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Table 1.—DIRECT LOANS: FY 1996 BASELINE AND POLICY SUBSIDY RATES, OBLIGATIONS, AND AVERAGE LOAN SIZE

(in thousands of dollars, unless noted otherwise)

Agency, Bureau, Program and Risk Category	BEA Category	Baseline			Policy		
		Subsidy rate (percent)	Obligations	Average loan size	Subsidy rate (percent)	Obligations	Average loan size
Funds Appropriated to the President							
Agency for International Development:							
Microenterprise and other development credit	Discretionary	5.66	1,477	738	5.66	3,540	1,770
Department of Defense:							
Foreign military financing loan program	Discretionary	7.73	638,240	319	11.75	765,000	382
Overseas Private Investment Corporation:							
Direct loan program	Discretionary	5.03	79,523	8,000	5.03	79,523	8,000
Department of Agriculture							
Farm Service Agency:							
Agricultural credit insurance fund:							
Indian land acquisition	Discretionary	27.40	464	391	27.40	1,000	391
Emergency disaster	Discretionary	32.08	109,037	48	32.08	100,000	48
Credit sales of acquired property	Discretionary	18.28	.....	96	18.28	45,000	96
Farm ownership	Discretionary	23.39	48,363	82	23.39	70,000	82
Farm operating	Discretionary	13.67	426,130	44	13.67	542,860	44
Soil and water	Discretionary	20.98	.....	23	20.98	2,898	23
Rural Utilities Services:							
Rural water and waste loans	Discretionary	22.69	574,247	572	22.69	880,930	572
Rural telecommunications partnership loans	Discretionary	.....	.....	.....	3.96	15,000	125
Distance learning and telemedicine program:							
Treasury rate	Discretionary	.....	.....	.....	0.98	75,000	333
5% rate	Discretionary	.....	.....	.....	12.72	25,000	333
Rural electrification and telephone program:							
Electrification:							
FFB rate	Discretionary	0.84	55,238	26,667	0.84	400,000	26,667
5% rate	Discretionary	23.52	42,491	3,704	23.52	100,000	3,704
Municipal rate	Discretionary	10.83	437,682	3,688	10.83	575,250	3,688
Telephone:							
FFB rate	Discretionary	-0.05	120,000	6,000	-0.05	120,000	6,000
Treasury rate	Discretionary	0.39	2,627	2,627	0.02	300,000	3,947
5% rate	Discretionary	19.94	28,395	3,947	19.94	75,000	3,947
Rural Housing and Community Development Service:							
Rural community facility loans	Discretionary	17.44	126,239	572	17.44	250,000	572
Rural housing insurance fund:							
Sale of acquired properties	Discretionary	17.43	.....	41	17.43	75,000	41
Multi-family housing	Discretionary	54.69	217,526	393	54.69	220,000	393
Single-family housing	Discretionary	20.99	1,116,465	49	20.99	1,200,000	49
Housing repair	Discretionary	40.55	29,694	5	40.55	35,000	5
Farm labor housing	Discretionary	57.53	14,163	402	57.53	16,482	402
Site development	Discretionary	-1.28	651	316	-1.28	632	316
Self-help land development	Discretionary	5.18	212	603	5.18	603	603
Rural Business and Cooperative Development Service:							
Rural economic development loans	Discretionary	29.06	10,932	294	29.06	14,091	294

Table 1.—DIRECT LOANS: FY 1996 BASELINE AND POLICY SUBSIDY RATES, OBLIGATIONS, AND AVERAGE LOAN SIZE—Continued

(in thousands of dollars, unless noted otherwise)

Agency, Bureau, Program and Risk Category	BEA Category	Baseline			Policy		
		Subsidy rate (percent)	Obligations	Average loan size	Subsidy rate (percent)	Obligations	Average loan size
Rural business and industry loans	Discretionary	.....	.....	.....	7.01	¹ 50,000	500
Alternative agricultural research and commercialization	Discretionary	.....	.....	.....	28.55	25,000	(¹)
Intermediary relending program	Discretionary	59.65	79,430	11,370	59.65	90,000	1,137
Foreign Agricultural Service:							
Public Law 480: Title I	Discretionary	² 81.06	300,080	9,029	² 81.61	161,540	11,154
Department of Education							
Office of Postsecondary Education:							
College housing and academic facilities program	Discretionary	³ 18.45	.....	.....	³ 18.45	.....	.....
Ford direct loan program:							
Consolidated	Mandatory	-0.60	2,590,060	9	-0.60	3,151,410	10
PLUS	Mandatory	-11.11	889,200	6	-11.11	1,223,065	6
Stafford	Mandatory	16.55	7,527,600	3	16.55	10,428,904	3
Unsubsidized Stafford	Mandatory	-1.66	3,139,320	4	-1.66	4,349,285	4
Department of Energy							
Bonneville Power Administration:							
Conservation loan program	Discretionary	.....	.....	.....	0.00	29,000	(¹)
Department of the Interior							
Bureau of Reclamation:							
Direct loan program	Discretionary	² 59.76	29,000	20,300	² 59.76	29,000	20,300
Bureau of Indian Affairs:							
Indian direct loan program	Discretionary	72.00	10,890	50	.....	(⁴)	.....
Department of State							
Bureau of Consular Affairs:							
Repatriation loan program	Discretionary	80.00	741	1	80.00	741	1
Department of Transportation							
Federal Highway Administration:							
High priority corridors	Discretionary	11.00	.....	.....	10.50	(⁵)	.....
Right-of-way revolving fund	Discretionary	27.78	(⁶)	.....	27.78	(⁶)	.....
Orange County toll road demonstration project:							
Category A — operating expenditures	Discretionary	5.40	.....	.....	5.40	.....	.....
Category B — capital expenditures	Discretionary	18.00	.....	.....	18.00	.....	.....
Office of the Secretary:							
Minority business resource center loan program	Discretionary	10.00	15,000	*	10.00	15,000	*
Department of Veterans Affairs							
Veterans Benefits Administration:							
Transitional housing loan program	Discretionary	⁷ 10.00	70	4	⁷ 10.00	70	4
Direct loan program (includes vendee and specially adapted housing)	Mandatory	28.13	99	33	28.13	99	33
Education loan fund program	Discretionary	⁸ 36.49	4	1	⁸ 36.49	4	1
Loan guaranty and indemnity fund (acquired and vendee)	Mandatory	1.46	1,047,299	86	1.46	1,047,299	86

Table 1.—DIRECT LOANS: FY 1996 BASELINE AND POLICY SUBSIDY RATES, OBLIGATIONS, AND AVERAGE LOAN SIZE—Continued

(in thousands of dollars, unless noted otherwise)

Agency, Bureau, Program and Risk Category	BEA Category	Baseline			Policy		
		Subsidy rate (percent)	Obligations	Average loan size	Subsidy rate (percent)	Obligations	Average loan size
Loan guaranty program (acquired and vendee)	Mandatory	3.11	733,741	68	3.11	733,741	68
Native American veteran housing program	Discretionary	⁹ 7.72	17,538	77	⁹ 7.72	17,538	77
Vocational rehabilitation loan program	Discretionary	⁸ 3.31	2,022	(¹⁰)	⁸ 3.31	2,022	(¹⁰)
Small Business Administration							
General business loan programs:							
Handicapped assistance loans	Discretionary	42.96	1,751	86	42.96	(⁴)	.....
SSBIC loan program	Discretionary	42.85	6,089	1,250	42.85	15,001	1,250
Micro loans	Discretionary	19.86	31,787	¹¹ 500	19.86	30,211	¹¹ 500
Disaster loan program:							
Disaster loans	Discretionary	31.44	891,595	37	8.46	407,000	37
Other Independent Agencies							
Community Development Financial Institutions:							
Community development financial institutions fund	Discretionary	¹² 35.51	56,322	(¹³)	¹² 35.51	56,322	(¹³)
Export-Import Bank of the United States:							
Direct loan program	Discretionary	² 1.27	4,708,661	25,000	² 1.84	5,307,000	25,000
Federal Emergency Management Agency:							
States-share loan program	Discretionary	8.62	25,000	8,333	8.62	25,000	8,333

* \$500 or less.

¹ This is a new program proposed to begin in FY 1996.

² Weighted average subsidy rate.

³ Subsidy assumptions are equal to those in the FY 1995 Budget except for updated interest/discount rate.

⁴ Proposed for termination in FY 1996 Budget.

⁵ One-time budget authority enacted for this program. No new funding is requested for FY 1996.

⁶ Based on characteristics of expected loans in FY 1995.

⁷ Information on loan characteristics and composition of subsidy have not been provided by the Department of Veterans Affairs.

⁸ Final FY 1996 Budget cohort subsidy rate. It supersedes the rate published in President's Budget.

⁹ The subsidy rate used for loans originated in 1996 is the same subsidy rate used in all years—7.72 percent—because all loans are from the same 1993 cohort, since loan limitations and credit subsidy budget authority were appropriated for this pilot program in 1993, to remain available until the authorization for this pilot program expires in 1997.

¹⁰ Average loan size is less than \$1,000.

¹¹ Loans are made to non-profit micro loan intermediaries, which make small loans to start-up businesses.

¹² This is the final FY96 cohort credit subsidy rate. The supportable loan level published in the President's Budget is based on this final (correct) subsidy rate.

¹³ This program was established in September 1994. No loans have been disbursed.

Table 2.—LOAN GUARANTEES: FY 1996 BASELINE AND POLICY SUBSIDY RATES, COMMITMENTS, AND AVERAGE LOAN SIZE

(in thousands of dollars, unless noted otherwise)

Agency, Bureau, Program and Risk Category	BEA Category	Baseline			Policy		
		Subsidy rate (percent)	Commitments	Average loan size	Subsidy rate (percent)	Commitments	Average loan size
Funds Appropriated by the President							
Agency for International Development:							
Housing guarantee program	Discretionary	11.84	168,200	168	11.84	141,886	142
Microenterprise and other development credit (MSED)	Discretionary	5.32	27,504	2,292	8.49	138,880	7,310
Overseas Private Investment Corporation:							
Loan guarantee program	Discretionary	5.03	1,491,054	60,000	5.03	1,491,054	60,000
Department of Agriculture							
Farm Service Agency:							
CCC Export Credit Guarantee Program	Mandatory	¹ 6.57	5,700,000	285	¹ 6.57	5,700,000	285
Agricultural credit insurance fund:							
Guaranteed farm operating, subsidized	Discretionary	8.98	337,506	122	8.98	200,000	122
Guaranteed farm operating, unsubsidized	Discretionary	1.08	1,910,204	110	1.08	1,700,000	110
Guaranteed soil and water	Discretionary	2.14	.....	40	2.14	1,422	40
Guaranteed farm ownership, unsubsidized	Discretionary	3.64	590,549	172	3.64	540,687	172
Rural Housing and Community Development Service:							
Rural housing insurance: single family—unsubsidized	Discretionary	0.17	10,421,176	66	0.17	1,300,000	66
Community facility loan program	Discretionary	4.74	81,013	781	4.74	100,000	781
Rural Business and Cooperative Development Service:							
Guaranteed business and industry loan program	Discretionary	0.91	537,582	1,456	0.91	750,000	1,456
Department of Commerce							
National Oceanic and Atmospheric Administration:							
Fishing vessels finance obligation guarantee	Discretionary	1.00	25,000	750	1.00	25,000	750
Department of Education							
Office of Postsecondary Education:							
Historically black college and university capital financing program	Discretionary	0.00	113,350	5,500	0.00	(²)	.....
Federal family education loan program:							
Consolidated	Mandatory	7.86	1,129,932	19	7.86	568,582	19
PLUS	Mandatory	1.64	1,086,800	6	1.64	752,935	6
Stafford	Mandatory	22.84	9,200,400	3	22.84	6,299,096	3
Unsubsidized Stafford	Mandatory	4.74	3,836,947	4	4.74	2,626,983	4
Department of Health and Human Services							
Health Resources and Services Administration:							
Health education assistance loans (HEAL)	Mandatory	6.43	280,000	12	6.43	280,000	12
Department of Housing and Urban Development							
Public and Indian Housing Programs:							
Indian loan guarantee fund	Discretionary	8.13	36,900	93	8.13	36,900	93
Community Planning and Development:							
Community opportunity performance funds program account (formerly Section 108)	Discretionary	4.60	³ 456,522	3,000	2.10	⁴ 1,000,000	3,000

