

UNNUMBERED LETTERS ISSUED FOR THE MONTH OF SEPTEMBER 2004

Dated	Subject	Distribution
09-02-04	Clarification of Job Information	S/D
09-10-04	Rural Business Enterprise Grant Program Technical Assistance for Rural Transportation Systems Fiscal Year 2004	S/D
	Procedures for the Use of and Creation of Official Rural Development E-mail Lists	S/D
09-13-04	Redistribution of Pooled Fiscal Year (FY) 2004 Single Family Housing Direct Funds	S/D
09-15-04	Rural Development 5-Year Management Control Review Plan	S/D
	Interest Rates for Community Facilities	S/D, RDM, AD
09-16-04	Interest Rate Changes for Housing Programs and Credit Sales (Nonprogram)	S/D, RDM, AD
09-17-04	Interest Rates for Water and Waste Disposal Loans, Watershed Protection and Flood Prevention Loans, and Resource Conservation and Development Loans	S/D, RDM, AD
	Interest Rate for Direct Business and Industry Loans	S/D, RDM, AD
09-20-04	Renewable Energy Systems and Energy Efficiency Improvements Grant Program National Office Reserve Fiscal Year 2004 Funding Cycle	S/D
	Direct Loan Program Correction of Amount of Obligation for the Current or Prior Fiscal Year	S/D
09-22-04	Occasion to Half-Staff the American Flag	S/D
09-24-04	Single Family Housing Direct Loans With Leveraging	S/D
	Section 502 Direct Loans With A Housing Choice Voucher Homeownership Program	S/D

Dated	Subject	Distribution
09-28-04	Integrated Acquisition System Implementation	S/D
	Rural Economic Development Loan and Grant Program Projects Funded for Fourth Quarter Funding Fiscal Year 2004	S/D
	Intermediary Relending Program Fourth Quarter Funding	S/D
09-29-04	Additional Program Type Codes for Fiscal Year 2005	S/D
09-30-04	Loan Dockets Not Properly Maintained	S/D

September 2, 2004

SUBJECT: Clarification of Job Information

TO: State Directors  
Rural Development

ATTN: Business Program Directors

The Office of Management and Budget (OMB) has mandated that performance measures and goals be established for Rural Business-Cooperative Service (RBS) programs. The job information, businesses or individuals assisted, and economic and strategic plans accomplished are the performance measures provided to OMB. This unnumbered letter is to provide guidance and clarification concerning mandatory fields in the Guaranteed Loan System (GLS), how to calculate full-time equivalent jobs, when and how jobs are verified, and the forms used for documentation.

The Department of Labor Bureau of Labor Statistics defines a full-time job as a job that has at least 35 hours in the work week and a part-time job as a job that has less than 35 hours in the work week. We will, therefore, use these statistics to determine the jobs created and saved for all business programs. The estimated job information should be part of the application or scope of work. To calculate full-time equivalent jobs, count two part-time jobs as one full-time job and three seasonal jobs as one full-time job. If the total number of part-time and/or seasonal jobs add up to a fraction, round up to the next whole number after combining same.

There has been confusion about when to count indirect jobs. If a job clearly has a dependency on the borrower's project or if the debt service depends upon that operating entity (real estate/operating entity relationship) or management entity, those jobs will be counted. Some examples of indirect jobs include, but are not limited to: business incubators; real estate leasing where the lessor is dependent upon the tenant, such as shopping centers or warehouses; management companies that control primary business operations for industries such as hotel, hospital, and assisted living/nursing care facilities. Examples of indirect jobs not counted, include but are not limited to: construction jobs to build the project, and businesses near the project which realize an increase in sales from the project employees.

EXPIRATION DATE:  
September 30, 2005

FILING INSTRUCTIONS:  
Community/Business Programs

### **Business and Industry Loans:**

The number of jobs created and saved and the related information are located on the Business Program facility/project information screen. Field office staff must enter the number of jobs created and/or saved by the proposed loan. These fields are mandatory in GLS.

Currently, GLS is reporting total job information from all project screens. If the borrower is receiving a Business and Industry (B&I) Guaranteed Loan, you may have one facility with multiple projects. If the proposed funds are for the same facility but a different project, the field office staff must add the project to an existing facility screen. When this occurs, only the number of jobs created should be entered to avoid duplicating existing job numbers.

Example 1: Company A applies for a guaranteed loan for expansion of their facility. The borrower would be created in GLS along with the facility with a project and request tied to that facility. The company will create 10 jobs and save 20 for a total of 30. Two years later, Company A comes back requesting a guaranteed loan for equipment for the same facility and there are 35 jobs at that facility. A new project and request would be entered tying the project and request to the same facility in GLS. You will have to determine if any of the five new jobs were created due to this loan. If so, you would input the five as created and zero as saved, unless you can document that the loan was necessary to save the jobs. If you count the 30 from the previous loan as being saved, that would be a duplication making the job number higher than actual performance.

Example 2: Company A comes back 5 years later for a real estate loan to build a new facility in a different county creating 25 jobs. A new facility would be created in GLS along with a new project and request. Jobs created would be 25 and the number of jobs saved would be zero.

Once loans are closed, verification of performance measures must be completed and entered into GLS on the "BP Routine Servicing Action Information" screen. For B&I loans, the jobs are verified at a borrower visit during the first year of operation after issuance of the Loan Note Guarantee in accordance with RD Instruction 4287-B, section 4287.107 (c) and (f). After that initial visit, field office staff should obtain job information at the annual lender visit, documenting the number(s) on Part 2 of Form RD 4279-15, "Business and Industry Visit Review Report," and update GLS accordingly.

### **Specialty Lender Division Programs:**

If the project is for an Intermediary Relending Program (IRP), Rural Business Enterprise Grant Programs (RBEG), Rural Economic Development Loan and Grant Program (REDLG), and Rural Business Opportunity Grant Program (RBOG), each request must have a different facility and project. This will provide for accurate accounting and reporting of jobs for each project.

The IRP site visit form is RD 1951-5, which is used to document the annual visits that are required by procedure. The intermediary must certify that the numbers created are actual numbers. Field office staff should verify job information at annual intermediary site visits. Each individual ultimate recipient must be tracked in GLS on the Ultimate Recipient screen and updated accordingly.

The RBEG Program counts jobs that will be created or saved by the small and emerging private businesses being assisted. Job creation or retention of the grantee is not counted for this purpose. RBEG job information may not be verified until a year or more depending on the purpose of the project. Grantees should complete final performance reports verifying job information. If the grant is for a revolving loan fund, jobs should be verified for each ultimate recipient the grantee provides financial assistance. The ultimate recipient must be tracked in GLS on the Ultimate Recipient screen and updated accordingly.

The REDLG Program counts the number of jobs the ultimate recipient has created or saved, which are provided at the time the application is submitted. After closing, jobs must be verified by the Cooperative using the performance report or when the Agency completes the required site visits.

The verification of jobs is essential in order to have an accurate measure of performance. Job information is estimated every year by the Agency and will be used by Congress to appropriate funds. Therefore, your efforts to obtain job information will ensure that the Agency can provide accurate results to OMB for future funding opportunities. If you have any questions for a specific program regarding this memo, please contact the appropriate division.

*(Signed by William F. Hagy, III)*

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs

September 10, 2004

SUBJECT: Rural Business Enterprise Grant Program  
Technical Assistance for Rural Transportation Systems  
Fiscal Year 2004

TO: State Directors, Rural Development

ATTN: Business Programs Directors

We have recently completed the Technical Assistance for Rural Transportation Systems funding cycles. A notice was published in the Federal Register on March 9, 2004, announcing that a single \$497,050 grant would be available from the funds appropriated under the Rural Business Enterprise Grant program and another single \$248,525 grant from the Federally Recognized Native American Tribes set-aside for improving passenger transportation services or facilities. One pre-application competed for the \$497,050 earmark and one pre-application competed for the Native American set-aside. The Community Transportation Association of America was selected for both grant awards.

For Rural Transportation the projects include:

AL Eufaula/Barbour County Chamber of Commerce  
CA Gualala – Action Network  
CA Alturas Chamber of Commerce  
IN Union County Council on Aging and Aged, Inc.  
NY United Way of Greater Oswego County, Inc.

For Native American Tribes set-aside, the projects include:

MT Confederated Salish and Kootenai Tribes of the Flathead Reservation  
MT Northern Cheyenne Tribe  
WI Bad River Band of Lake Superior Tribe of Chippewa

EXPIRATION DATE:  
September 30, 2004

FILING INSTRUCTIONS:  
Community/Business Programs

In addition to the three projects listed above, the Native American set-aside will also assist nine short term projects which include:

AZ Tohono O'odham Reservation  
MN Mille Lacs Band of Ojibwe  
OR Warm Springs Reservation  
WA Lummi Nation  
WA Chehalis Reservation  
WA Nisqually Reservation  
WA Shoalwater Reservation  
WA Skokomish Reservation  
WA Squaxin Island Reservation

*(Signed by William F. Hagy, III)*

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs

Sent by electronic mail on 09-14-04 at 4:03 p.m. by DABP.

September 10, 2004

**SUBJECT:** Procedures for the Use of and Creation of Official  
Rural Development E-mail Lists

**TO:** Rural Development Agency Administrators  
Rural Development State Directors  
Deputy Administrator, Office of Community Development

**ATTN:** Administrative Program Directors

In Rural Development, e-mail provides a vital link enabling more efficient communications and delivery of our programs. Frequently, official e-mail lists are used to reach specific groups of employees to expedite electronic correspondence. This memorandum implements two internal control procedures established to ensure the quality of e-mail correspondence in Rural Development. The first procedure entails the use of official e-mail lists, including ensuring that replies are properly directed to the intended recipient. The second procedure concerns participation in the Chief Information Office's (CIO), Customer Services Division (CSD) e-mail list maintenance service.

