and subsidy cost has been obligated ($100,000,000 * .25).	
2. Category B: 1. Direct loan subsidy cost 2. Guaranteed loan subsidy cost 3. Admin. expenses 4. Interest payment to Treasury	A quarter of the direct loan and loan guarantee subsidy cost and administrative expenses has been obligated, so a quarter of each [.25 * ($11,530,000 + $6,000,000 + $1,000,000)] is recorded.	The interest payment to Treasury ($1,680,250) is recorded.	
9. Unobligated balance: A. Apportioned: 1. Balance currently available	Based on the latest SF 132, a total of $18,530,000 is apportioned for this account, but only $4,632,500 ($2,882,500 + $1,500,000 +$250,000) has been obligated. Therefore, the remaining $13,897,500 is recorded.		
10. Unobligated balance not available: A. Apportioned for subsequent periods		Because this account is apportioned by time periods, the amount apportioned on the latest SF 132 (line 8, *Category A*) that will not become available until after this reporting period is recorded here. This is calculated by taking the total Category A apportionment on the latest SF 132 minus the obligations incurred on line 8A of this SF 133 ($100,000,000–$25,000,000).	
C. Other			Guaranteed loan financing accounts hold an interest-earning reserve for future defaults. Record the amount of subsidy cost payments and interest received and anticipated ($4,860,000 + $1,200,000 + $300,000) for the year.

Line Entry	Program Account	Financing Account: Direct	Financing Account: Guaranteed
11. Total Status of Budgetary Resources	The sum of lines 8–10 and should equal line 7.	The sum of lines 8–10 and should equal line 7.	The sum of lines 8–10 and should equal line 7.
	Change in Obligated Balances		
18. Obligated balance, net, end of period: A. Unpaid obligations	The amount of obligated but not disbursed budgetary resources. In this example, 20% of the subsidy cost obligated in the first quarter will not be disbursed until a later quarter [($2,882,500 + $1,500,000) * .2].	The amount payable to Treasury for interest expense and the amount of direct loans obligated but not yet disbursed by the financing account [$1,680,250 + ($25,000,000 * .2)].	
B. Uncollected customer payments, from Federal sources		The amount of direct loan subsidy cost payment receivable from the program account for the portion of the direct loan subsidy cost that was obligated but remains undisbursed ($2,882,500 * .2).	
	Net Outlays		
19. Net outlays A. Gross Outlays	The amount of obligations that are liquidated by disbursements. In this example, only 80% of the subsidy cost obligated this quarter [($2,882,500 + $1,500,000) * .8] (see line 3A1 of the financing account) and 25% of the administrative expenses have been disbursed. The sum of these two disbursements ($3,506,000 + $250,000) is recorded.	The loan amount outlayed. Only 80% of the $25,000,000 obligated is disbursed as of this reporting period ($25,000,000 * .8).	
B. Offsetting collections		Repayments from the borrowers are not expected until the end of the year, so this entry should reflect only the amount of the direct loan subsidy cost payments that have been disbursed from the program account (see line 3D1a), recorded as a negative amount.	Records the amount of the loan guarantee subsidy cost payments that have been disbursed from the program account (see line 3D1a), recorded as a negative amount.

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				
3. Budget authority:				
A. Appropriation:				
1. Actual	18,530,000			
7. Total budgetary resources	18,530,000			
STATUS OF BUDGETARY RESOURCES				
8. Obligations incurred:				
A. Direct				
2. Category B:				
1. Direct loan subsidy	11,530,000			
2. Guaranteed loan subsidy	6,000,000			
3. Administrative expenses	1,000,000	100% of direct and guaranteed loan subsidy and administrative expenses have been obligated.		
11. Total status of budgetary resources	18,530,000			
CHANGE IN OBLIGATED BALANCES				
12. Obligated balance, net:				
A. Unpaid obligations, brought forward, October 1 (+)				
13. Obligations incurred (+)	18,530,000			
14. Gross outlays (-)	-15,024,000			
18. Obligated balance, net, end of period:				
A. Unpaid obligations (+)	3,506,000	Loan subsidy obligated but not yet disbursed.		
B. Uncollected customer payments from Federal sources (-)				
NET OUTLAYS				
19. Net outlays:				
A. Gross outlays (+)	15,024,000	Loan subsidy and administrative cost obligated and disbursed.		
B. Offsetting collections (-)				

NOTE: Line 3A1, P.L. 106-XXX.