Table 2.—LOAN GUARANTEES: FY 1996 BASELINE AND POLICY SUBSIDY RATES, COMMITMENTS, AND AVERAGE LOAN SIZE—Continued

(in thousands of dollars, unless noted otherwise)

Agency, Bureau, Program and Risk Category	BEA Category	Baseline			Policy		
		Subsidy rate (percent)	Commitments	Average loan size	Subsidy rate (percent)	Commitments	Average loan size
Housing programs:							
FHA general and special risk insurance fund:							
Sec. 221(d)(3)/223(d)	Discretionary	26.84	9,000	3,714	26.84	9,000	3,714
Sec. 221(d)(4) new construction	Discretionary	11.76	215,000	6,923	11.76	215,000	6,923
Sec. 223(f)	Discretionary	2.31	187,500	4,000	2.31	187,500	4,000
Section 232	Discretionary	-2.05	900,000	8,050	-2.05	900,000	8,050
Section 237 refinancings	Discretionary	-1.52	253,000	3,703	-1.52	253,000	3,703
Section 242—hospitals	Discretionary	-3.78	592,000	118,400	-3.78	592,000	118,400
Sec. 542(c) new construction—90% risk share	Discretionary	6.85	124,875	5,957	6.85	124,875	5,957
Sec. 542(c) new construction—50% risk share	Discretionary	6.01	291,375	5,957	6.01	291,375	5,957
Sec. 542(c) existing homes—90% risk share	Mandatory	1.92	25,625	4,000	1.92	25,625	4,000
Other multifamily—negative subsidies	Discretionary	-1.96	300,000	4,830	-1.96	300,000	4,830
Insured sales of mortgage notes	Discretionary	(⁵)	.....	.....	3.06	511,200	1,265
Section 234—other single family	Discretionary	-1.00	8,031,676	82	-1.00	8,031,676	82
Multifamily development (new program)	Discretionary	.....	.....	.....	11.76	431,165	7,713
Multifamily refinancings (new program)	Discretionary	.....	.....	.....	2.31	150,000	3,200
Multifamily substantial rehabilitation (new program)	Discretionary	.....	.....	.....	11.76	150,000	4,830
Title I—property improvement	Discretionary	-1.33	847,000	11	-1.33	847,000	11
Title I—manufactured housing	Discretionary	-3.09	550,000	28	-3.09	550,000	28
FHA mutual mortgage insurance fund:							
Single-family insurance	Discretionary	-2.77	95,215,738	82	-2.77	95,215,738	82
Government National Mortgage Association:							
Mortgage-backed securities	Discretionary	(⁶)	110,000,000	.....	(⁶)	110,000,000	.....
Department of the Interior							
Bureau of Indian Affairs:							
Indian guaranteed loan program	Discretionary	12.53	70,100	650	12.53	70,100	650
Department of Transportation							
Maritime Administration:							
Loan guarantee program:							
Weighted average	Discretionary	7.00	685,714	28,571	5.22	919,539	38,295
Level 1, Category A	Discretionary	3.28	85,714	28,571	1.50	114,885	38,295
Level 1, Category B	Discretionary	3.73	85,714	28,571	1.90	114,885	38,295
Level 1, Category C	Discretionary	4.24	85,714	28,571	2.60	114,885	38,295
Level 2, Category A	Discretionary	5.72	128,571	28,571	3.96	172,414	38,295
Level 2, Category B	Discretionary	7.33	128,571	28,571	5.49	172,414	38,295
Level 2, Category C	Discretionary	8.85	42,857	28,571	6.97	57,590	38,295
Level 3	Discretionary	13.78	128,573	29,000	11.94	172,466	29,000
Department of Veterans Affairs							
Veterans Benefits Administration:							
Guaranty and indemnity fund	Mandatory	⁷ 1.56	31,335,303	96	⁷ 1.56	31,335,303	96
Loan guaranty program	Mandatory	⁷ 13.26	991	33	⁷ 12.30	892	33

Table 2.—LOAN GUARANTEES: FY 1996 BASELINE AND POLICY SUBSIDY RATES, COMMITMENTS, AND AVERAGE LOAN SIZE—Continued

(in thousands of dollars, unless noted otherwise)

Agency, Bureau, Program and Risk Category	BEA Category	Baseline			Policy		
		Subsidy rate (percent)	Commitments	Average loan size	Subsidy rate (percent)	Commitments	Average loan size
Small Business Administration							
General business loan programs:							
Specialized small business investment company guarantees	Discretionary	28.02	27,195	2,100	28.02	15,000	2,100
Section 502 development company program	Discretionary	1.50	45,595	1,166	1.50	(⁸)	1,166
Section 504 development company program	Discretionary	0.57	1,451,035	342	0.57	1,754,386	342
Section 7(a) general business guarantee	Discretionary	2.76	7,260,380	165	2.01	9,440,796	165
Micro loan guarantee program	Discretionary	11.57	10,641	(⁹)	11.57	14,444	(⁹)
Small business investment company participating security guarantees	Discretionary	8.94	235,690	8,300	8.94	270,000	8,300
Small business investment company debenture guarantees	Discretionary	14.76	1,451,035	6,875	14.76	1,754,386	6,875
Other Independent Agencies							
Export-Import Bank of the United States:							
Export-Import bank program account	Discretionary	¹⁰ 3.89	15,059,125	7,291	¹⁰ 4.33	15,210,000	7,291

¹ Weighted average subsidy rate.

² The total loan volume for the HBCU Capital Financing Program is \$357 million, which consists of \$238 million for private institutions and \$119 million for public institutions.

³ Baseline commitments represent amount supported by proposed subsidy BA.

⁴ Represents estimated program level. Authorized loan level is \$2 billion.

⁵ Not included in baseline, policy proposal. See assumptions in policy table 6.

⁶ GNMA subsidy rate is between 0.00 and -0.01 percent.

⁷ Final FY 96 Budget cohort subsidy rate. The baseline rate supersedes the subsidy rate published in the President's FY 96 Budget.

⁸ Proposed for termination.

⁹ This is a new program. No loans have been disbursed.

¹⁰ Risk premia used represents weighted average of all direct lending risk categories.

Table 3.—DIRECT LOANS: ASSUMPTIONS UNDERLYING THE FY 1996 BASELINE SUBSIDY ESTIMATES

(in percentages, unless noted otherwise)

Agency, Bureau, Program and Risk Category	Baseline subsidy rate	Composition of Subsidy				Loan Characteristics							
		Defaults	Interest	Fees	All other	Loan maturity (years)	Borrower rate	Grace period (years)	Upfront fees	Annual fees	Other fees	Default rate ¹	Recovery rate ²
Funds Appropriated to the President													
Agency for International Development:													
Microenterprise and other development credit	5.66	15.01	- 8.84	- 0.51	.....	7	7.41	3	0.50	.....	.....	20.00	.....
Department of Defense:													
Foreign military financing loan program	7.73	7.73	.....	.....	.....	12	7.31	5	.....	.....	.....	18.88	.....
Overseas Private Investment Corporation:													
Direct loan program	5.03	17.43	- 11.95	- 0.45	.....	10	11.10	3	0.50	.....	.....	24.80	14.70
Department of Agriculture													
Farm Service Agency:													
Agricultural credit insurance fund:													
Indian land acquisition	27.40	.....	27.40	.....	.....	40	5.00	.....	.....	.....	.....	.....	.....
Emergency disaster	32.08	14.24	16.70	³ - 11.57	12.71	10	3.75	.....	.....	.....	.....	40.00	38.50
Credit sales of acquired property	18.28	7.21	12.03	³ - 33.31	32.34	34	6.59	.....	.....	.....	.....	20.00	51.00
Farm ownership	23.39	5.83	20.40	³ - 31.58	28.74	39	5.82	.....	.....	.....	.....	20.00	51.00
Farm operating	13.67	12.58	1.11	³ - 21.42	21.40	3	5.97	.....	.....	.....	.....	20.50	40.00
Soil and water	20.98	6.48	14.86	³ - 27.49	27.13	22	5.82	.....	.....	.....	.....	20.00	51.00
Rural Utilities Services:													
Rural water and waste loans	22.69	0.08	22.91	³ - 0.02	- 0.28	35	5.16	.....	.....	.....	.....	0.10	.....
Rural telecommunications partnership loans .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Distance learning and telemedicine program:													
Treasury rate .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
5% rate .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Rural electrification and telephone program:													
Electrification:													
FFB rate	0.84	0.95	.....	³ - 0.11	.....	35	⁴ 7.90	2	.....	.....	.....	3.31	16.50
5% rate	23.52	0.07	23.45	.....	.....	35	5.00	2	.....	.....	.....	0.27	80.00
Municipal rate	10.83	0.09	10.74	.....	.....	35	6.12	2	.....	.....	.....	0.31	80.00
Telephone:													
FFB rate	- 0.05	0.05	.....	³ - 0.10	.....	35	⁴ 7.90	2	.....	.....	.....	0.19	71.50
Treasury rate	0.39	0.02	0.37	.....	.....	25	7.78	2	.....	.....	.....	0.04	72.90
5% rate	19.94	0.02	19.92	.....	.....	25	5.00	2	.....	.....	.....	0.05	70.60
Rural Housing and Community Development Service:													
Rural community facility loans	17.44	0.13	17.29	³ - 1.81	1.83	22	5.27	.....	.....	.....	.....	1.22	48.00
Rural housing insurance fund:													
Sale of acquired properties	17.43	0.47	22.71	³ - 8.55	2.80	33	4.85	.....	.....	.....	.....	8.00	79.75
Multi-family housing	54.69	0.17	60.70	³ - 1.34	- 4.50	48	1.50	.....	.....	.....	.....	1.35	75.89
Single-family housing	20.99	0.26	27.29	³ - 7.98	1.41	33	3.42	.....	.....	.....	.....	8.00	79.75
Housing repair	40.55	1.49	39.45	³ - 5.20	4.81	18	1.00	.....	.....	.....	.....	10.00	51.90
Farm labor housing	57.53	0.01	57.24	³ - 1.85	2.12	33	1.00	.....	.....	.....	.....	2.50	53.20
Site development	- 1.28	.....	- 1.28	.....	.....	2	7.81	.....	.....	.....	.....	.....	.....
Self-help land development	5.18	.....	5.18	.....	.....	2	3.00	.....	.....	.....	.....	.....	.....

