UNNUMBERED LETTERS ISSUED FOR THE JUNE OF 2014

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06-11-14	Community Facilities Funding for Local and Regional Food Systems Projects and Know Your Farmer Know Your Food Initiative	S/D
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06-12-14	New Homes Constructed Under Specific Energy Efficiency Programs as a Compensating Factor	S/D
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June 2, 2014

TO: State Directors

ATTN: Public Affairs Specialists

FROM: Edna Primrose /s/ *Edna Primrose*
Deputy Administrator

David Sandretti
Director
Legislative and Public Affairs

SUBJECT: Guidance on Establishing Domain Names and Registering a Non-Federal Domain

PURPOSE:

The purpose of the unnumbered letter (UL) is to issue guidance for establishing website domain names and registering non-federal domains such as .edu, .org, and .com. A Staff Instruction will be released in conjunction with this unnumbered letter.

BACKGROUND:

The USDA Office of Communications has established a policy for creating domain names for all USDA agencies. All USDA agency and mission area website domain names must be established under the USDA.gov domain. Accordingly, Rural Development has established its website with the domain name of http://www.rurdev.usda.gov.

USDA also follows Office of Management and Budget (OMB) guidance regarding the registration of non-federal domains, such as .edu, .org, and .com. This guideline, available at HowTo.gov, requires agencies to (under Section 6A) "use only .gov, .mil, or Fed.us domains unless the agency head explicitly determines another domain is necessary for the proper performance of an agency function." This important policy assures the public that these are official government websites and that a government agency is accountable for the website's content.

Some agencies have established other domains, which are allowable per OMB guidelines. They do this, however, by using "aliases" and maintaining the official domain name to host content on that official domain. Use of alias domains, such as .edu, .org, and .com, only can be used to redirect the alias domain automatically to the official .gov domain.

EXPIRATION DATE:
June 30, 2015

FILING INSTRUCTIONS:
Administrative/Other Programs

PROCEDURE:

1. All new Rural Development website domains must be approved before that site can be established. Non-federal domains will not be considered at this time.

2. Requesters must submit a written request to the Deputy Administrator for Operations and Management and the Director of Legislative and Public Affairs.

3. Report any Rural Development non-federal domain hosting official Rural Development content, including the display of usda.gov e-mail addresses, documents, and related program forms, to the Deputy Administrator for Operations and Management and the Director of Legislative and Public Affairs.

    a. Note that the report will be shared with the Office of Communications.

    b. This procedure does not include use of GovDelivery as a vehicle for delivering subscriber content such as links to the Rural Development .gov website and official partner agencies.

    c. If the non-federal site violates Departmental and OMB guidelines, the owner of the non-compliant site will be required to remove site content, terminate the domain, and remove the domain name from any and all advertisements or media outreach materials.

Questions about this unnumbered letter may be directed to Karen Priestly at (202) 720-1075 or karen.priestly@wdc.usda.gov. We appreciate your assistance in ensuring that Rural Development websites and content conform to OMB and USDA policies.

June 11, 2014

TO: State Directors
Rural Development

ATTN: Community Programs Directors

FROM: Tony Hernandez /s/ ***Tony Hernandez***
Administrator
Housing and Community Facilities Programs

SUBJECT: Agricultural Act of 2014

President Obama signed the Agricultural Act of 2014 into law on February 7, 2014. There are seven sections that have currently been identified as impacting Community Facilities loan, grant and guarantee programs to varying degrees.

Directly applicable to the work of Community Program Directors are the following changes:

- Section 6002 – Elimination of childcare grant set-aside. This section eliminates the 10% grant set-aside for childcare related projects. These types of projects are still eligible to compete for Community Facilities funding, but grant funds may only come from your state's grant allocation. No provision for the grandfathering of applications was made; therefore, any applications you received prior to the elimination of the set-aside must compete for funding from your state's grant allocation.

- Section 6004 – Use of loan guarantees for community facilities. This section directs the Secretary to consider the benefits to communities that result from using loan guarantees in carrying out the community facilities program and, to the maximum extent practicable, use guarantees to enhance community involvement. The new RD regulation 3570-A will strengthen the language pertaining to credit elsewhere which will enhance discussions with commercial lenders regarding the guarantee program.

