APPENDIX C -- FEDERAL CREDIT PROGRAMS

Table of Contents

C.1 Guide to this Appendix.

This appendix provides budget execution instructions for Federal credit programs consistent with the Federal Credit Reform Act of 1990, as amended, (FCRA) and applies to all programs that provide direct loans or loan guarantees to non-Federal entities. It answers commonly asked questions with a Question-Answer format, provides a glossary of credit terms and concepts, and illustrates how to fill out apportionment and budget execution forms for a hypothetical credit program. While section 506 of the FCRA exempts certain credit programs from credit reform budgeting, those programs are still required to follow other instructions contained in this Circular.

This appendix supplements the instructions provided in other parts of this Circular, such as the basic concepts in section 11 and the Antideficiency Act reporting requirements for credit programs in section 22.3. Use this Circular in conjunction with other credit program guidance in OMB Circular A-11, Preparation and Submission of Budget Estimates (section 85 explains the basic principles of credit reform) and Circular A-129, Policies for Federal Credit Programs and Non-Tax Receivables. You can find both Circulars at http://www.whitehouse.gov/omb/circulars.

C.2 How do I begin?

Locate and review the enacted appropriation act for your credit program. In some cases, you may also need to locate and review other authority in authorizing or substantive acts for your credit program. You must do this because under the Federal Credit Reform Act of 1990, as amended, you may make new direct loan obligations or new loan guarantee commitments only if:

- appropriations of budget authority to cover the costs (subsidy) are made in advance;
- there is an enacted limitation on the direct loan or loan guarantee program; or
- authority is otherwise provided in appropriation acts.

The standard appropriations language for credit programs is illustrated in Exhibit C1. It consists of the following parts:

- the appropriation for the costs (subsidy) of the loan or guarantee program;
- the limitation on the loan program; and
- the appropriation for administrative expenses.

C.3 Am I required to have an apportionment?

Yes. All appropriation and fund accounts, including credit program accounts, financing accounts, and liquidating accounts, are required to be apportioned pursuant to the Antideficiency Act unless exempted by OMB or a specific statute. The head of each executive agency to which the appropriation or fund account is available must submit apportionment information to OMB in the form, manner, and at the time specified by OMB. OMB may grant exemptions from apportionment. OMB exemptions take the form of a letter to the head of the department or establishment.

C.4 When do I submit a request for an apportionment?

If ...	For example ...	Then ...
Budgetary resources <u>result from</u> current action by Congress	The annual appropriation in the <u>program</u> account for the: • direct loan subsidy, • loan guarantee subsidy, • administrative expenses, or • modifications.	Submit the initial apportionment request within 10 calendar days after the approval of the act providing the new budgetary resource. Submit reapportionment requests whenever circumstances change. For example, if the subsidy was apportioned solely to make new

If ...	For example ...	Then ...
		loans then you must submit a reapportionment request for the program and financing accounts before you make a modification that will increase the cost.
Budgetary resources do not result from current action by Congress	The unobligated balances in the financing accounts.	Submit the initial apportionment request by August 21 before the beginning of the fiscal year.
	Permanent indefinite appropriation in the program account to cover an upward reestimate.	Submit the request for anticipated reestimates with the initial apportionment of the subsequent fiscal year.
	Permanent indefinite appropriation in the liquidating account.	Submit the initial apportionment request by August 21 before the beginning of the fiscal year.

C.5 How long does an apportionment last?

An apportionment lasts until the end of the fiscal year or until replaced by a reapportionment, whichever occurs first. OMB must apportion each account before its funds become available for obligation in the subsequent fiscal year.

C.6 How do I fill out the standard format for apportionment (SF 132)?

Consult Part III of this circular for general apportionment guidance, including terminology, line descriptions, timing, and apportionment categories. Exhibit C2 is a sample of the SF 132 for a credit program account. You will notice that from top to bottom, the SF 132 has two major parts:

- The top half of the format shows what is available to the account, i.e., the "Budgetary Resources" (guaranteed loan financing accounts require additional information that shows loan limitations, as shown in Exhibit C4); and

- The bottom half shows how the resources are to be used and is labeled "Application of Budgetary Resources." This portion is also called the agency's spending plan.

The total amount in the top half is on line 7, *Total Budgetary Resources*. The total amount in the bottom half is on line 12, *Total Budgetary Resources*. The amounts on these two lines must be equal.

Next, you will notice that from left to right, the SF 132 is divided into three columns:

- The first column heading is "Amount on Latest SF 132." Fill this column with data from the most recent OMB approved apportionment for this account, if any, for this fiscal year. On the initial apportionment, leave this column blank. If initially the account was automatically apportioned (e.g., automatically apportioned under a continuing resolution), fill the column with the amounts automatically apportioned.

- The second column heading is “Agency Request.” Fill this column with your request for apportionment or reapportionment.

- The third column heading is “Action by OMB.” Leave this column blank. OMB will fill in this column.

C.7 How should the enacted appropriation language and the apportionment tie?

You must check the relationships among the:
- enacted appropriations language (see Exhibit C1);
- apportionment of the program account (see Exhibit C2);
- apportionment of the direct loan financing account (see Exhibit C3);
- apportionment of the guaranteed loan financing account (see Exhibit C4); and
- apportionment of the salaries and expenses (S&E) account, if any, that is reimbursed for administrative expenses by the credit program account.

Verify that the subsidy amounts, limitations, and administrative expenses are correct. For guaranteed loan financing accounts, verify the program level portion of the SF 132. Exhibit C5 explains the amounts on each line of the SF 132s for the credit program account (Exhibit C2), direct loan financing account (Exhibit C3), and guaranteed loan financing account (Exhibit C4).

C.8 How do I handle modifications?

The steps for handling a modification are:

- estimate the cost of the modification (see Circular A-11, section 85.6);
- request an apportionment (if necessary);
- receive an approved apportionment from OMB (if necessary); and
- modify the direct loan or loan guarantee.