SUBMITTED ____________________ __________
(Authorized Officer) (Date)

(Preparer: Name) ____________________
(Address) ____________________
(Phone number) ____________________

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				
3. Budget authority:				
B. Borrowing authority……………………………………….	88,470,000	Amount apportioned on latest SF 132.		
D. Spending authority from offsetting collections (gross):				
1. Earned:				
a. Collected...…...........…....................………………….	19,467,000	Direct loan subsidy collected from the program account ($11,530,000 * 80%) + repayments from borrower ($10,243,000).		
2. Change in unfilled customer orders (+ or -):				
b. Without advance from Federal sources…………..........	2,306,000	Portion of the direct loan subsidy obligated but not yet disbursed from the program account ($11,530,000* 20%).		
6. Permanently not available (-):				
C. Capital transfers and redemption of debt (-)..…....................	-8,562,750	Actual principal repayments to Treasury.		
7. Total budgetary resources.....……........................……………	101,680,250			
CHANGE IN OBLIGATED BALANCES				
8. Obligations incurred:				
A. Direct				
1. Category A……………………………………………….	100,000,000			
2. Category B:				
1. Interest payment to Treasury……...…..............……….	1,680,250			
11. Total status of budgetary resources........……..................……	101,680,250			
CHANGE IN OBLIGATED BALANCES				
12. Obligated balance, net:				
A. Unpaid obligations, brought forward, October 1 (+)..….…......				
13. Obligations incurred (+)…………………………………….	101,680,250			
14. Gross outlays (-)…………………………………………….	-81,680,250			
17. Change in uncollected customer payments				
from Federal sources …...	-2,306,000			
18. Obligated balance, net, end of period:				
A. Unpaid obligations (+)..…...	20,000,000	Amount of direct loans obligated but not yet disbursed ($100,000,000 * 20%).		
B. Uncollected customer payments				
from Federal sources (-).…..	-2,306,000	Direct loan subsidy still receivable from program account.		
NET OUTLAYS				
19. Net outlays:				
A. Gross outlays (+)………………………...……………….....	81,680,250	Portion of the loan that has been disbursed ($100,000,000 * 80%) + interest paid to Treasury ($1,680,250).		
B. Offsetting collections (-)……………………………………	-19,467,000	Direct loan subsidy collected from the program account ($11,530,000 * 80%) + repayments from borrower ($10,243,000).		

SUBMITTED ____________________ __________
(Authorized Officer) (Date)

er: Name) ____________________
ss) ____________________
number) ____________________

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				
3. Budget authority:				
B. Borrowing authority				
D. Spending authority from offsetting collections (gross):				
1. Earned:				
a. Collected	5,160,000	Subsidy collected from the program account plus interest.		
2. Change in unfilled customer orders (+ or -):				
b. Without advance from Federal sources	1,200,000	The portion of subsidy obligated but not received from the program account.		
7. Total budgetary resources	6,360,000			
STATUS OF BUDGETARY RESOURCES				
10. Unobligated balance not available:				
C. Other	6,360,000	Guaranteed loan financing accounts hold a reserve for future defaults.		
11. Total status of budgetary resources	6,360,000			
CHANGE IN OBLIGATED BALANCES				
12. Obligated balance, net:				
A. Unpaid obligations, brought forward, October 1 (+)				
13. Obligations incurred (+)				
14. Gross outlays (-)				
17. Change in uncollected customer payments from Federal sources	-1,200,000			
18. Obligated balance, net, end of period:				
A. Unpaid obligations (+)				
B. Uncollected customer payments from Federal sources (-)	-1,200,000			
NET OUTLAYS				
19. Net outlays:				
A. Gross outlays (+)				
B. Offsetting collections (-)	-5,160,000	Amount of subsidy and interest collected.		