- Section 6005 – Tribal College and University essential community facilities. This section extended the Tribal College and University grant program through 2018.

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FILING INSTRUCTIONS:
Community/Business Programs

- Section 6006 – Essential community facilities technical assistance and training. This section creates a technical assistance and training grant program that will provide funding to public bodies, Indian tribes and non-profit corporations to carry out the following eligible purposes that are directly associated with developing or improving essential community facilities under the community facilities programs:

    - Assistance in identifying and planning community facility needs;
    - Identification of public and private resources to finance community facility needs;
    - Preparation of reports and surveys necessary to request financial assistance to develop community facilities;
    - Preparation of applications for financial assistance;
    - Improving the management, including, the financial management, related to the operation of community facilities; or
    - Assistance with other areas of need identified by Rural Development.

  This section requires that between 3% and 5% of funds appropriated to Community Facilities' grant, loan and loan guarantee programs be set-aside for this program. A new regulation and instruction will be written to implement this provision. The program will not go into effect, nor will funds be set aside, until the regulation is published as a final rule.

Additional provisions for you to be aware of that will be implemented across Rural Development over the course of the coming months:

- Section 6018 – Rural College Coordinated Strategy. This section requires Rural Development to coordinate across programs to serve the specific, local needs of rural communities when making investments in rural community and technical colleges. No funding is provided.

- Section 6020 – Simplified Applications. This section requires Rural Development to develop a simplified application process to the maximum extent practicable. Community Facilities has made steps towards meeting this requirement in the new loan and grant processing regulation, 3570-A. It also requires a report to Congress by February 7, 2016, that evaluates the implementation of this section.

- Section 6025 – Strategic Economic and Community Development. This section provides priority and funding for projects that support strategic community and economic development plans on a multijurisdictional basis in rural areas. Higher priority will be given to applications from an area with a strategic, multijurisdictional plan that shows:

    - Collaboration of multiple stakeholders in the service area of the plan;
    - Regional resources, including natural, human, financial and infrastructure that could support the plan;
    - Investment from other Federal agencies;
    - Investment from philanthropic organizations; and,
    - Clear objectives and measurable performance measures.

This section also requires that up to 10% of funds appropriated to Community Facilities' grant, loan and loan guarantee programs be set-aside for this program through June 30th of each year. This provision applies to Community Facilities, Water & Environmental Programs; the Business & Industry Loan Guarantee Program, and the Rural Business Development Grant Program (the Act combines RBEG and RBOG into RBDG).

At this time no actions are required by either the State or Area Offices. As details of the various provisions are implemented or other provisions are identified, we will provide you with guidance as to what, if any, actions will be needed. If you have any questions regarding the above, please contact Susan Woolard at 202-720-1506.

June 11, 2014

TO: State Directors
Rural Development

ATTN: Community Program Directors

FROM: Tony Hernandez /s/ ***Tony Hernandez***
Administrator
Housing and Community Facilities Programs

SUBJECT: Community Facilities Funding for Local and Regional Food Systems Projects and Know Your Farmer Know Your Food Initiative

PURPOSE/INTENDED OUTCOME:

This unnumbered letter is being issued to provide guidance to field staff regarding the Know Your Farmer Know Your Food (KYF2) initiative and to provide information on how Community Facilities (CF) funding can support local and regional food system projects.

BACKGROUND:

The KYF2 initiative was launched in September 2009 by the Secretary and Deputy Secretary of Agriculture to help develop and support local and regional food systems to support local farmers, strengthen rural communities, promote healthy eating, and protect natural resources. A food system includes all processes involved in feeding a population: growing and harvesting; processing and packaging; transporting; marketing; distributing; consuming; and disposing of food and food-related items. This initiative supports access to high quality and affordable locally grown foods and creates market opportunities for producers and businesses interested in marketing their products to local consumers.

EXPIRATION DATE:
June 30, 2015

FILING INSTRUCTIONS:
Community/Business Programs

Local food has not been statutorily defined for CF, nor does USDA utilize a set definition internally. Some State procurement policies consider local to be products produced, processed and distributed within state boundaries and marketed to consumers as a local product; yet producers on a state border may be considered local by the consumers that buy their products in the adjacent state. The 2014 Farm Bill defined local food specifically for the Business and Industry Guaranteed Loan Program in RBS as food that is raised, produced and distributed in-state or within 400 miles from where it is produced, and which is marketed in a way that provides consumers with information about the product's local origin. Staff should consider their local context when determining whether a project is part of a local or regional food system.