To determine whether you need an apportionment:

If ...	Then ...
The current apportionment allows the apportioned subsidy to be used for modifications and the cost of the modification is equal to or lower than the apportioned unobligated balance.	No.
The current apportionment does not allow the apportioned subsidy to be used for modifications or if the cost of the modification is higher than the apportioned unobligated balance.	Yes. See Exhibit C6 for a sample apportionment for a modification.

C.9 Do I need a reapportionment for an upward reestimate of a direct loan or loan guarantee (and the interest on the reestimate)?

Reestimates are 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. 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. An upward reestimate indicates that insufficient funds were 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. OMB Circular A-11, section 85.5, provides instructions for calculating reestimates.

If you were unable to include the reestimate in your program and financing accounts' initial apportionment, you need a reapportionment for the additional permanent indefinite appropriation the program account needs to pay to the financing account and the offsetting collection of the reestimate in the financing account. See Exhibit C7 for a sample reapportionment for an upward reestimate of a program account.

C.10 Do I need a reapportionment for a downward reestimate of a direct loan or loan guarantee (and the interest on the reestimate)?

A downward reestimate indicates that too much subsidy was paid to the financing account. For discretionary programs, the excess (plus interest on reestimates) is disbursed to a negative subsidy receipt account. For mandatory programs, the excess (plus interest on reestimates) may be credited directly to the program account as offsetting collections or to a negative subsidy receipt account.

You need a reapportionment of the financing account before you can obligate and disburse the savings to the negative subsidy receipt account or to the program account. See Exhibit C8 for a sample reapportionment of a discretionary direct loan financing account.

C.11 Do I have to submit reports on the status of the credit program during the year?

Yes. You must submit quarterly status reports, called "budget execution reports" (SF 133). This circular requires budget execution reports every quarter for all accounts, including those that OMB has exempted from apportionment. The OMB program examiners with primary budget responsibility for the credit account may require budget execution reports more frequently, such as monthly.

C.12 How do I fill out the report on budget execution (SF 133)?

Consult Part IV of this circular for general budget execution reporting guidance. Exhibit C9 provides a sample of the SF 133 for a credit program account. You will notice that from top to bottom, the SF 133 has three major parts:

- The top third shows what is available to the account (i.e., the "Budgetary Resources"). Because the purpose of the budget execution report is to monitor what the account is doing compared to the apportionment (i.e., its spending plan), the lines are identical to the lines in the top half of the SF 132. The difference is that the data on the SF 133 should provide the current status of the amounts on each line.[5]

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[1] For example, on the initial apportionment of the financing account, the SF 132 would show the anticipation of receiving the subsidy from the program account as Spending authority from offsetting collections on line 3C2. On the first day of the fiscal year, if a budget execution report were to be required, the SF 133 of the financing account would show the identical amount on the same line 3C2. When a decision is made to make a direct loan, the program account obligates the related portion of the subsidy as a payable to the financing account. In turn, the financing account records the receivable (which means it moves from line 3C2. to line 3A2., Spending authority from offsetting collections: Earned, Receivable from Federal sources) and then records an obligation in the full amount of the direct loan. The receivable from the program account is part of the budgetary resources that is used by the financing account to cover the direct loan obligations. Then, just before a loan is

- The middle third presents the "Status of Budgetary Resources" (i.e., the amounts obligated or unobligated).

- The final third, "Relation of Obligations to Outlays," presents obligation and outlay information and their relationship.

The total amount in the top third is on line 7, *Total Budgetary Resources*. The total amount in the middle third is on line 11, *Total Status of Budgetary Resources*. The amounts on these two lines must be equal.

The SF 133s for annual and multi-year appropriations present each unexpired year (or group of years) and the five expired years (or group of years) in separate columns.[6] Program accounts normally receive annual appropriations. The SF 133s of the financing and liquidating accounts normally have only one column because these are usually no-year accounts that do not have an "expired" phase.

C.13 How should the apportionment and budget execution reports tie?

There is a direct relationship between the apportionment and the budget execution reports both within an account (e.g., program account) and between accounts (e.g., resources moving between program and financing accounts). The relationship is dynamic, affecting different entries at different stages of the process as transactions occur throughout the year. The various exhibits in this appendix illustrate these relationships for the first year of a direct loan and loan guarantee program. Using a side-by-side comparison, Exhibits C12 and C16 explain the amounts and relationships of each line of the SF 133 for the credit program account, direct loan financing account, and guaranteed loan financing account for the first reporting quarter and at the end of the fiscal year.

C.14 What do I report when I "sign" a direct loan or loan guarantee contract?

In the program account (Exhibit C9):

- report the subsidy obligations on line 8, *Obligations incurred* (If the subsidy was apportioned in Category A, place the amount on line 8A. If the subsidy was apportioned in Category B, place it on line 8B. in the appropriate category.); and

- because the amounts are not yet paid (disbursed/outlayed) to the financing account, report the accounts payable on line 14D., *Obligated balance, accounts payable*.

In the financing account (Exhibits C10-C11):

- report the corresponding accounts receivable on line 3A2., *Spending authority from offsetting collections, earned, receivable from Federal sources*; and

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disbursed from the financing account, the program account pays the subsidy portion of the direct loan to the financing account in order to provide cash. The financing account records the subsidy collected (the amount collected moves from 3A2. to 3A1., Spending authority from offsetting collections: Earned, Collected).

[2] For additional information on "unexpired" and "expired" accounts, see section 11.6, *Availability of budgetary resources--the three dimensions*.