Table 3.—DIRECT LOANS: ASSUMPTIONS UNDERLYING THE FY 1996 BASELINE SUBSIDY ESTIMATES—Continued

(in percentages, unless noted otherwise)

Agency, Bureau, Program and Risk Category	Baseline subsidy rate	Composition of Subsidy				Loan Characteristics							
		Defaults	Interest	Fees	All other	Loan maturity (years)	Bor- rower rate	Grace period (years)	Upfront fees	Annual fees	Other fees	Default rate ¹	Recovery rate ²
Rural Business and Cooperative Development Service:													
Rural economic development loans	29.06		29.06			10	7.69	1					
Rural business and industry loans													
Alternative agricultural research and commercialization													
Intermediary relending program	59.65	1.21	58.17	³ - 2.37	2.64	30	1.00	2				4.65	
Foreign Agricultural Service:													
Public Law 480: Title I	81.06	21.47	31.41		28.18	30	3.00	7				100.81	
Department of Education													
Office of Postsecondary Education:													
College housing and academic facilities program	⁵ 18.45	0.76	17.70			30	5.50					3.29	
Ford direct loan program:													
Consolidated	- 0.60	7.41	- 9.07	0.19	0.87	⁶ 16	⁷ 8.28	⁸ 4				10.50	59.41
PLUS	- 11.11	5.45	- 13.46	- 4.00	0.90	(⁶)	9.00	⁹ 3	4.00			9.00	57.00
Stafford	16.55	6.88	12.64	- 4.00	1.03	⁶ 16	8.25	⁸ 4	4.00			20.52	60.24
Unsubsidized Stafford	- 1.66	9.65	- 8.25	- 3.93	0.87	⁶ 16	8.25	⁸ 4	4.00			18.49	60.96
Department of Energy													
Bonneville Power Administration:													
Conservation loan program													
Department of the Interior													
Bureau of Reclamation:													
Direct loan program	¹⁰ 59.76	5.70	54.06			¹¹ 30		4					
Bureau of Indian Affairs:													
Indian direct loan program	72.00	44.00	28.00			15	8.00	(¹²)				50.00	10.00
Department of State													
Bureau of Consular Affairs:													
Repatriation loan program	80.00	80.00				(¹³)						83.00	3.00
Department of Transportation													
Federal Highway Administration:													
High priority corridors	11.00	2.00	9.00			2		3				1.65	
Right-of-way revolving fund	27.78	¹⁴ 4.35	23.43			9							
Orange County toll road demonstration project:													
Category A — operating expenditures	5.40	5.40				3							
Category B — capital expenditures	18.00	18.00				3							
Office of the Secretary:													
Minority business resource center loan program	10.00	10.00				*	6.38					10.00	

Table 3.—DIRECT LOANS: ASSUMPTIONS UNDERLYING THE FY 1996 BASELINE SUBSIDY ESTIMATES—Continued

(in percentages, unless noted otherwise)

Agency, Bureau, Program and Risk Category	Baseline subsidy rate	Composition of Subsidy				Loan Characteristics							
		Defaults	Interest	Fees	All other	Loan maturity (years)	Borrower rate	Grace period (years)	Upfront fees	Annual fees	Other fees	Default rate ¹	Recovery rate ²
Department of Veterans Affairs													
Veterans Benefits Administration:													
Transitional housing loan program	¹⁵ 10.00	10.00	.....	.....	.....	2	6.70	.....	.....	.....	.....	10.00	.....
Direct loan program (includes vendee and specially adapted housing)	28.13	9.37	21.87	- 3.12	.....	30	9.03	.....	1.00	.....	¹⁶ 2.00	49.75	60.00
Education loan fund program	¹⁷ 36.49	16.88	22.61	- 3.00	.....	10	7.41	1	.....	.....	.....	75.00	.....
Loan guaranty and indemnity fund (acquired and vendee)	1.46	20.23	- 14.76	- 4.01	.....	30	9.03	.....	1.00	.....	¹⁸ 2.93	25.25	60.00
Loan guaranty program (acquired and vendee)	3.11	21.55	- 14.76	- 3.68	.....	30	9.03	.....	1.00	.....	¹⁹ 2.67	27.97	78.00
Native American veteran housing program	²⁰ 7.72	7.72	.....	.....	.....	30	9.03	.....	.....	.....	.....	15.57	78.00
Vocational rehabilitation loan program	¹⁷ 3.31	0.47	2.84	.....	.....	1	.....	.....	.....	.....	.....	0.10	.....
Small Business Administration													
General business loan programs:													
Handicapped assistance loans	42.96	11.05	30.02	- 0.09	1.97	10	2.60	.....	.....	.....	.....	23.92	22.00
SSBIC loan program	42.85	8.81	34.04	.....	.....	10	2.60	9	.....	.....	.....	14.60	5.00
Micro loans	19.86	19.66	0.20	.....	.....	10	8.25	.....	.....	.....	.....	32.00	25.00
Disaster loan program:													
Disaster loans	31.44	11.00	19.36	²¹ - 1.46	2.54	15	(²²)	*	.....	.....	.....	29.00	50.00
Other Independent Agencies													
Community Development Financial Institutions:													
Community development financial institutions fund	²³ 35.51	10.82	24.69	.....	.....	12	2.60	.....	.....	.....	.....	30.70	10.00
Export-Import Bank of the United States:													
Direct loan program	¹⁰ 1.27	11.39	- 4.01	- 6.10	.....	20	8.01	3	5.91	.....	.....	18.98	.....
Federal Emergency Management Agency:													
States-share loan program	8.62	8.62	.....	.....	.....	5	²⁴ 7.41	.....	.....	.....	.....	10.49	.....

* For year columns, less than 6 months; for percentage columns, less than 0.005 percent.

¹ Lifetime defaults as a percentage of disbursements.

² Recoveries as a percentage of lifetime defaults.

³ No fees are charged. These inflows are due to recoveries on defaults and/or interest payments.

⁴ Borrower interest rate equal to the Treasury interest rate appropriate for a security of comparable maturity plus 1/8 percent.

⁵ Subsidy assumptions are equal to those in the FY 1995 Budget except for updated interest/discount rate.

⁶ Average contractual maturity.

⁷ Weighted average borrower interest.

⁸ Includes 6-month grace period and maximum three year deferment.

⁹ Includes a maximum three year deferment.

¹⁰ Weighted average subsidy rate.

¹¹ The loans are made to entities organized under state laws. The loan is disbursed over the construction period, usually an average of four years, instead of in one payment at the start of construction. The annual loan amounts, which are made available to the contractors quarterly, are dependent upon annual appropriations from Congress. Therefore, there will be new obligations each year for an ongoing loan.

¹² Maximum grace period is 60 days.

¹³ Loans must be repaid within 60 days.

¹⁴ Default estimates based on assumption that States will receive no future appropriations.

¹⁵ Information on loan characteristics and composition of subsidy have not been provided by the Department of Veterans Affairs.

¹⁶ Collect 3 percent downpayment on vendee loans, which account for two-thirds of all loans made in this account.

¹⁷ Final FY 1996 Budget cohort subsidy rate. It supersedes the rate published in President's Budget.

¹⁸ Vendee loans collect a 3% downpayment. VA estimates that 97.5% of the direct loans in this account are vendees.

¹⁹ Reflects 3% downpayment on vendee loans, which account for 89% of all direct loans made in this account.

²⁰ The subsidy rate used for loans originated in 1996 is the same subsidy rate used in all years—7.72 percent—because all loans are from the same 1993 cohort, since loan limitations and credit subsidy budget authority were appropriated for this pilot program in 1993, to remain available until the authorization for this pilot program expires in 1997.

²¹ These cash flows are post-charge off receipts and should not be considered fees.

²² Currently, the interest rate varies from 3.63 to 7.7 percent, depending on the borrower and use of the loan funds. The budget proposes increasing the rate to the comparable Treasury rate plus 2 percent.

²³ This is the final FY96 cohort credit subsidy rate. The supportable loan level published in the President's Budget is based on this final (correct) subsidy rate.

²⁴ Borrower interest rate equal to the Treasury interest rate appropriate for a security of comparable maturity.

Table 4.—LOAN GUARANTEES: ASSUMPTIONS UNDERLYING THE FY 1996 BASELINE SUBSIDY ESTIMATES

(in percentages, unless noted otherwise)

Agency, Bureau, Program and Risk Category	Baseline subsidy rate	Composition of Subsidy				Loan Characteristics								
		Defaults	Interest	Fees	All other	Loan maturity (years)	Borrower rate	Grace period (years)	Upfront fees	Annual fees	Other fees	Default rate ¹	Recovery rate ²	Percent guaranteed
Funds Appropriated by the President														
Agency for International Development:														
Housing guarantee program	11.84	17.48	.....	-5.64	.....	30	8.18	10	1.00	0.50	.....	³ 47.32	.....	100.00
Microenterprise and other development credit (MSED)	5.32	7.71	.....	-2.39	.....	5	7.41	5	0.50	1.30	.....	³ 17.00	.....	50.00
Overseas Private Investment Corporation:														
Loan guarantee program	5.03	17.43	-11.95	-0.45	.....	10	7.62	3	⁴ 0.50	3.00	.....	24.80	14.70	100.00
Department of Agriculture														
Farm Service Agency:														
CCC Export Credit Guarantee Program	⁵ 6.57	7.33	.....	-0.76	.....	3	⁶ 2.81	.....	0.76	.....	.....	6.57	1.00	98.00
Agricultural credit insurance fund:														
Guaranteed farm operating, subsidized	8.98	2.05	.....	.....	6.93	4	8.81	.....	.....	.....	.....	6.99	0.30	87.00
Guaranteed farm operating, unsubsidized	1.08	1.96	.....	-0.88	.....	4	8.81	.....	1.00	.....	.....	6.99	0.30	87.00
Guaranteed soil and water	2.14	3.02	.....	-0.88	.....	10	10.76	.....	1.00	.....	.....	8.50	0.30	87.00
Guaranteed farm ownership, unsubsidized	3.64	4.52	.....	-0.88	.....	20	10.65	.....	1.00	.....	.....	21.10	0.30	87.00
Rural Housing and Community Development Service:														
Rural housing insurance: single family—unsubsidized	0.17	1.06	.....	-0.90	0.01	30	9.17	.....	1.00	.....	.....	7.50	3.00	90.00
Community facility loan program	4.74	5.54	.....	-0.80	.....	16	7.21	.....	1.00	.....	.....	7.06	.....	80.00
Rural Business and Cooperative Development Service:														
Guaranteed business and industry loan program	0.91	2.72	.....	-1.60	-0.21	12	9.26	.....	2.00	.....	.....	3.04	1.00	80.00
Department of Commerce														
National Oceanic and Atmospheric Administration:														
Fishing vessels finance obligation guarantee	1.00	6.17	-5.12	.....	.....	10	.....	.....	5.00	1.00	.....	.....	.....	100.00
Department of Education														
Office of Postsecondary Education:														
Historically black college and university capital financing program .....	.....	.....	.....	.....	.....	30	8.00	.....	.....	.....	.....	6.00	50.00	100.00
Federal family education loan program:														
Consolidated	7.86	5.41	6.30	-4.68	0.83	⁷ 16	⁸ 8.31	⁹ 4	¹⁰ 1.55	.....	.....	10.50	59.41	97.00
PLUS	1.64	4.88	0.01	-3.43	0.18	⁷ 16	9.00	⁹ 3	¹¹ 3.50	.....	.....	9.00	57.00	93.00
Stafford	22.84	8.47	¹² 18.14	-3.77	.....	⁷ 16	8.25	⁹ 4	¹¹ 3.61	.....	¹³ 0.40	¹⁴ 21.32	60.24	92.80
Unsubsidized Stafford	4.74	7.70	0.08	-3.43	0.39	⁷ 16	8.25	⁹ 4	¹¹ 3.50	.....	.....	18.99	60.57	93.30
Department of Health and Human Services														
Health Resources and Services Administration:														
Health education assistance loans (HEAL)	6.43	13.50	.....	-8.00	0.93	25	8.50	1	8.00	.....	.....	17.14	64.00	100.00
Department of Housing and Urban Development														
Public and Indian Housing Programs:														
Indian loan guarantee fund	8.13	9.13	.....	-1.00	.....	30	(¹⁵)	.....	1.00	.....	.....	24.62	7.80	100.00