### **The Use of Official E-mail Lists**

The CSD of the CIO maintains official Rural Development e-mail lists intended for use in the disbursement of Rural Development correspondence (Attachment 1). The use of these lists is authorized only by the Rural Development official cited in Attachment 1 and any official and unofficial correspondence sent via these lists is subject to the clearance procedures outlined in Attachment 2.

Additionally, in the use of these lists, it is important to note that the correspondence contained in the e-mail must name a contact point to whom reply e-mails should be sent; as the CSD cannot reroute replies to the list user or the author of the correspondence. Specific procedures for effective use of these official e-mail lists are in Attachment 3.

**EXPIRATION DATE:**  
September 30, 2005

**FILING INSTRUCTIONS:**  
Administrative/Other Programs



The CSD creates, changes, and maintains all official Rural Development e-mail lists. The CSD also facilitates the mailings of any correspondence that is done using any official Rural Development e-mail list. This is one of the many services provided by the Chief Information Officer of Rural Development. If a Rural Development agency, division, or other official entity requires an official e-mail list, see Attachments 4 and 5 for the required procedures to receive this service from the CSD.

Any questions or concerns about these procedures should be directed to Andy Mills, Chief, Customer Outreach and Advocacy Branch, CSD. He can be reached by telephone at (202) 692-0055 or by e-mail at [andy.mills@usda.gov](mailto:andy.mills@usda.gov).

*(Signed by Sherie Hinton Henry)*

SHERIE HINTON HENRY  
Deputy Administrator  
for Operations and Management

Attachments

Sent by Electronic Mail on 09-13-04 at 2:40 p.m. by CSD.

### E-Mail Address Lists for Rural Development

#### All Employee Lists:

<u>List Name</u>	<u>Owner</u>	<u>Purpose</u>	<u>Authority To Use</u>
<a href="mailto:allrdnoemp@newsbox.usda.gov">allrdnoemp@newsbox.usda.gov</a>	DAOM	Messages to all employees located in Washington, DC	DAOM
<a href="mailto:allstlemps@stl.rural.usda.gov">allstlemps@stl.rural.usda.gov</a>	DAOM	Messages to all employees located in St. Louis, MO	DAOM
<a href="mailto:allrdfieldep@newsbox.usda.gov">allrdfieldep@newsbox.usda.gov</a>	DAOM	Messages for all employees located in Field Offices	DAOM
<a href="mailto:omall@newsbox.usda.gov">omall@newsbox.usda.gov</a>	DAOM	All Operations and Management employees	DAOM
<a href="mailto:rbs-all@newsbox.usda.gov">rbs-all@newsbox.usda.gov</a>	RBS ADM	All RBS employees	RBS ADM

#### Special Purpose Lists:

<u>List Name</u>	<u>Owner</u>	<u>Purpose</u>	<u>Authority To Use</u>
<a href="mailto:rdusec@newsbox.usda.gov">rdusec@newsbox.usda.gov</a>	Under Secretary	Messages to the Under Secretary's Staff	DAOM Under Secretary's Staff
<a href="mailto:statedirs@newsbox.usda.gov">statedirs@newsbox.usda.gov</a>	DAOM	Messages for State Directors	DAOM
<a href="mailto:regs@newsbox.usda.gov">regs@newsbox.usda.gov</a>	Director, SSD	Messages about Regulations	Support Services Division
<a href="mailto:ao@newsbox.usda.gov">ao@newsbox.usda.gov</a>	DAOM	Messages for Administrative Officers	DAOM
<a href="mailto:irm@newsbox.usda.gov">irm@newsbox.usda.gov</a>	CIO	Messages for State IRMs	CIO
<a href="mailto:ffisfield@newsbox.usda.gov">ffisfield@newsbox.usda.gov</a>	CFO Budget Division	Messages for FFIS users in field offices	Budget Division
<a href="mailto:ffisnat@newsbox.usda.gov">ffisnat@newsbox.usda.gov</a>	CFO Budget Division	Messages for FFIS users in the National Office	Budget Division
<a href="mailto:dcsupv@newsbox.usda.gov">dcsupv@newsbox.usda.gov</a>	Director Mission Area Personnel Services Division	Messages for supervisors in Washington, DC	Human Resources
<a href="mailto:mco@newsbox.usda.gov">mco@newsbox.usda.gov</a>	Director Financial Management Division	Messages for Management Control Officers	Financial Management Division

<a href="mailto:noofficials@newsbox.usda.gov">noofficials@newsbox.usda.gov</a>	DAOM	Messages to National Office Officials	DAOM
<a href="mailto:hrmstc@newsbox.usda.gov">hrmstc@newsbox.usda.gov</a>	HRTD	Human Relations Managers and State Training Coordinators	HRTD
<a href="mailto:Lmphase1@newsbox.usda.gov">Lmphase1@newsbox.usda.gov</a>	HRTD	Training Division	HRTD
<a href="mailto:rd-itstaff@newsbox.usda.gov">rd-itstaff@newsbox.usda.gov</a>	Director Customer Services Staff Division	Chief Information Office	Customer Services Division

**Clearance Procedures for Official and Unofficial Correspondence via Electronic Mail**

Official Correspondence via E-mail

Official correspondence includes but is not limited to Official Announcements, Numbered letters, Un-numbered letters and Administrative Notices. Any and all correspondence that is sent to all Rural Development employees is official correspondence.

Authors of official correspondence must follow established clearance procedures. Authors must obtain approval through the Regulations and Paperwork Management Branch (RPMB) for all official correspondence, including those sent via e-mail.

Upon approval, the RPMB will release the correspondence to the appropriate list owner who will e-mail the correspondence and annotate who/when it was e-mailed. To obtain authorization to use a specific e-mail list, please see Attachment 1.

Unless otherwise approved by the Deputy Administrator for Operations and Management, the Customer Services Division (CSD) ONLY has the responsibility to send official correspondence to the “all Rural Development National Office Employees” and the “all Rural Development Field Office Employees” lists. To use this service send a request to CSD via e-mail to [rdlistrelease@usda.gov](mailto:rdlistrelease@usda.gov). Please contact the Rural Development Help Desk if assistance is required. The Help Desk is available to support any list Owner during all business hours.

Unofficial Correspondence via E-mail

The CSD adheres to all official policies for unofficial correspondence. These policies are described in the Departmental Regulation 3300-1, and are as follows:

“The use of telecommunications equipment and services (telephones, facsimile, electronic messaging, computer equipment, and the Internet) by all USDA employees shall be in accordance with the requirements of 5 C.F.R., Part 2635, Subpart G, Sections 704 and 705, and the United States Office of Government Ethics document, Standards of Ethical Conduct for Employees of the Executive Branch.”

“This policy authorizes the limited personal use of telecommunications resources by USDA employees in the workplace on an occasional basis provided that the use involves minimal expense to the Government and does not interfere with official business. Occasional personal use of telecommunications resources shall normally take place during the employees' personal time. Telecommunications resources and official time shall not be used to earn outside income. Employees shall not use telecommunications resources or official time for private gain. Employees shall exercise common sense and good judgment in the personal use of

telecommunications resources. Official Government business always takes precedence over the personal use of telecommunications resources.”

“While the occasional use of telecommunications resources in moderation is acceptable, uses not conforming to this order are strictly prohibited. Also, employees are expected to conduct themselves professionally in the workplace and to refrain from using telecommunications resources for activities that are inappropriate or offensive to co-workers or the public, such as the use of sexually explicit materials or remarks that ridicule others on the basis of race, creed, religion, color, sex, handicap, national origin, or sexual orientation. Pursuant to the authority vested in the Inspector General Act, 5 U.S.C., appendix 3, section 1-12, the Office of Inspector General is exempt from the provisions in this directive for mission-related activities only.”

## How to Send Mail

A message must be posted to the mailbox using the same procedure as when sending mail to other people. The list address is the name of the list, followed by the name of the server where it is hosted. See “Attachment 1” to select the list name and address. Please keep in mind that authority to use specific lists must be obtained prior to that lists’ use.

The LISTSERV software does not provide a message delivered receipt to the sender. Therefore, if an acknowledgement is required, please request the recipient to send a message to a designated contact person. Users should be advised that the “Reply” feature does not respond in the same manner as it does on your personal mailbox. Using the “Reply” feature through the LISTSERV sends the comment or reply to all recipients on the list not just to the person generating the message. To ensure that responses are received by the intended recipient, please add the following statement at the top of the message being sent:

**\*\*\*\*\*Please Do Not Reply To This Message\*\*\*\*\***

***If you reply to this message, your private comment will not reach the intended recipient. Send your reply to (insert contact’s name). Thank you.***

After sending the e-mail message, the message will be held by the L-Soft server at USDA’s newsbox system until release is approved by the list owner.

**Example: “Your message dated Mon, 22 Mar 2004 14:51:56 – 0500 with the subject “Vacancy Announcement” has been submitted to the moderators of the AO list.”**

The e-mail moderator owner receives and releases all incoming messages. The moderator decides whether to post the message to all the members or to reject the message. To avoid having a request rejected, users should obtain proper clearances before attempting to send a message. If the message has not been approved prior to submission, the moderator will notify the owner that his/her message was rejected.

If assistance is needed to determine if an e-mail message reached the targeted audience, please call the Rural Development Help Desk at (202) 690-0283.

## **Procedures for Official Rural Development E-mail Lists**

### To Create an E-mail List

To create an official Rural Development e-mail list, a list “owner” must be identified. That individual is the point of contact for that specific list and is responsible for the list contents and authority to use the list. The list owner then completes the form in Attachment 5, following the “Create a New User” process described in the “Change Information” section below. List creation requests are submitted to the Rural Development Help Desk, room 2107, USDA-South Building or via email to [rdlistrelease@usda.gov](mailto:rdlistrelease@usda.gov). Requests to create new e-mail lists must be approved by a Division Director and hand delivered to the Rural Development Help Desk, room 2107, USDA-South Building or via e-mail to [rdlistrelease@usda.gov](mailto:rdlistrelease@usda.gov). The request should include a name for the list, the names of the list members, and the list members’ e-mail addresses. The Customer Service Division (CSD) will incorporate changes within 10 work days of request receipt date. If assistance is needed in preparing the request, please contact the Rural Development Help Desk at 202-690-0283.