IMPLEMENTATION RESPONSIBILITIES:

Projects and applicants related to this initiative must meet the same eligibility criteria as any other CF project and applicant. It is the Program Director's responsibility to ensure that all staff members are familiar with the initiative and the type of funding that is available. For example, a farmer's market containing a predominant number of vendors selling non-food products may be eligible for funding under the Rural Business & Cooperative Programs rather than the CF program.

States must provide a copy of their Legislative and Public Affairs Staff (LAPAS) Project Information sheet on these projects to Karen Safer for tracking purposes. The purpose should address the locally-grown component(s) and state that the project supports the KYF2 initiative. A check block has been added to CPAP and GLS for tracking purposes. By providing this information, you are also helping the KYF2 Task Force identify projects to highlight in blogs, case studies, and other resources. We will use this opportunity to highlight your work and CF as a resource for local and regional food system development.

Applicants will have access to all CF funding sources, guaranteed and direct loans, and grants, based on applicant and project eligibility. The following examples are ways CF funding could be used to support local and regional food systems. **These examples are not all inclusive.**

Food Banks (must source a portion of their food from local farmers and/or ranchers to be applicable)

- Purchase building
- Renovations
- Construct new building
- Purchase equipment
- Purchase vehicles for food delivery

School Cafeterias (must source a portion of their food from local producers to be applicable, for example through a farm-to-school program)

- Equipment
- Renovations

- Central Processing/Distribution Centers
  - ➔ NOTE: The FNS Farm to School staff can be excellent resources to help you connect with schools interested in sourcing more products from local farmers and ranchers. See their list of regional and national office staff here: http://www.fns.usda.gov/farmtoschool/usda-farm-school-staff

Farmer's Markets
We can finance farmer's markets that primarily sell fruits and vegetables and other food products. We cannot finance flea markets. Farmer's markets that sell 25% or more in items that are not food products cannot be financed with CF funding, but may be eligible for funding under Rural Development's Rural Business & Cooperative Programs.

- New construction
- Purchase building
- Renovations
- Electronic Benefits Transfer (EBT) machines - a system that allows use of government benefits; i.e., food stamps. In 2008, the Food Stamp Program was renamed "Supplemental Nutrition Assistance Program" and is referred to as "SNAP." Some machines also allow the purchaser to use debit/credit cards. There are state and federal programs that provide funding assistance for EBT-only machines that redeem SNAP activity in excess of $100 per month. CF funding may be used for EBT/Debit/Credit machines and/or EBT-only machines that redeem SNAP activity of less than $100 per month.

Community Gardens

- Purchase real estate
- Water source access – the necessary infrastructure to connect to the water source and/or provide irrigation.
- Noncommercial greenhouses
- Ineligible – small tools

Community Kitchens

Community kitchens can provide classes for families to learn how to prepare healthy meals. They can also be used to prepare meals for various community programs using fresh, locally grown products.

- Renovations - applicant must own, or be purchasing, facility
- Equipment - must be removable if the applicant does not own the facility and equipment must be primarily used for the community initiative
- New Construction

For More Information:

The KYF2 Initiative has developed a tool to help USDA employees and the public identify local and regional food projects funded through CF and other USDA programs since 2009. The Know your Farmer, Know your Food Compass includes a guide to these programs and an interactive map of USDA-supported local food projects (http://www.usda.gov/maps/maps/kyfcompassmap.htm). In the legend on the left hand side, select “Projects by USDA program” to isolate CF-funding projects; clicking on a brown dot on the map will display a pop up box with information on the project funded. We encourage you to use this tool to explore projects in your region and to find other examples of applicable projects funded by USDA around the country. Reading the Compass guide (http://www.usda.gov/documents/KYFcompass.pdf) will also help familiarize USDA employees with the concept of local and regional food systems and with USDA tools and resources.

