

**SUMMARY OF MAJOR CHANGES TO  
DOD 7000.14-R, VOLUME 4, CHAPTER 11  
“COMPONENT DEBT”**

All changes are denoted by blue font

Substantive revisions are denoted by a \* preceding the section,  
paragraph, table, or figure that includes the revision

Hyperlinks are denoted by *underlined, bold, italic, blue font*

**This updated chapter supersedes the previously published version dated June 2009.**

| PARAGRAPH                 | EXPLANATION OF CHANGE/REVISION   | PURPOSE |
|---------------------------|--|---------|
| 110102A                   | Revise Foreign Military Account Program to Foreign Military Financing Program.   | Update  |
| 110303, 110304,<br>110305 | Delete inaccurate wording. USSGL accounts 2520, 2530, and 2540 are not blocked and are available for use by Components | Delete  |

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## CHAPTER 11

COMPONENT DEBT1101 GENERAL

110101. Purpose. This chapter prescribes the accounting principles and policy to be followed by Department of Defense (DoD) Components to account for debt incurred in accordance with statutory authority.

110102. Overview. The Department's debt primarily consists of interest and principal payments due to the U.S. Treasury and the Federal Financing Bank. Debt incurred by DoD Components is generally associated with direct and guaranteed loans, and housing programs determined to be necessary to carry out the Department of Defense's mission, including mortgage agreements accepted pursuant to the Family Housing Program and the Homeowners Assistance Fund.

A. Direct Loans and Loan Guarantees. The Department must pay the debt on direct loans if borrowers (e.g., foreign governments, county or city governments, ship owners, or housing builders) default. For loan guarantees, the Department must pay the amount of outstanding principal guaranteed. The majority of the debt represents direct and guaranteed loans to foreign governments. Before 1992, funds were borrowed from the Federal Financing Bank to either directly loan the funds to foreign governments or to reimburse defaulted guaranteed loans. Beginning in 1992, the Department began borrowing funds for the Foreign Military Financing Program from the U.S. Treasury, in accordance with the Federal Credit Reform Act of 1990, which governs all direct loan obligations and loan guarantee commitments made after FY 1991. Guidance on direct loans and loan guarantees is contained in [Volume 12, Chapter 4](#) of this Regulation.

B. Debt Associated with Housing Programs

1. Family Housing Program. The Defense Family Housing Program (FHP) provides housing for military families and for civilian families where circumstances require the Department of Defense to support this program by providing housing referral services, including administration of private rental housing for DoD personnel overseas; leasing private housing for DoD personnel; or by guaranteeing service members' rental, mortgage and mortgage insurance payments on privately owned housing. Guidance for financing the FHP is contained in [Volume 2B, Chapter 6](#) of this Regulation, while guidance for accounting for funds made available for this program is contained in [Volume 3, Chapter 5](#).

2. Homeowners Assistance Fund.

a. Under [42 U.S.C. 3374](#), the Secretary of Defense is authorized to provide assistance to owners of one- or two-family dwellings located at or near military installations ordered to be closed in whole or in part. In certain instances, this assistance is rendered by acquiring negotiated title to the properties from such owners. Section (d) of the

statute established the Homeowners Assistance Fund (HAF). Section (g) authorized the Secretary of Defense to enter into an agreement with the Secretary of Housing and Urban Development (HUD) with respect to the administration of the program. That agreement provided that, on the Department of Defense's behalf, HUD will maintain, manage, and dispose of such properties acquired by the DoD and be reimbursed for all costs incurred in its administration. That agreement was terminated as of January 1, 1993. Since that date, all properties acquired are managed and disposed of by the Army Corps of Engineers.

b. The Chief of Engineers, Department of the Army Corps of Engineers, is responsible for obtaining title to the properties and for administration. The Chief of Engineers also is responsible for negotiating the Department of Defense's acquisition price with the property owner.

c. Funding for this program is through annual appropriations made available by the Congress.

d. [DoD Directive 4165.50E](#), "Homeowners Assistance Program," provides overall policy guidance and information on this program.

#### 1102 ACCOUNTING POLICY FOR DEBT ASSOCIATED WITH HOUSING PROGRAMS

110201. The accounting policy for properties acquired under both the FHP and the Homeowners Assistance Program is the same as those for real property discussed in [Chapter 6](#) of this volume. The accounting policy for the liabilities incurred under both programs is discussed in the following paragraphs.

110202. The liability for amounts owed on housing acquired under the two programs **will** be equal to (1) borrowings from other Federal Agencies and the public to construct or acquire the properties, or (2) the mortgages assumed when title passes to the Department of Defense.

110203. The balance of the mortgages payable **will** be reduced by that portion of the periodic payments made which represent the mortgage principal.

110204. Liabilities for borrowings from other Federal Agencies and non-federal organizations **will** be recorded at the amounts actually obtained. Amounts paid to financial organizations to obtain the borrowings **must** be treated as a current period operating expense.

#### 1103 ACCOUNTING FOR COMPONENT DEBT

\* 110301. The accounts used to account for Department of Defense debt are described in the following paragraphs. The accounting entries for these accounts are specified in the [United States Standard General Ledger Standard Financial Information Structure Transaction Library](#).

110302. Principal Payable to the Bureau of the Public Debt (Account 2510). "Principal Payable to the Bureau of the Public Debt" is used to record amounts borrowed from the Treasury. Accrued Interest associated with these borrowings is recorded to "Accrued Interest Payable" (Account 2140).

\* 110303. Principal Payable to the Federal Financing Bank (account 2520). "Principal Payable to the Federal Financing Bank" is used to record amounts borrowed from Federal Financing Banks. Accrued Interest associated with these borrowings is recorded to "Accrued Interest Payable" (Account 2140).

\* 110304. Securities Issued by Federal Agencies Under General and Special Financing Authority (Account 2530). "Securities Issued by Federal Agencies Under General and Special Financing Authority" is used to record the liability arising from issuing new borrowings authorized under special financing authorities.

\* 110305. Participation Certificates (Account 2540). "Participation Certificates" is used to record a DoD Component's liability for its share of participation certificates issued pursuant to legislative authority.

110306. Other Debt (Account 2590). "Other Debt" is used to account for all other forms of Department of Defense liabilities, secured and unsecured, not otherwise classified above.