Table 4.—LOAN GUARANTEES: ASSUMPTIONS UNDERLYING THE FY 1996 BASELINE SUBSIDY ESTIMATES—Continued

(in percentages, unless noted otherwise)

Agency, Bureau, Program and Risk Category	Baseline subsidy rate	Composition of Subsidy				Loan Characteristics								
		Defaults	Interest	Fees	All other	Loan maturity (years)	Borrower rate	Grace period (years)	Upfront fees	Annual fees	Other fees	Default rate ¹	Recovery rate ²	Percent guaranteed
Community Planning and Development:														
Community opportunity performance funds program account (formerly Section 108)	4.60	4.60	.....	.....	.....	8	(¹⁶)	.....	.....	.....	.....	6.78	(¹⁷)	100.00
Housing programs:														
FHA general and special risk insurance fund:														
Sec. 221(d)(3)/223(d)	26.84	31.36	.....	-4.52	.....	40	9.00	.....	1.25	0.50	.....	73.00	30.00	100.00
Sec. 221(d)(4) new construction	11.76	17.23	.....	-5.47	.....	40	9.00	.....	1.50	0.50	.....	34.00	30.00	100.00
Sec. 223(f)	2.31	7.25	.....	-4.94	.....	40	9.00	.....	1.70	0.50	.....	26.00	.....	100.00
Section 232	-2.05	2.71	.....	-4.76	.....	40	9.00	.....	1.50	0.50	.....	7.00	60.00	100.00
Section 237 refinancings	-1.52	2.33	.....	-3.85	.....	21	9.00	.....	1.00	0.50	.....	7.00	60.00	100.00
Section 242—hospitals	-3.78	0.50	.....	-4.28	.....	40	9.00	.....	1.30	0.50	.....	2.70	35.00	100.00
Sec. 542(c) new construction—90% risk share	6.85	11.41	.....	-4.56	.....	40	9.00	.....	0.45	0.45	.....	22.90	50.29	90.00
Sec. 542(c) new construction—50% risk share	6.01	10.66	.....	-4.65	.....	40	9.00	.....	0.25	0.25	.....	22.90	50.00	50.00
Sec. 542(c) existing homes—90% risk share	1.92	7.49	.....	-5.57	.....	40	9.00	.....	0.45	0.45	.....	22.20	50.00	90.00
Other multifamily—negative subsidies	-1.96	2.43	.....	-4.39	.....	21	9.00	.....	0.75	0.50	.....	7.20	60.00	100.00
Insured sales of mortgage notes	(¹⁸)	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Section 234—other single family	-1.00	3.00	.....	-4.00	.....	30	9.00	.....	.....	1.00	.....	6.00	50.00	100.00
Multifamily development (new program) .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Multifamily refinancings (new program) .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Multifamily substantial rehabilitation (new program) .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Title I—property improvement	-1.33	1.62	.....	-2.95	.....	5	9.00	.....	0.50	0.50	.....	3.10	37.00	.....
Title I—manufactured housing	-3.09	2.10	.....	-5.19	.....	17	9.00	.....	1.00	0.75	.....	3.30	20.00	.....
FHA mutual mortgage insurance fund:														
Single-family insurance	-2.77	1.70	.....	-5.24	0.77	30	9.00	.....	2.25	0.50	.....	9.00	89.00	100.00
Government National Mortgage Association:														
Mortgage-backed securities .....	.....	.....	.....	.....	.....	12	.....	.....	.....	0.06	.....	.....	.....	100.00
Department of the Interior														
Bureau of Indian Affairs:														
Indian guaranteed loan program	12.53	10.56	3.66	-1.69	.....	15	9.75	.....	.....	.....	.....	13.33	15.00	86.00
Department of Transportation														
Maritime Administration:														
Loan guarantee program:														
Weighted average	7.00	12.59	.....	-5.59	.....	16	8.50	.....	.....	.....	.....	.....	50.00	85.00
Level 1, Category A	3.28	8.77	.....	-5.59	.....	16	8.50	.....	.....	.....	.....	17.64	50.00	85.00
Level 1, Category B	3.73	9.32	.....	-5.59	.....	16	8.50	.....	.....	.....	.....	17.64	50.00	85.00
Level 1, Category C	4.24	9.83	.....	-5.59	.....	16	8.50	.....	.....	.....	.....	17.64	50.00	85.00
Level 2, Category A	5.72	11.28	.....	-5.56	.....	16	8.50	.....	.....	.....	.....	19.88	50.00	85.00
Level 2, Category B	7.33	12.89	.....	-5.56	.....	16	8.50	.....	.....	.....	.....	22.32	50.00	85.00
Level 2, Category C	8.85	14.48	.....	-5.63	.....	16	8.50	.....	.....	.....	.....	24.32	50.00	85.00
Level 3	13.78	19.35	.....	-5.57	.....	16	8.50	.....	.....	.....	.....	30.15	50.00	85.00

Table 4.—LOAN GUARANTEES: ASSUMPTIONS UNDERLYING THE FY 1996 BASELINE SUBSIDY ESTIMATES—Continued

(in percentages, unless noted otherwise)

Agency, Bureau, Program and Risk Category	Baseline subsidy rate	Composition of Subsidy				Loan Characteristics								
		Defaults	Interest	Fees	All other	Loan maturity (years)	Borrower rate	Grace period (years)	Upfront fees	Annual fees	Other fees	Default rate ¹	Recovery rate ²	Percent guaranteed
Department of Veterans Affairs														
Veterans Benefits Administration:														
Guaranty and indemnity fund	¹⁹ 1.56	3.86	.....	- 1.87	- 0.43	30	9.03	.....	2.20	.....	.....	16.27	87.31	37.40
Loan guaranty program	²⁰ 13.26	14.30	.....	- 1.04	.....	30	8.63	.....	1.00	.....	.....	42.15	.....	50.00
Small Business Administration														
General business loan programs:														
Specialized small business investment company guarantees	28.02	15.93	13.26	- 1.16	.....	12	.....	.....	1.18	.....	.....	30.70	25.00	100.00
Section 502 development company program	1.50	2.82	.....	- 1.60	0.27	22	.....	.....	2.00	.....	.....	17.20	80.00	80.00
Section 504 development company program	0.57	1.05	.....	- 0.48	.....	22	.....	.....	0.50	.....	.....	4.85	80.00	100.00
Section 7(a) general business guarantee	2.76	5.08	.....	- 2.46	0.15	12	(²¹)	.....	1.85	²² 0.20	²³ 0.19	17.25	62.03	77.08
Micro loan guarantee program	11.57	14.01	.....	- 2.46	0.22	12	.....	.....	2.00	0.10	.....	28.00	43.61	100.00
Small business investment company participating security guarantees	8.94	7.01	.....	- 0.30	2.23	12	.....	.....	1.18	.....	.....	20.00	50.00	100.00
Small business investment company debenture guarantees ..	14.76	15.94	.....	- 1.18	.....	12	.....	.....	1.18	.....	.....	30.70	25.00	100.00
Other Independent Agencies														
Export-Import Bank of the United States:														
Export-Import bank program account	²⁴ 3.89	²⁴ 6.92	.....	²⁴ - 3.03	.....	20	²⁵ 7.25	²⁵ 3	²⁵ 7.62	²⁵ 0.12	.....	11.59	.....	100.00

* For year columns, less than 6 months; for percentage columns, less than 0.005 percent.

¹ Lifetime defaults as a percentage of disbursements.

² Recoveries as a percentage of lifetime defaults.

³ Default percentages are net of recoveries.

⁴ Commitment fee paid as disbursed

⁵ Weighted average subsidy rate.

⁶ Contractual loan interest rate represents only that portion guaranteed by the government—2.81%.

⁷ Average contractual loan maturity.

⁸ Estimated weighted average interest rate.

⁹ Includes grace period of 6 months and maximum deferment of 3 years. Does not include unlimited deferment for mitigating circumstances as determined by the Secretary of Education.

¹⁰ Includes lender origination fees and consolidated loan holders fees.

¹¹ Includes borrower origination fees and lender origination fees.

¹² Includes calculation of economic hardship deferment and delay of 85/15 Rule.

¹³ Includes state default fee.

¹⁴ Includes defaults and death, disability, and bankruptcy claims.

¹⁵ Market interest rate charged. HUD guarantees principal only

¹⁶ Interest rate determined at time of note sale.

¹⁷ For baseline subsidy estimate, recovery rate for non-revenue generating projects is 10 percent. For revenue-generating projects, recovery rate is 0 percent, not including any recoveries assumed under municipal bond risk premium.

¹⁸ Not included in baseline, Policy proposal. See assumptions in policy table 6.

¹⁹ Final FY 96 Budget cohort subsidy rate. It supersedes the 1.58% subsidy rate published in the President's FY 96 Budget.

²⁰ Final FY 96 Budget cohort subsidy rate. The baseline rate supersedes the subsidy rate published in the President's FY 96 Budget.

²¹ Interest rate on loans is prime rate plus 2.5%

²² This includes a 40 basis point fee on loans sold into the secondary market (half of all loans made).

²³ This is a one-time fee paid to SBA on loans sold in the secondary market at more than 110 percent of the par value.

²⁴ Risk premia used represents weighted average of all direct lending risk categories.

²⁵ Represents weighted average for all direct lending programs.

Table 5.—DIRECT LOANS: ASSUMPTIONS UNDERLYING THE FY 1996 POLICY SUBSIDY ESTIMATES

(in percentages, unless noted otherwise)

