GOVERNMENT-SPONSORED ENTERPRISES

This chapter contains descriptions of and data on the Government-sponsored enterprises listed below. These enterprises were established and chartered by the Federal Government. They are not included in the Federal budget because they are classified as being private. However, because of their relationship to the Government, detailed statements of financial operations and condition are presented, to the extent such information is available, on a basis that is as consistent as practicable with the basis for the budget data of Government agencies. These statements are not reviewed by the President; they are presented as submitted by the enterprises.

—The Student Loan Marketing Association is a for-profit financial corporation chartered by Congress in 1972 under the Higher Education Act (HEA) to help increase the availability of student loans. Sallie Mae carries out secondary market and other functions.

—The College Construction Loan Insurance Association is organized as a private, for-profit insurance corporation to guarantee and insure bonds and loans made for construction and renovation of college and university facilities. The Corporation was established by, but was not chartered by, the Federal Government.

—The Federal National Mortgage Association provides supplementary assistance to the secondary market for home mortgages. The Federal Home Loan Mortgage Corporation provides a secondary market for mortgage lenders. Both are supervised by the Department of Housing and Urban Development for their roles in helping to finance low- and moderate-income housing; both are regulated for financial safety and soundness by the newly established Office of Federal Housing Enterprise Oversight.

—The Banks for Cooperatives, Agricultural Credit Bank, and Farm Credit Banks provide financial assistance to agriculture. They are supervised by the Farm Credit Administration.

—The Federal Agricultural Mortgage Corporation, under the supervision of the Farm Credit Administration, provides a secondary mortgage market for agricultural real estate and certain rural housing loans as well as for farm and business loans guaranteed by the U.S. Department of Agriculture.

—The Federal Home Loan Banks assist thrift institutions, banks, and credit unions and are supervised by the Federal Housing Finance Board.

—The Financing Corporation functions as a financing vehicle for the FSLIC Resolution Fund. It operates under the supervision and control of the Federal Housing Finance Board.

—The Resolution Funding Corporation provides financing for the Resolution Trust Corporation (RTC) and is subject to the general oversight and direction of the Thrift Depositor Protection Oversight Board.

The Board of Governors of the Federal Reserve System is not a Government-sponsored enterprise, but its transactions also are not included in the budget because of its unique status in the conduct of monetary policy. The Board provides data on its administrative budget on a calendar year basis, which is included here for information. Its budget schedules and statements are not subject to review by the President.

DEPARTMENT OF EDUCATION

Student Loan Marketing Association

Program and Financing (in millions of dollars)

Identification code 99–1500–0–3–502		1995 actual	1996 est.	1997 est.
	Obligations by program activity:			
	Operating expenses:			
00.01	Interest expense	2,973	2,825	2,966
00.02	Administrative expenses and taxes	507	496	536
00.91	Total operating expenses	3,480	3,321	3,502
	Capital investment:			
01.01	Loans, etc	11,021	10,553	10,441
01.02	Investments, dividends, and other assets	888	700	750
01.91	Total capital investment	11,909	11,253	11,191
10.00	Total obligations	15,389	14,574	14,693
	Budgetary resources available for obligation:			
22.00	New budget authority (gross)	15,389	14,573	14,693
23.95	New obligations	–15,389	–14,574	–14,693
	New budget authority (gross), detail:			
67.15	Authority to borrow (indefinite)	–466	–6,982	–2,492
68.00	Spending authority from offsetting collections: Offsetting collections (cash)	15,855	21,555	17,185
70.00	Total new budget authority (gross)	15,389	14,573	14,693
	Change in unpaid obligations:			
	Unpaid obligations, start of year:			
72.91	Obligated balance: U.S. Securities: Par value	1,240	1,201	1,167
72.99	Total unpaid obligations, start of year	1,240	1,201	1,167
73.10	New obligations	15,389	14,574	14,693
73.20	Total outlays (gross)	–15,428	–14,608	–14,636
	Unpaid obligations, end of year:			
74.91	Obligated balance: Fund balance: U.S. Securities: Par value	1,201	1,167	1,224
74.99	Total unpaid obligations, end of year	1,201	1,167	1,224
	Outlays (gross), detail:			
86.97	Outlays from new permanent authority	15,419	14,608	14,636
86.98	Outlays from permanent balances	9	....	....
87.00	Total outlays (gross)	15,428	14,608	14,636
	Offsets:			
	Against gross budget authority and outlays:			
88.40	Offsetting collections (cash) from: Non-Federal sources	–15,855	–21,555	–17,185
	Net budget authority and outlays:			
89.00	Budget authority	–466	–6,982	–2,492
90.00	Outlays	–427	–6,947	–2,549

Status of Direct Loans (in millions of dollars)

Identification code 99–1500–0–3–502		1995 actual	1996 est.	1997 est.
	Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans	....	....	....
1131	Direct loan obligations exempt from limitation	11,021	10,553	10,441
1150	Total direct loan obligations	11,021	10,553	10,441
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	38,071	41,636	38,202

STUDENT LOAN MARKETING ASSOCIATION—Continued

Status of Direct Loans (in millions of dollars)—Continued

Identification code 99–1500–0–3–502		1995 actual	1996 est.	1997 est.
1231	Disbursements: Direct loan disbursements	11,021	10,553	10,441
	Repayments:			
1251	Repayments and prepayments	–7,723	–9,034	–6,359
1252	Proceeds from loan asset sales to the public or discounted		–5,000	–6,000
1264	Write-offs for default: Other adjustments, net	267	47	52
1290	Outstanding, end of year	41,636	38,202	36,336

The Student Loan Marketing Association (Sallie Mae), a shareholder-owned corporation, was created by the Education Amendments of 1972 to expand funds available for student loans by providing liquidity to lenders engaged in the Federal Family Education Loan Program (FFELP), formerly the guaranteed student loan program (GSLP).

Sallie Mae provides liquidity through direct purchase of insured student loans from eligible lenders and through warehousing advances, which are loans to lenders secured by insured student loans, Government or agency securities, or other acceptable collateral. In capital shortage areas, Sallie Mae is authorized, at the request of Federal officials, to make insured loans directly to students. Sallie Mae is authorized to advance funds to State agencies that will provide loans to students. Sallie Mae is also authorized to provide a secondary market for noninsured loans; to serve as a guarantee agency in support of loan availability at the request of the Secretary of Education; to purchase and underwrite student loan revenue bonds; to provide certain additional services as determined by its board of directors to be supportive of the credit needs of students generally; and to provide financing for academic facilities and equipment.

Sallie Mae is authorized by the Health Professions Educational Assistance Act of 1976 to provide a secondary market for federally insured loans to graduate health professions students.

Operations.—The forecast data with respect to operations are based on certain general economic and specific FFELP loan volume assumptions and should not be relied upon as an official forecast of the corporation's future business.

ANNUAL LOAN ACTIVITY

[In millions of dollars]

	1995 actual	1996 est.	1997 est.
Guaranteed student loans:			
Stafford (formerly "regular"):			
Purchased	6,441	6,700	6,750
Warehoused	2,358	1,500	1,285
PLUS/SLS: Purchased	998	830	865
Subtotal, Guaranteed student loans	9,797	9,030	8,900
Health professions loans: Purchased	291	303	305
Other	933	1,220	1,236
Total	11,021	10,553	10,441

Financing.—Between 1974 and early 1982, Sallie Mae borrowed through the Federal Financing Bank. The Secretary of Education was authorized by the Education Amendments of 1980 to guarantee principal and interest on such obligations issued prior to October 1, 1985. Under an agreement with the Department of the Treasury reached in early 1981, Sallie Mae began borrowing directly in the private capital markets. Its last borrowing through the FFB and its last issuance of federally guaranteed obligations occurred in January 1982. During the first quarter of 1994, Sallie Mae prepaid all of the outstanding FFB debt. Its obligations today have certain characteristics, provided by charter, which give them "agency" status, but they are not federally insured or guaranteed.

Management.—At its annual meeting in May 1995, the shareholders of Sallie Mae elected 14 members to its board of directors to serve until May 1996. The shareholders of Sallie Mae are entitled to elect 14 members to the board. Pursuant to the Education Amendments of 1972, seven public directors are appointed by the President, who also names the chairman from among the 21 members.

Restructuring.—Because of the transition from the guaranteed student loan program to the program of Federal Direct Student Loans and other reasons, the Administration has proposed legislation to restructure Sallie Mae into a fully private company. In any such restructuring, currently outstanding Sallie Mae debt would retain the characteristics of government sponsored enterprise debt, and customers having agreements with the GSE would be fully protected. Any new debt issued by a private company successor to Sallie Mae would not possess the characteristics of government sponsored enterprise debt.

Statement of Operations (in millions of dollars)

Identification code 99–1500–0–3–502		1994 actual	1995 actual	1996 est.	1997 est.
0101	Revenue	2,827	3,959		
0102	Expense	–2,399	–3,481		
0109	Net income	428	478		

Note.—The Sallie Mae Board of Directors does not consider it appropriate to forecast corporate revenue in a public document since such forecasts could be used for speculative purposes.

Balance Sheet (in millions of dollars)

Identification code 99–1500–0–3–502		1994 actual	1995 actual	1996 est.	1997 est.
	ASSETS:				
	Federal assets:				
	Investments in US securities:				
1102	Treasury securities, par	1,192	1,173	1,138	1,195
1104	Agency securities, par	48	29	29	29
1106	Receivables, net	592	855	897	942
	Non-Federal assets:				
1201	Investments in non-Federal securities, net	11,720	9,907	7,517	7,824
1206	Receivables, net	240	326	342	359
1207	Advances and prepayments	22	13	13	14
	Net value of assets related to direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601	Direct loans, gross	38,172	41,739	38,297	36,426
1603	Allowance for estimated uncollectible loans and interest (–)	–100	–103	–95	–90
1699	Value of assets related to direct loans	38,072	41,636	38,202	36,336
	Other Federal assets:				
1801	Cash and other monetary assets	101	37	39	41
1803	Property, plant and equipment, net	149	179	188	197
1901	Other assets	38	144	151	159
1999	Total assets	52,174	54,299	48,516	47,096
	LIABILITIES:				
	Non-Federal liabilities:				
2202	Interest payable	401	582	611	642
2203	Debt	49,692	51,672	45,757	44,199
2206	Pension and other actuarial liabilities	9	14	15	16
2207	Other	560	746	784	823
2999	Total liabilities	50,662	53,014	47,167	45,680
	NET POSITION:				
3200	Invested capital	1,511	1,284	1,349	1,416
3999	Total net position	1,511	1,284	1,349	1,416
4999	Total liabilities and net position	52,173	54,298	48,516	47,096

Object Classification (in millions of dollars)

Identification code 99–1500–0–3–502		1995 actual	1996 est.	1997 est.
11.1	Personnel compensation: Full-time permanent	60	53	56
12.1	Civilian personnel benefits	16	17	18
21.0	Travel and transportation of persons	6	6	6

23.3	Communications, utilities, and miscellaneous charges	6	6	6
25.1	Advisory and assistance services	33	15	16
25.2	Other services	260	268	281
31.0	Equipment	2	2	2
33.0	Loans	11,022	10,553	10,441
43.0	Interest, dividends, and taxes	3,984	3,654	3,867
99.9	Total obligations	15,389	14,574	14,693

College Construction Loan Insurance Association

The College Construction Loan Insurance Association (Connie Lee) was authorized by Public Law 99–498 on October 17, 1986. The Corporation was created to insure and reinsure bonds and loans of educational institutions which borrow funds to finance the acquisition, construction, or renovation of their facilities. The Association was incorporated in February 1987, under the District of Columbia Business Corporation Act.

Connie Lee's authorizing statute states that "no obligation which is insured, guaranteed, or otherwise backed by the corporation, shall be deemed to be an obligation which is guaranteed by the full faith and credit of the United States."

Operations.—Connie Lee is structured to operate as a private corporation, subject to the same state laws and regulations as any other insurance company. Accordingly, Connie Lee secures insurance licenses in each of the various states in which it expects to conduct its insurance activities.