- because the amounts have not been received from the program account, report the accounts receivable on line 14A., *Obligated balance, accounts receivable.*

For direct loan financing accounts only:

make sure that enough borrowing authority has been apportioned on line 1B. to cover the part of the direct loan obligation not covered by the subsidy and upfront fees;

report the obligation to disburse the loan on line 8, *Obligations incurred*. (If the direct loan was apportioned in Category A, place the amount on line 8A. If the direct loan was apportioned in Category B, place it on the appropriate line 8B.); and

report the accounts payable on line 14D., *Obligated balance, accounts payable*.

C.15 What do I report when I disburse a direct loan or a private lender disburses a guaranteed loan?

In the program account (Exhibit C9), report the subsidy payment to the financing account on line 15A., *Disbursements,* and reduce the accounts payable that was on line 14D., *Obligated balance, Accounts payable*.

In the financing account:

- report the subsidy received from the program account, that is, move the receivable from line 3A2., *Receivable from Federal sources*, to 3A1., *Collected*;

- for direct loan programs (Exhibit C10), report the loan disbursement on line 15A., *Disbursements*, and reduce the loan payable from line 14D., *Obligated balance, Accounts payable*;

- for loan guarantee programs (Exhibit C11), do not report any loan disbursement because the private lender, not the Federal government, disbursed the loan. The subsidy collected by the financing account is not invested, per se, but it does earn 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:

report the apportioned balances, if any, on line 9A1., *Unobligated balance, Apportioned, Balance currently available*;

report any unapportioned balances on line 10D., *Unobligated balance not available, Other*; and

report any obligated balances on line 14D., *Obligated balance, Accounts payable*.

C.16 How do I report collections of principal and interest from borrowers?

All collections of direct loan principal and interest are credited to either the financing or the liquidating account. You report the amount that you anticipate collecting on line 3C2., *Spending authority from offsetting collections, Anticipated for rest of year, Without advance*. As collections are actually received throughout the year, report them on line 3A1., *Earned, Collected*. In addition, report a corresponding reduction on line 3C2. Also, report the amount, as a negative, on line 15B., *Collections*.

C.17 What do I report when a guaranteed loan defaults?

Loan guarantee default claims are paid by the financing and liquidating accounts. Make sure that the amount of the default claim is apportioned.

When you receive a loan guarantee default claim:

- report the obligation to pay the defaults on line 8, *Obligations incurred*. (If the default claim was apportioned in Category A, place the amount on line 8A. If the default claim was apportioned in Category B, place it on the appropriate line 8B.) and
- report the accounts payable to the private lender on line 14D., *Obligated balance, Accounts payable*.

When you pay a loan guarantee default claim, report the payment on line 15A., *Outlays, Disbursements*, and reduce your accounts payable on line 14D.

C.18 What should I do with unobligated balances in the liquidating account?

Amounts credited to liquidating accounts in any year are available only for liquidating obligations in that year and repaying debt owed to the Treasury (including the FFB). You must transfer any unobligated balance remaining at the end of the fiscal year to the general fund, unless an extension has been approved by OMB. Report this on line 6C., *Permanently not available, Capital transfers and redemption of debt*.

C.19 How do I report modifications of post-1991 direct loans and loan guarantees?

If...	Then...
Modification increases cost	First, make sure that there is enough available subsidy apportioned to cover the cost of the modification. Then, the program account needs to transfer additional subsidy to cover the increased cost to the financing account when the loan is modified. In the program account, report: the increase on line 8, *Obligations incurred.* If the subsidy was apportioned in category A, place the amount on line 8A. If the subsidy was apportioned in category B, place the amount on the appropriate line 8B.; and the payment to the financing account on line 15A., *Outlays, Disbursements.* In the financing account, report the collection from the program account on line 3A1., *Spending authority from offsetting collections, Earned, Collected.* Credit this amount to the cohort and risk category of the modified loan. For a direct loan modification, use these amounts to pay interest and other expenses and to repay debt owed to Treasury. For a loan guarantee modification, use these amounts as needed to pay default claims and other expenses. Remaining balances will be held as uninvested funds with Treasury and earn interest at the same rate as is paid on other funds held by the financing account for the same cohort.

If...	Then...
Modification decreases cost	For most programs, transfer the savings from the financing account to the negative subsidy receipt account for the credit program. Report: the estimated decrease on line 8, *Obligations incurred.* If the subsidy was apportioned in category A, place the amount on line 8A. If the subsidy was apportioned in category B, place the amount on the appropriate line 8B.; and the payment of the amount transferred to the negative subsidy receipt account on line 15A., *Outlays, Disbursements.* In the negative subsidy receipt account, report the collection. For mandatory programs, you may credit the amount directly to the program account as offsetting collections.

C.20 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, normally you must transfer the modified direct loan assets or loan guarantee liabilities to the financing account. As part of the transfer, you must make a transfer 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. OMB Circular A-11 section 85.6 describes this calculation. In exceptional cases, subject to the approval of the OMB representative with budget responsibility for the credit program, the modified loans may be retained by the liquidating account. In each case, fill out the budget execution report as follows.

If...	Then...
Asset or liability will be transferred to the financing account	For direct loans, in the financing account report an obligation equal to the transfer amount on line 8B., *Obligations incurred, Category B, Modifications* and an outlay in the same amount on line 15A., *Outlays, Disbursements.* Record the corresponding transaction in the liquidating account on line 3A1., *Spending authority from offsetting collections, Earned, Collected.* For loan guarantees, report the obligation and outlay in the liquidating account and the offsetting collection in the financing account.
Asset or liability will be retained by the liquidating account	Where the modification increases the cost, in the program account report an obligation for the appropriate subsidy amount on line 8B., *Obligations incurred, Category B, Modifications* and an outlay in the same amount on line 15A., *Outlays, Disbursements.* Record the corresponding transaction in the financing account on line 3A1., *Spending authority from offsetting collections, Earned, Collected,* an obligation, and an outlay. Then in the liquidating account record the payment on line 3A1., *Spending authority from offsetting collections, Earned, Collected* to compensate it for the reduced asset (direct loan) or increased liability (loan guarantee). Where the modification decreases the cost, the liquidating account will use line 1A., *Budget authority, Appropriations* to draw permanent indefinite authority to make the payment to the financing account. The financing account will record this receipt on line 3A1., *Spending authority from offsetting collections, Earned, Collected* and will record the subsequent transfer out to the negative subsidy receipt account on line 15A., *Outlays, Disbursements.*

C.22 GLOSSARY

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. Also consult OMB Circular A-11 for the most current discussion of these terms.