SUBMITTED ____________________ __________
(Authorized Officer) (Date)

(Preparer: Name) ____________________________
(Address) ____________________________
(Phone number) ____________________________

BUDGET EXECUTION REPORTING—END OF FISCAL YEAR
SIDE-BY-SIDE ACCOUNT COMPARISON

Line Entry	Program Account	Financing Account: Direct	Financing Account: Guaranteed
	Budgetary Resources		
3. Budget Authority: A. Appropriations 1. Actual	In this example, this entry should be the same as the End of First Quarter.		
B. Borrowing authority		In this example, this entry should be the same as the End of First Quarter. Any unobligated borrowing authority must be returned at the end of the fiscal year.	Any unobligated borrowing authority must be returned at the end of the fiscal year.
D. Spending authority from offsetting collections (Gross) 1. Earned a. Collected		This entry should be updated to reflect that payments totaling 80% of the subsidy cost ($11,530,000 * .8) have been collected from the program account and $10,243,000 was collected from borrower repayments.	This entry should be updated to reflect that payments totaling 80% of the subsidy cost ($6,000,000 * .8) have been collected from the program account and $360,000 was received from Treasury for interest.
2. Change in unfilled customer orders: b. Without advance from Federal sources		The remaining 20% of the subsidy cost payments receivable from the program account is recorded ($11,530,000 * .2).	The remaining 20% of the subsidy cost payments receivable from the program account is recorded ($6,000,000 *.2).
6. Permanently not available C. Capital transfers and redemption of debt		After debt is actually repaid, use this line.	
7. Total Budgetary Resources	The sum of lines 1–6 and should always equal line 11.	The sum of lines 1–6 and should always equal line 11.	The sum of lines 1–6 and should always equal line 11.
	Status of Budgetary Resources		
8. Obligations incurred A. Direct 1. Category A		Update this line to reflect that the full $100,000,000 has been obligated.	
2. Category B: (a) Direct loan subsidy cost (b) Guaranteed loan subsidy cost	The full amount of direct and guaranteed loan subsidy cost ($11,530,000 + $6,000,000) and administrative expenses	Record the interest payment to Treasury.	

Line Entry	Program Account	Financing Account: Direct	Financing Account: Guaranteed
(c) Admin. Expenses	($1,000,000) has been obligated.		
(d) Interest payment to Treasury			
10. Unobligated balance not available: C. Other			The amount of subsidy cost payments and interest received and anticipated ($5,160,000 + $1,200,000) for the year.
11. Total Status of Budgetary Resources	The sum of lines 8–10 and should equal line 7.	The sum of lines 8–10 and should equal line 7.	The sum of lines 8–10 and should equal line 7.
Change in Obligated Balances			
18. Obligated balance, net, end of period: A. Unpaid obligations	Records the amount of direct loan and loan guarantee subsidy cost and administrative expenses obligated but undisbursed. Reflects the amount of budgetary resources for subsidy cost that remains in the program account [($11,530,000 + $6,000,000) * .2]. All of the administrative expenses have been disbursed.	This is the amount of loans obligated but not yet disbursed ($100,000,000 * .2).	
B. Uncollected customer payments, from Federal sources		Records the remaining 20% of the loan subsidy cost obligated but not yet disbursed ($11,530,000 * .2).	
Net Outlays			
19. Net outlays A. Gross Outlays	When a direct loan is disbursed from the financing account, the subsidy cost payment moves from lines 13 and 18A to lines 14 and 19A. In this example, because 80% of the loans and 100% of the administrative expenses have been disbursed, the entry is 80% of the subsidy cost plus the full amount of administrative expenses [($17,530,000 * .8) + $1,000,000].	Record the loans disbursed plus the amount of interest paid to Treasury [($100,000,000 * .8) + $1,680,250].	

Line Entry	Program Account	Financing Account: Direct	Financing Account: Guaranteed
B. Offsetting collections		The amount of loan subsidy cost payments collected from the program account and the amount of repayments collected from borrowers is recorded as a negative value [($11,530,000 * .8) + $10,243,000].	Update this entry to reflect the subsidy cost payments and interest received.