The Board of Directors authorized management to begin activities as a reinsuror of educational facilities bonds in 1988. Connie Lee reinsured its first bonds in December 1988. In fiscal year 1995, Connie Lee insured $913 million of debt service on bonds benefitting colleges, universities and teaching hospitals.

Connie Lee also provided reinsurance on bonds representing $43 million of debt service.

The forecast data contained in this material are based on certain general economic assumptions and should not be construed as an official forecast of the Corporation's position.

INSURANCE AND REINSURANCE ACTIVITY

[In thousands of dollars]

Debt service insured:	*1995 actual*
Direct insurance	912,662
Reinsurance	43,479
Total	956,141

Financing.—In order to provide capitalization, the Secretary of Education, the Student Loan Marketing Association (Sallie Mae), and other investors are authorized to purchase stock in the corporation. Sallie Mae made an initial investment of $2 million in Connie Lee stock in fiscal year 1987. The Secretary of Education purchased $19.1 million in Connie Lee stock with funds appropriated for this purpose in fiscal year 1988. Subsequently, the corporation sold an additional $50.9 million of equity securities to Sallie Mae, increasing total capital of the corporation to $72.0 million. At the end of 1991, Connie Lee placed equity securities with private investors, providing sufficient incremental capital to obtain a triple-A credit rating necessary to engage in the financial guaranty business as a direct writer of insurance.

Statement of Operations (in millions of dollars)

Identification code 99–9931–0–3–502		1994 actual	1995 actual	1996 est.	1997 est.
0101	Revenue	19	19	22	25
0102	Expense	–11	–11	–11	–12
0109	Net income	8	8	11	13

Management.—Connie Lee is governed by an eleven-member board of directors comprised of two directors appointed by the Secretary of the Treasury; two directors appointed by the Secretary of Education; three directors appointed by the Student Loan Marketing Association; and four directors elected by the corporation's shareholders, one of whom must be an administrator of a college or university.

The Administration has submitted legislation to the Congress which would fully privatize Connie Lee by divesting the Secretary of Education's stock ownership in the Corporation and repealing the Corporation's enabling legislation. Similar legislation has passed both the House and Senate and a compromise version is expected to be enacted this year.

Balance Sheet (in millions of dollars)

Identification code 99–9931–0–3–502		1994 actual	1995 actual	1996 est.	1997 est.
	ASSETS:				
	Federal assets:				
	Investments in US securities:				
1102	Treasury securities, par	21	21	25	25
1104	Agency securities, par	25	22	22	22
	Non-Federal assets:				
1201	Investments in non-Federal securities, net	134	154	171	189
1206	Receivables, net	9	8	8	9
1207	Advances and prepayments	25	34	37	42
	Other Federal assets:				
1801	Cash and other monetary assets	3	5	5	6
1803	Property, plant and equipment, net	1	1	1	1
1999	Total assets	218	245	269	293
	LIABILITIES:				
2104	Federal liabilities: Resources payable to Treasury	4	8	11	13
2201	Non-Federal liabilities: Accounts payable	70	80	87	96
2999	Total liabilities	74	88	98	109
	NET POSITION:				
3200	Invested capital	144	157	171	184
3999	Total net position	144	157	171	184
4999	Total liabilities and net position	218	245	269	293

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Federal National Mortgage Association

portfolio programs

Program and Financing (in millions of dollars)

Identification code 99–2500–0–3–371		1995 actual	1996 est.	1997 est.
	Obligations by program activity:			
	Operating expenses:			
00.01	Interest on borrowings from the public	17,309	19,274	21,336
00.02	Other costs	2,528	2,650	2,966
00.91	Total operating expenses	19,837	21,924	24,302
	Capital investment:			
01.01	Mortgage purchases and loans	48,715	64,644	68,737
01.02	Lease-Purchase Discounts	–386		
01.91	Total capital investment	48,329	64,644	68,737
10.00	Total obligations	68,166	86,568	93,039
	Budgetary resources available for obligation:			
21.47	Unobligated balance available, start of year: Authority to borrow	339,930	406,170	484,780
22.00	New budget authority (gross)	134,406	165,178	177,664
23.90	Total budgetary resources available for obligation	474,336	571,348	662,444
23.95	New obligations	–68,166	–86,568	–93,039
24.47	Unobligated balance available, end of year: Authority to borrow	406,170	484,780	569,405
	New budget authority (gross), detail:			
67.10	Authority to borrow	96,335	144,115	153,791
67.15	Net increase or decrease in unlimited borrowing authorities	–2,950	–3,000	–3,000

FEDERAL NATIONAL MORTGAGE ASSOCIATION—Continued

PORTFOLIO PROGRAMS—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 99–2500–0–3–371		1995 actual	1996 est.	1997 est.
67.90	Authority to borrow (total)	93,385	141,115	150,791
68.00	Spending authority from offsetting collections: Offsetting collections (cash)	41,021	24,063	26,873
70.00	Total new budget authority (gross)	134,406	165,178	177,664
	Change in unpaid obligations:			
	Unpaid obligations, start of year:			
	Obligated balance:			
72.47	Corporate borrowing authority	28,031	39,959	46,572
72.90	Fund balance	35,687	24,215	13,431
72.99	Total unpaid obligations, start of year	63,718	64,174	60,003
73.10	New obligations	68,166	86,568	93,039
73.20	Total outlays (gross)	–67,710	–90,739	–91,470
	Unpaid obligations, end of year:			
	Obligated balance:			
74.47	Corporate borrowing authority	39,959	46,572	49,527
74.90	Fund balance: Uninvested balance	24,215	13,431	12,045
74.99	Total unpaid obligations, end of year	64,174	60,003	61,572
	Outlays (gross), detail:			
86.97	Outlays from new permanent authority	41,021	24,063	26,813
86.98	Outlays from permanent balances	26,689	66,676	64,657
87.00	Total outlays (gross)	67,710	90,739	91,470
	Offsets:			
	Against gross budget authority and outlays:			
	Offsetting collections (cash) from:			
88.00	Federal sources	–130	–130	–130
88.40	Non-Federal sources	–40,897	–23,806	–26,616
88.90	Total, offsetting collections (cash)	–41,027	–23,936	–26,746
	Net budget authority and outlays:			
89.00	Budget authority	93,379	141,242	150,918
90.00	Outlays	26,683	66,803	64,724

Status of Direct Loans (in millions of dollars)

Identification code 99–2500–0–3–371		1995 actual	1996 est.	1997 est.
	Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans	....	....	....
1131	Direct loan obligations exempt from limitation	44,501	64,526	69,773
1150	Total direct loan obligations	44,501	64,526	69,773
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	221,766	250,374	282,065
	Disbursements:			
1231	Direct loan disbursements	44,574	63,686	67,815
1232	Purchase of loans assets from the public	4,141	957	923
1251	Repayments: Repayments and prepayments	–18,418	–32,952	–35,536
1264	Write-offs for default: Other adjustments, net	–1,689	....	....
1290	Outstanding, end of year	250,374	282,065	315,267

The Federal National Mortgage Association, (Fannie Mae) is a federally-chartered, privately-owned company with a public mission to play a leadership role in mortgage finance, to improve the liquidity of the residential mortgage market and increase the availability of mortgage credit to low-and moderate income families and areas underserved by private lending institutions. In carrying out its mission, Fannie Mae engages primarily in two forms of business: investing in portfolios of residential mortgages and guaranteeing residential mortgage securities. At the end of 1995, Fannie Mae held a net mortgage portfolio totaling over $250 billion and had outstanding guaranteed mortgage-backed securities of over $580 billion. Fannie Mae's portfolio purchases and MBS finance about one of every five mortgages in the country.

Through a federal charter, Congress has equipped Fannie Mae with certain attributes to help it carry out its public mission and help lower the cost of homeownership for low- and moderate-income homebuyers. These include an exemption from state and local taxes (except real property taxes), an exemption of its debt and mortgage securities from Securities and Exchange Commission registration requirements, and potential access to U.S. Treasury funds. Fannie Mae's charter also prohibits the imposition of user fees. Fannie Mae pays federal income tax, however, over $1 billion in 1994. Securities guaranteed by Fannie Mae and debt issued by the company are solely the corporation's obligations and are not backed by the full faith and credit of the U.S. Government. The common stock of the corporation is owned by the public, if fully transferable, and trades on the New York, Midwest, and Pacific stock exchanges.

Fannie Mae was established in 1938 to assist private markets in providing a steady supply of funds for housing. Fannie Mae was originally a subsidiary of the Reconstruction Finance Corporation and was permitted to purchase only loans insured by the Federal Housing Administration (FHA). In 1954, Fannie Mae was restructured as a mixed ownership (part government, part private) corporation. Congress sold the government's remaining interest in Fannie Mae in 1968 and completed the transformation to private shareholder ownership in 1970. Using the proceeds from the sale of subordinated debentures, Fannie Mae paid the Treasury $216 million for the government's preferred stock, which was retired, and for the Treasury's interest in the corporation's earned surplus. As a result, the corporation was taken off the federal budget.

In 1992, Congress reaffirmed and clarified Fannie Mae's role in the housing finance system through charter act amendments included in the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 ("The Act"). Fannie Mae's charter purposes, as amended by the Act, are: "to provide stability in the secondary market for residential mortgages; respond appropriately to the private capital market; provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities); and promote access to mortgage credit throughout the Nation (including central cities, rural areas, and underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital for residential mortgage financing."

Overall, Fannie Mae's primary customers are low-, moderate-, or middle-income families. In 1995, over 26 percent of the one- to four-unit mortgages purchased had balances of $60,000 or less and the average mortgage purchased was about $95,000. Also, about 40 percent of the single-family mortgages and close to 97 percent of the multifamily mortgages purchased by Fannie Mae served families with incomes below the area median income. Over the last five years, Fannie Mae has directed almost $23 billion to local housing markets for financing multi-family housing.

Nevertheless, the Act subjected Fannie Mae to specific affordable housing goals designed to improve the flow of mortgage funds to low- and moderate-income families in central cities, rural areas, and other underserved areas. On December 1, 1995, the U.S. Department of Housing and Urban Development (HUD) issued a final rule that sets the levels of the goals for 1996–2000 and establishes the requirements for counting mortgage purchases for meeting these goals. During the transition period prior to the issuance of the final regulation, Fannie Mae was subject to interim affordable housing goals. These interim goals required Fannie Mae to have 30 percent of the units it finances serve low-and moderate-income families and 30 percent of the units it finances in central cities. In 1995, Fannie Mae exceeded these goals with about 45 percent of its financings made to low-and moderate-income families and 30.5 percent of its business located in central cities. Under the interim goals, Fannie Mae also was required to dedicate $4.6 billion in financings for households with very low incomes or with low incomes living in low-income areas. Fannie Mae surpassed this goal with $8.2 billion of such loans in 1995.

To help achieve these affordable housing goals, in 1994 Fannie Mae established its "Showing America A New Way Home" initiative designed to provide $1 trillion through the end of the decade to support affordable housing for families and communities most in need. In addition, the company selected 21 of the planned 25 Fannie Mae partnership offices around the country, which are working with lenders, local governments, nonprofit organizations, and neighborhood leaders to tailor affordable housing programs to each community's needs.

The Act also established the Office of Federal Housing Enterprise Oversight (OFHEO), an independent office within HUD, headed by a Director who reports directly to the Congress. OFHEO is responsible for ensuring that Fannie Mae is adequately capitalized and operating in a safe and sound manner. Included among the express statutory authorities of the Director is the authority to conduct examinations of the financial health of the company and to issue minimum and risk-based capital standards. The minimum capital requirements are computed from statutorily established ratios that are applied to the assets and off-balance sheet risks of Fannie Mae. The risk-based capital standard determines the amount of capital that Fannie Mae must hold to withstand the impact of simultaneous adverse credit and interest rate stresses over a 10-year period, plus an additional amount to cover management and operations risk. Total capital (shareholder's equity plus allowance for loan losses) at the end of December 1995 was $11.8 billion. The company has continued to remain in compliance with applicable capital standards and has been deemed adequately capitalized by OFHEO since its first classification in June 1993.