(a) ***Administrative expenses*** mean all costs that are directly related to credit program operations. 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.

Administrative expenses may be expended directly from the program account or, if authorized by appropriation language, 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. It applies to pre-1992 direct loans and loan guarantees that have been modified but not to unmodified pre-1992 direct loans and loan guarantees. Post-1991 direct loans or loan guarantees remain with their original cohort throughout the life of the loans, even if they are modified. All of the modified pre-1992 direct loans of a program will be assigned to a single cohort and all of the modified pre-1992 loan guarantees for a program will be assigned to a single cohort, even if the subsidy appropriation is provided in different fiscal years. For purposes of budget presentation, cohorts will be aggregated. However, accounting and other records will 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 a non-Federal 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 OMB Circular A-11 section 85.4 and the OMB Credit Subsidy Calculator 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. 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. 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 weighted average discount rate derived from this collection of interest rates. An electronic spreadsheet is available from OMB to calculate budget estimates of the interest income or expense for financing accounts.

(h) ***Financing account*** means a non-budgetary account (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 provides subsidy costs for both forms of credit. Financing account schedules are printed in the budget *Appendix* together with the program account.

(i) ***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. All liquidating accounts 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.

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.

(j) ***Loan asset sale*** means a sale of one or more loans to a non-Federal buyer, either 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.

(k) ***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.

(l) ***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.

(m) ***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 will be recorded against budget authority in the program account when the loan guarantee commitment is made. The subsidy will be paid to the guaranteed loan financing account when the loan is disbursed by the private lender. (See Circular A-11 section 85.4 and the OMB Credit Subsidy Calculator and accompanying documentation for information about estimating the subsidy.)

(n) ***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; 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 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. If later 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.

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.

(o) ***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.

When post-1991 direct loans or loan guarantees are modified, a modification adjustment transfer between the financing account and the general fund must also be calculated. When pre-1992 direct loans or loan guarantees are modified, a transfer must be made between the liquidating account and financing account.

(p) ***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.

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. The financing account will pay the negative subsidy to the negative subsidy receipt account (or to the program account in the case of a mandatory program) when the loan is disbursed. The collections are recorded as offsetting receipts or offsetting collections, and they offset the agency's budget authority and outlays. The accounting for negative subsidies is discussed in (q) below.

(q) ***Negative subsidy receipt accounts*** mean budget accounts for the receipt of amounts paid from the financing account when there is a negative subsidy for the original estimate or a downward reestimate (see (p) and (t)). In most cases, 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.

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. For mandatory programs, negative subsidies and downward reestimates may be credited directly to the program account as offsetting collections from non-Federal sources.

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.

(r) ***Net proceeds*** 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.

(s) ***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.

(t) ***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. 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. For discretionary programs, the excess (plus interest, as above) is disbursed to a negative subsidy receipt account. For mandatory programs, the excess (plus interest, as above) may be credited directly to the program account as offsetting collections or to a negative subsidy receipt account.

(u) ***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.

(v) ***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.

C.23 Credit Exhibits

Table of Contents

About these Exhibits.

The following exhibits illustrate how to fill out the standard format for apportionment (SF 132) and budget execution (SF 133) for credit programs. They are necessarily simplified presentations highlighting the budget execution dynamics for interrelated credit accounts; you should also consult the main body of this Circular for further guidance. The budget execution scenario illustrated here begins with the program account receiving an appropriation for both direct loans and loan guarantees (Exhibit C1), continues with apportionment of the program and financing accounts (Exhibits C2-C5), and concludes with preparing the first and last quarterly budget execution reports for each account (Exhibits C9-C16). The relationships between the program and financing accounts and between apportionment and execution reporting are shown by "nesting" these exhibits (i.e., the amounts appropriated flow through the apportionment and reporting formats). Exhibits C5, C12, and C16 provide a side-by-side comparison of the program account, the direct loan financing account, and the guaranteed loan financing account for the initial apportionment and the first and final budget execution reports. Exhibits for modifications and reestimates are also provided.

The following assumptions are made for this example:

- this is a new credit program so there are no previous years;
- 25% of both direct and guaranteed loan subsidy is obligated each quarter but only 80% of the subsidy is outlayed each quarter (with the remainder in a future year);
- 25% of administrative expenses is obligated and outlayed each quarter;
- no borrower fees are charged; and
- simplified interest and repayments are assumed for this example only.

Standard Appropriations Language

Subsidy of the direct loan program

Subsidy 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

Initial Apportionment Program Account

Fiscal year CY

SF132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

AGENCY: Department of Government BUREAU: Office of the Secretary	APPROPRIATION OR FUND TITLE AND SYMBOL Credit Program Account		
DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
BUDGETARY RESOURCES			
1. Budget Authority			
A. Appropriation……………. P.L. 106-XXX..……		18,530,000	
7. Total budgetary resources…..................................…		18,530,000	
APPLICATION OF BUDGETARY RESOURCES			
Memorandum:			
8. Apportioned: *Obligations incurred*			
Category B:			
(1) Direct loan subsidy………………………		11,530,000	
(2) Guaranteed loan subsidy…………………		6,000,000	
(3) Administrative expenses…………………		1,000,000	
12. Total budgetary resources……………....…………		18,530,000	

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

These two entries should be equal.

