

**AGREEMENT BETWEEN  
THE SECRETARY OF THE TREASURY  
AND THE  
DEPARTMENT/AGENCY**

**WHEREAS** the Federal Credit Reform Act of 1990 (the “FCRA”) (section 13201 of the Omnibus Budget Reconciliation Act of 1990, P.L. No. 101-508, dated November 5, 1990) establishes a program to reform Federal credit program budgeting and accounting procedures;

**AND WHEREAS** the FCRA requires the Secretary of the Treasury (the “Treasury”) to lend funds to Federal agencies to operate direct loan and loan guarantee programs;

**AND WHEREAS** the FCRA authorizes appropriations of funds to each Federal agency authorized to make direct loan obligations or loan guarantee commitments in amounts necessary to pay the cost associated with such direct loan obligations or loan guarantee commitments;

**AND WHEREAS** the Office of Management and Budget (“OMB”) prescribes policies and procedures for all direct loan or loan guarantee credit programs that are subject to the FCRA;

**AND WHEREAS** OMB Circular A-11, Part 5 (Federal Credit Programs) defines credit terms and concepts and provides instructions for budget formulation, apportionment, and budget execution;

**AND WHEREAS** the terms hereunder are designed to accommodate Federal budgetary accounting for Federal credit programs under the FCRA and OMB Circular No. A-11 and do not necessarily reflect the contractual terms of Federal direct loan or guaranteed loan programs as they may affect Federal transactions with the public;

**AND WHEREAS** Public Law, United States Code, or other legislation, created a direct loan or loan guarantee program for purpose of the program and the credit program is subject to the FCRA.

**NOW, THEREFORE**, for and in consideration of the mutual agreements herein contained and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Treasury and the Department or Agency hereby enter into the following agreement (“Agreement”) for the Financing Account Name and Treasury Account Symbol.

## I. Borrowing

A. To the extent permitted by applicable law, the Treasury agrees to advance to the Financing Account Name and Treasury Account Symbol such sums as are requested and authorized by Section 505 (c) of the Congressional Budget Act of 1974, as amended by the FCRA, on account of direct loan obligations or loan guarantee commitments entered into by the Department or Agency during the term of this Agreement. For value received, the Department or Agency promises to pay to the Treasury the sums advanced, together with interest thereon, as provided in this Agreement.

B. Advances under this Agreement to fund the financing account shall be made from time to time by the Treasury, by written request of the Department or Agency Head on Standard Form 1151 (Nonexpenditure Transfer Authorization) through the Central Accounting Reporting System (CARS). Advances will be dated as of the beginning of the fiscal year, October 1, for the entire fiscal year based on annual estimates. Subsequent additional amounts needed throughout the year will also be dated as of October 1 except for borrowings to pay interest, which are addressed in paragraph I.C. of this Agreement. Each advance shall mature and become payable on September 30 of the maturity year stated in the request for that advance.

C. Interest on each advance shall accrue from October 1 and/or September 30 to the maturity date of that advance. The Department or Agency has ultimate responsibility for interest calculations. Interest shall be paid using the Intra-governmental Payments and Collections (IPAC) system.

Interest on each advance shall be computed using the guidance prescribed in OMB Circular No. A-11 and the current interest calculator provided by OMB.

For fiscal year 2001 and future cohorts, interest will be paid at the single effective rate, calculated for each cohort using the basket-of-zeros discounting method. This method discounts the cash flow estimated for each time period using the interest rate on a marketable zero-coupon Treasury security with the same maturity from the date of disbursement as that cash flow. The rate is determined upon completion of the initial credit subsidy calculation and adjusted to the single effective rate calculated at the time of the first technical reestimate after the cohort is 90 percent disbursed.

For fiscal year 1992 through 2000 cohorts, interest will be paid at the disbursement-weighted average discount rate. This method discounts cash flows taking into consideration the prevailing market yield on outstanding Treasury securities of comparable maturity to the loans in that account; provided however, that the shortest maturity range used in determining the interest rates will be the remaining maturity of the most recently auctioned 13-week U.S. Treasury bill. The annual interest rates may be weighted as described by OMB Circular No. A-11. These rates are calculated during the final ten business days of the fiscal year.

Interest shall be due and payable on the last day of the fiscal year, September 30, on the unpaid principal balance of each advance outstanding, with a final payment of interest due upon maturity.

If it is determined by the Department or Agency at fiscal year end that funds are insufficient to make the annual interest payment due to Treasury, an additional advance shall be made for this purpose. The advance shall be requested, and must be dated September 30, in the fiscal year in which the annual interest payment is due to Treasury.

D. The Department or Agency may repay advances under this Agreement, in whole or in part, prior to maturity ("Prepayment") by paying the principal amount of the advance, plus accrued interest based on the date of Prepayment. The Department or Agency shall designate the maturity date to which the Prepayment is to be applied.

E. If the direct loans or guaranteed loans are fully repaid and funds remain on deposit with the Treasury, the funds shall be paid to a special fund receipt account in the Treasury.

## II. Payment of Interest on Uninvested Funds on Deposit

A. The Treasury agrees to pay interest at the end of each fiscal year on uninvested funds of the Financing Account Name and Treasury Account Symbol to the extent that such funds are on deposit with the Treasury. Interest to be paid on each deposit shall be computed based upon the same weighted-average interest rate used in the calculation of the agency's advances.

B. At the time of each deposit of funds with the Treasury, the Department or Agency shall designate the amount of the deposit to be credited to the working capital fund of the Financing Account Name and Treasury Account Symbol.

C. The interest rate for those uninvested funds on deposit with the Treasury that the Department or Agency determines to be necessary for working capital shall be the interest rate for the shortest maturity range calculated by the Treasury for the period during which the funds are on deposit with the Treasury.

D. The interest rate for uninvested funds, other than working capital funds, shall be the interest rate determined under paragraph I.C. for the appropriate maturity designated under paragraph I.B.

III. Miscellaneous Provisions

A. All documents supporting advances and payments of principal and interest on advances under Sections I and II shall be delivered to:

Federal Investments and Borrowings Branch  
Bureau of the Fiscal Service  
Department of the Treasury  
Parkersburg Warehouse & Operations Center Dock 1  
257 Bosley Industrial Park Drive  
Parkersburg, WV 26101  
borrowings@fiscal.treasury.gov

(or such other address as the Treasury may designate).

B. Transfers of funds shall be by internal transfer, using IPAC for interest, or CARS for principal.

C. To the extent consistent with applicable law, the Treasury and the Department or Agency may agree to modify this Agreement by amendments, extensions, or renewals.

**IN WITNESS HEREOF**, the undersigned have executed this Agreement:

\_\_\_\_\_  
Erica D. Gaddy  
Assistant Commissioner (Acting)  
Fiscal Accounting  
Bureau of the Fiscal Service

\_\_\_\_\_  
Department or Agency Head  
Title \_\_\_\_\_  
Department or Agency  
Department or Agency

Date:

Date: