

VOLUME 4, CHAPTER 11: “COMPONENT DEBT”**SUMMARY OF MAJOR CHANGES**

Changes are identified in this table and also denoted by [blue font](#).

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [***bold, italic, blue and underlined font***](#).

The previous version dated [March 2018](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Administrative updates in accordance with the Department of Defense (DoD) Financial Management Regulation Revision Standard Operating Procedures.	Revision
1.2.5	Added Standard Financial Information Structure (SFIS) webpage for U.S. Standard General Ledger (USSGL) accounts and transaction illustrations.	Addition
2.1	Simplified paragraph to clarify the types of DoD component debt. Removed language on DoD borrowed funds for direct and guaranteed loans to foreign governments.	Revision/ Deletion
4.0	Removed USSGL accounts found on the SFIS webpage referenced in subparagraph 1.2.5.	Deletion

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CHAPTER 11

COMPONENT DEBT

1.0 GENERAL

1.1 Purpose

This chapter [provides](#) the accounting policy for Department of Defense (DoD) Components' debt incurred in accordance with the referenced statutory and other authorities.

1.2 Authoritative Guidance

This [chapter is in accordance with the](#) following authoritative guidance:

1.2.1. [DoD Manual 4165.63](#), "DoD Housing Management";

1.2.2. [Title 42 United States Code \(U.S.C.\), section 3374](#);

1.2.3. [DoD Directive 4165.50E](#), "Homeowners Assistance Program" (HAP); and

1.2.4. [Title 32 Code of Federal Regulations \(CFR\), Part 239](#) "Homeowners Assistance Program – Application Processing"

* 1.2.5. The standard general ledger accounts used to report DoD debt and illustrative entries are provided in the Transaction Library and Standard Reporting Chart of Accounts available on the Office of the Deputy Chief Financial Officer [Standard Financial Information Structure](#) web page.

2.0 TYPES OF COMPONENT DEBT

Debt incurred by DoD Components is generally associated with direct and guaranteed loans, and housing programs determined to be necessary to carry out the DoD's mission, including mortgage agreements accepted pursuant to the Family Housing Program (FHP) and the Homeowners Assistance Fund (HAF).

*2.1 Loans and Loan Guarantees

2.1.1. 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.

2.1.2. The accounting policy for loans and loan guarantees is provided in Volume 12, Chapter 4.

2.2 Housing Program Debt

2.2.1. Family Housing Program. The Defense FHP provides military and civilian families housing referral services including administration of private rental housing for DoD personnel overseas, leasing private housing for DoD personnel, or 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 and DoD Manual 4165.63, while guidance for accounting for funds made available for this program is contained in Volume 3, Chapter 5.

2.2.2. Homeowners Assistance Fund

2.2.2.1. Under 42 U.S.C., section 3374, the Secretary of Defense is authorized to **aid** 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 HAF. Funding for this program is through annual appropriations made available by the Congress.

2.2.2.2. DoD Directive 4165.50E, "Homeowners Assistance Program," (HAP) provides overall policy guidance and information on this program. The directive also specifies that detailed guidance regarding available benefits, both foreign and domestic, will be provided in the regulations published by the Secretary of the Army as the DoD Executive Agent for the HAP, and codified in 32 CFR Part 239. The Army uses the Headquarters, United States Army Corps of Engineers to implement the program.

3.0 ACCOUNTING POLICY FOR DEBT ASSOCIATED WITH HOUSING PROGRAMS

The **overall** accounting policy for properties acquired under both the FHP and HAP is the same as those for real property discussed in Volume 4, Chapter 24. The accounting policy for the liabilities incurred under the FHP and HAP programs is discussed in the following paragraphs.

3.1 Liability for Amounts Owed on Housing Acquired under FHP and HAP

The liability for amounts owed on housing acquired under FHP and HAP 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 **DoD**.

3.2 Mortgage Balance Payable Reductions

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

3.3 Liabilities for Borrowing from Other Organizations

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