### To Change an Existing E-mail List

Requests to change a Rural Development E-Mail List(s) are the responsibility of the list owner. However, a designated alternate may act in the list owner’s behalf if proper notification has been received by CSD. Notification indicating the alternate’s name and telephone number should be submitted to the [rdlistrelease@usda.gov](mailto:rdlistrelease@usda.gov) prior to submitting a list change. Information on the Change Request Form should be typed or printed to ensure accuracy and timeliness. Submit your change request to the Rural Development Help Desk, room 2107, USDA-South Building or via email to the above address. CSD will incorporate changes within 3 work days of request receipt date. If assistance is needed preparing the request, please contact the Rural Development Help Desk at 202-690-0283.

### All Employee E-Mail Lists

The Human Resources Division will provide a Gains & Losses report to the Customer Service Division (CSD) on a weekly basis. This report will identify newly-hired employees, employees changing job within the mission area, and employees who are no longer employed by Rural Development. The CSD will use this report as the basis to keep the “all Rural Development National Office Employees” list accurate and complete. Volunteers and contractors will not be included in the Gains and Losses report. Division Directors may submit a Change Request (Attachment 5) to CSD for volunteers and contractors. Change Requests may be hand delivered to room 2107, USDA-South Building or sent via e-mail to [rdlistrelease@usda.gov](mailto:rdlistrelease@usda.gov).

### Special Purpose E-Mail Lists

The owners of “Special Purpose” lists may request a change to that list by sending an E-Mail Change Request Form (Attachment 5) to the Rural Development Help Desk. List owners are required to complete the form and review the information for accuracy prior to submission. Change requests should be hand delivered to the Rural Development Help Desk, room 2107, USDA-South Building or submitted via e-mail to [rdlistrelease@usda.gov](mailto:rdlistrelease@usda.gov).

### Change Information

On the “E-Mail List Change Request” form, indicate the e-mail list you wish to change (see attachment 1). Select a change description category and complete the requested information.

- **Create a New User** - must include correct spelling of user’s name and e-mail address. If user’s name is different from the e-mail address, please include both.
- **Delete Existing User** - indicate how the user’s name and e-mail address appears in the current list.
- **Revise E-mail List** - must include the current user’s name, e-mail address and the revised information.

### List Ownership and Use

Ensuring responsible “Ownership” for managing who is allowed on the e-mail distribution list and who may use that distribution list to deliver e-mail to employees is a priority of the CSD. To achieve this goal, the CSD is utilizing an e-mail management software program called LISTSERV. LISTSERV has made it easy to administer e-mail lists, performing in seconds the functions that would otherwise have to be done manually.

The CSD has developed a master inventory (Attachment 1) of all current and approved e-mail lists that identifies the “List Owner” within a defined organizational entity, the purpose of the list, and who may use the list. The list owners’ responsibility is critical. They will be responsible to ensure that the list is used according to Rural Development and Departmental policies, as well as for following the established clearance process, discussed more fully in the section below. The list owners will follow the process in the Change Procedures for e-mail lists within their purview discussed above to create a list, establish who may use their list, and to change information pertaining to an existing e-mail list.



The CSD will maintain the ownership and list content with the assistance and proper direction of the owner via the forms and processes described in above and in Attachment 5. In particular, CSD will support “Special Purpose” mail lists (e.g. Administrative Officers, National Office Officials) as a service to Rural Development employees and offices that are located in Washington, DC. These lists will be updated and maintained by designating the owner for each “Special Purpose” list who will approve list changes and send change requests (i.e., forms) to the Rural Development Help Desk.

#### List Maintenance

The Listserv moderators will periodically review and update all e-mail lists.

### E-MAIL LIST CHANGE REQUEST

**Owner Information:**

Your Name \_\_\_\_\_

Your Telephone Number \_\_\_\_\_

Today's Date \_\_\_\_\_

**List Information:**

Name of List Requiring a Change \_\_\_\_\_

**Change Information:** (Select Appropriate Box)

If you need assistance, please contact the Rural Development Help Desk at 202-690-0283.

- Add a New Member                       Delete an Existing Member

Member's Name \_\_\_\_\_

Member's E-mail Address \_\_\_\_\_

- Change an Existing Member

Member's Current Name and E-mail Address:

\_\_\_\_\_

Member's New Name and/or New E-mail Address:

\_\_\_\_\_

- Other Changes (Please Describe)

\_\_\_\_\_

\_\_\_\_\_

**CSD Use Only:**

Date Request Received \_\_\_\_\_

Date Request Completed \_\_\_\_\_

September 13, 2004

TO: State Directors  
Rural Development

ATTENTION: Single Family Housing Program Directors

FROM: David J. Villano *(Signed by David J. Villano)*  
Deputy Administrator  
Single Family Housing

SUBJECT: **Redistribution of Pooled Fiscal Year (FY) 2004  
Single Family Housing Direct Funds**

On this morning, September 13, 2004, all unobligated Section 502 Direct and Section 504 Grant funds were pooled and placed in the National Office's reserves. Section 504 loan funds were not pooled.

Over the last week, you've obligated nearly \$100 million and we'd like to thank you for the tremendous effort.

### **SECTION 502 DIRECT LOAN FUNDS**

Effective with this memorandum, we are releasing the total distribution of Section 502 very low- and low-income funds on a first come - first served basis. The amount of \$75 million has been placed as a ceiling for each state, allowing states to fund loans on a first come-first served basis.

We will continue to keep you informed of obligation rates and remaining balances through regular emails.

If you have any questions about 502 Direct funds available, or are not receiving the update emails, please contact Lou Paulson at (202) 720-1478.

EXPIRATION DATE:  
September 30, 2004

FILING INSTRUCTIONS:  
Housing Programs

### **SECTION 504 LOANS**

Section 504 loan funds were not pooled and will be available through the close of business, September 30, 2004. Please contact Gloria Denson at (202) 720-1487 if additional funds are needed.

### **SECTION 504 GRANTS**

Due to the limited unobligated Section 504 grant funds, funds will only be available for hardships and must be requested through NORF.

September 15, 2004

SUBJECT: Rural Development 5-Year Management Control  
Review Plan

TO: Rural Development State Directors and  
National Office Officials

ATTN: State Management Control Officers and  
Administrative Program Directors

The Management Control Review (MCR) process provides management with valuable insight and information regarding their programs and the controls in place to guard against waste, fraud and abuse of resources.

Attached is a copy of the updated 5-year MCR plan covering Fiscal Years (FY) 2005 through 2009. The 5-year MCR plan contains all the assessable units of the mission area scheduled for review. The 5-year MCR plan is updated and revised throughout the year as new issues arise and circumstances change for the assessable units.

In addition to the updates resulting from the MCRs that were conducted in FY 2004, there are also other changes that have occurred throughout the year and have been approved for incorporation into the 5-year MCR plan.

Any questions regarding the MCR process and 5-year MCR plan should be directed to the Financial Management Division at 202-692-0080.

*(Signed by Sherie Hinton Henry)*

SHERIE HINTON HENRY  
Deputy Administrator  
for Operations and Management

Attachment

EXPIRATION DATE:  
September 30, 2005

FILING INSTRUCTIONS:  
Administrative/Other Programs

Sent by electronic mail on 09-15-04 at 11:45a.m. by FMD.