Fannie Mae has pursued its housing mission vigorously and productively while continuing to maintain its financial strength. It provides liquidity and stability to the mortgage market. It also passes on reduced mortgage interest rates to homebuyers—according to some studies between 25 and 50 basis points. Meanwhile, Fannie Mae has remained profitable. It earned net income of $2.14 billion in 1995, up slightly from the $2.13 billion earned a year earlier. Also, Fannie Mae's earnings included a special one-time charge for a financial restructuring plan that included stock repurchase plans totaling $1 billion and a $350 million contribution to the Fannie Mae foundation for expanding homeownership. Absent this restructuring package, Fannie Mae's 1995 earnings would have been just under $2.4 billion, with most of the increase coming from a $224 million increase net interest income on the Enterprise's retained portfolio.

The forecast data contained in this material has been developed based on certain general economic assumptions prevalent in the fourth quarter of 1995 and should not be construed as an official forecast for Fannie Mae.

Income and retained earnings for the years ended September 30, 1994 and 1995 follow (in thousands of dollars):

	1994 actual	1995 actual
Gross revenue	17,756,900	21,408,700
Gross expenses	14,660,800	18,190,200
Income before Federal income tax	3,096,100	3,218,500
Federal income tax	1,023,400	930,100
Net income	2,072,700	2,288,400
Retained earnings, beginning of year	6,117,800	7,545,000
Dividends on common stock	(645,500)	(710,400)
Retained earnings, end of year	7,545,000	9,123,000

Balance Sheet (in millions of dollars)

Identification code 99–2500–0–3–371		1994 actual	1995 actual	1996 est.	1997 est.
	ASSETS:				
	Federal assets:				
1101	Fund balances with Treasury	620	221		
	Investments in US securities:				
1102	Treasury securities, par	25	22		
1104	Other	35,043	47,828	50,469	54,990
	Net value of assets related to direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601	Public: direct loans (net of discount)	206,555	231,960	265,119	298,730
1602	Federal Agencies	7,728	8,545	7,404	7,052
1603	Allowance for estimated uncollectible loans and interest (–)	–280	–287	–274	–277
1699	Value of assets related to direct loans	214,003	240,218	272,249	305,505
	Other Federal assets:				
1801	Cash and other monetary assets	4,943	5,763	7,124	7,821
1803	Property, plant and equipment, net	172	177		
1999	Total assets	254,806	294,229	329,842	368,316
	LIABILITIES:				
	Federal liabilities:				
2101	Accounts payable	602	349		
2102	Accrued interest payable	3,214	3,712	3,833	4,221
2105	Other	5	5		
	Non-Federal liabilities:				
2203	Debt	239,320	277,192	309,896	345,761
2204	Estimated Federal liability for loan guarantees, credit reform	2,304	2,028	3,342	3,607
2206	Pension and other actuarial liabilities	199	157		
2207	Subtotal, Federal taxes payable	–24	65		
2999	Total liabilities	245,620	283,508	317,071	353,589
	NET POSITION:				
3300	Cumulative results of operations	9,186	10,721	12,771	14,727
3999	Total net position	9,186	10,721	12,771	14,727
4999	Total liabilities and net position	254,806	294,229	329,842	368,316

Object Classification (in millions of dollars)

Identification code 99–2500–0–3–371		1995 actual	1996 est.	1997 est.
11.1	Personnel compensation: Full-time permanent	198	335	354
12.1	Civilian personnel benefits	92		
21.0	Travel and transportation of persons	12	10	11
23.3	Communications, utilities, and miscellaneous charges	11	12	12
24.0	Printing and reproduction	6		
25.1	Advisory and assistance services	99	104	110
25.2	Other services	1,320	1,295	1,472
26.0	Supplies and materials	3		
31.0	Equipment	67	70	74
33.0	Investments and loans	48,329	64,644	68,737
43.0	Interest and dividends	18,029	20,098	22,269
99.9	Total obligations	68,166	86,568	93,039

MORTGAGE-BACKED SECURITIES

Program and Financing (in millions of dollars)

Identification code 99–2501–0–3–371		1995 actual	1996 est.	1997 est.
	Obligations by program activity:			
00.01	Capital investment: Commitments to issue MBS	–51,497	129,045	129,247
10.00	Total obligations	–51,497	129,045	129,247
	Budgetary resources available for obligation:			
22.00	New budget authority (gross)	–51,497	129,045	129,247
23.95	New obligations	51,497	–129,045	–129,247
	New budget authority (gross), detail:			
67.15	Corporate borrowing authority	–104,554	58,802	54,203
68.00	Spending authority from offsetting collections: Offsetting collections (cash)	53,057	70,243	75,043
70.00	Total new budget authority (gross)	–51,497	129,045	129,247

FEDERAL NATIONAL MORTGAGE ASSOCIATION—Continued

MORTGAGE-BACKED SECURITIES—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 99–2501–0–3–371		1995 actual	1996 est.	1997 est.
	Change in unpaid obligations:			
72.47	Unpaid obligations, start of year: Obligated balance: Corporate borrowing authority	255,245	114,618	114,618
73.10	New obligations	–51,497	129,045	129,247
73.20	Total outlays (gross)	–89,130	–129,045	–129,247
74.47	Unpaid obligations, end of year: Obligated balance: Corporate borrowing authority	114,618	114,618	114,618
	Outlays (gross), detail:			
86.97	Outlays from new permanent authority	53,057	70,243	75,043
86.98	Outlays from permanent balances	36,073	58,802	54,203
87.00	Total outlays (gross)	89,130	129,045	129,247
	Offsets:			
	Against gross budget authority and outlays:			
88.40	Offsetting collections (cash) from: Non-Federal sources	–53,057	–70,243	–75,043
	Net budget authority and outlays:			
89.00	Budget authority	–104,554	58,802	54,204
90.00	Outlays	36,073	58,802	54,204

Status of Direct Loans (in millions of dollars)

Identification code 99–2501–0–3–371		1995 actual	1996 est.	1997 est.
	Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans	....	....	....
1131	Direct loan obligations exempt from limitation	–51,497	129,045	129,247
1150	Total direct loan obligations	–51,497	129,045	129,247
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	523,512	559,585	618,387
1231	Disbursements: Direct loan disbursements	89,130	129,045	129,247
1251	Repayments: Repayments and prepayments	–53,057	–70,243	–75,043
1290	Outstanding, end of year	559,585	618,387	672,591

According to accounting practices for private corporations, the mortgages in the pools of loans supporting the mortgage-backed securities are considered to be owned by the holders of these securities. Consequently, on the books of the Federal National Mortgage Association (Fannie Mae), these mortgages are not considered assets and the securities outstanding are not considered liabilities. However, the concepts of the budget of the U.S. Government consider these mortgages and mortgage-backed securities to be assets and liabilities, respectively, of Fannie Mae. For the purposes of this document, therefore, they are presented as assets and liabilities in the accompanying schedules. On the schedule of Status of direct loans for mortgage-backed securities, the items labeled "New loans" and "Recoveries: Repayments and prepayments" are budgetary terms. However, from the Corporation's perspective, these items are "Amounts issued" and "Amounts passed through to the holders of securities", respectively.

The forecast data contained in this material has been developed based on certain general economic assumptions prevalent in November 1993 and should not be construed as an official forecast of the Corporation's position.

Balance Sheet (in millions of dollars)

Identification code 99–2501–0–3–371		1994 actual	1995 actual	1996 est.	1997 est.
	ASSETS:				
	Net value of assets related to direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601	Direct loans, gross	524,052	560,107	618,887	673,092
1603	Allowance for estimated uncollectible loans and interest (–)	–540	–522	–500	–502
1699	Value of assets related to direct loans	523,512	559,585	618,387	672,590
1999	Total assets	523,512	559,585	618,387	672,590
	LIABILITIES:				
2104	Federal liabilities: Resources payable to Treasury	523,512	559,585	618,387	672,590
2999	Total liabilities	523,512	559,585	618,387	672,590

FEDERAL HOME LOAN MORTGAGE CORPORATION

PORTFOLIO PROGRAMS

Program and Financing (in millions of dollars)

Identification code 99–4420–0–3–371		1995 actual	1996 est.	1997 est.
	Obligations by program activity:			
	Operating expenses:			
00.01	Interest expense and provision for loan loss	6,702	7,698	9,755
00.02	Administration	390	424	461
00.91	Total operating expenses	7,092	8,122	10,216
01.01	Capital investment: Mortgage purchases for portfolio	37,389	48,876	41,615
10.00	Total obligations	44,481	56,998	51,831
	Budgetary resources available for obligation:			
21.47	Unobligated balance available, start of year: Authority to borrow	21,957	21,989	18,642
22.00	New budget authority (gross)	48,607	65,547	72,335
22.60	Redemption of debt	–4,094	–11,896	–12,162
23.90	Total budgetary resources available for obligation	66,470	75,640	78,815
23.95	New obligations	–44,481	–56,998	–51,831
24.47	Unobligated balance available, end of year: Authority to borrow	21,989	18,642	26,984
	New budget authority (gross), detail:			
67.15	Net change in borrowing authorities	30,740	33,143	41,254
68.00	Spending authority from offsetting collections: Offsetting collections (cash)	17,867	32,404	31,081
70.00	Total new budget authority (gross)	48,607	65,547	72,335
	Change in unpaid obligations:			
72.47	Unpaid obligations, start of year: Obligated balance: Authority to borrow	5,281	6,897	2,605
73.10	New obligations	44,481	56,998	51,831
73.20	Total outlays (gross)	–42,865	–61,290	–52,327
74.47	Unpaid obligations, end of year: Obligated balance: Authority to borrow	6,897	2,605	2,109
	Outlays (gross), detail:			
86.97	Outlays from new permanent authority	17,867	32,404	31,081
86.98	Outlays from permanent balances	24,998	28,886	21,247
87.00	Total outlays (gross)	42,865	61,290	52,327
	Offsets:			
	Against gross budget authority and outlays:			
88.40	Offsetting collections (cash) from: Non-Federal sources	–17,867	–26,421	–29,007
	Net budget authority and outlays:			
89.00	Budget authority	30,740	39,126	43,328
90.00	Outlays	24,998	34,869	23,320

Status of Direct Loans (in millions of dollars)

Identification code 99–4420–0–3–371		1995 actual	1996 est.	1997 est.
	Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans	....	....	....
1131	Direct loan obligations exempt from limitation	37,389	48,876	41,615
1150	Total direct loan obligations	37,389	48,876	41,615
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	66,679	95,052	127,554

1231	Disbursements: Direct loan disbursements	37,389	48,876	41,615
1251	Repayments: Repayments and prepayments	–9,016	–16,374	–16,761
1290	Outstanding, end of year	95,052	127,554	152,408

Federal Home Loan Mortgage Corporation, (Freddie Mac) is a federally-charted, private shareholder-owned company with a public mission to improve the liquidity of the residential mortgage market and increase the availability of mortgage credit to low- and moderate-income families and areas underserved by private lending institutions. In carrying out its mission, Freddie Mac engages primarily in two forms of business: investing in portfolios of residential mortgages and guaranteeing residential mortgage securities. At the end of 1995, Freddie Mac held a net mortgage portfolio totaling over $107 billion and had outstanding guaranteed mortgage-backed securities of just under $460 billion.

Through a federal charter, Congress has equipped Freddie Mac with certain advantages over wholly private firms in carrying out these activities. These advantages include an exemption from state and local taxes (except real property taxes), an exemption for their debt and mortgage securities from SEC filing registration requirements, and a potential access to U.S. Treasury funds. Freddie Mac does pay federal income tax, however, and securities guaranteed by Freddie Mac and debt issued by the company are not backed by the full faith and credit of the U.S. Government. The common stock of the corporation is owned by the public, is fully transferable, and trades on the New York and Pacific stock exchanges.