The Compass is also a useful tool to share with stakeholders interested in learning about other USDA funding opportunities for local and regional food systems. The map can be searched by key word; for example, if a stakeholder is interested in funding for cold storage, searching the map for the term “cold storage” will return a list of relevant projects funded through several USDA programs and agencies.

Please let your staff know about the KYF Compass as a tool to facilitate their work.

Additional information regarding Local and Regional Food Systems and KYF2 is available at:
http://www.usda.gov/wps/portal/usda/knowyourfarmer?navid=KNOWYOURFARMER

If you have any questions about this initiative, please contact Karen Safer at (202) 720-0974.

June 12, 2014

TO: State Directors
Rural Development

ATTN: Program Directors
Single Family Housing

FROM: Tony Hernandez /s/ ***Tony Hernandez***
Administrator
Housing and Community Facilities

SUBJECT: New Homes Constructed Under Specific Energy Efficiency Programs as a Compensating Factor

<u>PURPOSE</u>:

The purpose of this memorandum is to provide guidance on the consideration of new homes constructed under specific energy efficiency programs as a compensating factor when determining borrower repayment ability.

<u>BACKGROUND</u>:

As permitted in 7CFR 3550.53(g)(3) and further detailed in Handbook-1-3550, Paragraph 4.24 A., exceptions to the standard method of determining repayment ability may be made if there is information, referred to as "compensating factors," that indicates the prospective borrower may be able to make larger regular loan payments than the standard ratio analysis suggests.

A new home built to exceed the prevailing International Energy Conservation Code is more energy efficient, which significantly lowers the homeowner's utility costs. The lower utility costs associated with these energy efficient homes indicate that a prospective borrower may be able to make larger loan payments than the ratio analysis suggests.

Given their resulting energy efficiency savings of up to 30 percent relative to typical new homes, as well as their progressive and routinely updated building standards, new homes constructed under the following national programs may be considered as a compensating factor:

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FILING INSTRUCTIONS
Housing Programs

- Energy Star for New Homes under the U.S. Environmental Protection Agency (http://www.energystar.gov/index.cfm?c=new_homes.hm_index)
- Challenge Home under the U.S. Department of Energy (http://www1.eere.energy.gov/buildings/residential/ch_index.html)
- Leadership in Energy and Environmental Design (LEED) for Homes under the U.S. Green Building Council (https://new.usgbc.org/leed/rating-systems/residential)
- Home Innovation's "National Green Building Standard" under the National Association of Home Builders (http://www.nahb.org/page.aspx/generic/sectionID=2500)
- Green Communities under the Enterprise Community Partners (http://www.enterprisecommunity.com/solutions-and-innovation/enterprise-green-communities)

IMPLEMENTATION RESPONSIBILITIES:

When a new home to be constructed under a specific energy efficiency program will be used as a compensating factor, the qualifying ratios may exceed the established thresholds by up to two percentage points provided the Field Office obtains verification that the property will be certified through one of the above programs.

As detailed in Handbook-1-3550, Paragraph 4.24 A., the compensating factor must be clearly documented and approved by the next level supervisor

Questions regarding this memorandum should be directed to Christopher Ketner of the Single Family Housing Direct Loan Division at (202) 690-1530 or christopher.ketner@usda.gov.

Sent by Electronic Mail on June 12, 2014, at 1:50 p.m. by Single Family Housing Direct Loan Division. The State Director should advise other personnel as appropriate.

June 12, 2014

TO: State Directors
Rural Development

ATTN: Program Directors
Single Family Housing

FROM: Tony Hernandez /s/ ***Tony Hernandez***
Administrator
Housing and Community Facilities

SUBJECT: Required Use of the Underwriting, Pre-Closing and Compliance Tool
Single Family Housing Direct Program

PURPOSE:

The purpose of this unnumbered letter is to remind State Offices of the availability of the Underwriting, Pre-Closing and Compliance Tool and to describe the standards and procedures the National Office will use to require the use of this tool. This guidance also introduces the availability of a new performance report that will assist appropriate State Office staff monitor first and second year loan delinquency by servicing county.

BACKGROUND:

On March 15, 2012, State Offices were notified via email of the posting of an Underwriting, Pre-Closing and Compliance Tool to the Agency's SharePoint site. The tool was initially developed to strengthen the Loan Approval Officials' secondary review of the Loan Originators' file preparation, calculations and analysis. Use of the tool was noted to be at the discretion of the Housing Program Directors.