SUBMITTED *Authorized officer* ____________ (Date)

APPORTIONED________________ __________ (Date)

Initial Apportionment
Direct Loan Financing Account

Fiscal year <u>CY</u>

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		
DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
BUDGETARY RESOURCES			
1. Budget Authority			
B. Borrowing authority……..………………………….	Direct loan limitation ($100,000,000) minus subsidy ($11,530,000).	88,470,000	
3. Spending authority from offsetting collections (gross)			
C. Anticipated for rest of year:			
2. Without advance.......….............................………		21,773,000	Subsidy from the program account ($11,350,000)+ 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.
6. Permanently not available:			
C. Capital transfers and redemption of debt…....………	Principal repayments to Treasury.	-8,562,750	
7. Total budgetary resources…......................................……		101,680,250	
APPLICATION OF BUDGETARY RESOURCES			
Memorandum:			
8. Apportioned: *Obligations incurred*			
Category A:			
(1) First quarter……..……………… …..………….		25,000,000	
(2) Second quarter………………… ...……………		25,000,000	
(3) Third quarter…………………. ...……………		25,000,000	These two entries should be equal.
(4) Fourth quarter…………………...……………		25,000,000	
Category B:			
(1) Interest paid to Treasury		1,680,250	
12. Total budgetary resources……………….....……………..		101,680,250	

SUBMITTED *Authorized officer* ________ APPORTIONED________________ __________

(Date) (Date)

Initial Apportionment
Guaranteed Loan Financing Account

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		
DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
PROGRAM LEVEL			
1. Guaranteed loan levels:			
A. Current year………………………………………		70,000,000	
B. Unused from prior years………………………			
APPLICATION			
2. Apportioned:			
Category A:			
(1) First quarter			
(2) Second quarter			
(3) Third quarter			
(4) Fourth quarter			
Category B:			
(1) Guaranteed loan program		70,000,000	
BUDGETARY RESOURCES			
3. Spending authority from offsetting collections (gross)			
C. Anticipated for rest of year:			
2. Without advance……………………………		6,360,000	
7. Total budgetary resources……………………………		6,360,000	
APPLICATION OF BUDGETARY RESOURCES			
11. Unapportioned balance of revolving fund………		6,360,000	
12. Total budgetary resources…………………………		6,360,000	

Limitation on loan guarantees.

These top lines 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)

APPROVED (Date)

INITIAL APPORTIONMENT SIDE-BY-SIDE-ACCOUNT COMPARISON

Line Entry	Program Account	Financing Account-Direct	Financing Account-Guaranteed
Program Level			
Line 1. Guaranteed loan levels A. Current year			Record the loan guarantee limitation, in this case $70,000,000.
Application			
Line 2. Apportioned: Category B (1) Guaranteed loan program			Should equal the amount on line 1 immediately above.
Budgetary Resources			
Line 1. Budget authority A. Appropriations	The amount specified in the appropriations language and becoming available on or after October 1 of the fiscal year. It is composed of both direct and guaranteed loan subsidy and administrative expenses ($11,530,000 +$6,000,000 + $1,000,000).		
B. Borrowing authority		The amount of borrowing authority anticipated to be used to cover obligations during the year. It is composed of direct loan limitation (assuming obligations up to the limit), minus direct loan subsidy, minus fees paid by the borrower ($100,000,000 - $11,530,000). This example assumes borrowers are not charged any fees.	
Line 3. Spending authority from offsetting collections (Gross)		The expected collections of credit subsidy from the program account, plus expected repayments	The expected collections of credit subsidy from the program account plus interest earned from

Line Entry	Program Account	Financing Account-Direct	Financing Account-Guaranteed
C. Anticipated for rest of year 2. Without advance		from borrowers ($11,530,000 + $10,243,000).	Treasury ($6,000,000 + $360,000).
Line 6. Permanently not available C. Capital transfers and redemption of debt		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.	
Line 7. Total Budgetary Resources	The sum of lines 1-6.F. and always equal to line 12.	The sum of lines 1-6.F. and always equal to line 12.	The sum of lines 1-6.F. and always equal to line 12.
Status of Budgetary Resources			
Line 8. Apportioned Category A: (1) First quarter (2) Second quarter (3) Third quarter (4) Fourth quarter		The amount for each quarter to incur direct loan obligations and to disburse loans. Assuming that 100 percent 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: (1) Direct loan subsidy (2) Guaranteed loan subsidy (3) Administrative expenses (4) Interest paid to Treasury	Includes separate amounts for direct loan and loan guarantee subsidy and administrative expenses. Because this program expects to obligate the full amounts in the first fiscal year, the total amount of subsidy and	In this example, $1,680,250 is requested for interest payments to Treasury.	

Line Entry	Program Account	Financing Account-Direct	Financing Account-Guaranteed
	administrative expenses appropriated to the account should be apportioned.		
Line 11. Unapportioned balance of revolving fund			Records the amount of subsidy and interest which will be held to finance future defaults ($6,000,000 + $360,000).
Line 12. Total Budgetary Resources	The sum of lines 8-11 and always equal to line 7.	The sum of lines 8-11 and always equal to line 7.	The sum of lines 8-11 and always equal to line 7.

Reapportionment for Modification
Program Account

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		
DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
BUDGETARY RESOURCES			
1. Budget Authority			
A. Appropriation……………. P.L. 106-XXX………	18,530,000	19,530,000	
7. Total budgetary resources…....................................….	18,530,000	19,530,000	
APPLICATION OF BUDGETARY RESOURCES			
Memorandum:			
8. Apportioned: *Obligations incurred*			
Category B:			
(1) Direct loan subsidy………………………	11,530,000	11,530,000	
(2) Guaranteed loan subsidy…………………	6,000,000	6,000,000	
(3) Administrative expenses…………………	1,000,000	1,000,000	
(4) Direct loan modification…….…………		1,000,000	
12. 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 shoud be equal.