Freddie Mac was established in 1970 under the Emergency Home Finance Act. Congress chartered Freddie Mac to provide mortgage lenders with an organized national secondary market enabling them to manage their conventional mortgage portfolio more effectively and gain indirect access to a ready source of additional funds to meet new demands for mortgages. Freddie Mac served as a conduit facilitating the flow of investment dollars from the capital markets to mortgage lenders, and ultimately, to homebuyers increasing the amount of mortgage credit available and making it more affordable.

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) significantly changed the corporate governance of Freddie Mac. The company's three member Board of Directors, which had corresponded with the Federal Home Loan Bank Board, was replaced with an eighteen member Board of Directors. Thirteen board members are elected annually by shareholders and five are annually appointed by the President of the United States. In addition, FIRREA converted Freddie Mac's 60 million shares of non-voting, senior participating preferred stock into voting common stock. As a result, the corporation was taken off the federal budget.

FIRREA also clarified Freddie Mac's role in the housing finance delivery system through amendments to its charter act. Specifically, FIRREA established Freddie Mac's public mission: "to provide stability in the secondary market for residential mortgages; respond appropriately to the private capital market; provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities); and promote access to mortgage credit throughout the Nation (including central cities, rural areas, and underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital for residential mortgage financing."

The Federal Housing Enterprises Financial Safety and Soundness Act of 1992 ("The Act") added to Freddie Mac's public mission by introducing new affordable housing goals that are designed to improve the flow of mortgage funds to low- and moderate-income families in central cities, rural areas, and other underserved areas. On December 1, 1995, the U.S. Department of Housing and Urban Development (HUD) issued a final rule that sets the levels of the goals for 1996–1999 and establishes the requirements for counting mortgage purchases for meeting these goals. During the transition period prior to the issuance of the final regulation, Freddie Mac was subject to interim affordable housing goals. These interim goals required Freddie Mac to have 30 percent of the units it finances serve low- and moderate-income families and 30 percent of the units it finances in central cities. In 1995, Freddie Mac purchased about 39 percent of its financings from low- and moderate-income families and 23 percent of its business was located in central cities. Under the interim goals, Freddie Mae also was required to dedicate $3.357 billion in financings for households with very low incomes or with low incomes living in low-income areas. Freddie Mac achieved this goal with $5.426 billion of such loans in 1995.

The Act also enhanced the regulatory oversight of Freddie Mac by establishing the Office of Federal Housing Enterprise Oversight (OFHEO), an independent office within HUD, headed by a Director who reports directly to the Congress. OFHEO is responsible for ensuring that Freddie Mac is adequately capitalized and operating in a safe and sound manner. Included among the express statutory authorities of the Director is the authority to conduct examinations of the financial health of the company and to issue minimum and risk-based capital standards. The minimum capital requirements are computed from statutorily established ratios that are applied to the assets and off-balance sheet risks of Freddie Mac. The risk-based capital standard determines the amount of capital that Freddie Mac must hold to withstand the impact of simultaneous adverse credit and interest rate stresses over a 10-year period, plus an additional amount to cover management and operations risk.

Meanwhile, Freddie Mac has remained profitable. Freddie Mac recorded net income of $1.09 billion in 1995, an 11 percent increase over 1994 earnings of $983 million. Most of Freddie's increased earnings in 1995 came from a $284 million increase in net interest income as Freddie's retained portfolio surged by almost 50 percent during the year to pass the $100 billion mark in the fourth quarter. While accepting and managing higher interest rate risk, Freddie Mac has expanded its investments in retained mortgages from only $34 billion in 1992 to $107 billion at the end of 1995 in an effort to generate higher overall returns.

The forecast data contained in this material represent estimates and should not be construed as an official forecast of the corporation's future position. The data have been developed on the basis of certain economic assumptions that are reviewed and revised periodically. Consequently, the estimates are subject to forecast error and will normally differ from actual data when these become available.

According to generally accepted accounting principles utilized by private corporations, the mortgages in the pools of loans supporting PCs are considered to be owned by the holder of these securities. Therefore, Freddie Mac does not show these mortgages as assets. However, the budget philosophy of the United States Government includes these mortgages and mortgages pass-through securities as assets and liabilities, respectively, of Freddie Mac. For the purpose of this document, therefore, they are presented as assets and liabilities in the accompanying schedules. On the Status of Direct Loans schedule for mortgage pass-through securities, the items labeled "Disbursements" and "Repayments" are budgetary terms. However, from Freddie Mac's perspective, these amounts represent "Sales of PCs" and "Amounts passed through to PC holders," respectively.

FEDERAL HOME LOAN MORTGAGE CORPORATION—Continued

PORTFOLIO PROGRAMS—Continued

Statement of Operations (in millions of dollars)

Identification code 99–4420–0–3–371		1994 actual	1995 actual	1996 est.	1997 est.
0101	Revenue	6,439	8,623		
0102	Expense	–5,504	–7,571		
0109	Net income	935	1,052		

Balance Sheet (in millions of dollars)

Identification code 99–4420–0–3–371		1994 actual	1995 actual	1996 est.	1997 est.
	ASSETS:				
1101	Federal assets: Fund balances with Treasury	11,688	2,820	4,001	2,983
	Non-Federal assets:				
1201	Investments in non-Federal securities, net	2,443	2,150	2,630	2,700
1206	Receivables, net	2,720	3,680	6,986	7,420
	Other Federal assets:				
1801	Cash and other monetary assets	13,095	23,916	14,616	23,409
1802	Inventories and related properties	66,393	94,875	126,718	151,297
1803	Property, plant and equipment, net	1,368	1,212	1,174	1,181
1999	Total assets	97,707	128,653	156,125	188,990
	LIABILITIES:				
2101	Federal liabilities: Accounts payable	95	73		
	Non-Federal liabilities:				
2201	Accounts payable	437	452		
2202	Interest payable	734	1,090		
2203	Debt	83,946	111,610	141,129	173,085
2207	Other	7,516	9,725	8,547	8,484
2999	Total liabilities	92,728	122,950	149,676	181,569
	NET POSITION:				
3200	Invested capital	4,979	5,703	6,448	7,420
3999	Total net position	4,979	5,703	6,448	7,420
4999	Total liabilities and net position	97,707	128,653	156,124	188,989

Object Classification (in millions of dollars)

Identification code 99–4420–0–3–371		1995 actual	1996 est.	1997 est.
11.1	Personnel compensation: Full-time permanent	184	200	219
12.1	Civilian personnel benefits	59	64	70
21.0	Travel and transportation of persons	9	10	11
23.3	Communications, utilities, and other rent	32	35	38
24.0	Printing and reproduction	3	3	4
25.2	Other services	91	99	105
26.0	Supplies and materials	12	13	14
33.0	Mortgage purchases for portfolio	37,389	48,876	41,615
43.0	Interest and provision for loan losses	6,702	7,698	9,755
99.9	Total obligations	44,481	56,998	51,831

MORTGAGE-BACKED SECURITIES

Program and Financing (in millions of dollars)

Identification code 99–4440–0–3–371		1995 actual	1996 est.	1997 est.
	Obligations by program activity:			
00.01	Capital investment: Issue (sales) of participation certification	70,071	110,877	108,540
10.00	Total obligations	70,071	110,877	108,540
	Budgetary resources available for obligation:			
22.00	New budget authority (gross)	70,071	110,877	108,540
23.95	New obligations	–70,071	–110,877	–108,540
	New budget authority (gross), detail:			
67.15	Corporate borrowing authority (net PC pool change)	–6,626	21,017	30,493
68.00	Spending authority from offsetting collections: Offsetting collections (cash)	76,697	89,860	78,047
70.00	Total new budget authority (gross)	70,071	110,877	108,540
	Change in unpaid obligations:			
73.10	New obligations	70,071	110,877	108,540
73.20	Total outlays (gross)	–70,071	–110,877	–108,540
	Outlays (gross), detail:			
86.97	Outlays from new permanent authority	70,071	110,877	108,540
87.00	Total outlays (gross)	70,071	110,877	108,540
	Offsets:			
	Against gross budget authority and outlays:			
88.40	Offsetting collections (cash) from: Non-Federal sources	–76,697	–89,860	–78,047
	Net budget authority and outlays:			
89.00	Budget authority	–6,626	21,017	30,493
90.00	Outlays	–6,626	21,017	30,493

Status of Direct Loans (in millions of dollars)

Identification code 99–4440–0–3–371		1995 actual	1996 est.	1997 est.
	Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans			
1131	Direct loan obligations exempt from limitation	70,071	110,877	108,540
1150	Total direct loan obligations	70,071	110,877	108,540
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	463,672	457,046	478,063
1231	Disbursements: Direct loan disbursements	70,071	110,877	108,540
1251	Repayments: Repayments and prepayments	–76,697	–89,860	–78,047
1290	Outstanding, end of year	457,046	478,063	508,556

Balance Sheet (in millions of dollars)

Identification code 99–4440–0–3–371		1994 actual	1995 actual	1996 est.	1997 est.
	ASSETS:				
1901	Other Federal assets: Other assets	463,672	457,046	478,063	508,556
1999	Total assets	463,672	457,046	478,063	508,556
	LIABILITIES:				
2104	Federal liabilities: Resources payable to Treasury	463,672	457,046	478,063	508,556
2999	Total liabilities	463,672	457,046	478,063	508,556

FARM CREDIT SYSTEM

The Farm Credit System is a government sponsored enterprise that provides privately financed credit to agricultural and rural communities. The major functional entities of the system are: (1) Banks for Cooperatives (BC), (2) Agricultural Credit Bank (ACB), (3) Farm Credit Banks (FCB), and (4) direct lender associations. The history and specific functions of the bank entities are discussed after the presentation of financial schedules for each bank entity. As part of the Farm Credit System (FCS), these entities are regulated and examined by the Farm Credit Administration (FCA), an independent Federal agency. The administrative costs of FCA are currently financed by assessments of system institutions. System banks finance loans primarily from sales of bonds to the public and their own capital funds. The system bonds issued by the banks are not guaranteed by the U.S. Government either as to principal or interest. The bonds are backed by an insurance fund, administered by the Farm Credit System Insurance Corporation (FCSIC), an independent Federal agency that collects insurance premiums from member banks to pay its administrative expenses and fund insurance reserves. All of the banks' current operating expenses are paid from their own income and do not require budgetary resources from the Federal Government. Limited Federal assistance is provided to support interest payments on special FCS Financial Assistance Corporation (FAC) debt obligations (see discussion of FAC elsewhere in this document).

Banks for Cooperatives

Program and Financing (in millions of dollars)

Identification code 99–4120–0–3–351	1995 actual	1996 est.	1997 est.
Obligations by program activity:			
Operating expenses:			
00.01 Administrative expenses	5	6	7
00.02 Interest on borrowings	126	148	141
00.03 Insurance premiums	3	3	3
00.04 Provision for loan losses	3	3	3
00.06 Income tax expense	4	4	5
00.07 Other expenses	7	8	9
00.91 Total operating expenses	148	172	168
01.01 Capital investment: Direct loans	8,690	9,976	10,076
10.00 Total obligations	8,838	10,148	10,244
Budgetary resources available for obligation:			
21.47 Unobligated balance available, start of year: Authority to borrow	2,130	2,309	2,100
22.00 New budget authority (gross)	9,017	9,983	10,082
22.60 Redemption of debt		–44	–32
23.90 Total budgetary resources available for obligation	11,147	12,248	12,150
23.95 New obligations	–8,838	–10,148	–10,244
24.47 Unobligated balance available, end of year: Authority to borrow	2,309	2,100	1,906
New budget authority (gross), detail:			
67.15 Net borrowing	759		
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	8,258	9,983	10,082
70.00 Total new budget authority (gross)	9,017	9,983	10,082
Change in unpaid obligations:			
73.10 New obligations	8,838	10,148	10,244
73.20 Total outlays (gross)	–8,838	–10,148	–10,244
Outlays (gross), detail:			
86.97 Outlays from new permanent authority	8,838	9,983	10,082
86.98 Outlays from permanent balances		165	162
87.00 Total outlays (gross)	8,838	10,148	10,244
Offsets:			
Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from: Non-Federal sources	–8,258	–9,983	–10,082
Net budget authority and outlays:			
89.00 Budget authority	759		
90.00 Outlays	580	165	162

Status of Direct Loans (in millions of dollars)

Identification code 99–4120–0–3–351	1995 actual	1996 est.	1997 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans			
1131 Direct loan obligations exempt from limitation	8,690	9,976	10,076
1150 Total direct loan obligations	8,690	9,976	10,076
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	1,654	2,273	2,478
1231 Disbursements: Direct loan disbursements	8,690	9,976	10,076
1251 Repayments: Repayments and prepayments	–8,071	–9,771	–9,868
1290 Outstanding, end of year	2,273	2,478	2,686

Note.—Direct loan balances exclude nonaccrual loans and sales contracts.