## RURAL DEVELOPMENT FIVE-YEAR MANAGEMENT CONTROL REVIEW (MCR) PLAN

(As of September 10, 2004)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
<b>H I G H</b>	<p>OCD-Empowerment Programs Division</p> <p>O&amp;M-CRS-EEO (Title VII)</p> <p>O&amp;M-HR-Training Division</p> <p>O&amp;M-PAS-Grants &amp; Co-op. Agreements</p> <p>O&amp;M-PAS-Physical Security</p> <p>RBS-1890s Land Grant Initiative</p> <p>RHS-SFH-Section 502 Direct Loan Program – CSC only</p>	<p>O&amp;M-BD-Administrative Programs Branch</p> <p>O&amp;M-CR-Program Compliance Br.(Title VI)</p> <p>RBS-Renewable Energy Acquisition/ Energy Efficiency Improvements Program</p>	<p>O&amp;M-BD-Program Budget Branch</p> <p>O&amp;M-PAS-Funds Management</p>		
<b>M E D I U M</b>	<p>O&amp;M-IT-IRM-ITD-Telecommunications Br.</p> <p>O&amp;M-PAS-Procurement Operations - Formal and Simplified</p> <p>RBS-Business Opportunity Grant Prog.</p> <p>RBS-CS-Rural Cooperative Development Grant Program</p> <p>RBS-Intermediary Relending Program</p> <p>RHS-MFH-Section 515 Rural Rental Housing</p> <p>RHS-MFH-Section 538 Guaranteed</p> <p>RHS-SFH-Section 504 Loans &amp; Grants</p> <p>RUS-Telecom-Broadband Loan Prog.</p>	<p>OCD-Community Resource Developmnt Div.</p> <p>O&amp;M-BD-Credit Reform Staff</p> <p>O&amp;M-HR-MAPSD, HR Program Branch</p> <p>O&amp;M-IRM-MSD-Information Mgmt. Branch</p> <p>O&amp;M-IRM-SSD-RBS Services Branch</p> <p>O&amp;M-IRM-SSD-RHS SFH Branch</p> <p>O&amp;M-IRM-SSD-RHS SFH Branch</p> <p>O&amp;M-IT-CSD-Headquarters Network Br.</p> <p>O&amp;M-PAS-Procurement Oversight</p> <p>O&amp;M-PAS-SMB, Leasing Program</p> <p>O&amp;M-PAS-Supplies/Personal Property</p> <p>RHS-CF-Direct Loan, Guaranteed Loan, and Grant Program</p> <p>RHS-SFH-Section 502 Direct Loan Program-Field Office Operations</p> <p>RHS-SFH-Section 502 Guaranteed Loan Program</p> <p>RUS-Telephone Loans &amp; Post Loan Operations</p>	<p>O&amp;M-HR-Labor Relations Staff</p> <p>O&amp;M-IT-Management Control Staff</p> <p>O&amp;M-PAS-Mail Management</p> <p>O&amp;M-PAS-Motor Vehicle Management</p> <p>O&amp;M-PAS-Travel</p> <p>RBS-BP-B&amp;I Guaranteed Loan Program</p>	<p>O&amp;M-HR-HPSD-HQ Personnel Services Branch</p> <p>O&amp;M-HR-St Louis Field Services Br</p>	<p>O&amp;M-IT-MCS-Systems Integrity Management Branch</p> <p>O&amp;M-PAS-Regulations Mgmt.</p> <p>RHS-MFH-Section 521 Rental Assistance</p> <p>RHS-SFH-Section 523 Self Help Housing Technical Assistance Grant Program</p> <p>RUS-Solid Waste Management Grant Program &amp; Technical Assistance &amp; Training Grant Prog.</p> <p>RUS-Telecommunications-Distance Learning &amp; Telemedicine (Loan)</p>
<b>L O W</b>	<p>O&amp;M-IT-IRM-ITD-Technical Services Br.</p> <p>O&amp;M-IT-MSD, Policy and Planning Br.</p> <p>O&amp;M-PAS-FOIA/Privacy Act</p> <p>O&amp;M-PAS-Printing and Forms Mgmt.</p> <p>O&amp;M-PAS-Transportation</p> <p>RUS-Borrower Compliance with Audit Timeframes</p> <p>RUS-Environmental &amp; Technical Assistance</p> <p>RBS-CS-Cooperative Agreement Prog.</p>	<p>O&amp;M-IRM-ITD-Centralized Help Desk</p> <p>O&amp;M-IT-CSD-RU-Nat'l Development Br.</p> <p>RBS-RBEG Program</p> <p>RHS-MFH-Section 514/516 Farm Labor-Housing Loan &amp; Grant(Off Farm Housing)</p> <p>RHS-SFH-Section 502 Direct Loan Program – REO only</p> <p>RUS-WW-Servicing</p> <p>RUS-WW-Loans and Grants</p>	<p>RBS-CS-Cooperative Statistics Program</p> <p>RBS-CS-Cooperative Technical Assistance</p> <p>RBS-CS- National Sheep Industry Improvement Center</p> <p>RBS-CS-Research on Cooperatives Prog.</p> <p>RBS-REDLG Program</p> <p>RHS-MFH-Section 514/516 Farm Labor-Housing Loan &amp; Grant (On Farm Housing)</p> <p>RHS-MFH-Section 533 Housing Preservation Grant Program</p> <p>RUS-Electric Loans and RUS-Electric Post Loan Operations</p>	<p>O&amp;M-IT-CSD-Customer Outreach &amp; Advocacy Branch</p> <p>O&amp;M-IRM-ITD-Data Services Br.</p> <p>O&amp;M-IRM-SSD-Financial Management Systems Branch</p> <p>O&amp;M-PAS-Records Mgmt (was Central File Unit &amp; Record Mgmt.</p> <p>RUS-G&amp;T Indentures</p>	<p>RUS-Telecom-Distance Learning and Telemedicine Grant Program</p>

## **GLOSSARY OF ACRONYMS:**

BD	Budget Division
B&I	Business and Industry
BP	Business Programs
CF	Community Facilities
CR	Civil Rights
CS	Cooperative Service
CSC	Centralized Servicing Center
CSD	Customer Services Division
EEO	Equal Employment Opportunity
FOIA	Freedom of Information Act
G&T	Generation and Transmission
HPSD	Headquarters Personnel Services Division
HR	Human Resources
IRM	Information Resources Management
ITD	Information Technology Division
MAPSD	Mission Area Personnel Services Division
MFH	Multi-Family Housing
MSD	Management Services Division
O&M	Operations and Management
OCD	Office of Community Development
PAS	Procurement and Administrative Services
RBEG	Rural Business Enterprise Grants
RBS	Rural Business-Cooperative Service
REDLG	Rural Economic Development Loans and Grants
REO	Real Estate Owned
RHS	Rural Housing Service
RUS	Rural Utilities Service
SFH	Single Family Housing
SSD	Support Services Division (PAS)
SSD	Systems Services Division (IRM)
WW	Water and Waste

September 15, 2004

**SUBJECT:** Interest Rates for Community Facilities

**TO:** Rural Development State Directors,  
Rural Development Managers,  
and Area Directors

Effective from October 1, 2004, through December 31, 2004, the interest rates for direct community facility loans are as follows:

Poverty Line.....unchanged at.....4.500%  
Intermediate.....decreased to.....4.500%  
Market.....decreased to.....4.625%

Please notify appropriate personnel of these rates.

*(Signed by Russell Davis)*

RUSSELL T. DAVIS  
Administrator  
Rural Housing Service

Sent by Electronic Mail on 09-17-04 at 1:10 p.m. by PAD.

EXPIRATION DATE:  
December 31, 2004

FILING INSTRUCTIONS:  
Administrative/Other Programs



September 16, 2004

**SUBJECT:** Interest Rate Changes for Housing Programs  
and Credit Sales (Nonprogram)

**TO:** Rural Development State Directors,  
Rural Development Managers,  
and Area Directors

**ATTN:** Rural Housing Program Director

The following interest rates, effective October 1, 2004, are changed as follows:

<b><u>Loan Type</u></b>	<b><u>Existing Rate</u></b>	<b><u>New Rate</u></b>
<b>ALL LOAN TYPES</b>		
Treasury Judgement Rate	2.160%	2.030%

The current rate shown above is as of the week ending August 27, 2004. The actual judgement 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 web site for the weekly average 1-year CMT yield ([www.federalreserve.gov/releases/h15/data/wf/tcm1y.txt](http://www.federalreserve.gov/releases/h15/data/wf/tcm1y.txt)).

**RURAL HOUSING LOANS**

Rural Housing (RH) 502 Low or Moderate	6.375	6.250
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**EXPIRATION DATE:**  
October 31, 2004

**FILING INSTRUCTIONS:**  
Administrative/Other Programs

Single Family Housing (SFH) Nonprogram	6.875	6.750
Rural Housing Site (RH-524), Non-Self-Help	6.375	6.250
Rural Rental Housing and Rural Cooperative Housing	6.375	6.250

Please notify appropriate personnel of these rates.

*(Signed by Russell T. Davis)*

RUSSELL T. DAVIS  
Administrator  
Rural Housing Service

Sent by Electronic Mail on 09-17-04 at 1:55 p.m. by PAD.

September 17, 2004

SUBJECT: Interest Rates for Water and Waste Disposal  
Loans, Watershed Protection and Flood  
Prevention Loans, and Resource Conservation  
and Development Loans

TO: Rural Development State Directors,  
Rural Development Managers,  
and Area Directors

Effective from October 1, 2004, through December 31, 2004, the interest rates for Water and  
Waste Disposal Loans are as follows:

Poverty Line...unchanged at.....4.500%  
Intermediate...decreased to.....4.500%  
Market.....decreased to.....4.625%

Also, the rate for Watershed Protection and Flood Prevention Loans and Resource Conservation  
and Development Loans is as follows:

CURRENT RATE	NEW RATE
5.000%	4.625%

Please notify appropriate personnel of these rates.

*(Signed by Hilda Gay Legg)*

HILDA GAY LEGG  
Administrator  
Rural Utilities Service

EXPIRATION DATE:  
December 31, 2004

FILING INSTRUCTIONS:  
Administrative/Other Programs

Sent by Electronic Mail on 09-17-04 at 1:30 p.m. by PAD.

September 17, 2004

**SUBJECT:** Interest Rate for Direct Business  
and Industry Loans

**TO:** Rural Development State Directors,  
Rural Development Managers,  
and Area Directors

The following interest rate is in effect October 1, 2004, through December 31, 2004.

<u>Loan Type</u>	<u>Existing Rate</u>	<u>New Rate</u>
Direct Business and Industry	4.000%	4.500%

Please notify appropriate personnel of this rate.

*(Signed by Peter Thomas)*

PETER THOMAS  
Administrator  
Rural Business-Cooperative Service

Sent by Electronic Mail on 09-21-04 at 10:52 a.m. by PAD.

