

March 15, 2017

TO: State Directors

ATTN: Area Directors  
Area Specialist  
Utilities Program Directors

FROM: Christopher A. McLean /s/ *Christopher A. McLean*  
Acting 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..... unchanged at.....2.000%  
Intermediate..... unchanged at.....2.750%  
Market ..... unchanged at.....3.375%

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..... unchanged at.....3.875%  
Market..... unchanged at.....3.375%

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 January 1, 2016, through March 31, 2016.

EXPIRATION DATE:  
June 30, 2017

FILING INSTRUCTIONS:  
Administrative/Other Programs

Interest Rate Changes for Water  
And Waste Loans

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

| CURRENT RATE | NEW RATE |
|--------------|----------|
| 3.375%       | 3.375%   |

Please notify appropriate personnel of these rates

Sent by Electronic Mail 03-15-1175 at 1:30 pm by Credit Reform Staff. State Director should advise other personnel as appropriate.