Budgetary resources for modifications must be apportioned in advance.

SUBMITTED____*Authorized officer*______________ _________ (Date) APPROPORTIONED_________________ __________ (Date)

Reapportionment for Upward Reestimate
Program Account

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		
DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
BUDGETARY RESOURCES			
1. Budget Authority			
A. Appropriation……………P.L. 106-XXX..…….	18,530,000	19,530,000	
7. Total budgetary resources…....................................…	18,530,000	19,530,000	
APPLICATION OF BUDGETARY RESOURCES			
Memorandum:			
8. Apportioned: *Obligations incurred*			
Category B:			
(1) Direct loan subsidy………..………………	11,530,000	11,530,000	
(2) Guaranteed loan subsidy…………………	6,000,000	6,000,000	
(3) Administrative expenses…………………	1,000,000	1,000,000	
(4) Reestimate………………………………		1,000,000	
12. Total budgetary resources……………....…………	18,530,000	19,530,000	

Request permanent indefinite authority to cover upward reestimate of $1,000,000.

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

Budgetary resources for upward reestimate.

These two entries should be equal.

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

Reapportionment for Downward Reestimate
Direct Loan Financing Account

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		
DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
BUDGETARY RESOURCES			
1. Budget Authority			
B. Borrowing authority...................................……………	88,470,000	88,470,000	
3. Spending authority from offsetting collections (gross)			
C. Anticipated for rest of year:			
2. Without advance.....….............................…………	21,773,000	22,773,000	
6. Permanently not available:			
C. Capital transfers and redemption of debt...…………	-8,562,750	-8,562,750	
7. Total budgetary resources…....................................……	101,680,250	102,680,250	
APPLICATION OF BUDGETARY RESOURCES			
Memorandum:			
8. Apportioned: *Obligations incurred*			
Category A:			
(1) First quarter…………………………………	25,000,000	25,000,000	
(2) Second quarter………………………………	25,000,000	25,000,000	
(3) Third quarter………………………………	25,000,000	25,000,000	
(4) Fourth quarter………………………………	25,000,000	25,000,000	
Category B:			
(1) Interest paid to Treasury……………………	1,680,250	1,680,250	
(2) To receipt account…………………………		1,000,000	
(3)			
(4)			
12. Total budgetary resources………………....………………	101,680,250	102,680,250	

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

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

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

This entry is principal repayments to Treasury.

These entries should be equal.

Because this is a downward reestimate the amount will be 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

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				
1. Budget Authority				
A. Appropriations.......................P.L. 106-XXX….....	18,530,000			
7. Total budgetary resources...……...............................…	18,530,000			
STATUS OF BUDGETARY RESOURCES				
8. Obligations incurred:				
B. Category B, direct obligations:				
1. Direct loan subsidy……………………………	2,882,500			
2. Guaranteed loan subsidy…...……………………	1,500,000			
3. Administrative expenses………………………	250,000			
9. Unobligated balance:				
A. Apportioned:				
1. Balance, currently available…..........................…	13,897,500			
11. Total status of budgetary resources…....…..................	18,530,000			
RELATION OF OBLIGATIONS TO OUTLAYS				
14. Obligated balance, net, end of period:				
D. Accounts payable (+)…………………………...…	876,500			
15. Outlays:				
A. Disbursements (+)……………………...……….	3,756,000			

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

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

25% of the total administrative expenses has been obligated.

Amount apportioned under Category B of the latest SF 132 ($18,530,000) minus the total obligations incurred on line 8.B. above ($4,632,500).

oan subsidy and administrative cost obligated but not yet disbursed.

Loan subsidy and administrative cost obligated and disbursed.

SUBMITTED ________________ ______
(Authorized Officer) (Date)

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

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

SF 133 REPORT ON BUDGET EXECUTION

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		Amount apportioned on latest SF 132.
1. Budget Authority		
B. Borrowing Authority	88,470,000	
3. Spending authority from offsetting collections (Gross)		
A. Earned:		
1. Collected	2,306,000	As direct loans are obligated and disbursed, the loan subsidy is collected from the program account.
2. Receivable from Federal sources	576,500	Direct loan subsidy obligated but not yet received from the program account.
C. Anticipated for rest of year:		
2. 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	Principal repayments to Treasury.
7. Total budgetary resources	101,680,250	
STATUS OF BUDGETARY RESOURCES		
8. Obligations incurred:		
A. Category A, direct obligations		
1. First quarter	25,000,000	Obligations incurred against the amount apportioned for this period under Catergory A of the latest SF 132.
B. Category B, direct obligations:		
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	
RELATION OF OBLIGATIONS TO OUTLAYS		
14. Obligated balance, net, end of period:		
B. Unfilled customer orders (-):		
1. Federal sources without advance	-576,500	Subsidy receivable from the program account for the portion of the direct loans that were obligated but not disbursed.
D. Accounts payable (+)	6,680,250	Direct loans obligated but not yet disbursed + interest payment to Treasury obligated but not yet disbursed.
15. Outlays:		
A. Disbursements (+)	20,000,000	Loans disbursed from the account, as of this reporting period.
B. 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