Agency, Bureau, Program and Risk Category	Policy subsidy rate	Composition of Subsidy				Loan Characteristics							
		Defaults	Interest	Fees	All other	Loan maturity (years)	Borrower rate	Grace period (years)	Upfront fees	Annual fees	Other fees	Default rate ¹	Recovery rate ²
Funds Appropriated to the President													
Agency for International Development:													
Microenterprise and other development credit	5.66	15.01	- 8.84	- 0.51	.....	7	7.41	3	0.50	.....	.....	20.00	.....
Department of Defense:													
Foreign military financing loan program	11.75	11.89	- 0.14	.....	.....	12	7.31	5	.....	.....	.....	18.88	.....
Overseas Private Investment Corporation:													
Direct loan program	5.03	17.43	- 11.95	- 0.45	.....	10	11.10	3	³ 0.50	.....	.....	24.80	14.70
Department of Agriculture													
Farm Service Agency:													
Agricultural credit insurance fund:													
Indian land acquisition	27.40	.....	27.40	.....	.....	40	5.00	.....	.....	.....	.....	.....	.....
Emergency disaster	32.08	14.24	16.70	⁴ - 11.57	12.71	10	3.75	.....	.....	.....	.....	40.00	38.50
Credit sales of acquired property	18.28	7.21	12.03	⁴ - 33.31	32.34	34	6.59	.....	.....	.....	.....	20.00	51.00
Farm ownership	23.39	5.83	20.40	⁴ - 31.58	28.74	39	5.82	.....	.....	.....	.....	20.00	51.00
Farm operating	13.67	12.58	1.11	⁴ - 21.42	21.40	3	5.97	.....	.....	.....	.....	20.50	40.00
Soil and water	20.98	6.48	14.86	⁴ - 27.49	27.13	22	5.82	.....	.....	.....	.....	20.00	51.00
Rural Utilities Services:													
Rural water and waste loans	22.69	0.08	22.91	⁴ - 0.02	- 0.28	35	5.16	.....	.....	.....	.....	0.10	.....
Rural telecommunications partnership loans	3.96	.....	3.96	.....	.....	7	6.12	.....	.....	.....	.....	.....	.....
Distance learning and telemedicine program:													
Treasury rate	0.98	0.98	.....	.....	.....	10	7.62	2	.....	.....	.....	1.72	.....
5% rate	12.72	0.89	11.83	.....	.....	10	5.00	2	.....	.....	.....	1.55	.....
Rural electrification and telephone program:													
Electrification:													
FFB rate	0.84	0.95	.....	⁴ - 0.11	.....	35	⁵ 7.80	2	.....	.....	.....	3.31	16.50
5% rate	23.52	0.07	23.45	.....	.....	35	5.00	2	.....	.....	.....	0.27	80.00
Municipal rate	10.83	0.09	10.74	.....	.....	35	6.50	2	.....	.....	.....	0.31	80.00
Telephone:													
FFB rate	- 0.05	0.05	.....	⁴ - 0.10	.....	35	⁵ 7.80	2	.....	.....	.....	0.19	71.50
Treasury rate	0.02	0.02	.....	.....	.....	25	7.80	2	.....	.....	.....	0.05	70.60
5% rate	19.94	0.02	19.92	.....	.....	25	5.00	2	.....	.....	.....	0.05	70.60
Rural Housing and Community Development Service:													
Rural community facility loans	17.44	0.13	17.29	⁴ - 1.81	1.83	22	5.27	.....	.....	.....	.....	1.22	48.00
Rural housing insurance fund:													
Sale of acquired properties	17.43	0.47	22.71	⁴ - 8.55	2.80	33	4.85	.....	.....	.....	.....	8.00	79.75
Multi-family housing	54.69	0.17	60.70	⁴ - 1.34	- 4.50	48	1.50	.....	.....	.....	.....	1.35	75.89
Single-family housing	20.99	0.26	27.29	⁴ - 7.98	1.41	33	3.42	.....	.....	.....	.....	8.00	79.75
Housing repair	40.55	1.49	39.45	⁴ - 5.20	4.81	18	1.00	.....	.....	.....	.....	10.00	51.90
Farm labor housing	57.53	0.01	57.24	⁴ - 1.85	2.12	33	1.00	.....	.....	.....	.....	2.50	53.20
Site development	- 1.28	.....	- 1.28	.....	.....	2	7.81	.....	.....	.....	.....	.....	.....
Self-help land development	5.18	.....	5.18	.....	.....	2	3.00	.....	.....	.....	.....	.....	.....

Table 5.—DIRECT LOANS: ASSUMPTIONS UNDERLYING THE FY 1996 POLICY SUBSIDY ESTIMATES—Continued

(in percentages, unless noted otherwise)

Agency, Bureau, Program and Risk Category	Policy subsidy rate	Composition of Subsidy				Loan Characteristics							
		Defaults	Interest	Fees	All other	Loan maturity (years)	Borrower rate	Grace period (years)	Upfront fees	Annual fees	Other fees	Default rate ¹	Recovery rate ²
Rural Business and Cooperative Development Service:													
Rural economic development loans	29.06		29.06			10	7.31	1					
Rural business and industry loans	7.01	4.49	2.10	⁴ -9.60	10.02	22	7.29	1				10.83	
Alternative agricultural research and commercialization	28.55		28.55										
Intermediary relending program	59.65	1.21	58.17	⁴ -2.37	2.64	30	1.00	2				4.65	
Foreign Agricultural Service:													
Public Law 480: Title I	81.61	38.05	43.56			30	3.00	7				103.90	
Department of Education													
Office of Postsecondary Education:													
College housing and academic facilities program	⁶ 18.45	0.76	17.70			30	5.50					3.29	
Ford direct loan program:													
Consolidated	-0.60	7.41	-9.07	0.19	0.87	⁷ 16	⁸ 8.28	⁹ 4				10.50	59.41
PLUS	-11.11	5.45	-13.46	-4.00	0.90	⁷ 16	9.00	¹⁰ 3	4.00			9.00	57.00
Stafford	16.55	6.88	12.64	-4.00	1.03	⁷ 16	8.25	⁹ 4	4.00			20.52	60.24
Unsubsidized Stafford	-1.66	9.65	-8.25	-3.93	0.87	⁷ 16	8.25	⁹ 4	4.00			18.49	60.96
Department of Energy													
Bonneville Power Administration:													
Conservation loan program		2.29	-2.29			10	(¹¹)					4.77	
Department of the Interior													
Bureau of Reclamation:													
Direct loan program	¹² 59.76	5.70	54.06			¹³ 30		4					
Bureau of Indian Affairs:													
Indian direct loan program													
Department of State													
Bureau of Consular Affairs:													
Repatriation loan program	80.00	80.00				(¹⁴)						83.00	3.00
Department of Transportation													
Federal Highway Administration:													
High priority corridors	10.50	1.50	9.00			2		3				1.65	
Right-of-way revolving fund	27.78	¹⁵ 4.35	23.43			9							
Orange County toll road demonstration project:													
Category A — operating expenditures	5.40	5.40				3							
Category B — capital expenditures	18.00	18.00				3							
Office of the Secretary:													
Minority business resource center loan program	10.00	10.00				*	6.38					10.00	

Table 5.—DIRECT LOANS: ASSUMPTIONS UNDERLYING THE FY 1996 POLICY SUBSIDY ESTIMATES—Continued

(in percentages, unless noted otherwise)

Agency, Bureau, Program and Risk Category	Policy subsidy rate	Composition of Subsidy				Loan Characteristics							
		Defaults	Interest	Fees	All other	Loan maturity (years)	Borrower rate	Grace period (years)	Upfront fees	Annual fees	Other fees	Default rate ¹	Recovery rate ²
Department of Veterans Affairs													
Veterans Benefits Administration:													
Transitional housing loan program	¹⁶ 10.00	10.00	.....	.....	.....	2	6.70	.....	.....	.....	.....	10.00	.....
Direct loan program (includes vendee and specially adapted housing)	28.13	9.37	21.87	- 3.12	.....	30	9.03	.....	1.00	.....	¹⁷ 2.00	49.75	60.00
Education loan fund program	¹⁸ 36.49	16.88	22.61	- 3.00	.....	10	7.41	1	.....	.....	.....	75.00	.....
Loan guaranty and indemnity fund (acquired and vendee)	1.46	20.23	- 14.76	- 4.01	.....	30	9.03	.....	1.00	.....	¹⁹ 2.93	25.25	60.00
Loan guaranty program (acquired and vendee)	3.11	21.55	- 14.76	- 3.68	.....	30	9.03	.....	1.00	.....	²⁰ 2.67	27.97	78.00
Native American veteran housing program	²¹ 7.72	7.72	.....	.....	.....	30	9.03	.....	.....	.....	.....	15.57	78.00
Vocational rehabilitation loan program	¹⁸ 3.31	0.47	2.84	.....	.....	1	.....	.....	.....	.....	.....	0.10	.....
Small Business Administration													
General business loan programs:													
Handicapped assistance loans	42.96	11.05	30.02	- 0.09	1.97	10	2.60	.....	.....	.....	.....	23.92	22.00
SSBIC loan program	42.85	8.81	34.04	.....	.....	10	2.60	9	.....	.....	.....	14.60	5.00
Micro loans	19.86	19.66	0.20	.....	.....	10	8.25	.....	.....	.....	.....	32.00	25.00
Disaster loan program:													
Disaster loans	8.46	11.00	- 3.61	²² - 1.46	2.54	15	(²³)	*	.....	.....	.....	29.00	50.00
Other Independent Agencies													
Community Development Financial Institutions:													
Community development financial institutions fund	²⁴ 35.51	10.82	24.69	.....	.....	12	2.60	.....	.....	.....	.....	30.70	10.00
Export-Import Bank of the United States:													
Direct loan program	¹² 1.84	11.06	- 4.01	- 5.21	.....	20	8.01	3	4.98	.....	.....	18.44	.....
Federal Emergency Management Agency:													
States-share loan program	8.62	8.62	.....	.....	.....	5	²⁵ 7.41	.....	.....	.....	.....	10.49	.....

* For year columns, less than 6 months; for percentage columns, less than 0.005 percent.

¹ Lifetime defaults as a percentage of disbursements.

² Recoveries as a percentage of lifetime defaults.

³ Commitment fee: paid on schedule of disbursements

⁴ No fees are charged. These inflows are due to recoveries on defaults and/or interest payments.

⁵ Borrower interest rate equal to the Treasury interest rate appropriate for a security of comparable maturity plus 1/8 percent.

⁶ Subsidy assumptions are equal to those in the FY 1995 Budget except for updated interest/discount rate.

⁷ Average contractual maturity.

⁸ Weighted average borrower interest.

⁹ Includes 6-month grace period and maximum three year deferment.

¹⁰ Includes a maximum three year deferment.

¹¹ Borrowers will be charged an interest rate equal to Bonneville's cost of borrowing plus a risk premium sufficient to cover default risk (currently 50 basis points).

¹² Weighted average subsidy rate.

¹³ The loans are made to entities organized under state laws. The loan is disbursed over the construction period, usually an average of four years, instead of in one payment at the start of construction. The annual loan amounts, which are made available to the contractors quarterly, are dependent upon annual appropriations from Congress. Therefore, there will be new obligations each year for an ongoing loan.

¹⁴ Loans must be repaid within 60 days.

¹⁵ Default estimates based on assumption that States will receive no future appropriations.

¹⁶ Information on loan characteristics and composition of subsidy have not been provided by the Department of Veterans Affairs.

¹⁷ Collect 3 percent downpayment on vendee loans, which account for two-thirds of all loans made in this account.

¹⁸ Final FY 1996 Budget cohort subsidy rate. It supersedes the rate published in President's Budget.

¹⁹ Vendee loans collect a 3% downpayment. VA estimates that 97.5% of the direct loans in this account are vendees.

²⁰ Reflects 3% downpayment on vendee loans, which account for 89% of all direct loans made in this account.

²¹ The subsidy rate used for loans originated in 1996 is the same subsidy rate used in all years—7.72 percent—because all loans are from the same 1993 cohort, since loan limitations and credit subsidy budget authority were appropriated for this pilot program in 1993, to remain available until the authorization for this pilot program expires in 1997.

²² These cash flows are post-charge off receipts and should not be considered fees.

²³ Currently, the interest rate varies from 3.63 to 7.7 percent, depending on the borrower and use of the loan funds. The budget proposes increasing the rate to the comparable Treasury rate plus 2 percent.

²⁴ This is the final FY96 cohort credit subsidy rate. The supportable loan level published in the President's Budget is based on this final (correct) subsidy rate.

²⁵ Borrower interest rate equal to the Treasury interest rate appropriate for a security of comparable maturity.