Pursuant to the Agricultural Credit Act of 1987, stockholders in 11 of 13 Banks for Cooperatives voted in 1988 to merge into a single National Bank for Cooperatives. On January 1, 1995, the Springfield Bank for Cooperatives also merged with other entities, as discussed below, to form the first Agricultural Credit Bank. The remaining Cooperative entity, the St. Paul Bank for Cooperatives, is independently chartered to provide credit and related services, nationwide, to eligible cooperatives primarily engaged in farm supply, grain, marketing and processing (including sugar and dairy.) Loans are also made to rural utilities, including telecommunications companies. The financial schedules below reflect the operations of the St. Paul Bank for Cooperatives. Loans are made for both seasonal and long-term needs.

Statement of Operations (in millions of dollars)

Identification code 99–4120–0–3–351	1994 actual	1995 actual	1996 est.	1997 est.
0101 Total interest income	120	177	205	201
0102 Total interest expense	–80	–127	–148	–141
0109 Net interest income	40	50	57	60
0111 Other income	8	10	8	13
0112 Other expenses	–19	–21	–24	–27
0119 Net income	–11	–11	–16	–14
0191 Total revenues	128	187	213	214
0192 Total expenses	–99	–148	–172	–168
0199 Net income or loss	29	39	41	46

Balance Sheet (in millions of dollars)

Identification code 99–4120–0–3–351	1994 actual	1995 actual	1996 est.	1997 est.
ASSETS:				
Non-Federal assets:				
1201 Cash and investment securities	236	394	397	428
1206 Accrued interest receivable on loans	27	40	44	49
Net value of assets related to direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross	1,687	2,305	2,320	2,271
1603 Allowance for estimated uncollectible loans and interest (–)	–21	–24	–25	–29
1699 Value of assets related to direct loans	1,666	2,281	2,295	2,242
1803 Other Federal assets: Property, plant and equipment, net	68	71	70	79
1999 Total assets	1,997	2,786	2,806	2,798
LIABILITIES:				
2104 Federal liabilities: Resources payable to Treasury	26	28	49	36
Non-Federal liabilities:				
Accounts payable:				
2201 Consolidated systemwide and other bank bonds	1,093	1,329	1,194	1,175
2201 Consolidated systemwide notes	643	1,166	1,257	1,244
2201 Notes payable and other interest-bearing liabilities				
2202 Accrued interest payable	12	17	31	31
2999 Total liabilities	1,774	2,540	2,531	2,486
NET POSITION:				
3300 Cumulative results of operations	223	246	275	312
3999 Total net position	223	246	275	312
4999 Total liabilities and net position	1,997	2,786	2,806	2,798

Note.—Loans to cooperatives include nonaccrual loans and sales contracts.

Statement of Changes in Net Worth (in millions of dollars)

Identification code 99–4120–0–3–351	1994 actual	1995 actual	1996 est.	1997 est.
Beginning balance of net worth	**208**	**224**	**246**	**275**
Capital stock and participations issued	8	4	9	10
Capital stock and participations retired	–14	–11	–11	–8
Surplus retired				
Net income	30	39	40	46
Cash/Dividends/Patronage Distributions	–7	–10	–9	–10
Other, net	–1			
Ending balance of net worth	**224**	**246**	**275**	**313**

Banks for Cooperatives—Continued

Financing Activities (in millions of dollars)

Identification code 99–4120–0–3–351	1994 actual	1995 actual	1996 est.	1997 est.
Beginning balance of outstanding system obligation	**1,573**	**1,699**	**2,458**	**2,451**
Consolidated systemwide and other bank bonds issued	1,186	1,524	2,213	2,206
Consolidated systemwide and other bank bonds retired	–1,141	–1,287	–2,312	–2,226
Consolidated systemwide notes, net	81	523	92	–14
Ending balance of outstanding system obligations	**1,699**	**2,458**	**2,451**	**2,419**

Object Classification (in millions of dollars)

Identification code 99–4120–0–3–351		1995 actual	1996 est.	1997 est.
	Personnel compensation:			
11.1	Personnel compensation and benefits	4	5	6
11.9	Total personnel compensation	4	5	6
23.2	Cost of space occupied and equipment	1	1	1
25.2	Other services	3	3	3
33.0	Investments and loans	8,690	9,976	10,075
43.0	Interest and dividends	127	148	142
92.0	Undistributed expenses	13	15	17
99.9	Total obligations	8,838	10,148	10,244

Agricultural Credit Banks

Program and Financing (in millions of dollars)

Identification code 99–4130–0–3–351		1995 actual	1996 est.	1997 est.
	Obligations by program activity:			
	Operating expenses:			
00.01	Administrative expenses	49	37	39
00.02	Interest on borrowings	902	1,097	1,148
00.03	Insurance premiums	14	14	15
00.04	Provision for loan losses	14	11	10
00.06	Income tax expense	9	24	25
00.07	Other expenses	89	63	66
00.91	Total operating expenses	1,077	1,246	1,303
01.01	Capital investment: direct loans	42,644	44,000	45,000
10.00	Total obligations	43,721	45,246	46,303
	Budgetary resources available for obligation:			
21.47	Unobligated balance available, start of year: Authority to borrow	2,211	2,548	2,571
22.00	New budget authority (gross)	44,058	45,269	46,531
23.90	Total budgetary resources available for obligation	46,269	47,817	49,102
23.95	New obligations	–43,721	–45,246	–46,303
24.47	Unobligated balance available, end of year: Authority to borrow	2,548	2,571	2,799
	New budget authority (gross), detail:			
67.15	Net borrowing	1,584	464	884
68.00	Spending authority from offsetting collections: Offsetting collections (cash)	42,474	44,805	45,647
70.00	Total new budget authority (gross)	44,058	45,269	46,531
	Change in unpaid obligations:			
72.90	Unpaid obligations, start of year: Obligated balance: Fund balance	326	332	332
73.10	New obligations	43,721	45,246	46,303
73.20	Total outlays (gross)	–43,715	–45,246	–46,303
74.90	Unpaid obligations, end of year: Obligated balance: Fund balance: Uninvested balance	332	332	332
	Outlays (gross), detail:			
86.97	Outlays from new permanent authority	43,715	45,245	46,303
87.00	Total outlays (gross)	43,715	45,246	46,303
	Offsets:			
	Against gross budget authority and outlays:			
88.40	Offsetting collections (cash) from: Non-Federal sources	–42,474	–44,805	–45,647
	Net budget authority and outlays:			
89.00	Budget authority	1,584	464	884
90.00	Outlays	1,241	441	656

On January 1, 1995, the National Bank for Cooperatives, the Springfield Bank for Cooperatives, and the Farm Credit Bank of Springfield consolidated to form on Agricultural Credit Bank (ACB), known as CoBank ACB. This bank is headquartered in Denver, Colorado and serves eligible cooperatives nationwide, and provides funding to Agricultural Credit Associations (ACAs) in one of its regions. An ACB operates under statutory authority that combines the authorities of a FCB and a BC. In exercising its FCB authority, CoBank ACB's charter limits its lending to ACAs located in the region previously served by the Farm Credit Bank of Springfield. As an entity lending to Cooperatives, CoBank engages in the same business activities as the St. Paul Bank and it provides international loans for the financing of agricultural exports.

Status of Direct Loans (in millions of dollars)

Identification code 99–4130–0–3–351		1995 actual	1996 est.	1997 est.
	Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans	....	....	....
1131	Direct loan obligations exempt from limitation	42,644	44,000	45,000
1150	Total direct loan obligations	42,644	44,000	45,000
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	12,874	14,231	14,800
1231	Disbursements: Direct loan disbursements	42,638	44,000	45,000
1251	Repayments: Repayments and prepayments	–41,281	–43,427	–44,196
1263	Write-offs for default: Direct loans	....	–4	–4
1290	Outstanding, end of year	14,231	14,800	15,600

Statement of Operations (in millions of dollars)

Identification code 99–4130–0–3–351		1994 actual	1995 actual	1996 est.	1997 est.
0101	Total interest income	....	1,171	1,368	1,441
0102	Total interest expense	....	–902	–1,097	–1,148
0109	Net interest income	....	269	271	293
0111	Other income	....	23	10	9
0112	Other expense	....	–175	–148	–155
0119	Net income	....	–152	–138	–146
0191	Total revenues	....	1,194	1,378	1,450
0192	Total expenses	....	–1,077	–1,245	–1,303
0199	Net income or loss	....	117	133	147

Balance Sheet (in millions of dollars)

Identification code 99–4130–0–3–351		1994 actual	1995 actual	1996 est.	1997 est.
	ASSETS:				
	Non-Federal assets:				
1201	Cash and investment securities	2,301	2,652	2,600	2,750
1206	Accrued interest receivable on loans	139	165	172	181
	Net value of assets related to direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601	Direct loans, gross	12,878	14,237	14,800	15,600
1603	Allowance for estimated uncollectible loans and interest (–)	–154	–170	–175	–181
1699	Value of assets related to direct loans	12,724	14,067	14,625	15,419
1803	Other Federal assets: Property, plant and equipment, net	244	131	159	159
1999	Total assets	15,408	17,015	17,556	18,509

	LIABILITIES:				
2104	Federal liabilities: Resources payable to Treasury	128	142	145	145
	Non-Federal liabilities:				
	Accounts payable:				
2201	Consolidated systemwide and other bank bonds	8,567	10,805	10,882	11,045
2201	Consolidated systemwide notes	5,401	4,717	5,110	5,837
2201	Notes payable and other interest-bearing liabilities	24	12	20	20
2202	Accrued interest payable	77	126	126	127
2999	Total liabilities	14,197	15,802	16,283	17,174
	NET POSITION:				
3200	Invested capital	1,211	1,213	1,273	1,335
3999	Total net position	1,211	1,213	1,273	1,335
4999	Total liabilities and net position	15,408	17,015	17,556	18,509

Statement of Changes in Net Worth (in millions of dollars)

Identification code 99–4130–0–3–351	1994 actual	1995 actual	1996 est.	1997 est.
Beginning balance of net worth	**1,174**	**1,210**	**1,213**	**1,273**
Capital stock and participations issued	28	7	25	25
Capital stock and participations retired	–62	–52	–65	–75
Surplus retired				
Net income	119	117	132	148
Cash/Dividends/Patronage Distributions	–25	–32	–33	–35
Other, net	–23	–36		
Ending balance of net worth	**1,210**	**1,213**	**1,273**	**1,336**

Financing Activities (in millions of dollars)

Identification code 99–4130–0–3–351	1994 actual	1995 actual	1996 est.	1997 est.
Beginning balance of outstanding system obligations	**13,567**	**13,736**	**15,319**	**15,784**
Consolidated systemwide and other bank bonds issued	6,945	7,768	7,700	7,900
Consolidated systemwide and other bank bonds retired	–6,562	–5,505	–7,626	–7,741
Consolidated systemwide notes, net	–214	–679	390	725
Ending balance of outstanding system obligations	**13,736**	**15,319**	**15,784**	**16,668**