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				
	When loan guarantees have been committed and the loans disbursed, the subsidy is received from the program account.			
3. Spending authority from offsetting collections (Gross)				
A. Earned:				
1. Collected	1,200,000			
2. Receivable from Federal sources	300,000		Subsidy obligated but not yet received from program account.	
C. Anticipated for rest of year:				
2. Without Advance	4,860,000	The remainder of loan guarantee subsidy expected from the program account.		
7. Total budgetary resources	6,360,000			
STATUS OF BUDGETARY RESOURCES				
10. Unobligated balance not available:		Guaranteed loan financing accounts hold a reserve for future defaults.		
D. Other	6,360,000			
11. Total status of budgetary resources	6,360,000			
RELATION OF OBLIGATIONS TO OUTLAYS				
15. Outlays:				
A. Disbursements (+)				
B. Collections (-)	-1,200,000	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	
Line 1. Budget Authority A. Appropriations	The appropriation becoming available on or after October 1 of the fiscal year. It is composed of both direct loan and loan guarantee subsidy and administrative expenses ($11,530,000 + $6,000,000 + $1,000,000). The entry for this line should equal the entry on line 1.A. of the latest SF 132 for this account.		
B. Borrowing authority		The amount of borrowing authority needed to cover obligations during the year. This amount, together with the subsidy from the program account and upfront fees from borrowers, will cover the direct loan principal up to the enacted direct loan limitation. In this case, this entry is composed of direct loan limitation minus direct loan subsidy ($100,000,000 - $11,530,000). The entry for this line should equal the entry on line 1B. of the latest SF 132 for this account.	
Line 3. Spending authority from offsetting collections (Gross) A. Earned 1. Collected		When a direct loan is disbursed, the financing account collects the subsidy payment from the program account. So far, only 80 percent of	When a guaranteed loan is disbursed by a private lender, the financing account collects the subsidy payment from the program account. These

Line Entry	Program Account	Financing Account-Direct	Financing Account-Guaranteed
		the loans obligated this quarter have been disbursed so only 80 percent of the subsidy should be collected ($2,882,500 * 80%). Later, as borrowers make repayments, such amounts will also be recorded on this line.	collections are held to finance future defaults. So far, private lenders have disbursed only 80 percent of the loans guaranteed this quarter ($1,500,000 * 80%).
2. Receivable from Federal sources		The portion of the subsidy for loans obligated but not yet disbursed in the first quarter ($2,882,500 * 20%). When the remaining 20 percent of the loans is disbursed, the program account will pay the remaining subsidy to the financing account, and the amount on this line will be moved to line 3A1.	The portion of the subsidy for guarantees committed but not yet disbursed in the first quarter ($1,500,000 * 20%). When the remaining 20 percent of the loans is disbursed, the program account will pay the remaining subsidy to the financing account, and the amount on this line will be moved to line 3A1.
C. Anticipated for rest of year 2. Without advance		The anticipated subsidy 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 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.
Line 6. Permanently not available C. Capital transfers and redemption of debt		Repayments of Treasury debt are shown as a reduction in resources rather than as an obligation of resources.	

Line Entry	Program Account	Financing Account-Direct	Financing Account-Guaranteed
		This entry does not include interest payments made on borrowing from Treasury, which are treated as an obligation and an outlay.	
Line 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 1A.	The sum of lines 1-6 and should equal line 11.	The sum of lines 1-6 and should equal line 11.
Status of Budgetary Resources			
Line 8. Obligations incurred A. Category A: (1) First quarter		A quarter of the borrowing authority and subsidy has been obligated ($100,000,000 * 25%).	
B. Category B: (1) Direct loan subsidy (2) Guaranteed loan subsidy (3) Admin. expenses (4) Interest payment to Treasury	A quarter of the direct loan and loan guarantee subsidy 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.	
Line 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.		

Line Entry	Program Account	Financing Account-Direct	Financing Account-Guaranteed
Line 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).	
D. Other			Guaranteed loan financing accounts hold an interest-earning reserve for future defaults. Record the amount of subsidy and interest received and anticipated ($4,860,000 + $1,200,000 + $300,000) for the year.
Line 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.
Relation of Obligations to Outlays			
Line 14. Obligated balance, net, end of period: B. Unfilled customer orders: 1. Federal sources without advance		The amount of direct loan subsidy receivable from the program account for the portion of the direct loan subsidy that was obligated but remains undisbursed ($2,882,500 * 20%).	
D. Accounts payable	The amount of obligated but not disbursed budgetary resources. In this example, 20 percent of the subsidy obligated in the first quarter will not	The amount payable to Treasury for interest expense and the amount of direct loans obligated but not yet disbursed by the financing account	

Line Entry	**Program Account**	**Financing Account-Direct**	**Financing Account-Guaranteed**
	be disbursed until a later quarter [($2,882,500 + $1,500,000) * 20%].	[$1,680,250 + ($25,000,000 * 20%)].	
Line 15. Outlays A. Disbursements	The amount of obligations that are liquidated by disbursements. In this example, only 80 percent of the subsidy obligated this quarter [($2,882,500 + $1,500,000) * 80%] (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 percent of the $25,000,000 obligated is disbursed as of this reporting period ($25,000,000 * 80%).	
B. Collections		Repayments from the borrowers are not expected until the end of the year, so this entry should reflect only the direct loan subsidy that has been disbursed from the program account (see line 3A1), recorded as a negative amount.	Records the loan guarantee subsidy that has been disbursed from the program account (see line 3A1.), recorded as a negative amount.

End of Fiscal Year Program Account
Report on Budget Execution

SF 133 REPORT ON BUDGET EXECUTION

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				
1. Budget Authority				
A. Appropriations................P.L. 106-XXX.....................	18,530,000			
7. Total budgetary resources..	18,530,000			
STATUS OF BUDGETARY RESOURCES				
8. Obligations incurred:				
A. Category A, direct obligations................................				
B. Category B, direct obligations:				
1. Direct loan subsidy...	11,530,000			
2. Guaranteed loan subsidy.......................................	6,000,000		100% of direct and guaranteed loan subsidy and administrative expenses have been obligated.	
3. Administrative expenses.....................................	1,000,000			
11. Total status of budgetary resources..............................	18,530,000			
RELATION OF OBLIGATIONS TO OUTLAYS				
14. Obligated balance, net, end of period:				
D. Accounts payable (+)..	3,506,000		Loan subsidy obligated but not disbursed.	
15. Outlays:			Loan subsidy disbursed + administrative expenses disbursed.	
A. Disbursements (+)..	15,024,000			
B. Collections (-)...				

