

CALCULATION OF PRINCIPAL, INTEREST AND OTHER INCOME
DUE FEDERAL GOVERNMENT FROM COLLECTIONS
(Initial Recovery)

For use by those institutions newly in closing status and repaying the Federal Government for the first few times.

BASE DATA NEEDED

A. (Cumulative from the beginning of the program):

- 1. Federal Funds Received.....\$ _____
- 2. Institutional Contributions Deposited..... _____
- 3. Transfers from Scholarship Fund..... _____
- 4. Transfers to Scholarship Fund..... _____
- 5. Interest Income Collected on Loans..... _____
- 6. Penalty Charges Collected on Loans..... _____
- 7. Investment Income..... _____
- 8. Institutional Repayment of Bad Debts, Interest..... _____
- 9. Institutional Repayment of Bad Debts, Penalty Charges..... _____
- 10. Collection Costs, Interest..... _____
- 11. Litigation Costs, Interest..... _____
- 12. Credit Bureau Fees..... _____
- 13. Other Costs..... _____
- 14. Total Other Income Previously Repaid to the Fed. Govt.(if any)* _____
- 15. Total Interest Previously Repaid to the Fed. Govt.(if any)*... _____

B. (Current period data)

- 1. Cash Balance End of Period Covered By This Report..... _____

* For example, if associated with return of excess cash while in active status.

Using the BASE DATA items above:

Step 1: Calculate the Federal Government's percentage contributed to the Fund:

$$\text{Federal percentage (F\%)} = \frac{\text{A.1} + \text{A.3} - \text{A.4}}{\text{A.1} + \text{A.2} + \text{A.3} - \text{A.4}}$$

Step 2: Calculate the total amount due the Federal Government:

$$\text{Total Amount Due Federal Government} = \text{F\%} \times \text{B.1}$$

Step 3: Calculate the portion of the Total Amount Due Federal Government which is Other Income:

$$\text{Other Income} = [\text{F\%} \times (\text{A.6} + \text{A.7} + \text{A.9})] - \text{A.14}$$

Step 4: Calculate the portion of the Total Amount Due Federal Government which should be interest:

$$\text{Interest} = [\text{F\%} \times (\text{A.5} + \text{A.8} - \text{A.10} - \text{A.11} - \text{A.12} - \text{A.13})] - \text{A.15}$$

Step 5: Calculate the portion of the Total Amount Due Federal Government which should be principal:

$$\text{Principal} = \text{Total Amount due Federal Government minus Interest minus Other Income}$$

NOTE: The Federal Government will always recover its proportionate share of any interest and other income collected (less its proportionate share of expenses) before any repayments are applied to principal. Once the initial interest amounts have been recovered, the work sheet at Exhibit I may be used to determine principal, interest and other income repayments for each current period.