Table 6.—LOAN GUARANTEES: ASSUMPTIONS UNDERLYING THE FY 1996 POLICY SUBSIDY ESTIMATES

(in percentages, unless noted otherwise)

Agency, Bureau, Program and Risk Category	Policy subsidy rate	Composition of Subsidy				Loan Characteristics								
		Defaults	Interest	Fees	All other	Loan maturity (years)	Borrower rate	Grace period (years)	Upfront fees	Annual fees	Other fees	Default rate ¹	Recovery rate ²	Percent guaranteed
Funds Appropriated by the President														
Agency for International Development:														
Housing guarantee program	11.84	17.48	.....	- 5.64	.....	30	8.18	10	1.00	0.50	.....	³ 47.32	.....	100.00
Microenterprise and other development credit (MSED)	8.49	10.74	.....	- 2.25	.....	10	7.34	4	0.97	0.74	.....	³ 22.56	.....	66.19
Overseas Private Investment Corporation:														
Loan guarantee program	5.03	17.43	- 11.95	- 0.45	.....	10	7.62	3	40.50	3.00	.....	24.80	14.70	100.00
Department of Agriculture														
Farm Service Agency:														
CCC Export Credit Guarantee Program	⁵ 6.57	7.33	.....	- 0.76	.....	3	⁶ 2.81	.....	0.76	.....	.....	6.57	1.00	98.00
Agricultural credit insurance fund:														
Guaranteed farm operating, subsidized	8.98	2.05	.....	.....	6.93	4	8.81	.....	.....	.....	.....	6.99	0.30	87.00
Guaranteed farm operating, unsubsidized	1.08	1.96	.....	- 0.88	.....	4	8.81	.....	1.00	.....	.....	6.99	0.30	87.00
Guaranteed soil and water	2.14	3.02	.....	- 0.88	.....	10	10.76	.....	1.00	.....	.....	8.50	0.30	87.00
Guaranteed farm ownership, unsubsidized	3.64	4.52	.....	- 0.88	.....	20	10.65	.....	1.00	.....	.....	21.10	0.30	87.00
Rural Housing and Community Development Service:														
Rural housing insurance: single family—unsubsidized	0.17	1.06	.....	- 0.90	0.01	30	9.17	.....	1.00	.....	.....	7.50	3.00	90.00
Community facility loan program	4.74	5.54	.....	- 0.80	.....	16	7.21	.....	1.00	.....	.....	7.06	.....	80.00
Rural Business and Cooperative Development Service:														
Guaranteed business and industry loan program	0.91	2.72	.....	- 1.60	- 0.21	12	9.26	.....	2.00	.....	.....	3.04	1.00	80.00
Department of Commerce														
National Oceanic and Atmospheric Administration:														
Fishing vessels finance obligation guarantee	1.00	6.17	- 5.12	.....	.....	10	.....	.....	5.00	1.00	.....	.....	.....	100.00
Department of Education														
Office of Postsecondary Education:														
Federal family education loan program:														
Consolidated	7.86	5.41	6.30	- 4.68	0.83	⁷ 16	⁸ 8.31	⁹ 4	¹⁰ 1.55	.....	.....	10.50	59.41	97.00
PLUS	1.64	4.88	0.01	- 3.43	0.18	⁷ 16	9.00	⁹ 3	¹¹ 3.50	.....	.....	9.00	57.00	93.00
Stafford	22.84	8.47	¹² 18.14	- 3.77	.....	⁷ 16	8.25	⁹ 4	¹³ 3.61	.....	¹⁴ 0.40	¹⁵ 21.32	60.24	92.80
Unsubsidized Stafford	4.74	7.70	0.08	- 3.43	0.39	⁷ 16	8.25	⁹ 4	¹¹ 3.50	.....	.....	18.99	60.57	93.30
Department of Health and Human Services														
Health Resources and Services Administration:														
Health education assistance loans (HEAL)	6.43	13.50	.....	- 8.00	0.93	25	8.50	1	8.00	.....	.....	17.14	64.00	100.00
Department of Housing and Urban Development														
Public and Indian Housing Programs:														
Indian loan guarantee fund	8.13	9.13	.....	- 1.00	.....	30	(¹⁶)	.....	1.00	.....	.....	24.62	7.80	100.00

Table 6.—LOAN GUARANTEES: ASSUMPTIONS UNDERLYING THE FY 1996 POLICY SUBSIDY ESTIMATES—Continued

(in percentages, unless noted otherwise)

Agency, Bureau, Program and Risk Category	Policy subsidy rate	Composition of Subsidy				Loan Characteristics								
		Defaults	Interest	Fees	All other	Loan maturity (years)	Borrower rate	Grace period (years)	Upfront fees	Annual fees	Other fees	Default rate ¹	Recovery rate ²	Percent guaranteed
Community Planning and Development:														
Community opportunity performance funds program account (formerly Section 108)	2.10	2.10	.....	.....	.....	8	(¹⁷)	.....	.....	.....	.....	2.93	(¹⁸)	100.00
Housing programs:														
FHA general and special risk insurance fund:														
Sec. 221(d)(3)/223(d)	26.84	31.36	.....	-4.52	.....	40	9.00	.....	1.25	0.50	.....	73.00	30.00	100.00
Sec. 221(d)(4) new construction	11.76	17.23	.....	-5.47	.....	40	9.00	.....	1.50	0.50	.....	34.00	30.00	100.00
Sec. 223(f)	2.31	7.25	.....	-4.94	.....	40	9.00	.....	1.70	0.50	.....	26.00	.....	100.00
Section 232	-2.05	2.71	.....	-4.76	.....	40	9.00	.....	1.50	0.50	.....	7.00	60.00	100.00
Section 237 refinancings	-1.52	2.33	.....	-3.85	.....	21	9.00	.....	1.00	0.50	.....	7.00	60.00	100.00
Section 242—hospitals	-3.78	0.50	.....	-4.28	.....	40	9.00	.....	1.30	0.50	.....	2.70	35.00	100.00
Sec. 542(c) new construction—90% risk share	6.85	11.41	.....	-4.56	.....	40	9.00	.....	0.45	0.45	.....	22.90	50.29	90.00
Sec. 542(c) new construction—50% risk share	6.01	10.66	.....	-4.65	.....	40	9.00	.....	0.25	0.25	.....	22.90	50.00	50.00
Sec. 542(c) existing homes—90% risk share	1.92	7.49	.....	-5.57	.....	40	9.00	.....	0.45	0.45	.....	22.20	50.00	90.00
Other multifamily—negative subsidies	-1.96	2.43	.....	-4.39	.....	21	9.00	.....	0.75	0.50	.....	7.20	60.00	100.00
Insured sales of mortgage notes	3.06	7.49	.....	-4.43	.....	¹⁹ 30	(¹⁹)	.....	0.50	0.50	.....	26.20	60.00	84.00
Section 234—other single family	-1.00	3.00	.....	-4.00	.....	30	9.00	.....	.....	1.00	.....	6.00	50.00	100.00
Multifamily development (new program)	11.76	17.23	.....	-5.47	.....	(²⁰)	(²⁰)	.....	(²⁰)	(²⁰)	.....	23.57	30.00	100.00
Multifamily refinancings (new program)	2.31	7.25	.....	-4.94	.....	(²⁰)	.....	.....	(²⁰)	(²⁰)	.....	26.10	60.00	100.00
Multifamily substantial rehabilitation (new program)	11.76	17.26	.....	-5.50	.....	(²⁰)	(²⁰)	.....	(²⁰)	(²⁰)	.....	33.60	30.00	100.00
Title I—property improvement	-1.33	1.62	.....	-2.95	.....	5	9.00	.....	0.50	0.50	.....	3.10	37.00	.....
Title I—manufactured housing	-3.09	2.10	.....	-5.19	.....	17	9.00	.....	1.00	0.75	.....	3.30	20.00	.....
FHA mutual mortgage insurance fund:														
Single-family insurance	-2.77	1.70	.....	-5.24	0.77	30	9.00	.....	2.25	0.50	.....	9.18	89.00	100.00
Government National Mortgage Association:														
Mortgage-backed securities .....	.....	.....	.....	.....	.....	12	.....	.....	.....	0.06	.....	.....	.....	100.00
Department of the Interior														
Bureau of Indian Affairs:														
Indian guaranteed loan program	12.53	10.56	3.66	-1.69	.....	15	9.75	.....	.....	.....	.....	13.33	15.00	86.00
Department of Transportation														
Maritime Administration:														
Loan guarantee program:														
Weighted average	5.22	14.41	.....	-9.19	.....	²¹ 16	8.50	.....	.....	.....	.....	.....	50.00	²¹ 85.00
Level 1, Category A	1.50	10.67	.....	-9.19	.....	16	8.50	.....	.....	.....	.....	19.36	50.00	85.00
Level 1, Category B	1.90	11.09	.....	-9.19	.....	16	8.50	.....	.....	.....	.....	19.90	50.00	85.00
Level 1, Category C	2.60	11.79	.....	-9.19	.....	16	8.50	.....	.....	.....	.....	20.80	50.00	85.00
Level 2, Category A	3.96	13.14	.....	-9.18	.....	16	8.50	.....	.....	.....	.....	22.32	50.00	85.00
Level 2, Category B	5.49	14.67	.....	-9.18	.....	16	8.50	.....	.....	.....	.....	23.94	50.00	85.00
Level 2, Category C	6.97	16.19	.....	-9.22	.....	16	8.50	.....	.....	.....	.....	25.71	50.00	85.00
Level 3	11.94	21.12	.....	-9.18	.....	16	8.50	.....	.....	.....	.....	31.38	50.00	85.00

Table 6.—LOAN GUARANTEES: ASSUMPTIONS UNDERLYING THE FY 1996 POLICY SUBSIDY ESTIMATES—Continued

(in percentages, unless noted otherwise)

Agency, Bureau, Program and Risk Category	Policy subsidy rate	Composition of Subsidy				Loan Characteristics								
		Defaults	Interest	Fees	All other	Loan maturity (years)	Borrower rate	Grace period (years)	Upfront fees	Annual fees	Other fees	Default rate ¹	Recovery rate ²	Percent guaranteed
Department of Veterans Affairs														
Veterans Benefits Administration:														
Guaranty and indemnity fund	²² 1.56	3.86	.....	- 1.87	- 0.43	30	9.03	.....	2.20	.....	.....	16.27	87.31	37.40
Loan guaranty program	²³ 12.30	14.30	.....	²⁴ - 2.00	.....	30	8.63	.....	2.00	.....	.....	42.15	.....	50.00
Small Business Administration														
General business loan programs:														
Specialized small business investment company guarantees	28.02	15.93	13.26	- 1.16	.....	12	.....	.....	1.18	.....	.....	30.70	25.00	100.00
Section 502 development company program	1.50	2.82	.....	- 1.60	0.27	22	.....	.....	2.00	.....	.....	17.20	80.00	80.00
Section 504 development company program	0.57	1.05	.....	- 0.48	.....	22	.....	.....	0.50	.....	.....	4.85	80.00	100.00
Section 7(a) general business guarantee	2.01	5.08	.....	- 3.22	0.15	12	(²⁵)	.....	2.00	²⁶ 0.35	²⁷ 0.19	17.25	62.03	77.08
Micro loan guarantee program	11.57	14.01	.....	- 2.46	0.22	12	.....	.....	2.00	0.10	.....	28.00	43.61	100.00
Small business investment company participating security guarantees	8.94	7.01	.....	- 0.30	2.23	12	.....	.....	1.18	.....	.....	20.00	50.00	100.00
Small business investment company debenture guarantees	14.76	15.94	.....	- 1.18	.....	12	.....	.....	1.18	.....	.....	30.70	25.00	100.00
Other Independent Agencies														
Export-Import Bank of the United States:														
Export-Import bank program account	²⁸ 4.33	²⁸ 9.86	.....	²⁸ - 5.53	.....	20	²⁹ 7.25	²⁹ 3	²⁹ 5.52	²⁹ 0.12	.....	16.24	.....	100.00

* For year columns, less than 6 months; for percentage columns, less than 0.005 percent.

¹ Lifetime defaults as a percentage of disbursements.

² Recoveries as a percentage of lifetime defaults.

³ Default percentages are net of recoveries.

⁴ Commitment fee paid as disbursed

⁵ Weighted average subsidy rate.

⁶ Contractual loan interest rate represents only that portion guaranteed by the government—2.81%.

⁷ Average contractual loan maturity.

⁸ Estimated weighted average interest rate.

⁹ Includes grace period of 6 months and maximum deferment of 3 years. Does not include unlimited deferment for mitigating circumstances as determined by the Secretary of Education.