Although first year loan delinquency has been trending downward in recent months, some states continue to have a persistently high first year loan delinquency rate. In addition, second year delinquency, which can also be used to gauge the quality of the underwriting analysis, has historically been significantly higher than the first year delinquency.

EXPIRATION DATE:
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FILING INSTRUCTIONS:
Housing Programs

IMPLEMENTATION RESPONSIBILITIES:

Considering the aforementioned delinquency concerns as well as reoccurring weaknesses noted during internal reviews, the use of the Underwriting, Pre-Closing and Compliance Tool will now be required for selected states with a first or second year loan delinquency rate above the national average. The selected states will be notified via an email from the Single Family Housing Direct Loan Division shortly after issuance of this memorandum.

To access the tool, go to the SharePoint site at https://rd.sc.egov.usda.gov/teamrd/default.aspx and follow the path below:

Housing & Community Facilities Program > Single Family Housing Information > Direct Program Information > HB-1-3550 > Chapter 6 > Underwriting and Compliance Review Tool

States not selected for the required use of the underwriting tool are still encouraged to have their Loan Approval Officials use it as a guide. Furthermore, limiting the use of this tool for the Loan Approval Official's review only underplays its potency and misses the opportunity to introduce it as a training or performance tool for field staff conducting eligibility determinations and underwriting analyses. States are encouraged to use this tool in ways that best fit their needs.

To assist states in determining which Field Offices may benefit from the use of this tool, a state specific "24 Report" will be posted to SharePoint monthly. This report will detail loan performance (down to the servicing county level) over the first 24 months of loan activity after loan closing and will provide performance targets for first and second year loans. States will receive an email notification with instructions on how to access their state report once available.

Questions regarding this memorandum should be directed to Migdaliz Bernier or Brooke Baumann of the Single Family Housing Direct Loan Division at (202) 720-1474.

Sent by Electronic Mail on June 12, 2014, at 2:25 p.m. by the Single Family Housing Direct Loan Division. The State Director should advise other personnel as appropriate.

June 24, 2014

TO: State Directors
Rural Development

ATTN: Program Directors and Coordinators
Multi-Family Housing

FROM: Tony Hernandez /s/ ***Tony Hernandez***
Administrator
Housing and Community Facilities Programs

SUBJECT: Servicing Section 515 Borrowers that Received Damages Under the Prepayment Settlement Agreement and File Retention for Loans Subject to Future Claims

The purpose of this Unnumbered Letter (UL) is to provide guidance on servicing the accounts of borrowers who have accepted damages as a result of the Settlement Agreement (Agreement) dated May 21, 2007, for the 731 properties involved in prepayment litigation (aka SAT Projects) and retention of information in Section 515 cases that may be subject to similar litigation.

Part III, Section B, of the Agreement outlines the impact of the settlement for borrowers who accepted damages as a result of the execution of the Agreement. Borrowers who received damages shall be treated on an equal basis with all other borrowers in the Section 515 program, in their dealings with the Government, except for the following:

1. The borrower shall not be entitled to receive any of the incentives made available to discourage prepayment of loans under the 7 C.F.R. §3560.656.

2. The borrower shall not be entitled to prepay the loan which was the basis for a claim, including prepayment subject to continuing restrictions (i.e., “G-4” restrictions), excepting those situations where the Government determines that the property is no longer needed in the Section 515 Program.

EXPIRATION DATE:
June 30, 2015

FILING INSTRUCTIONS:
Housing Programs

In applying the aforementioned, a borrower who received damages pursuant to the Agreement may file a request to prepay the loan on which their claim was based, but may not receive any incentives to avert prepayment. The borrower can only prepay the loan, or be released from the obligations under the Restrictive-Use Covenant (RUC), if the Agency determines the project is no longer needed in the Section 515 program, or if the financial assistance provided to the tenants of the housing will no longer be provided due to no fault, action or lack of action on the part of the borrower. The borrower can sell or transfer the project in accordance with 7 C.F.R. §3560.659, under the prepayment regulations or in accordance with 7 C.F.R. §3560.406, at anytime. It should be noted here that any appraisal conducted in conjunction with a sale or transfer of these properties should consider the RUC in accordance with 7 C.F.R. §3560.752 (b) (1) (i). Additionally, if the transfer or sale fails to materialize and close, the prepayment request will be withdrawn and returned to the borrower. The impact of the RUC and Agreement would affect any new requests for prepayment or any outstanding requests that were pending at the time the Agreement became effective.