EXPIRATION DATE:  
December 31, 2004

FILING INSTRUCTIONS:  
Administrative/Other Programs

September 20, 2004

**SUBJECT:** Renewable Energy Systems and Energy Efficiency  
Improvements Grant Program  
National Office Reserve  
Fiscal Year 2004 Funding Cycle

**TO:** State Directors, Rural Development

**ATTN:** Business Programs Directors  
Rural Energy Coordinators

We have recently completed the National Office Reserve funding cycle for the Renewable Energy Systems and Energy Efficiency Improvements Grant Program. The National Office received 172 requests totaling \$24.6 million. We are pleased to announce that 167 requests were selected for funding, totaling \$22,812,049. They are as follows:

Renewable Energy Systems Grants

<b>State</b>	<b>Project Name</b>	<b>Grant Award</b>
CA	Tollenaar Holsteins Manure Digester	\$198,282
CA	Van Warmerdam Manure Digester	\$148,158
CA	Cal-Denier Manure Digester	\$101,831
CO	Blue Sun Biodiesel LLC	\$500,000
DE	Mid Atlantic Biodiesel Company, LLC	\$500,000
GA	Wright, Whitty, Davis Farms, Inc.	\$200,060
IA	Kendrick Inc.	\$190,750
IA	Tjaden Farms Inc.	\$45,540
IA	Maharishi World Peace Vedic Organic	\$123,750
IA	Lentz Construction Inc.	\$5,571
IA	Park Farm Properties LLC	\$35,918
ID	Stan Schwendiman	\$400,000
ID	West Slope Wind One, LLC	\$500,000

**EXPIRATION DATE:**  
September 30, 2004

**FILING INSTRUCTIONS:**  
Community/Business Programs

Renewable Energy Systems and Energy Efficiency  
Improvements Grant Program

<b>State</b>	<b>Project Name</b>	<b>Grant Award</b>
IL	GSG 3, LLC	\$250,000
IL	GSG 2, LLC	\$500,000
MA	Co-Op Plus of Western Massachusetts	\$249,694
MI	Vreba-Hoff Dairy II, LLC.	\$500,000
MN	Fadness Wind Power LLC	\$18,450
MN	MJW Windpower Inc.	\$16,637
MN	RCW Windpower Inc.	\$16,275
MN	Western Minnesota Wind 1, LLC	\$175,000
MN	Roseville Wind 3 LLC	\$175,000
MN	Rafter P Wind, LLC	\$175,000
MN	Roseville Wind 1 LLC	\$175,000
MN	Roseville Wind 2 LLC	\$175,000
MN	Roseville Wind 4 LLC	\$175,000
MN	Western Minnesota Wind 2, LLC	\$175,000
MN	Durst Bros. Dairy	\$249,741
MN	Breezy Bucks-II LLC	\$268,000
MN	Westland Dairy LLP	\$219,671
MN	Diamond K Dairy	\$320,125
MN	Wally's Wind Farm LLC	\$228,000
MN	Windy Dog-II LLC	\$248,000
MN	Salty Dog-I LLC	\$268,000
MN	Roadrunner-I LLC	\$248,000
MN	Jan Marie's Wind Machine LLC	\$238,000
MN	Glacial Ridge Wind Power LLC	\$401,000
MN	Daley Farms Digester, LLP	\$240,000
MN	Breezy Bucks-I LLC	\$258,000
MN	Windy Dog-I LLC	\$248,000
MN	Salty Dog-II LLC	\$228,000
MN	Mark's Money Machine LLC	\$248,000
MO	Riley, Karen	\$7,500
MS	Three S Enterprise	\$256,850
MS	Natchez Trace LLC	\$40,404
MS	Brinson Farms LLC	\$49,886
NE	Cozad Alfalfa Inc.	\$37,500

Renewable Energy Systems and Energy Efficiency  
Improvements Grant Program

<b>State</b>	<b>Project Name</b>	<b>Grant Award</b>
NE	The King's Fish Inc.	\$3,242
NY	KC Bailey Fruit Farms	\$44,766
NY	Harvest Home Organics - Rose Ryan	\$12,467
NY	Bioenergy Cooperative of Perry, Inc.	\$500,000
NY	Eckberry Farms	\$16,512
NY	Allenwaite Farms Inc	\$252,983
NY	Porterdale Dairy	\$350,560
NY	Herrington Farms Inc.	\$96,500
NY	Hardie Farms, Inc.	\$153,960
OH	American Ag Fuels, LLC	\$500,000
OH	Wenning Poultry	\$500,000
OR	Columbia Energy Partners, LLC	\$500,000
PA	Four Winds Farm	\$196,978
PA	Turbotville Development Corporation	\$249,435
PA	Custom Fuels, Inc. dba Soy Energy	\$177,975
PA	Penn England Farm	\$203,725
TX	Matador Wind Power, LLC	\$500,000
TX	Sharyland Educational Consultants	\$10,535
VA	Old Mill Power, LLC	\$49,980
VA	Breaux Vineyards Ltd.	\$49,980
VT	Blue Spruce Farm, Inc.	\$97,318
WA	Last Mile Electric Cooperative	\$307,000
WI	Norswiss Digester, LLC	\$180,000
WI	Stargest Power, LLC	\$180,000
WI	Emerald Dairy II, LLC	\$500,000
WI	Buckeye Ridge Renewable Power, LLC	\$180,000
WI	Baldwin Dairy, LLC	\$214,018
WI	Dic-Wisco Farms, Inc.	\$254,768
WI	Ducat Farms	\$247,018
WI	Wiese Brothers Partnership, LLP	\$470,500
WI	Bach Digester, LLC	\$180,000
WI	Dairy Dreams, LLC	\$494,000
WI	Ecker Bros.	\$35,188
WI	Redtail Ridge Dairy	\$225,268
WI	Gordondale Farms	\$124,669
WI	Lake Breeze Dairy, LLC	\$500,000
WI	Son-Bow Farms, Inc.	\$253,268
WI	Dairyland Farm, LLC	\$260,741

<b>State</b>	<b>Project Name</b>	<b>Grant Award</b>
WI	Granite Valley Forest Products, Inc	\$176,938
WI	Suring Community Dairy	\$275,500
WI	Weiss Family Farms, Inc.	\$253,268
WI	Four Cubs Farm	\$184,268
WI	Hilltop Dairy	\$275,500
WI	Addison Wind Energy, LLC	\$500,000
WI	Trillium Hill Farm	\$196,768
WI	Pinehold Gardens, LLC	\$4,936
WI	R E Properties, LLC	\$29,950
	Total Renewable Energy Applications	94
	Total Amount Requested	\$20,999,075

Energy Efficiency Improvement Grants

<b>State</b>	<b>Project Name</b>	<b>Grant Award</b>
AL	James Michael Brown	\$23,688
IA	Donald Dean Vos	\$12,250
IA	Towne House Family Restaurant	\$7,307
IL	South End Plants, Inc.	\$3,063
KS	Community General Store, Inc.	\$6,935
KS	T and T Foods, Inc.	\$11,000
ME	John W. Ingraham	\$4,462
MS	A. B. Westbrook, Jr.	\$91,849
MS	Altus G. Magee	\$51,529
MS	Andy Stone	\$24,677
MS	Basil Breaux	\$16,586
MS	Christy Arender	\$16,298
MS	David Hudson	\$64,930
MS	Frank Sessums	\$33,237
MS	Glen Brooks	\$22,621
MS	Harold Rials	\$30,522
MS	Herbert Hickman	\$30,610
MS	Herman Evon Stone	\$13,896
MS	James A. Tucker, Jr.	\$8,080
MS	James M. Alford	\$36,195
MS	Jason Hardage	\$7,290



Renewable Energy Systems and Energy Efficiency  
Improvements Grant Program

<b>State</b>	<b>Project Name</b>	<b>Grant Award</b>
MS	Jeffery McKenzie	\$25,151
MS	Jim Waller	\$20,150
MS	John Amason	\$49,411
MS	John Mitchell Hall	\$61,564
MS	Joyce M. Batton	\$63,466
MS	Judson Wilson	\$13,375
MS	Kenneth Upton	\$12,784
MS	Kirby Nazary	\$43,980
MS	Mack D. Hill	\$22,532
MS	Mark Palmer	\$78,800
MS	Martin Davidson	\$61,652
MS	Martin Hardage	\$7,501
MS	Michael Bradshaw	\$25,000
MS	Neal Campbell	\$23,828
MS	Ralph Ward	\$41,516
MS	Reggie Blackwell	\$18,941
MS	Richard Howell	\$30,783
MS	Rickey A. Melton	\$49,561
MS	Rickey Collins	\$32,973
MS	Sandra Windham	\$33,081
MS	Terry McGrew	\$13,938
MS	Thomas M. Morgan	\$17,393
MS	Timothy A. Graves	\$38,517
MS	Travis Alford	\$20,200
MS	Will Woods	\$18,027
ND	Microlap Technologies Inc.	\$18,860
NE	Braun's IGA & Locker Inc	\$5,000
NE	Cal's Boot & Shoe Service	\$2,500
NE	Dennis Brown Farms	\$10,900
NE	Foodmart II Inc	\$11,750
NE	Jurgensen Enterprises	\$3,400
NE	Klasek Farms, Inc	\$9,150
NE	Liefield Furniture	\$3,283
NE	Marvin C Weber Farms	\$9,500
NE	Orthman Manufacturing, Inc	\$24,425
NE	Reiss Farms Inc.	\$51,900
NE	Shamrock Nursery, Inc	\$6,599
NE	Tiemersma Dairy	\$2,800
NE	Vel-Leo, Incorporated	\$11,203

<b>State</b>	<b>Project Name</b>	<b>Grant Award</b>
OK	COD Heating and Air Conditioning In	\$4,432
OK	Felts Plaza, Inc.	\$45,125
OK	Gordon White Lumber Company	\$4,433
OK	Intervest Development Limited Partn	\$59,055
OK	Mutzig Jewelers dba Meig's Fine Jew	\$3,985
OK	Mutzig, Inc.	\$2,549
OK	Old Wishing Well Antique Mall	\$7,381
OK	Superior Fabrication, Inc.	\$6,387
OK	Tiner and Company LLC	\$16,045
OK	Value Added Products	\$82,391
WA	William C. Porter Farm Co.	\$2,502
WI	Hudapack Metal Treating, Inc.	\$58,770
WI	Tropical Gardens I, Inc.	\$7,500
	Total Energy Efficiency Improvement	73
	Total Amount Requested	\$1,812,974

This completely depletes the National Office Reserve account for fiscal year 2004.

State Directors are hereby delegated authority to approve and service the Renewable Energy Systems and Energy Efficiency Improvement Grants. The type of assistance code to obligate Renewable Energy Systems is 358.

For Energy Efficiency Improvements the type of assistance code is 370. All projects must have an obligation date of no later than September 30, 2004.