¹⁰ Includes lender origination fees and consolidated loan holders fees.

¹¹ Includes borrower origination fees and lender origination fees.

¹² Includes calculation of economic hardship deferment and delay of 85/15 Rule.

¹³ Includes borrower origination fees, lender origination fees, and Sallie Mae offset fees.

¹⁴ Includes state default fee.

¹⁵ Includes defaults and death, disability, and bankruptcy claims.

¹⁶ Market interest rate charged. HUD guarantees principal only

¹⁷ Interest rate determined at time of note sale.

¹⁸ For policy subsidy estimate, recovery rate for non-revenue generating projects is 25 percent. For revenue-generating projects, the recoveries are 50 percent, not including any recoveries assumed under municipal bond risk premium.

¹⁹ These sales include notes from many years with a range of maturities and rates.

²⁰ As a new FHA program, terms are currently being developed.

²¹ Beginning in the second quarter of FY96, assumes terms of the OECD agreement (loan maturity of 12 years; percent guaranteed of 80 percent).

²² Final FY 96 Budget cohort subsidy rate. It supersedes the 1.58% subsidy rate published in the President's FY 96 Budget.

²³ Final FY 96 Budget cohort subsidy rate. The baseline rate supersedes the subsidy rate published in the President's FY 96 Budget.

²⁴ Includes effect of Administration's proposal to increase fees.

²⁵ Interest rate on loans is prime rate plus 2.5%

²⁶ This includes a 40 basis point fee on loans sold into the secondary market and a new 30 basis point fee on loans held by lenders.

- ²⁷ This is a one-time fee paid to SBA on loans sold in the secondary market at more than 110 percent of the par value.
- ²⁸ Risk premia used represents weighted average of all direct lending risk categories.
- ²⁹ Represents weighted average for all direct lending programs.

Table 7.—DIRECT LOAN TRANSACTIONS FOR SELECTED ACCOUNTS, 1990–1995

(in millions of dollars)

Credit program and type of transaction	Year						Compound annual growth rate, 1990–1995 (percent)
	1990	1991	1992	1993	1994	1995 (estimate)	
Funds Appropriated to the President							
Overseas Private Investment Corp:							
Obligations	20	40	19	5	63	86	34
Disbursements	23	19	14	2	8	27	3
Outstandings	63	63	66	51	47	71	2
Department of Agriculture							
Agriculture credit insurance fund:							
Obligations	1,034	693	742	723	970	679	–8
Disbursements	910	654	729	715	923	641	–7
Outstandings	20,016	17,842	16,007	14,190	13,020	11,748	–10
Rural electrification and telephone:							
Obligations	939	1,605	1,647	2,077	1,116	1,116	4
Disbursements	1,071	908	1,388	1,448	1,079	1,327	4
Outstandings	35,212	37,282	36,640	36,027	36,057	35,792	.....
Rural telephone bank:							
Obligations	177	177	177	175	200	175	.....
Disbursements	108	163	89	109	112	144	6
Outstandings	1,561	1,685	1,727	1,734	1,543	1,584	.....
Rural housing insurance fund:							
Obligations	2,220	2,119	2,039	2,056	2,335	1,472	–8
Disbursements	1,927	1,886	2,125	1,795	2,267	1,559	–4
Outstandings	28,560	29,244	29,702	29,775	30,144	30,276	1
Rural development loan fund:							
Obligations	19	32	32	34	77	85	35
Disbursements	7	13	20	22	26	45	45
Outstandings	39	50	68	88	112	155	32
Foreign Assistance Program (P.L. 480):							
Obligations	735	430	457	599	512	427	–10
Disbursements	630	492	358	464	724	382	–10
Outstandings	12,501	11,830	11,829	11,775	12,101	12,072	–1
Department of Education							
Direct Student Loan Program:							
Obligations	(na)	(na)	(na)	(na)	813	7,092	195
Disbursements	(na)	(na)	(na)	(na)	311	5,171	308
Outstandings	(na)	(na)	(na)	(na)	311	5,386	316
Department of Veterans' Affairs							
VA Housing Loan Guarantees: (Vendee)							
Obligations	1,100	1,095	1,305	1,537	1,484	1,710	9
Disbursements	1,272	1,152	1,871	2,202	1,560	1,900	8
Outstandings	3,853	3,641	5,074	3,053	1,228	1,609	–16

Table 7.—DIRECT LOAN TRANSACTIONS FOR SELECTED ACCOUNTS, 1990–1995—Continued

(in millions of dollars)

Credit program and type of transaction	Year						Compound annual growth rate, 1990–1995 (percent)
	1990	1991	1992	1993	1994	1995 (estimate)	
VA Guaranty and Indemnity Fund:							
Obligations	(na)	3	56	211	377	787	302
Disbursements	(na)	3	76	336	376	787	302
Outstandings	(na)	4	78	108	172	378	212
Other Independent Agencies							
Small Business Administration: Business loans							
Business Loans:							
Obligations	63	58	75	76	56	65	1
Disbursements	560	709	1,341	918	396	393	–7
Outstandings	2,384	2,469	2,541	4,077	2,705	2,110	–2
Disaster Loans:							
Obligations	1,241	381	782	1,419	3,806	1,153	–1
Disbursements	768	511	544	1,049	2,559	2,241	24
Outstandings	3,169	3,219	3,309	3,460	5,782	7,067	17
Export-Import Bank:							
Obligations	612	750	817	1,721	3,016	4,667	50
Disbursements	998	865	981	782	648	1,517	9
Outstandings	9,408	8,963	8,745	8,209	7,485	7,861	–4

Table 8.—LOAN GUARANTEE TRANSACTIONS FOR SELECTED ACCOUNTS, 1990–1995

(in millions of dollars)

Credit program and type of transaction	Year						Compound annual growth rate, 1990–1995 (percent)
	1990	1991	1992	1993	1994	1995 (estimate)	
Funds Appropriated to the President							
Loan Guarantees to Israel:							
Commitments	(na)	(na)	(na)	2,000	1,563	1,783	–6
Disbursements	(na)	(na)	(na)	2,044	1,563	1,783	–7
Outstandings	(na)	(na)	(na)	4,047	3,563	5,346	15
Overseas Private Investment Corp:							
Commitments	212	250	256	310	1,918	1,891	55
Disbursements	118	79	208	214	284	575	37
Outstandings	445	452	629	563	743	1,213	22
Department of Agriculture							
Agriculture credit insurance fund:							
Commitments	1,258	1,407	1,561	1,079	1,079	2,709	17
Disbursements	1,997	1,415	1,515	1,525	1,796	2,507	5
Outstandings	4,666	5,014	5,419	5,618	5,940	6,758	8
CCC Export Guarantees:							
Commitments	4,451	4,504	5,673	5,700	5,700	5,700	5
Disbursements	4,127	4,360	5,083	3,022	3,164	5,700	7
Outstandings	7,508	7,732	9,019	8,792	12,691	9,976	6
Rural housing insurance fund:							
Commitments		38	214	541	726	1,049	129
Disbursements		1	129	476	726	831	437
Outstandings	36	30	153	621	1,317	2,109	190
Department of Education							
Federal Family Education Loan Program:							
Commitments	12,394	13,514	14,653	19,415	23,292	20,046	10
Disbursements	10,969	11,969	17,698	14,751	20,094	20,038	13
Outstandings	52,866	57,010	59,615	65,541	75,035	85,199	10
Department of Housing and Urban Development							
FHA (mutual mortgage and general and special risk):							
Commitments	58,503	54,453	64,466	82,273	103,182	97,510	11
Disbursements	54,005	53,635	49,818	72,271	103,670	73,368	6
Outstandings	356,316	378,057	322,610	362,373	381,860	437,135	4
Department of Veterans' Affairs							
VA housing loan guarantees:							
Commitments	19,068	16,472	24,575	35,434	43,858	27,399	8
Disbursements	18,419	15,454	24,575	35,434	43,858	27,399	8
Outstandings	161,465	157,618	171,416	139,323	155,029	157,317	–1

Table 8.—LOAN GUARANTEE TRANSACTIONS FOR SELECTED ACCOUNTS, 1990–1995—Continued

(in millions of dollars)

Credit program and type of transaction	Year						Compound annual growth rate, 1990–1995 (percent)
	1990	1991	1992	1993	1994	1995 (estimate)	
Other Independent Agencies							
Small Business Administration:							
Commitments	4,352	4,659	6,352	7,336	9,432	9,679	17
Disbursements	3,635	4,192	5,769	6,627	8,124	8,935	20
Outstandings	12,200	13,934	16,904	20,133	24,471	28,501	18
Export-Import Bank:							
Commitments	7,345	10,588	11,521	13,315	11,871	14,340	14
Disbursements	4,882	4,358	4,802	7,222	9,854	11,291	18
Outstandings	5,045	5,803	7,608	12,488	16,766	19,181	31

Table 9.—DIRECT LOAN PROGRAM DISBURSEMENT RATES IN THE FY 1996 BUDGET

Agency, Bureau, Program and Risk Category	Disbursements as percentages ¹ of original loan obligations made in the:									
	First year	Second year	Third year	Fourth year	Fifth year	Sixth year	Seventh year	Eighth year	Ninth year	Tenth year
Funds Appropriated to the President										
Agency for International Development:										
Microenterprise and other development credit	100									
Department of Defense:										
Foreign military financing loan program		35	23	15	27					
Overseas Private Investment Corporation:										
Direct loan program	6	40	42	12						
Department of Agriculture										
Farm Service Agency:										
Agricultural credit insurance fund:										
Indian land acquisition	50	50								
Emergency disaster	90	5	5							
Credit sales of acquired property	100									
Farm ownership	93	5	2							
Farm operating	95	5								
Soil and water	93	5	2							
Rural Utilities Services:										
Rural water and waste loans	3	25	32	20	20					
Rural telecommunications partnership loans	15	35	50							
Distance learning and telemedicine program:										
Treasury rate	30	50	20							
5% rate	30	50	20							
Rural electrification and telephone program:										
Electrification:										
FFB rate	5	20	25	25	15	10				
5% rate	2	20	25	13	13	13	14			
Municipal rate	10	31	20	15	8	8	8			
Telephone:										
FFB rate	10	20	25	20	15	10				
Treasury rate	5	19	20	14	10	16	16			
5% rate	5	19	20	14	10	16	16			
Rural Housing and Community Development Service:										
Rural community facility loans	13	35	30	10	12					
Rural housing insurance fund:										
Sale of acquired properties	100									
Multi-family housing	16	74	6	2	1					
Single-family housing	80	18	*							
Housing repair	75	24								
Farm labor housing	18	42	20	15	3					
Site development		100								
Self-help land development		100								
Rural Business and Cooperative Development Service:										
Rural economic development loans	15	65	20							
Rural business and industry loans	25	40	20	10	5					

Table 9.—DIRECT LOAN PROGRAM DISBURSEMENT RATES IN THE FY 1996 BUDGET—Continued

Agency, Bureau, Program and Risk Category	Disbursements as percentages ¹ of original loan obligations made in the:									
	First year	Second year	Third year	Fourth year	Fifth year	Sixth year	Seventh year	Eighth year	Ninth year	Tenth year
Alternative agricultural research and commercialization	20	30	30	.....	.....	.....	.....	.....	.....	.....
Intermediary relending program	3	27	25	25	20	.....	.....	.....	.....	.....
Foreign Agricultural Service:										
Public Law 480: Title I	57	37	6	.....	.....	.....	.....	.....	.....	.....
Department of Education										
Office of Postsecondary Education:										
College housing and academic facilities program .....	.....	5	30	25	20	10	10	.....	.....	.....
Ford direct loan program:										
Consolidated	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
PLUS	68	32	.....	.....	.....	.....	.....	.....	.....	.....
Stafford	66	34	.....	.....	.....	.....	.....	.....	.....	.....
Unsubsidized Stafford	68	32	.....	.....	.....	.....	.....	.....	.....	.....
Department of Energy										
Bonneville Power Administration:										
Conservation loan program	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Department of the Interior										
Bureau of Reclamation:										
Direct loan program	62	38	.....	.....	.....	.....	.....	.....	.....	.....
Bureau of Indian Affairs:										
Indian direct loan program	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Department of State										
Bureau of Consular Affairs:										
Repatriation loan program	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Department of Transportation										
Federal Highway Administration:										
High priority corridors	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Right-of-way revolving fund	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Orange County toll road demonstration project:										
Category A — operating expenditures .....	.....	10	10	10	10	10	10	10	10	10
Category B — capital expenditures .....	.....	10	10	10	10	10	10	10	10	10
Office of the Secretary:										
Minority business resource center loan program	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Department of Veterans Affairs										
Veterans Benefits Administration:										
Transitional housing loan program	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Direct loan program (includes vendee and specially adapted housing)	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Education loan fund program	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Loan guaranty and indemnity fund (acquired and vendee)	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Loan guaranty program (acquired and vendee)	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Native American veteran housing program	100	.....	.....	.....	.....	.....	.....	.....	.....	.....