If, in the course of servicing the loans on properties that received damages under the Agreement, it is determined it will be necessary to seek liquidation of the account through foreclosure, the opinion of the Regional Office of General Counsel (OGC) must be obtained as to whether or not the Rural Development mortgage must be subordinated to the RUC in order to survive a foreclosure sale. If OGC determines that mortgage must be subordinated to the RUC, the subordination will be completed prior to acceleration of the account. The Multi-Family Housing Information System (MFIS) should also be updated to reflect the date that the new RUC expires on the property that received damages.

Based on the issues that precipitated the Agreement, it has been determined that any loan made or assumed during the period of December 21, 1979, to December 14, 1989, could be the subject of future litigation. AN No. 4717 (2033-A), dated (to be determined), addresses the retention of information in case files for accounts for which prepayment was requested. However, in order to insure that the records and documents regarding these loans are adequately preserved, it will be necessary to retain the loan file and servicing files in the cases of any Section 515 loan made or assumed during the period of December 21, 1979, to December 14, 1989, until 6 years after the loan is satisfied. This would also include any electronic correspondence (e-mail) and data stored in MFIS. Please note that for prepayment cases currently filed, documents are subject to a litigation hold and while under the litigation hold, files must be retained in their entirety. There is no need to retain and preserve documents from litigation cases that have been closed.

For all other cases involving section 515 loans made or assumed between December 21, 1979 to December 14, 1989, information such as tenant certifications, Identity of Interest's, management plans and agreements, expired insurance policies, old Affirmative Fair Housing Marketing Plans, and old energy audits may be destroyed in accordance with RD Instruction 2033-A, as they have no impact on the determination of potential damages in prepayment cases. Documentation regarding all supervisory visits and all budgets must be retained for 6 years after the loan is satisfied.

Questions regarding this UL may be directed to the Preservation and Direct Loan Division or Tiffany Tietz at 616.942.4111 extension 126 or e-mail at tiffany.tietz@wdc.usda.gov.

June 24, 2014

TO: State Directors

ATTN: Area Directors
Area Specialist
Utilities Program Directors

FROM: John C. Padalino /s/ ***John C. Padalino***
Administrator
Rural Utilities Service

SUBJECT: Interest Rate Changes for Water and Waste Loans

Language in the Consolidated Farm and Rural Development Act requires that the poverty rate and the intermediate rate be determined based on the approval date of the loan. For those loans approved on or after May 23, 2008, the poverty rate will be set at 60 percent of the market rate and the intermediate rate set at 80 percent of the market rate, adjusted to the nearest one-eighth of one percent. Following are the new interest rates for water and waste disposal loans approved on or after May 23, 2008:

Poverty Line….. decreased to...........2.375%
Intermediate...... unchanged to...........3.250%
Market ………... decreased to...........4.000%

For loans approved but not closed on or before May 22, 2008, the poverty rate will remain fixed at 4.500 percent and the intermediate rate will continue to be set at one-half of the difference between the poverty line rate and the market rate. Following are the new interest rates for water and waste disposal loans approved on or before May 22, 2008:

Poverty Line….. unchanged at ….....4.500%
Intermediate...... unchanged to 4.250%
Market............... decreased to...........4.000%

Due to the inversion of the rates, all loans may be obligated at the lower market rate for this quarter. These rates will be effective from July 1,, 2014, through September 30, 2014.

EXPIRATION DATE:
September 30, 2014

FILING INSTRUCTIONS:
Administrative/Other Programs

Also, the rate for watershed protection and flood prevention loans and resource conservation and development loans is as follows:

CURRENT RATE	NEW RATE
4.125%	4.000%

Please notify appropriate personnel of these rates

Sent by Electronic Mail 6-24-14 at 3:30 pm by Credit Reform Staff. State Director should advise other personnel as appropriate.