The Renewable Energy Systems and Energy Efficiency Improvements Grant Program is subject to the appeal process pursuant to 7 CFR part 11. Applicants not selected for funding should be provided with Reconsideration, Mediation, and Appeal Rights.

Thank you for your outstanding efforts in promoting this program to increase economic opportunities for agriculture producers and rural small businesses, promote green energy, and help meet the nation's critical energy needs.

*(Signed by William F. Hagy, III)*

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs

September 20, 2004

TO: State Directors  
Rural Development

ATTENTION: Rural Housing Program Directors  
Single Family Housing Funding Contacts

FROM: David J. Villano (*Signed by David J. Villano*)  
Deputy Administrator  
Single Family Housing

SUBJECT: Direct Loan Program Correction of Amount of  
Obligation for the Current or Prior Fiscal Year

This unnumbered letter (UL) provides guidance to Single Family Housing (SFH) Direct field staff on correcting the loan amount for a direct loan, including a loan obligated with prior fiscal year (FY) funds. It is also an effort to provide field offices assistance in the management and full utilization of program funds in light of the recent authority to obligate section 502 direct loans subject to appraisals.

The direct 502 or 504 loan amount may at times need to be corrected due to the loan closing with an amount that is different than the amount stated on the Mortgage Loan Commitment. Should an obligation loan amount need to be revised for the current fiscal year, the field should follow the steps indicated in Chapter 8, Exhibit 8-1 of HB-1-3550, SFH Direct Field Office Handbook. For an obligation needing to be revised for a prior fiscal year, the field office should contact the Centralized Servicing Center (CSC) Disbursement Unit, mail code FC-2B, at 314-206-2060, Option #3 or by fax at 314-206-2766.

All requests to increase the obligation amount for a direct section 502 or 504 loan with prior fiscal year funds are subject to the availability of funds at the time of the request. The CSC Disbursement Unit will make the required corrections to the obligation amount.

EXPIRATION DATE:  
September 30, 2005

FILING INSTRUCTIONS:  
Housing Programs

Please be advised that although we are aware that errors sometimes occur when obligating and closing loans, field offices are required to make every effort to adhere to the guidelines outlined in the HB-1-3550 for the loanmaking process.

If you have questions regarding this UL, please contact Teresa Sumpter of the SFH Direct Loan Division at 202-720-1485 or by e-mail at [teresa.sumpter@usda.gov](mailto:teresa.sumpter@usda.gov).

September 22, 2004

SUBJECT: Occasion to Half-Staff the American Flag

TO: Rural Development State Directors

ATTN: Administrative Programs Directors

The Secretary of Agriculture requests the U.S. flag be flown at half-staff September 22 through 25 in honor of the Forest Service employees who lost their lives in Montana on September 21.

Please provide this information to each of your field offices.

*(Signed by Sherie Hinton Henry)*

SHERIE HINTON HENRY  
Deputy Administrator  
for Operations and Management

EXPIRATION DATE:  
September 30, 2004

FILING INSTRUCTIONS:  
Administrative/Other Programs

Sent by electronic mail on September 23, 2004 at 8:07 a.m. by the AAPAS.

September 24, 2004

SUBJECT: Single Family Housing Direct Loans With Leveraging

TO: All State Directors

ATTENTION: Single Family Housing Program Directors

The purpose of this unnumbered letter is to re-affirm the Agency's policy regarding the use of leveraged loans with direct homeownership loans. This unnumbered letter provides advance notice and clarification for leveraged loan policy in FY 2005, the 3550 Handbooks are being revised to incorporate the guidance in this memorandum.

The leveraged loan program is an important vehicle through which Agency resources can be stretched to serve an increased number of customers per fiscal year with a set amount of appropriated dollars. The primary objective of the leveraged loan program is to maximize Agency resources to serve the greatest number of customers possible. Leveraging reduces the amount the Agency must provide to help a customer obtain adequate housing. However, data recently gathered by the National Office through management control reviews and the recent payment assistance study indicate that beginning in FY 2005 (October 1, 2004) the leverage loan program must be improved to ensure the cost effectiveness of the program to the Agency, customer, and taxpayer.

Based on our review, experience the Agency has gained, and feedback from various sources, pending further changes, it is time to refine our guidance to the field.

EXPIRATION DATE:  
September 30, 2005

FILING INSTRUCTIONS:  
Housing Programs

## **Requirement of 20 per cent leveraging**

In the past, we have allowed flexibility regarding the 20 percent leveraging requirement, however, beginning in FY 2005 (October 1, 2004) the 20 percent leveraging requirement will be strictly enforced in order for applicants to otherwise qualify for the equivalent interest rate. Given the cost of the payment assistance component of the Direct Loan program, it is generally not in the best interests of the Government to make exceptions to leveraged loans that are less than 20 percent of the total loan transaction. Exceptions to the 20 percent requirement will only be made if the leverage consists entirely of grants and forgivable loans that are collectively 15 percent or more of the total transaction. In addition, private sector lender's costs are similar regardless of the amount of the loan; therefore, it is not advisable to leverage small market rate loan amounts just for the sake of leveraging. The potential increased costs incurred by the customer for small loans from lenders must be taken into consideration.

This is not intended to discourage participation in the form of affordable housing products. However, in order to qualify for the equivalent interest rate the 20% minimum is essential.

## **Interest Rates**

Another factor is the interest rate on the leveraged loan. Rural Development will not participate when the leveraged loan interest rate is more than 2 percent or 200 basis points above the Agency note rate. We considered basing the maximum rate on the Guaranteed Rural Housing program; however, the leveraged and Guaranteed programs are separate products, intended to serve different purposes. The differences between the programs merit a different standard.

Leveraged loan packages shall not include "points" for the purpose of reducing the lender's note rate. If the customer has funds available to pay points for interest rate reduction, these funds shall be used to reduce the amount borrowed.

## **Loan Fees**

Loan approval officials must consider the total cost to the customer for participating in a leveraged loan package.

Each case must be considered on its own merits. Loan fees must be kept as low as possible; however in no case should the total fees paid to the lender exceed 3½ percent or 350 basis points of the lender's loan. This limitation applies whether the buyer or the seller of the property

pays the fees and is intended to serve as a maximum limit, not a baseline. There is one exception to the maximum percentage in that an additional nominal amount is permitted when the lender does the majority or all of the loan packaging including preparation of the Rural Development portion of the loan.

Leveraging fees will be based ONLY on the portion of the loan provided by the lender. The RD loan will not be considered in the lender's fees. In addition, lender fees should be commensurate with the amount of work required of the lender. The fees for a loan packaged entirely by the lender may be different than fees for a loan packaged by RD.

The agency loan approval official must review each leveraged loan application including the lender's "Good Faith Estimate" to determine whether the proposed fees or use of loan funds includes payment of fees that appear questionable or too high. The loan approval official will not approve a transaction where the fees appear questionable or excessive.

### **Closing Costs**

We encourage field offices to work closely with leveraged lenders to find ways to minimize loan-closing costs. One way this can be accomplished is to encourage the use of one Title Insurance Policy that covers the participating lender and Rural Development. State Directors should check with their Regional Attorney to assure this is an acceptable practice in the State and to obtain special instructions to assure that the government's interests are protected.

Some mortgage lenders offer brokers a referral fee if the broker gets the customer to accept a higher interest rate. These fees must be disclosed in accordance with the Real Estate Settlement Procedures Act (RESPA). At closing, these fees are generally listed on the "Settlement Statement" as "yield spread premiums," "yield differentials," "rate participation fees," or "par-plus pricing." Leveraged loan packages that involve this type of fee are not acceptable. Rural Development will not participate in leveraged loans that involve mortgage insurance such as "Private Mortgage Insurance" (PMI), "Mortgage Insurance Premiums" (MIP) or similar products.

### **Settlement Statements**

The Agency prefers that there be one "Settlement Statement" with all of the details of the real estate transaction including our loan and any leveraged financing. Some lenders require separate statements. In any case, the Agency will obtain copies of all settlement statements for the transaction. The loan approval official must review settlement statements in an effort to ensure that leverage program customers will be charged fees that are consistent with the proposed fees agreed upon prior to closing. The Agency review will include all fees including those that were not part of the leverage loan amount or fees paid by the seller of the property.



Some lenders offer additional products in conjunction with loan closing such as mortgage payment insurance. In general, the Agency will not approve a loan with such supplemental coverage unless the customer makes a written request for such services.

### **Memorandum of Understanding (MOU)**

HB-1-3550 encourages the development of MOUs with active lenders covering basic policies and procedures. Attachment 10-B of the HB provides a list of topics that should be considered in developing a MOU. In many instances, we see situations developing that could have been avoided if an MOU had been negotiated up front. State Directors are strongly encouraged to require all partners to enter into a MOU.

### **Monitoring Activity**

Chapter 10, Section 1, paragraph 10.4 C of HB-1-3550 states that information from MortgageServ be used to generate information about the performance of leveraged loans to inform lenders, and to adjust processing procedures. As the leveraging program grows, our ability to monitor leveraging activity gains increasing importance. In reviewing leveraged loan data in the system, we find significant inconsistencies in the way information is entered. For example, the name of our leveraging partner is not entered consistently. First National Bank may show up as 1<sup>st</sup> National Bank, FNB, or any number of variations. There is a leveraged lender ID field in UniFi that is not always filled in. We believe the solution to inconsistent partner identification is to enter the Tax ID number, similar to what is done in the Guaranteed Loan program. Loan processing officials should always obtain the partner's Tax ID number and enter it into the correct field. This applies to non-profit entities as well as commercial lenders.