Table 9.—DIRECT LOAN PROGRAM DISBURSEMENT RATES IN THE FY 1996 BUDGET—Continued

Agency, Bureau, Program and Risk Category	Disbursements as percentages ¹ of original loan obligations made in the:									
	First year	Second year	Third year	Fourth year	Fifth year	Sixth year	Seventh year	Eighth year	Ninth year	Tenth year
Vocational rehabilitation loan program	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Small Business Administration										
General business loan programs:										
Handicapped assistance loans	50	50	.....	.....	.....	.....	.....	.....	.....	.....
SSBIC loan program	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Micro loans	80	20	.....	.....	.....	.....	.....	.....	.....	.....
Disaster loan program:										
Disaster loans	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Other Independent Agencies										
Community Development Financial Institutions:										
Community development financial institutions fund	50	50	.....	.....	.....	.....	.....	.....	.....	.....
Export-Import Bank of the United States:										
Direct loan program	10	50	25	15	.....	.....	.....	.....	.....	.....
Federal Emergency Management Agency:										
States-share loan program	100	.....	.....	.....	.....	.....	.....	.....	.....	.....

* Less than one-half of one percent.

¹ Percentages may not add to 100 percent because some loan obligations are cancelled prior to disbursement.

Table 10.—LOAN GUARANTEE PROGRAM DISBURSEMENT RATES IN THE FY 1996 BUDGET

Agency, Bureau, Program and Risk Category	Disbursements as percentages ¹ of original guarantee commitments made in the:									
	One	Two	Three	Four	Five	Six	Seven	Eight	Nine	Ten
Funds Appropriated by the President										
Agency for International Development:										
Housing guarantee program	5	20	25	25	25	.....	.....	.....	.....	.....
Microenterprise and other development credit (MSED)	20	40	40	.....	.....	.....	.....	.....	.....	.....
Overseas Private Investment Corporation:										
Loan guarantee program .....	.....	30	44	22	4	.....	.....	.....	.....	.....
Department of Agriculture										
Farm Service Agency:										
CCC Export Credit Guarantee Program	90	10	.....	.....	.....	.....	.....	.....	.....	.....
Agricultural credit insurance fund:										
Guaranteed farm operating, subsidized	85	15	.....	.....	.....	.....	.....	.....	.....	.....
Guaranteed farm operating, unsubsidized	85	15	.....	.....	.....	.....	.....	.....	.....	.....
Guaranteed soil and water	95	5	.....	.....	.....	.....	.....	.....	.....	.....
Guaranteed farm ownership, unsubsidized	65	32	3	.....	.....	.....	.....	.....	.....	.....
Rural Housing and Community Development Service:										
Rural housing insurance: single family—unsubsidized	70	28	2	.....	.....	.....	.....	.....	.....	.....
Community facility loan program	12	25	35	10	18	.....	.....	.....	.....	.....
Rural Business and Cooperative Development Service:										
Guaranteed business and industry loan program	25	40	20	10	5	.....	.....	.....	.....	.....
Department of Commerce										
National Oceanic and Atmospheric Administration:										
Fishing vessels finance obligation guarantee	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Department of Education										
Office of Postsecondary Education:										
Historically black college and university capital financing program .....	.....	48	52	.....	.....	.....	.....	.....	.....	.....
Federal family education loan program:										
Consolidated	97	.....	.....	.....	.....	.....	.....	.....	.....	.....
PLUS	66	27	.....	.....	.....	.....	.....	.....	.....	.....
Stafford	65	28	.....	.....	.....	.....	.....	.....	.....	.....
Unsubsidized Stafford	65	28	.....	.....	.....	.....	.....	.....	.....	.....
Department of Health and Human Services										
Health Resources and Services Administration:										
Health education assistance loans (HEAL)	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Department of Housing and Urban Development										
Public and Indian Housing Programs:										
Indian loan guarantee fund	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Community Planning and Development:										
Community opportunity performance funds program account (formerly Section 108)	50	50	.....	.....	.....	.....	.....	.....	.....	.....
Housing programs:										
FHA general and special risk insurance fund:										
Sec. 221(d)(3)/223(d)	75	25	.....	.....	.....	.....	.....	.....	.....	.....

Table 10.—LOAN GUARANTEE PROGRAM DISBURSEMENT RATES IN THE FY 1996 BUDGET—Continued

Agency, Bureau, Program and Risk Category	Disbursements as percentages ¹ of original guarantee commitments made in the:									
	One	Two	Three	Four	Five	Six	Seven	Eight	Nine	Ten
Sec. 221(d)(4) new construction	75	25	.....	.....	.....	.....	.....	.....	.....	.....
Sec. 223(f)	75	25	.....	.....	.....	.....	.....	.....	.....	.....
Section 232	75	25	.....	.....	.....	.....	.....	.....	.....	.....
Section 237 refinancings	75	25	.....	.....	.....	.....	.....	.....	.....	.....
Section 242—hospitals	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Sec. 542(c) new construction—90% risk share	75	25	.....	.....	.....	.....	.....	.....	.....	.....
Sec. 542(c) new construction—50% risk share	75	25	.....	.....	.....	.....	.....	.....	.....	.....
Sec. 542(c) existing homes—90% risk share	75	25	.....	.....	.....	.....	.....	.....	.....	.....
Other multifamily—negative subsidies	75	25	.....	.....	.....	.....	.....	.....	.....	.....
Insured sales of mortgage notes	² 100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Section 234—other single family	53	18	.....	.....	.....	.....	.....	.....	.....	.....
Multifamily development (new program)	75	25	.....	.....	.....	.....	.....	.....	.....	.....
Multifamily refinancings (new program)	75	25	.....	.....	.....	.....	.....	.....	.....	.....
Multifamily substantial rehabilitation (new program)	75	25	.....	.....	.....	.....	.....	.....	.....	.....
Title I—property improvement	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Title I—manufactured housing	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
FHA mutual mortgage insurance fund:										
Single-family insurance	51	17	.....	.....	.....	.....	.....	.....	.....	.....
Government National Mortgage Association:										
Mortgage-backed securities	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Department of the Interior										
Bureau of Indian Affairs:										
Indian guaranteed loan program	15	80	5	.....	.....	.....	.....	.....	.....	.....
Department of Transportation										
Maritime Administration:										
Loan guarantee program:										
Weighted average	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Level 1, Category A	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Level 1, Category B	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Level 1, Category C	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Level 2, Category A	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Level 2, Category B	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Level 2, Category C	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Level 3	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Department of Veterans Affairs										
Veterans Benefits Administration:										
Guaranty and indemnity fund	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Loan guaranty program	100	.....	.....	.....	.....	.....	.....	.....	.....	.....
Small Business Administration										
General business loan programs:										
Specialized small business investment company guarantees	65	30	.....	.....	.....	.....	.....	.....	.....	.....
Section 502 development company program	60	25	5	.....	.....	.....	.....	.....	.....	.....
Section 504 development company program	25	50	15	.....	.....	.....	.....	.....	.....	.....
Section 7(a) general business guarantee	65	30	.....	.....	.....	.....	.....	.....	.....	.....
Micro loan guarantee program	80	20	.....	.....	.....	.....	.....	.....	.....	.....

Table 10.—LOAN GUARANTEE PROGRAM DISBURSEMENT RATES IN THE FY 1996 BUDGET—Continued

Agency, Bureau, Program and Risk Category	Disbursements as percentages ¹ of original guarantee commitments made in the:									
	One	Two	Three	Four	Five	Six	Seven	Eight	Nine	Ten
Small business investment company participating security guarantees	65	30	.....	.....	.....	.....	.....	.....	.....	.....
Small business investment company debenture guarantees	65	30	.....	.....	.....	.....	.....	.....	.....	.....
Other Independent Agencies										
Export-Import Bank of the United States:										
Export-Import bank program account	10	50	25	15	.....	.....	.....	.....	.....	.....

¹ Percentages may not add to 100 percent because some loan guarantee commitments are cancelled prior to disbursement.

² As a loan modification, subsidies are all scored at the time of the sale.

Section 1. -- HUD Loan Asset Sales - Credit Subsidy Estimates

The President's FY 1996 Budget proposes a number of loan asset sales by the Federal Housing Administration (FHA) of the Department of Housing and Urban Development. These asset sales will be used by FHA to reduce their inventory of loan receivables that exceed the Department's servicing and management capacity.

Included in the proposed 1996 sales are four sales of non-performing notes for multifamily properties and two sales of non-performing notes for single family housing. The unpaid principal balance of the multifamily notes is \$2.6 billion, and the single family mortgages have an unpaid principal balance of \$4.0 billion. All 1996 sales of non-performing notes will be conducted with no new guarantees placed on the loans sold (i.e., non-recourse loan sales).

Each proposed loan sale is considered a "loan modification" under the Federal Credit Reform Act. The credit subsidy for each sale has been estimated in accordance with OMB Circular No. A-34, which requires that the subsidy cost reflect the difference between: (a) the currently estimated net present value of the remaining cash flows under the terms of the existing contract, discounted at the appropriate rate of Government borrowing, and (b) the estimated net proceeds from the sale.

Sales of performing FHA notes usually result in a positive credit subsidy for the loan modification. However, the 1996 Budget reflects a net negative credit subsidy of \$52 million and \$175 million for the 1996 multifamily and single family non-performing note sales, respectively. FHA's financial advisor has estimated that net sales proceeds could reach 69 percent of the unpaid principal balance (UPB) for the multifamily notes, and 63 percent of the UPB for single family notes, compared to the net present value of 67 percent and 58 percent of the UPB that HUD would expect if it continued to hold the notes.

This net negative credit subsidy reflects:

- a) the non-performing status of the loans to be sold and the corresponding low expectations in the current President's Budget concerning recoveries on these loans (from loan repayments and proceeds from sale of property serving as collateral after foreclosure), and
- b) the assumed higher capacity of the private sector for servicing, debt collection, and asset management and disposal. The private sector is expected to achieve a higher recovery rate than that of the Federal government, increasing the value of the loans to a point that it overcomes the higher borrowing costs of the private sector.

The requested appropriation (spending) of these negative subsidies is contingent on the actual sales results. At the end of the fiscal year, FHA will prepare an evaluation of the sales, and will appraise the usefulness of asset sales in future years.