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

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				
1. Budget Authority				
B. Borrowing authority...	88,470,000			
3. Spending authority from offsetting collections (Gross)				
A. Earned:				
1. Collected..	19,467,000			
2. Receivable from Federal sources..........................	2,306,000			
6. Permanently not available:				
C. Capital transfers and redemption of debt.....................	-8,562,750			
7. Total budgetary resources..	101,680,250			
STATUS OF BUDGETARY RESOURCES				
8. Obligations incurred:				
A. Category A, direct obligations..................................				
1. First quarter..	25,000,000			
2. Second quarter..	25,000,000			
3. Third quarter..	25,000,000			
4. Fourth quarter..	25,000,000			
B. Category B, direct obligations:				
1. Interest payment to Treasury..............................	1,680,250			
11. Total status of budgetary resources................................	101,680,250			
RELATION OF OBLIGATIONS TO OUTLAYS				
14. Obligated balance, net, end of period:				
B. Unfilled customer orders (-):				
1. Federal sources without advance..............................	-2,306,000			
D. Accounts payable (+)..	20,000,000			
15. Outlays:				
A. Disbursements (+)..	81,680,250			
B. Collections (-)..	-19,467,000			

Amount apportioned on latest SF 132.

Direct loan subsidy collected from the program account ($11,530,000 * 80%) + repayments from borrower ($10,243,000).

Portion of the direct loan subsidy obligated but not yet disbursed from the program account ($11,530,000* 20%).

Principal repayments to Treasury.

Direct loan subsidy still receivable from program account.

Amount of direct loans obligated but not yet disbursed ($100,000,000 * 20%).

Portion of the loan that has been disbursed ($100,000,000 * 80%) + interest paid to Treasury ($1,680,250).

Direct loan subsidy collected from the program account ($11,530,000 * 80%) + repayments from borrower ($10,243,000).

SUBMITTED _______________ _______
(Authorized Officer) (Date)

(Preparer: Name)__________________
(Address) __________________
(Phone number) ___________________

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

SF 133 REPORT ON BUDGET EXECUTION

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. Spending authority from offsetting collections (Gross)				
A. Earned:				
1. Collected..	5,160,000			
2. Receivable from Federal sources...........................	1,200,000			
7. Total budgetary resources..	6,360,000			
STATUS OF BUDGETARY RESOURCES				
10. Unobligated balance not available:				
D. Other..	6,360,000			
11. Total status of budgetary resources................................	6,360,000			
RELATION OF OBLIGATIONS TO OUTLAYS				
15. Outlays:				
A. Disbursements (+)..				
B. Collections (-)..	-5,160,000			

Subsidy collected from the program account plus interest.

The portion of subsidy obligated but not received from the program account.

Guaranteed loan financing accounts hold a reserve for future defaults.

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	
Line 1. Budget Authority: A. Appropriations	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.	
Line 3. Spending authority from offsetting collections (Gross) A. Earned 1. Collected		This entry should be updated to reflect that 80 percent of the subsidy ($11,530,000 * 80%) has been collected from the program account and $10,243,000 was collected from borrower repayments.	This entry should be updated to reflect that 80 percent of the subsidy ($6,000,000 * 80%) has been collected from the program account and $360,000 was received from Treasury for interest.
2. Receivable from Federal sources		The remaining 20 percent of the subsidy receivable from the program account is recorded ($11,530,000 * 20%).	The remaining 20 percent of the subsidy receivable from the program account is recorded ($6,000,000 *20%).
Line 6. Permanently not available C. Capital transfers and redemption of debt		In this example, this entry should be the same as the End of First Quarter.	
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	
Line 8. Obligations incurred A. Category A: (1) First quarter (2) Second quarter (3) Third quarter (4) Fourth quarter		Update this line to reflect that the full $100,000,000 has been obligated.	

Line Entry	Program Account	Financing Account-Direct	Financing Account-Guaranteed
B. Category B: (1) Direct loan subsidy (2) Guaranteed loan subsidy (3) Admin. expenses (4) Interest payment to Treasury	The full amount of direct and guaranteed loan subsidy ($11,530,000 + $6,000,000) and administrative expenses ($1,000,000) has been obligated.	Record the interest payment to Treasury.	
Line 10. Unobligated balance not available: D. Other			The amount of subsidy and interest received and anticipated ($5,160,000 + $1,200,000) for the year.
Line 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.
Relation of Obligations to Outlays			
Line 14. Obligated balance, net, end of period: B. Unfilled customer orders 1. Federal sources without advance		Records the remaining 20 percent of the loan subsidy obligated but not yet disbursed ($11,530,000 * 20%).	
D. Accounts payable	Records the amount of direct loan and loan guarantee subsidy and administrative expenses obligated but undisbursed. Reflects the amount of subsidy that remains in the program account [($11,530,000 + $6,000,000) * 20%]. All of the administrative expenses have been disbursed.	This is the amount of loans obligated but not yet disbursed ($100,000,000 * 20%).	
Line 15. Outlays A. Disbursements	When a direct loan is disbursed from the financing account, the subsidy payment moves from line 14D. to line 15A. In this example, because 80 percent of the loans and 100 percent of the administrative	Record the loans disbursed plus the amount of interest paid to Treasury [($100,000,000 * 80%) + $1,680,250].	

Line Entry	Program Account	Financing Account-Direct	Financing Account-Guaranteed
	expenses have been disbursed, the entry is 80 percent of the subsidy plus the full amount of administrative expenses [($17,530,000 * 80%) + $1,000,000].		
B. Collections		The amount of loan subsidy collected from the program account and the amount of repayments collected from borrowers is recorded as a negative value [($11,530,000 * 80%) + $10,243,000].	Update this entry to reflect the subsidy and interest received.