### **Recording the Prior Lienholder Agreement**

The Prior Lienholder Agreement is a requirement when the Agency is the junior lienholder. We have observed a number of instances where the lender initiates foreclosure proceedings without prior notice to the Agency. Despite entering into a Memorandum of Understanding and/or signing Form RD 1927-8, Agreement with Prior Lienholder, lenders are not notifying the Agency as agreed prior to declaring the security instrument to be in default and accelerating their loan. To address this concern, the prior lienholder agreement must be recorded at the same time the Agency's mortgage or deed of trust is recorded.

## **Implementation**

State Directors will review the guidance in this unnumbered letter and issue guidance to their field offices and leveraged lenders. State Directors will have flexibility in implementation based on lending practices in their State, however higher interest rates, higher fees or lower leverage amounts require prior National Office concurrence.

State Directors will conduct periodic reviews of their leveraging program to assure interest rates charged and fees collected are reasonable. State and local offices will work closely with lenders to assure a clear understanding of these policies. State and field offices are requested to track leveraged and participation loan activity for reporting purposes and to share information on rates and fees with customers seeking leveraged financing.

We will be working on a revision to Chapter 10 of HB-1-3550, however we believe it is important to get this information out now in this format. State office staff with questions on this guidance may contact Janet L. Carter of the Single Family Housing Division at (202) 720-1489 or Mike Feinberg at (202) 720-3214.

*(Signed by Russell T. Davis)*

RUSSELL T. DAVIS  
Administrator

September 24, 2004

SUBJECT: Section 502 Direct Loans With A Housing Choice Voucher  
Homeownership Program

TO: All State Directors  
Rural Development

ATTENTION: Rural Housing Program Directors  
Rural Development Managers, and  
Community Development Managers

This memorandum serves to outline the unique processing requirements for a Section 502 Direct Loan coupled with a Housing Choice Voucher (commonly referred to as Section 8) funded through the Department of Housing and Urban Development (HUD). The attachment to this memorandum summarizes the separate conditions applied by Rural Development and HUD.

States should encourage their local Public Housing Agencies (PHAs) to work in concert with Rural Development to promote the use of the Housing Choice Voucher – Homeownership Program by our applicants.

If you have any questions regarding this memorandum, please contact Janet Carter of the Single Family Housing Direct Loan Division at (202) 720-1489.

*(Signed by Russell T. Davis)*

RUSSELL T. DAVIS

Administrator

Attachment

EXPIRATION DATE:  
September 30, 2005

FILING INSTRUCTIONS:  
Housing Programs

## **Section 502 Direct Loans with a Housing Choice Voucher – HOMEOWNERSHIP PROGRAM**

### **HUD REQUIREMENTS**

#### PUBLIC HOUSING AGENCY

- Public Housing Agencies (PHAs) that administer tenant-based assistance may choose to offer the homeownership option to qualified applicants and participants through the Housing Choice Voucher program provided they have the capacity to operate a successful homeownership program and they disclose their intentions in the Annual PHA Plan.
- Assistance may be restricted based on criterion established by the PHA.
- PHAs are responsible for determining that the family, dwelling, and offered financing meet the requirements discussed below.

#### FAMILY

- First-time homeowner.
- Except in the case of disabled families, the qualified annual income of note signers must not be less than the Federal minimum hourly wage multiplied by 2,000 hours (currently \$10,300). For disabled families, the qualified annual income of note signers must not be less than the monthly Federal Supplemental Security Income benefit for an individual living alone multiplied by 12 (currently \$6,768). The PHA may also establish a higher minimum income requirement for either or both types of families. Except in the case of an elderly or disabled family, welfare assistance is not counted in determining whether the family meets the minimum income requirement.
- Except in the case of elderly and disabled families, at least one note signer is currently employed on a full-time basis and has been continuously employed on a full-time basis for at least one year before commencement of homeownership assistance.
- The family meets any other initial eligibility requirements set by the PHA.
- The family must satisfactorily complete the PHA's homeownership-counseling program.

## DWELLING

- The dwelling must be under construction (with the footings poured) or already existing at the time the family enters the contract of sale.
- The dwelling must pass a housing quality standards inspection conducted by the PHA as well as an independent home inspection. Rural Development may accept the independent inspection for the purpose of determining any required repairs.

## FINANCING

- The purchasers arrange their own financing.
- PHAs may not require the use of specific lenders but may establish requirements concerning qualifications of potential lenders, place prohibitions on certain forms of financing, establish requirements concerning terms of financing, and place restrictions on other debts secured by the property.
- All PHA financing or affordability requirements must be described in PHA administrative plan.

## ASSISTANCE LIMITS

- With the exception of elderly and disabled families, the Housing Choice Voucher is limited to 15 years if the mortgage is 20 years or longer and 10 years if the mortgage is less than 20 years.
- The amount of assistance is reviewed annually and adjusted based on changes in family income.
- The family is permitted to sell the dwelling and transfer the Housing Choice Voucher to another dwelling.

## HOUSING ASSISTANCE PAYMENTS

- Payments can be made either to the family or to the lender.
- While the family is residing in the home, the PHA shall pay a monthly homeownership assistance payment on behalf of the family that is equal to the lower of the payment standard minus the total tenant payment or the family's monthly homeownership expenses minus the total tenant payment.

## **RURAL DEVELOPMENT REQUIREMENTS**

### **INCOME**

- The housing assistance payment (HAP) **is not** included in the household's annual income for the purpose of determining the income category in which the household falls in or determining payment assistance.
- The HAP payment **is** included in the applicant's repayment income when determining repayment ability for the loan.

### **PAYMENTS**

- Encourage the PHA to send the HAP (principal, interest, taxes and insurance portion only) directly Rural Development (via the appropriate lockbox) or to the leveraged lender versus sending it directly to the family.
- Notify the PHA of the appropriate lockbox address and inform the PHA that the check **must** include the borrower's name and account number at a minimum.
- If the PHA elects to use any other payment method, field offices will be responsible for monitoring these accounts, which will require coordination with CSC to ensure they remain current.

For additional information on the Housing Choice Voucher – Homeownership Program, please visit <http://www.hud.gov/offices/pih/programs/hcv/homeownership>.

September 28, 2004

SUBJECT: Integrated Acquisition System Implementation

TO: National Office Officials  
Rural Development State Directors

ATTN: Administrative Programs Directors and Contract Specialists

The Department of Agriculture is making great progress in its pursuit of electronic methods of doing business to increase efficiency and effectiveness. The latest improvement is the interface between the Department's Integrated Acquisition System (IAS) and the Foundation Financial Information System (FFIS) that will permit electronic transmission of financial data without re-entry.

Beginning on October 4, 2004, for all National Office acquisition personnel and those in eight states (California, Hawaii, Kentucky, Missouri, Ohio, Oklahoma, Tennessee, Texas) participating in the Fiscal Year (FY) 2003 rollout, we ask that all administrative-funded requisitions, procurement orders and contracts be entered through IAS. This will not apply to purchase card buys less than \$2,500. IAS has available the solicitations, contracts and Federal Acquisition Regulation clauses that apply to purchases and will automatically transmit some of the contractual data to FFIS and to the Federal Procurement Data System - Next Generation (FPDS-NG). This will decrease the time required for entry of data and lessen the opportunity for data transmission errors. If contractual orders are not entered through IAS, your employees must enter the procurement data separately into FPDS—NG to permit us to accumulate Small Business statistics.

The remaining states will be trained in the use of IAS and begin using it when the software program is modified to permit preparation of Type 60, program-funded, purchase orders and contracts later in FY 2005.

As part of the shutdown of old legacy software systems and due to the initiation of IAS, the Purchase Order System (PRCH) transmission of purchase order data to FFIS will cease as of the end of this fiscal year. For those contracts personnel who do not have IAS, the PC-PRCH

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software will remain available on the personal computer so that contract documents can be written, but no transmission of the purchase order data to FFIS will be possible. Procedures jointly developed by Deputy Chief Financial Officer and Procurement Administration Division employees should be followed for the direct entry of appropriate data to FFIS.

Additional information specific to Rural Development will be made available on the Procurement Management Division Intranet site at <http://199.128.84.121/rd/pmd/index.htm>. Training in the changed processes for the entry of commitments and receipting of deliveries by Requisitioners will be made available through the AgLearn system at <http://www.aglearn.usda.gov>. Employees must complete the eAuthentication process to access this training. The IAS Help Desk will be available from 8:00 a.m. through 8:00 p.m. eastern standard time by calling 1-866-IAS-8686 or by choosing to "Open a Ticket" at [www.iashelpdesk.com](http://www.iashelpdesk.com).

In preparation for the October 4 beginning date, if rollout has already been extended to your employees, they should enter IAS at [www.ias.usda.gov](http://www.ias.usda.gov) so that their password access can be re-activated. Contracts personnel have already participated in the Procurement Management Division teleconference on September 22, 2004, to discuss final preparations for this new system. If you have any questions regarding the IAS requirements, please contact Deborah Fletcher by telephone at (202) 692-0114 or by e-mail to [deborah.fletcher@usda.gov](mailto:deborah.fletcher@usda.gov).

*(Signed Sherie Hinton Henry)*

SHERIE HINTON HENRY  
Deputy Administrator  
for Operations and Management

Sent by electronic mail on September 28, 2004 at 1:35 p.m. by AAPAS. State Directors should advise other personnel as appropriate.



September 28, 2004

**SUBJECT:** Rural Economic Development Loan and Grant Program  
Projects Funded for Fourth Quarter Funding  
Fiscal Year 2004

**TO:** State Directors, Rural Development

**ATTN:** Business Programs Directors

The Rural Business-Cooperative Service (RBS) has announced loan and grant selections for the fourth quarter of fiscal year (FY) 2004 under the Rural Economic Development Loan and Grant (REDLG) Program. A listing of loan and grant awards is attached for your information.

During the fourth quarter of FY 2004, 16 zero-interest loan applications totaling \$7,200,000 were considered by RBS for financing. Of these 16 loan applications, seven were selected totaling \$3,089,469. These funds will be leveraged by \$49,900,970 of private and public financing and directly create 481 jobs in rural areas and help save 590 existing positions.