Object Classification (in millions of dollars)

Identification code 99–4130–0–3–351		1995 actual	1996 est.	1997 est.
12.1	Personnel compensation and benefits	42	31	33
23.2	Cost of space occupied and equipment	7	6	6
25.2	Other services	14	14	15
33.0	Investments and loans	42,644	44,000	45,000
43.0	Interest and dividends	902	1,098	1,148
92.0	Undistributed expenses	112	97	101
99.9	Total obligations	43,721	45,246	46,303

Farm Credit Banks

Program and Financing (in millions of dollars)

Identification code 99–4160–0–3–371		1995 actual	1996 est.	1997 est.
	Obligations by program activity:			
	Operating expenses:			
00.01	Administrative expenses	107	105	105
00.02	Interest on borrowings	2,302	2,387	2,490
00.03	Insurance premiums	13	12	11
00.04	Provision for loan losses	–25	4	4
00.05	Losses/gains on property	–7	–2	
00.06	Other expenses	273	195	169
00.91	Total operating expenses	2,663	2,701	2,779
01.01	Capital investment: Direct loans	22,036	22,103	22,437
10.00	Total obligations	24,699	24,804	25,216
	Budgetary resources available for obligation:			
21.47	Unobligated balance available, start of year: Authority to borrow	6,660	6,161	6,083
22.00	New budget authority (gross)	24,744	24,986	25,482
22.60	Redemption of debt	–544	–260	–562
23.90	Total budgetary resources available for obligation	30,860	30,887	31,003
23.95	New obligations	–24,699	–24,804	–25,216
24.47	Unobligated balance available, end of year: Authority to borrow	6,161	6,083	5,787
	New budget authority (gross), detail:			
68.00	Spending authority from offsetting collections (gross): Offsetting collections (cash)	24,744	24,986	25,482
	Change in unpaid obligations:			
72.90	Unpaid obligations, start of year: Obligated balance: Fund balance	382	771	825
73.10	New obligations	24,699	24,804	25,216
73.20	Total outlays (gross)	–24,310	–24,750	–25,091
74.90	Unpaid obligations, end of year: Obligated balance: Fund balance: Uninvested balance	771	825	950
	Outlays (gross), detail:			
86.97	Outlays from new permanent authority	24,310	24,750	25,091
87.00	Total outlays (gross)	24,310	24,750	25,091
	Offsets:			
	Against gross budget authority and outlays:			
88.40	Offsetting collections (cash) from: Non-Federal sources	–24,744	–24,986	–25,482
	Net budget authority and outlays:			
89.00	Budget authority			
90.00	Outlays	–434	–236	–391

Status of Direct Loans (in millions of dollars)

Identification code 99–4160–0–3–371		1995 actual	1996 est.	1997 est.
	Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans			
1131	Direct loan obligations exempt from limitation	22,036	22,103	22,436
1150	Total direct loan obligations	22,036	22,103	22,436
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	36,190	36,535	37,103
1231	Disbursements: Direct loan disbursements	22,036	22,492	22,880
1251	Repayments: Repayments and prepayments	–21,689	–21,930	–22,340
1263	Write-offs for default: Direct loans	–2	6	2
1290	Outstanding, end of year	36,535	37,103	37,645

Note.—Loans outstanding at end of year do not include nonaccrual loans and sales contracts.

The Agricultural Credit Act of 1987 (1987 Act) required the Federal Land Banks (FLBs) and Federal Intermediate Credit Banks (FICBs) to merge into a Farm Credit Bank (FCB) in each of the 12 Farm Credit districts. The FCBs operate under statutory authority that combines the prior authorities of the FLB and the FICB. No merger occurred in the Jackson district in 1988 because the FLB was in receivership. Pursuant to section 410(e) of the 1987 Act, as amended by the Farm Credit Banks Safety and Soundness Act of 1992, the FICB of Jackson merged with the FCB of Columbia on October 1, 1993. Mergers and consolidations of FCBs across district lines, that began in 1992 continued through mid-1995. As a result of this restructuring activity, 6 FCBs headquartered in the following cities, remain: AgFirst FCB, Columbia, South Carolina; AgAmerica FCB, Spokane, Washington; AgriBank FCB, St. Paul, Minnesota; FCB of Wichita, Wichita, Kansas; FCB of Texas, Austin, Texas; and Western FCB, Sacramento, California.

The FCBs serve as discount banks and as of January 1, 1996 provided funds to 32 Federal Land Credit Associations (FLCA), 66 Production Credit Associations (PCAs), and 60 Agricultural Credit Associations (ACAs). These direct lender associations, in turn, make short-term production loans (PCAs

FARM CREDIT BANKS—Continued

and ACAs) and long-term real estate loans (FLCAs and ACAs) to eligible farmers and ranchers. Also, as of January 1, 1996, 70 Federal Land Bank Associations originated and serviced long-term real estate loans for 2 of the 6 FCBs that have no affiliated FLCAs. FCBs can also lend to local financing institutions, including commercial banks, as authorized by the Farm Credit Act of 1971, as amended.

All the capital stock of the FICB's, from organization in 1923 to December 31, 1956, was held by the U.S. Government. The 1956 Act provided a long-range plan for the eventual ownership of the credit banks by the production credit associations and the gradual retirement of the Government's investment in the banks. This retirement was accomplished in full on December 31, 1968. The last of the Government capital that had been invested in the FLB's was repaid in 1947.

Statement of Operations (in millions of dollars)

Identification code 99–4160–0–3–371		1994 actual	1995 actual	1996 est.	1997 est.
0101	Total interest income	2,547	3,011	3,041	3,126
0102	Total interest expense	–1,731	–2,302	–2,387	–2,490
0109	Net interest income	816	709	654	636
0111	Other income	50	44	15	16
0112	Other expenses	–531	–361	–313	–289
0119	Net income	–481	–317	–298	–273
0191	Total revenues	2,597	3,055	3,056	3,142
0192	Total expenses	–2,262	–2,663	–2,700	–2,779
0199	Net income or loss	335	392	356	363

Balance Sheet (in millions of dollars)

Identification code 99–4160–0–3–371		1994 actual	1995 actual	1996 est.	1997 est.
	ASSETS:				
	Non-Federal assets:				
1201	Cash and investment securities	6,300	6,708	6,804	7,080
1206	Accrued Interest Receivable	731	810	685	707
	Net value of assets related to direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601	Direct loans, gross	36,366	36,659	37,080	37,602
1603	Allowance for estimated uncollectible loans and interest (–)	–627	–548	–477	–477
1699	Value of assets related to direct loans	35,739	36,111	36,603	37,125
1803	Other Federal assets: Property, plant and equipment, net	464	402	384	406
1999	Total assets	43,234	44,031	44,476	45,318
	LIABILITIES:				
2104	Federal liabilities: Resources payable to Treasury	273	276	243	258
	Non-Federal liabilities:				
	Accounts payable:				
2201	Consolidated systemwide and other bank bonds	27,706	28,532	28,702	29,851
2201	Consolidated systemwide notes	10,342	10,060	10,150	9,563
2201	Notes payable and other interest-bearing liabilities	567	597	704	811
2202	Accrued interest payable	382	437	465	479
2999	Total liabilities	39,270	39,902	40,264	40,962
	NET POSITION:				
3200	Invested capital	3,964	4,129	4,212	4,356
3999	Total net position	3,964	4,129	4,212	4,356
4999	Total liabilities and net position	43,234	44,031	44,476	45,318

Statement of Changes in Net Worth (in millions of dollars)

Identification code 99–4160–0–3–371	1994 actual	1995 actual	1996 est.	1997 est.
Beginning balance of net worth	**4,007**	**3,964**	**4,129**	**4,212**
Capital stock and participations issued	128	37	295	64
Capital stock and participations retired	409	121	104	48
Surplus retired				
Net income	336	392	356	362
Cash/Dividends/Patronage Distributions	–65	–146	–463	–235
Other, net	–33	3		
Ending balance of net worth	**3,964**	**4,129**	**4,212**	**4,356**

Financing Activities (in millions of dollars)

Identification code 99–4160–0–3–371	1994 actual	1995 actual	1996 est.	1997 est.
Beginning balance of outstanding system obligations	**37,377**	**38,119**	**39,041**	**39,775**
Consolidated systemwide and other bank bonds issued	29,655	53,468	36,089	36,435
Consolidated systemwide and other bank bonds retired	–28,861	–52,831	–33,634	–34,696
Consolidated systemwide notes, net	–93	143	–1,721	–655
Ending balance of outstanding system obligations	**38,119**	**39,041**	**39,775**	**40,858**

Object Classification (in millions of dollars)

Identification code 99–4160–0–3–371		1995 actual	1996 est.	1997 est.
11.1	Personnel compensation: Full-time permanent	85	83	84
23.2	Cost of space occupied and equipment	22	22	21
25.2	Other services	13	12	11
33.0	Investments and loans	22,036	22,103	22,437
43.0	Interest and dividends	2,302	2,387	2,490
92.0	Undistributed expenses	241	196	172
99.5	Below reporting threshold		1	1
99.9	Total obligations	24,699	24,804	25,216

FEDERAL AGRICULTURAL MORTGAGE CORPORATION

Program and Financing (in millions of dollars)

Identification code 99–4180–0–3–351		1995 actual	1996 est.	1997 est.
	Obligations by program activity:			
00.01	Administrative expenses and taxes	3	5	6
10.00	Total obligations	3	5	6
	Budgetary resources available for obligation:			
21.47	Unobligated balance available, start of year: Authority to borrow	12	11	10
22.00	New budget authority (gross)	3	4	7
23.90	Total budgetary resources available for obligation	15	15	17
23.95	New obligations	–3	–5	–6
24.47	Unobligated balance available, end of year: Authority to borrow	11	10	11
	New budget authority (gross), detail:			
68.00	Spending authority from offsetting collections (gross): Offsetting collections (cash)	3	4	7
	Change in unpaid obligations:			
73.10	New obligations	3	5	6
73.20	Total outlays (gross)	–3	–5	–6
	Outlays (gross), detail:			
86.97	Outlays from new permanent authority	3	4	6
86.98	Outlays from permanent balances		1	
87.00	Total outlays (gross)	3	5	6
	Offsets:			
	Against gross budget authority and outlays:			
88.40	Offsetting collections (cash) from: Non-Federal sources	–3	–4	–7
	Net budget authority and outlays:			
89.00	Budget authority			
90.00	Outlays		1	–1

Farmer Mac was established by the Agricultural Credit Act of 1987 (the Act) to facilitate creation of a secondary market for farm and rural housing mortgage loans that meet minimum credit standards. As authorized by the Act, Farmer Mac guarantees securities formed by certified loan pooling institutions. In addition, the Farmer Mac title of the Act was amended by the 1990 farm bill to authorize Farmer Mac to purchase, pool, and securitize the guaranteed portions of Farmers Home Administration (FmHA) guaranteed farmer program loans. These two areas of secondary market authority have been organized by Farmer Mac into two distinct programs designated as "Farmer Mac I" and "Farmer Mac II," respectively. The Farmer Mac title was further amended in 1991 to clarify Farmer Mac's authority to issue debt obligations, to provide for the establishment of minimum capital standards for Farmer Mac, and to expand rulemaking authority for the Farm Credit Administration. The Farm Credit System Reform Act of 1996 significantly expanded the activities of Farmer Mac by allowing it to directly purchase mortgages and to form loan pools.

In general, the agricultural secondary market is intended to attract new capital for financing agricultural real estate, including rural housing, foster increased long-term fixed-rate lending, and provide greater liquidity to agricultural lenders. Increased competition among agricultural lenders, stimulated by access to the secondary market, should result in more favorable rates and terms for agricultural borrowers.

Farmer Mac is governed by a 15 member Board of Directors. Ten Board members are elected by stockholders, including five by the Farm Credit System, and five are appointed by the President subject to Senate confirmation.

Financing

Funding for Farmer Mac comes from four sources: common and preferred stock; debt obligations; guarantee fees and a $1.5 billion line of credit with the U.S. Treasury.