June 24, 2014

TO: State Directors
Rural Development

FROM: Tony Hernandez /s/ ***Tony Hernandez***
Administrator
Housing and Community Facilities Programs

SUBJECT: Supervised Bank Accounts

This Unnumbered Letter (UL) is reissued in response to continued questions on the use of Supervised Bank Accounts (SBA) with our housing programs. It replaces any previous ULs on this subject.

Pursuant to the Customer Identification Program (CIP) regulations at 31 CFR 1020.220, financial institutions are required to obtain certain identification information from customers who are opening an account. However, financial institutions are not required to obtain CIP information from Federal agencies opening an account, because Federal agencies are not considered “customers” for the purpose of CIPs, in accordance with 31 CFR §§1020.100(c)(2); 1020.315(b)(2). Government officials with signature authority and acting in the course and scope of their official Government duties fall under the exemption.

To assist banks in complying with the USA Patriot Act, a copy of this UL may be provided to bank compliance officers for their documentation regarding **NOT** requiring Rural Development employee’s social security numbers when an employee is set up for countersignature authority on the borrower’s SBA.

It is recommended that Rural Development employees provide the bank with proof of being a Government employee, such as a copy of their Federal identification card.

If you have any questions regarding this UL, please contact Gloria Denson of the Single Family Housing Direct Loan Division at (202) 720-1487, or Janet Stouder of the Multi-Family Housing Portfolio Management Division at (202) 720-9728.

EXPIRATION DATE:
June 30, 2015

FILING INSTRUCTIONS:
Housing Programs

June 24, 2014

TO: State Directors

ATTN: Area Directors
Area Specialist
Community Facilities Program Directors

FROM: Tony Hernandez
Administrator
Housing and Community Facilities Programs

SUBJECT: Interest Rate Changes for Community
Facilities Programs

Effective from July 1, 2014, through September 30, 2014, the interest rates for direct community facility loans are as follows:

Poverty Line...unchanged at.............4.500%
Intermediate... unchanged to.............4.250%
Market...........decreased to...............4.000%

Please notify appropriate personnel of these rates.

EXPIRATION DATE:
September 30, 2014

FILING INSTRUCTIONS:
Administrative/Other Programs

June 30, 2014

TO: State Directors

ATTN: Area Specialist
Business Program Directors

FROM: Lillian Salero ***/s/ Lillian Salero***
Administrator
Rural Business-Cooperative Service

SUBJECT: Interest Rate Changes for Business and Industry Loans

The following interest rates, effective July 1, 2014, through September 30, 2014.

Loan Type	**Existing Rate**	**New Rate**
ALL LOAN TYPES		
Direct Business and Industry	3.250%	3.250%

Please notify appropriate personnel of this rate.

EXPIRATION DATE:
September 30, 2014

FILING INSTRUCTIONS:
Administrative/Other Programs

June 30, 2014

TO:	State Directors
ATTN:	Area Directors Area Specialist Rural Housing Program Directors
FROM:	Tony Hernandez **/s/ *Tony Hernandez*** Administrator Housing and Community Facilities Programs
SUBJECT:	Interest Rate Changes for Housing Programs and Credit Sales (Nonprogram)

The following interest rates, effective July 1, 2014, are reported as follows:

Loan Type	**Existing Rate**	**New Rate**
ALL LOAN TYPES		
Treasury Judgment Rate	0.110%	0.100%

The new rate shown above is as of the week ending December 27, 2013. The actual judgment rate that will be used will be the rate for the calendar week preceding the date the defendant becomes liable for interest. This rate may be found by going to the Federal Reserve website for the weekly average 1-year Constant Maturity Treasury Yield *

RURAL HOUSING LOANS

Rural Housing (RH) 502 Very-Low or Low	3.750	3.650
Single Family Housing (SFH) Nonprogram	4.250	4.125
Rural Housing Site (RH-524), Non-Self-Help	3.750	3.625
Rural Rental Housing and Rural Cooperative Housing	3.750	3.625

Please notify appropriate personnel of these rates.

EXPIRATION DATE:
July 31, 2014

FILING INSTRUCTIONS:
Administrative/Other Programs

* (http://www.federalreserve.gov/releases/h15/data/Weekly_Friday_/H15_TCMNOM_Y1.txt).