

Consolidated Application Feature in IFR

Background

Each major auto manufacturer has a strategy and related product plans to meet anticipated market demand for vehicles as well as to comply with CAFE standards. These integrated plans cover a large number of vehicle products and are based on in depth analyses of actual and forecast vehicle sales, consumer preferences and many other variables. Each company's strategic plan is a corporate plan or road map for its future product development.

Consolidated Application

The DOE section 136 loan program should recognize and be structured in a manner that is consistent with the integrated strategic product plans of the OEM manufacturers. A consolidated application is proposed. The application would contain the manufacturer's individual vehicle products that are in the manufacturer's strategic plan and the manufacturer would apply for loan assistance by including the package of vehicles (products) that are deemed essential to achieving that manufacturer's strategic goals.

DOE should review the consolidated application as a package and not impose its own vehicle by vehicle preferences. DOE's review would focus on whether the application and the vehicles therein meet eligibility requirements for loan assistance and whether there is a reasonable prospect for full repayment of the loan. Where available loan funds may not be sufficient to meet the consolidated application's requested level, DOE should request the manufacturer to revise the consolidated application to the available level.

Advantages

The strengths of the consolidated application approach include;

- Compatible with the manner in which manufacturers develop strategic plans
- Allows the manufacturer to request funds on a corporate wide basis, consistent with actual business activities
- Simplifies and streamlines DOE's internal application review and loan decision/award process
- Simplifies the application preparation and justification process for manufacturers