The actuarial soundness of the guarantee fee is reviewed annually by the Comptroller General in a report to Congress. The soundness of Farmer Mac I pools will be determined through a multi-stage process. First, loans must comply with the credit underwriting and appraisal standards. Second, pools of eligible loans must meet Farmer Mac's standards for geographic and commodity diversification and be subjected to economic stress analysis to determine pool performance characteristics. In the case of Farmer Mac II, only the FmHA guaranteed portions of the loans will be pooled by Farmer Mac.

Available funds of Farmer Mac are invested in U.S. agency securities or other high-grade commercial paper. No stock dividends are allowed under the Act until the Board determines that an adequate loss reserve has been funded to back Farmer Mac guarantees.

Guarantees

Farmer Mac provides a guarantee of timely payment of principal and interest on securities backed by pools of eligible loans. These securities are not guaranteed by the United States, and are not "government securities". In 1996 Congress removed requirements that loan originators or poolers maintain cash reserves or subordinated securities.

Farmer Mac guaranteed mortgage-backed securities are subject to registration requirements established by the Securities and Exchange Commission under the 1933 and 1934 Securities Acts.

Regulation

Farmer Mac is federally regulated by the Farm Credit Administration (FCA). Under 1991 amendments to the Act, regulation is performed by the FCA's Office of Secondary Market Oversight. The Office is responsible for examination of and rulemaking for Farmer Mac (after a transition period), including the determination of the stress test for Farmer Mac's risk-based capital. The 1991 amendments also clarified FCA's regulatory authority, including enforcement of Farmer Mac's regulatory capital standards.

Status of Guaranteed Loans (in millions of dollars)

Identification code 99–4180–0–3–351		1995 actual	1996 est.	1997 est.
	Position with respect to appropriations act limitation on commitments:			
2131	Guaranteed loan commitments exempt from limitation	155	392	715
2150	Total guaranteed loan commitments	155	392	715
	Cumulative balance of guaranteed loans outstanding:			
2210	Outstanding, start of year	463	506	795
2231	Disbursements of new guaranteed loans	155	392	715
2251	Repayments and prepayments	–112	–103	–167
2290	Outstanding, end of year	506	795	1,343
	Memorandum:			
2299	Guaranteed amount of guaranteed loans outstanding, end of year	506	795	1,343

Statement of Operations (in millions of dollars)

Identification code 99–4180–0–3–351		1994 actual	1995 actual	1996 est.	1997 est.
0101	Revenue	3	3	4	7
0102	Expense	–4	–3	–5	–6
0109	Net loss	–1		–1	1

Balance Sheet (in millions of dollars)

Identification code 99–4180–0–3–351		1994 actual	1995 actual	1996 est.	1997 est.
	ASSETS:				
1201	Non-Federal assets: Investment in securities	474	619	592	915
1999	Total assets	474	619	592	915
	LIABILITIES:				
2203	Non-Federal liabilities: Debt	461	607	581	898
2999	Total liabilities	461	607	581	898
	NET POSITION:				
3200	Invested capital	12	12	11	17
3999	Total net position	12	12	11	17
4999	Total liabilities and net position	473	619	592	915

Object Classification (in millions of dollars)

Identification code 99–4180–0–3–351		1995 actual	1996 est.	1997 est.
11.1	Personnel compensation: Personnel compensation and benefits	2	2	3
25.2	Other services	1	3	3
99.9	Total obligations	3	5	6

FEDERAL HOME LOAN BANK SYSTEM

Federal Home Loan Banks

Program and Financing (in millions of dollars)

Identification code 99–4200–0–3–371		1995 actual	1996 est.	1997 est.
	Obligations by program activity:			
	Operating expenses:			
00.01	Administrative expenses including FHFB assessments	234	243	243
00.02	Affordable Housing program	102	100	100
00.03	Interest on consolidated obligations and loss on debt retirement	11,941	10,000	10,000
00.04	Interest on members' deposits and other borrowings	1,093	1,000	1,000
00.05	Payment to REFCORP	300	300	300
00.06	Cash dividends on capital stock	547	500	500

FEDERAL HOME LOAN BANKS—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 99–4200–0–3–371		1995 actual	1996 est.	1997 est.
00.91	Total operating expenses	14,217	12,143	12,143
	Capital investment:			
01.01	Investment in bank premises	11	12	9
01.04	Net increase in advances and non-Treasury securities	55,757		
01.05	Repurchase of capital stock	4,005	5,074	5,400
01.91	Total capital investment	59,773	5,086	5,409
10.00	Total obligations	73,990	17,229	17,552
	Budgetary resources available for obligation:			
	Unobligated balance available, start of year:			
21.41	U.S. Securities: Par value	910	148	1,248
21.90	Fund balance	448		
21.99	Total unobligated balance, start of year	1,358	148	1,248
22.00	New budget authority (gross)	72,780	31,173	17,552
22.60	Redemption of debt		–12,843	
23.90	Total budgetary resources available for obligation	74,138	18,478	18,800
23.95	New obligations	–73,990	–17,229	–17,552
24.41	Unobligated balance available, end of year: U.S. Securities: Par value	148	1,248	1,248
	New budget authority (gross), detail:			
67.15	Authority to borrow (indefinite)	52,798		
68.00	Spending authority from offsetting collections: Offsetting collections (cash)	19,982	31,173	17,552
70.00	Total new budget authority (gross)	72,780	31,173	17,552
	Change in unpaid obligations:			
	Unpaid obligations, start of year:			
	Obligated balance:			
72.41	U.S. Securities: Par value	3,329	2,482	2,752
72.47	Authority to borrow (obligated balance net of U.S. Treasury and agency securities held)		2,379	1,048
72.90	Fund balance		449	400
72.99	Total unpaid obligations, start of year	3,329	5,310	4,200
73.10	New obligations	73,990	17,229	17,552
73.20	Total outlays (gross)	–72,009	–18,340	–17,552
	Unpaid obligations, end of year:			
	Obligated balance:			
74.41	U.S. Securities: Par value	2,482	2,752	2,752
74.47	Authority to borrow	2,379	1,048	1,048
74.90	Fund balance: Uninvested balance	449	400	400
74.99	Total unpaid obligations, end of year	5,310	4,200	4,200
	Outlays (gross), detail:			
86.97	Outlays from new permanent authority	72,009	18,340	17,552
87.00	Total outlays (gross)	72,009	18,340	17,552
	Offsets:			
	Against gross budget authority and outlays:			
	Offsetting collections (cash) from:			
	Non-Federal sources:			
88.40	Net decrease in advances and non-Treasury investments		–13,618	
88.40	Other collections from non-Federal sources	–19,982	–17,555	–17,552
88.90	Total, offsetting collections (cash)	–19,982	–31,173	–17,552
	Net budget authority and outlays:			
89.00	Budget authority	52,798		
90.00	Outlays	52,027	–12,833	

Status of Direct Loans (in millions of dollars)

Identification code 99–4200–0–3–371		1995 actual	1996 est.	1997 est.
	Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans			
1131	Direct loan obligations exempt from limitation	724,349	725,000	725,000
1150	Total direct loan obligations	724,349	725,000	725,000
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	116,567	122,128	120,500
1231	Disbursements: Direct loan disbursements	724,349	725,000	725,000
1251	Repayments: Repayments and prepayments	–718,788	–726,628	–725,000
1290	Outstanding, end of year	122,128	120,500	120,500

The 12 Federal Home Loan Banks were chartered by the Federal Home Loan Bank Board under the authority of the Federal Home Loan Bank Act of 1932. Subsequent to the passage of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989, the FHLBanks are under the supervision of the Federal Housing Finance Board. The common mission of the FHLBanks is to facilitate the extension of credit through their members in order to provide access to housing for all Americans and to improve the quality of their communities. To accomplish this mission, the FHLBanks make loans, called advances, and provide other credit products such as letters of credit to member institutions. Advances and letters of credit must be fully secured by eligible collateral and long-term advances may be made only for the purpose of providing funds for residential housing finance. Additionally, specialized community-related advance programs provide funds for community reinvestment and affordable housing programs. All regulated financial depositories and insurance companies engaged in residential housing finance are eligible for membership. Each FHLBank operates in a geographic district designated by the Board and together the FHLBanks cover all of the United States as well as Puerto Rico, the Virgin Islands, and Guam.

Advances outstanding on September 30, 1995 totaled approximately $122.1 billion, a net increase of approximately $5.9 billion from the September 30, 1994 level of $116.2 billion.

The principal source of funds for the lending operation is the sale of consolidated obligations to the public. On September 30, 1995, $226.4 billion of these obligations were outstanding. The consolidated obligations are not guaranteed by the U.S. Government as to principal or interest. Other sources of lendable funds include a portion of members' deposits as determined by Board policy. Deposits totaled $16.9 billion and total capital amounted to $14.7 billion as of September 30, 1995. Funds not immediately used for advances to members are invested until such times as needed.

The capital stock of the Federal Home Loan Banks is owned entirely by the members. Initially the U.S. Government purchased stock of the banks in the amount of $125 million. The banks had repurchased the Government's investment in full by mid-1951.

The entire operating expenses of the FHLBanks are paid from their own income and are not included in the budget of the United States. Included in these expenses is the assessment by the Federal Housing Finance Board to cover the Board's administrative and other costs.

FIRREA contains provisions for the establishment of an Affordable Housing Program (AHP) by each FHLBank. Each FHLBank has developed its AHP to enhance the availability of housing for very low-, low- and moderate-income families by providing direct subsidies or subsidized advances for members who use the funds for qualifying housing projects. The FHLBank system sets aside for its AHPs a total of $100 million annually.

The forecast data for 1996 and 1997 contained in this material represents estimates and should not be construed as an official forecast of the FHLBanks System's future position.

Statement of Operations (in millions of dollars)

Identification code 99–4200–0–3–371		1994 actual	1995 actual	1996 est.	1997 est.
0101	Revenue	8,985	14,568	12,543	12,543
0102	Expense (excludes payments to REFCORP)	–8,051	–13,370	–11,343	–11,343

0109	Net income	934	1,198	1,200	1,200

Balance Sheet (in millions of dollars)

Identification code 99–4200–0–3–371		1994 actual	1995 actual	1996 est.	1997 est.
	ASSETS:				
	Investments in US securities:				
1102	Federal assets: Treasury securities, net	4,239	2,630	4,000	4,000
	Non-Federal assets:				
1201	Investments in non-Federal securities, net	84,794	134,990	123,000	123,000
1206	Accounts receivable	2,053	3,532	3,000	3,000
1401	Net value of assets related to direct loans receivable: Direct loans receivable, gross	116,567	122,128	120,500	120,500
	Other Federal assets:				
1801	Cash and other monetary assets	448	449	400	400
1803	Property, plant and equipment, net	156	157	140	140
1901	Other assets	43	941	100	100
1999	Total assets	208,300	264,828	251,140	251,140
	LIABILITIES:				
2101	Federal liabilities: REFCORP and AHP	308	347	380	380
	Non-Federal liabilities:				
2201	Accounts payable	196	185	100	100
2202	Interest payable	2,522	3,946	3,000	3,000
2203	Debt	168,379	226,406	217,000	217,000
	Other:				
2207	Deposit funds and other borrowings	23,666	18,437	15,000	15,000
2207	Other	302	832	720	720
2999	Total liabilities	195,374	250,154	236,200	236,200
	NET POSITION:				
3200	Invested capital	12,926	14,674	14,940	14,940
3999	Total net position	12,926	14,674	14,940	14,940
4999	Total liabilities and net position	208,300	264,828	251,140	251,140

Object Classification (in millions of dollars)

Identification code 99–4200–0–3–371		1995 actual	1996 est.	1997 est.
11.1	Personnel compensation: Full-time permanent	92	95	95
12.1	Civilian personnel benefits	26	26	26
21.0	Travel and transportation of persons	6	8	8
23.3	Communications, utilities, and other rent	22	22	22
24.0	Printing and reproduction	7	9	9
25.2	Other services	73	75	75
31.0	Equipment	7	8	8
32.0	Land and structures	11	12	9
33.0	Net increase in advances and securities	55,757		
41.0	Subsidies (Affordable Housing Program)	102	100	100
	Interest and dividends:			
43.0	Interest and changes in other assets	13,581	11,500	11,500
43.0	REFCORP interest	300	300	300
92.0	Repurchase of capital stock (gross)	4,005	5,074	5,400
99.9	Total obligations	73,990	17,229	17,552

Financing Corporation

The Financing Corporation (FICO) is a mixed-ownership government corporation, chartered by the Federal Home Loan Bank Board pursuant to the Federal Savings and Loan Insurance Corporation Recapitalization Act of 1987, as amended (the "Act"). FICO's sole purpose was to function as a financing vehicle for the FSLIC Resolution Fund, formerly the Federal Savings and Loan Insurance Corporation (FSLIC). FICO operates under the supervision and control of the Federal Housing Finance Board (the "Finance Board"). Pursuant to the Act, FICO was authorized to issue debentures, bonds and other obligations subject to limitations contained in the Act, the net proceeds of which were to be used solely to purchase capital certificates issued by the FSLIC Resolution Fund, or to refund any previously issued obligations. The Resolution Trust Corporation Refinancing, Restructuring, and Improvement Act of 1991 terminated the FICO's borrowing authority.

