



Rural Development

March 17, 2020

Rural Utilities Service

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TO: State Directors/Acting State Directors
ATTN: Area Directors
Area Specialist
Utilities Program Directors
FROM: Chad Rupe /s/ **Chad Rupe**
Administrator
Rural Utilities Service

SUBJECT: Interest Rate Changes for Water and Waste Disposal 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.....1.375%
Intermediate....decreased to.....1.875%
Market.....decreased to.....2.375%

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....decreased to.....3.375%
Marketdecreased to.....2.375%

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 April 1, 2020, through June 30, 2020.

EXPIRATION DATE:
June 30, 2020

FILING INSTRUCTIONS:
Administrative/Other Programs

Also, the rate for watershed protection and flood prevention loans and resource conservation and development loans is set by the same method as outlined above for current Water and Waste Disposal market rate loans and is as follows:

CURRENT RATE	NEW RATE
2.750%	2.375%

Please notify appropriate personnel of these rates.

Sent by Electronic Mail on March 17, 2020, at 2:50 pm by Policy and Analysis Staff. State Directors/Acting State Directors should advise other personnel as appropriate.