The Act provided formulas pursuant to which the Federal Home Loan Banks made capital contributions to FICO at the direction of the Finance Board for the purchase of FICO capital stock. FICO used the proceeds received from the sales of such capital stock to purchase non-interest bearing securities for deposit in a segregated account as required by the Act. The non-interest bearing securities held in the segregated account will be the primary source of repayment of the principal of the FICO obligations. Securities in the segregated account are kept separate from other FICO accounts and funds but are not specifically pledged as collateral for the payment of obligations. The primary source of payment of interest on the obligations will be the receipt of assessments imposed on and collected from institutions' accounts which are insured by the Savings Association Insurance Fund (the "SAIF").

Statement of Operations (in millions of dollars)

Identification code 99–4033–0–3–373		1994 actual	1995 actual	1996 est.	1997 est.
0101	Revenue	888	897	906	916
0102	Expense	–795	–795	–795	–795
0109	Net income	93	102	111	121

Balance Sheet (in millions of dollars)

Identification code 99–4033–0–3–373		1994 actual	1995 actual	1996 est.	1997 est.
	ASSETS:				
	Investments in US securities:				
1102	Federal assets: Segregated accounts investment, net	1,143	1,244	1,354	1,475
	Other Federal assets:				
1801	Cash, cash equivalents, and interest receivable	344	279	279	279
1901	Other assets	13	13	12	12
1999	Total assets	1,500	1,536	1,645	1,766
	LIABILITIES:				
	Non-Federal liabilities:				
2202	Interest payable	236	236	236	236
2203	Debt	8,140	8,141	8,142	8,144
2207	Other	152	85	83	81
2999	Total liabilities	8,528	8,462	8,461	8,461
	NET POSITION:				
3100	FICO capital stock purchased by FHLBanks	680	680	680	680
3300	Cumulative results of operations	463	565	675	796
	Other:				
3600	Other	–7,568	–7,568	–7,568	–7,568
3600	Other	–603	–603	–603	–603
3999	Total net position	–7,028	–6,926	–6,816	–6,695
4999	Total liabilities and net position	1,500	1,536	1,645	1,766

Resolution Funding Corporation

The Resolution Funding Corporation (the "REFCORP") is a mixed-ownership government corporation established by Title V of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The sole purpose of REFCORP was to provide financing for the Resolution Trust Corporation (the "RTC"). Pursuant to FIRREA, REFCORP was authorized to issue debentures, bonds, and other obligations, subject to limitations contained in the Act and regulations established by the Thrift Depositor Protection Oversight Board. The proceeds of the debt (less any discount, plus any premium, net of issuance cost) were used solely to purchase nonredeemable capital certificates of the RTC or to refund any previously issued obligations.

REFCORP is subject to the general oversight and direction of the Thrift Depositor Protection Oversight Board. The day-to-day operations of REFCORP are under the management of a three-member Directorate comprised of the Director of

RESOLUTION FUNDING CORPORATION—Continued

the Office of Finance of the Federal Home Loan Banks and two members selected by the Oversight Board from among the presidents of the twelve Federal Home Loan Banks ("the FHLBanks"). Members of the Directorate serve without compensation, and REFCORP is not permitted to have any paid employees. REFCORP and its Directorate are subject to regulations, orders and directions of the Thrift Depositor Protection Oversight Board.

FIRREA and the regulations adopted by the Thrift Depositor Protection Oversight Board provide formulas pursuant to which the Federal Home Loan Banks made capital contributions to REFCORP's Principal Fund and continue to make interest payments on outstanding REFCORP obligations. FIRREA also provides that the U.S. Treasury cover any interest shortfall. Funds designated for the Principal Funds were used to purchase zero-coupon bonds. The zero-coupon bonds will be held in the Principal Fund and are the primary source of repayment of the principal of the obligations at maturity.

Statement of Operations (in millions of dollars)

Identification code 99–4029–0–3–373		1994 actual	1995 actual	1996 est.	1997 est.
0101	Revenue	2,875	2,895	2,920	2,942
0102	Expense	–2,626	–2,626	–2,626	–2,626
0109	Net income	249	269	294	316

Balance Sheet (in millions of dollars)

Identification code 99–4029–0–3–373		1994 actual	1995 actual	1996 est.	1997 est.
	ASSETS:				
	Investments in US securities:				
1102	Federal assets: Principal fund account investment, net	3,301	3,567	3,856	4,169
1206	Non-Federal assets: Assessments receivable for interest expense	881	881	881	881
1901	Other Federal assets: Other assets	1	1	1	....
1999	Total assets	4,183	4,449	4,738	5,050
	LIABILITIES:				
	Non-Federal liabilities:				
2202	Accrued interest payable on long-term obligations	881	881	881	881
2203	Debt	30,079	30,076	30,074	30,072
2999	Total liabilities	30,960	30,957	30,955	30,953
	NET POSITION:				
3100	Nonvoting capital stock issued to FHLBanks	2,513	2,513	2,513	2,513
3200	RTC nonredeemable capital certificates	–31,286	–31,286	–31,286	–31,286
3300	Cumulative results of operations	939	1,208	1,499	1,813
3600	Other	1,057	1,057	1,057	1,057
3999	Total net position	–26,777	–26,508	–26,217	–25,903
4999	Total liabilities and net position	4,183	4,449	4,738	5,050

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Program and Financing (in millions of dollars)

Identification code 99–4450–0–3–803		1994 actual	1995 est.	1996 est.
	Obligations by program activity:			
	Board operating expenses:			
00.01	Monetary and economic policy	65	73	74
00.02	Services to financial institutions and the public	3	3	3
00.03	Supervision and regulation of financial institutions	57	64	65
00.04	System policy direction and oversight	28	31	32
00.91	Subtotal: Board operating expenses	153	171	174
01.01	Office of Inspector General operating expenses	3	3	3
10.00	Total obligations	156	174	177
	Budgetary resources available for obligation:			
21.40	Unobligated balance available, start of year: Uninvested balance	–1	–3	–6
22.00	New budget authority (gross)	154	171	177
23.90	Total budgetary resources available for obligation	153	168	171
23.95	New obligations	–156	–174	–177
24.40	Unobligated balance available, end of year: Uninvested balance	–3	–6	–7
	New budget authority (gross), detail:			
68.00	Spending authority from offsetting collections (gross): Offsetting collections (cash)	154	171	177
	Change in unpaid obligations:			
72.40	Unpaid obligations, start of year: Obligated balance: Appropriation	13	18	21
73.10	New obligations	156	174	177
73.20	Total outlays (gross)	–152	–171	–175
74.40	Unpaid obligations, end of year: Obligated balance: Appropriation	18	21	23
	Outlays (gross), detail:			
86.97	Outlays from new permanent authority	140	157	161
86.98	Outlays from permanent balances	12	14	14
87.00	Total outlays (gross)	152	171	175
	Offsets:			
	Against gross budget authority and outlays:			
88.40	Offsetting collections (cash) from: Non-Federal sources	–154	–171	–177
	Net budget authority and outlays:			
89.00	Budget authority	....	....	....
90.00	Outlays	–3	....	–2

The figures presented may differ from other Board financial material because they are prepared in accordance with OMB guidelines which vary from the Board's budget and accounting procedures.

The Federal Reserve System operates under the provisions of the Federal Reserve Act of 1913, as amended, and other acts of Congress.

Program.—To carry out its responsibilities under the Act, the Board determines general monetary, credit, and operating policies for the System as a whole and formulates the rules and regulations necessary to carry out the purposes of the Federal Reserve Act. The Board's principal duties consist of exerting an influence over credit conditions and supervising the Federal Reserve banks and member banks.

Financing.—Under the provisions of section 10 of the Federal Reserve Act, the Board of Governors levies upon the Federal Reserve banks, in proportion to their capital and surplus, an assessment sufficient to pay its estimated expenses. The Board, under the Act, determines and prescribes the manner in which its obligations are incurred and its expenses paid. Funds derived from assessments are deposited in the Federal Reserve Bank of Richmond, and the Act provides that such funds "shall not be construed to be Government funds or appropriated moneys." No Government appropriation is required to support operations of the Board.

The information presented pertains to Board operations only. Expenditures made on behalf of the Federal Reserve banks for production, issuance, retirement, and shipment of Federal Reserve notes are not included, since they are reimbursed in full by the Federal Reserve banks.

Statement of Operations (in millions of dollars)

Identification code 99–4450–0–3–803		1994 actual	1995 est.	1996 est.
0101	Revenue	154	171	177
0102	Expense	–156	–174	–177
0109	Net income or loss (–)	–2	–3	....

Balance Sheet (in millions of dollars)

Identification code 99–4450–0–3–803		1994 actual	1995 est.	1996 est.
	ASSETS:			
1206	Non-Federal assets: Receivables, net	4	3	2
	Other Federal assets:			
1801	Cash in bank	15	15	17
1803	Property, plant and equipment, net	112	125	135
1999	Total assets	131	143	154
	LIABILITIES:			
2201	Non-Federal liabilities: Accounts payable and accrued liabilities	22	24	25
2999	Total liabilities	22	24	25
	NET POSITION:			
3100	Appropriated capital	–3	–6	–7
3200	Invested capital	112	125	136
3999	Total net position	109	119	129
4999	Total liabilities and net position	131	143	154

Object Classification (in millions of dollars)

Identification code 99–4450–0–3–803		1994 actual	1995 est.	1996 est.
	Direct obligations:			
	Personnel compensation:			
11.1	Full-time permanent	89	95	100
11.3	Other than full-time permanent	1	1	1
11.5	Other personnel compensation	2	2	2
11.9	Total personnel compensation	92	98	103
12.1	Civilian personnel benefits	16	16	16
13.0	Benefits for former personnel	1		
21.0	Travel and transportation of persons	4	5	5
23.3	Communications, utilities, and other rent	9	9	10
24.0	Printing and reproduction	3	3	3
25.1	Advisory and assistance services	1	2	3
25.2	Other services	13	18	16
26.0	Supplies and materials	5	6	7
31.0	Equipment	10	14	11
99.0	Subtotal, direct obligations	154	171	174
25.2	Allocation Account—Direct Obligations: Other services	3	3	3
99.5	Below reporting threshold	–1		
99.9	Total obligations	156	174	177

Personnel Summary

Identification code 99–4450–0–3–803		1994 actual	1995 est.	1996 est.
	Total compensable workyears:			
1005	Full-time equivalent of overtime and holiday hours	38	38	38
1011	Exempt Full-time equivalent employment	1,650	1,659	1,665

[1] Includes 32, 32, and 31 positions respectively for the Office of Inspector General.