In addition, six grants totaling \$1,650,000, to finance revolving loan fund programs that will be operated by rural electric utilities were considered and selected for funding. The initial zero-interest loans from the revolving loan fund programs, leveraged by \$10,395,948 in private and public financing, will be provided to finance land and new construction in rural America. An estimated 82 new jobs will be created and 505 jobs saved as a result of these grants.

Please provide appropriate notification to applicants that did not receive an allocation. Applications that have been considered for an allocation of funds in four quarterly funding cycles will receive no further consideration, in accordance with RD Instruction 1940-L. Applications that have been considered in less than four quarterly funding cycles will be considered again next FY. If a utility wishes to withdraw its application, please notify the Specialty Lenders Division (SLD). You are reminded that this is the final round of funding for FY 2004.

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If you have any questions, please contact Kenya Bradley Nicholas, Loan Specialist, SLD Processing Branch, (202) 720-1970.

*(Signed by William F. Hagy, III)*

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs

Attachment (2 pages)

**RURAL ECONOMIC DEVELOPMENT LOAN AND GRANT PROGRAM  
REQUEST FOR LOAN FUNDS – 4<sup>th</sup> Quarter FY 2004**

Total Available FY 2004	\$ 14,914,169
Less 1 <sup>st</sup> , 2 <sup>nd</sup> and 3 <sup>rd</sup> Qtrs. FY 2004	<u>\$ 11,824,700</u>
Balance Remaining	\$ 3,089,469

State	Project	Priority Points	Loan Amount	REDL Number
IA 32	Butler County Rural Electric Cooperative	293	\$ 450,000	970
AL 42	Alabama Electric Cooperative	262	\$ 450,000	971
MS 28	Coast Electric Power Association	256	\$ 450,000	973
MN 542	Arvig Telephone Company	252	\$ 450,000	972
GA 68	Grady Electric Membership Corporation	250	\$ 450,000	974
GA 86	Three Notch Electric Membership Corporation	250	\$ 450,000	975
KY 54	South Kentucky Rural Electric Cooperative Corp.	248	\$ 389,469	976
<b>7 Loans</b>		<b>Total</b>	<b>\$3,089,469</b>	

Balance of Loan Funds After Above Request: \$0

**RURAL ECONOMIC DEVELOPMENT LOAN AND GRANT PROGRAM  
REQUEST FOR GRANT FUNDS – 4<sup>th</sup> Quarter FY 2004**

Total Available FY 2004	\$ 10,000,000
Less 1 <sup>st</sup> , 2 <sup>nd</sup> and 3 <sup>rd</sup> Qtrs. FY 2004	<u>\$ 1,136,000</u>
Balance Remaining	\$ 8,864,000

<b>State</b>	<b>Project</b>	<b>Priority Points</b>	<b>Loan Amount</b>	<b>REDG Number</b>
AL 42	Alabama Electric Cooperative	262	\$ 300,000	297
MS 39	Singing River Electric Power Association	242	\$ 300,000	298
IA 14	Humboldt County Rural Electric Cooperative	240	\$ 200,000	299
KY 54	South Kentucky Rural Electric Cooperative Corp.	233	\$ 250,000	300
IA 94	North West Rural Electric Cooperative	215	\$ 300,000	301
IA 69	Access Energy Cooperative	201	\$ 300,000	302
			<b>6 Grants</b>	<b>Total</b>
			<b>\$1,650,000</b>	

Balance of Grant Funds After Above Request: \$7,214,000

September 28, 2004

**SUBJECT:** Intermediary Relending Program  
Fourth Quarter Funding

**TO:** State Directors, Rural Development

**ATTN:** Business Programs Directors

The fiscal year (FY) 2004 fourth quarter funding selections for the Intermediary Relending Program (IRP) non-earmarked funds are listed below for your information. The priority points for each project are inclusive of any Administrator points that were awarded. The selections are as follows:

<b>State</b>	<b>Project Name</b>	<b>Amount</b>	<b>Priority Points</b>
SC	South Carolina Office of Rural Health	\$ 500,000	188
MT	Lake County Community Development Corp.	\$ 750,000	172
CO	Region 9 Economic Development District of Southwest Colorado, Inc.	\$ 250,000	165
NE	Siouxland Economic Development Corp.	\$ 200,000	165
ME	Northern Maine Development Commission	\$ 750,000	161
NH	Rockingham Economic Development Corp.	\$ 500,000	160
NE	Northeast Nebraska Economic Development Dist.	\$ 500,000	160
NH	Wentworth Economic Development Corp.	\$ 500,000	160
IL	County of Alexander	\$ 675,000	155
ID	Panhandle Area Council, Inc.	\$ 250,000	150
NH	Belknap County Economic Development Council	\$ 750,000	146
IA	Cherokee Area Economic Development Corp.	\$ 200,000	145
TX	Neighborhood Housing Services of Dimmit County	\$ 750,000	144
MT	Beartooth Resource Conservation and Development Area, Inc.	\$ 750,000	142
SD	South Dakota Value Added Finance Authority	\$ 750,000	136
SD	Miner County Community Revitalization	\$ 400,000	135
ME	Western Maine Finance	\$ 500,000	135

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Intermediary Relending Program

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MN	White Earth Investment Initiative	\$ 750,000	132
WY	Frontier Certified Development Company, Inc.	\$ 495,000	125
TN	Tennessee Business Development Corp.	\$ 750,000	121
MS	Minority Capital Fund of Mississippi, Inc.	\$ 750,000	121
TX	City Development Corporation of ElCampo	\$ 200,000	120
MN	Stevens County Economic Improvement Commission, Inc.	\$ 462,207	118
<b>Total</b>		<b>\$12,382,207</b>	

Unused earmarked funds totaling \$10,156,452.49 were pooled on June 30, 2003 and made a part of the unrestricted reserve. There was a total of \$12,382,207.46 available for the fourth quarter funding, and \$.46 was unused.

Please provide appropriate notification to applicants that did not receive an allocation. Applications that have been considered for an allocation of funds in four quarterly funding cycles will receive no further consideration, in accordance with RD Instruction 4274-D, section 4274.344(b). Applications that have been considered in less than four quarterly funding cycles will be considered again next fiscal year. You are reminded that this is the final round of funding for the IRP unrestricted reserve.

*(Signed by William F. Hagy, III)*

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs

September 29, 2004

SUBJECT: Additional Program Type Codes for Fiscal Year 2005  
TO: All State Directors, Rural Development  
ATTENTION: Rural Housing Program Directors

We are pleased to announce the addition of several Program Type codes for Single Family Housing Direct. The Program Type codes are already available in the DLOS system, and requests are being processed to have the additional codes included in BRIO queries.

The codes have been added to assist offices in maintaining records for targeted areas, such as Colonias, Underserved, Hardship & Homelessness, Indian Country and Real Estate Owned (REO). The new codes are also in preparation for the transition to the Program Funds Control System (PFCS) at the start of Fiscal Year 2006.

The new codes are as follows:

<u>DLOS SYSTEM TITLE</u>	<u>PROGRAM TYPE CODE</u>
502 Colonias - Very Low	1038
502 Colonias - Low	1039
502 Underserved - Areas - Very Low	1040
502 Underserved - Areas - Low	1041
502 Hardship & Homeless - Very Low	1042
502 Hardship & Homeless - Low	1043
502 Indian Country - Very Low	1044
502 Indian Country - Low	1045
502 Program REO Sales - Very Low	1046
502 Program REO Sales - Low	1047

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<u>DLOS SYSTEM TITLE</u>	<u>PROGRAM TYPE CODE</u>
504 Colonias - Loan	2010
504 Colonias - Grant	2011
504 Colonias - Combination	2012
504 Underserved Areas - Loan	2013
504 Underserved Areas - Grant	2014
504 Underserved Areas - Combination	2015
504 Hardship - Loan	2016
504 Hardship - Grant	2017
504 Hardship - Combination	2018
504 Indian Country - Loan	2019
504 Indian Country - Grant	2020
504 Indian Country - Combination	2021

If you have any questions about the new Program Type codes, please call Lou Paulson at (202) 720-1478 or contact her by e-mail at [lou.paulson@usda.gov](mailto:lou.paulson@usda.gov).

*(Signed by David J. Villano)*

David J. Villano  
Deputy Administrator  
Single Family Housing



September 30, 2004

TO: State Directors  
Rural Development

ATTN: Rural Development Managers  
Rural Housing Program Directors  
and Multi-Family Housing Program Directors

FROM: Russell T. Davis      *(Signed by Russell T. Davis)*  
Administrator  
Rural Housing Service

SUBJECT: Loan Dockets Not Properly Maintained

The Fiscal Year 2001 Management Control Review (MCR) of the Off-Farm Labor Housing (LH) Program identified that loan docket were not being properly maintained and that materials were not properly placed within the position folders. Please review this issue with your staff and emphasize the need to maintain loan docket in accordance with RD Instruction 2033-A.

The MCR also identified that some State Offices are not entering the *actual* costs of construction into AMAS *after* construction is completed. We have previously asked that you ensure that this has been done for all LH developments in your State that have been completed within the last 2 years (FYs 03 and 04). We also directed you to guidance within the AMAS manual for completing this task and instructed that this procedure must be completed for all future projects as soon as construction is completed. That guidance is as follows:

When obligating funds, the estimated development costs must be entered into AMAS using the M5V screen. Once construction is completed, the actual development costs must be entered into AMAS using the M5VA screen. Guidance can be found in Chapter 2 of the AMAS manual (Stock #66, pages 9-15).

Please ensure that this task has been completed, and continues to be completed, as we will soon be running reports on the cost of construction and we need accurate information. If you have any questions or comments, please contact Doug MacDowell at (202) 720-1627.

EXPIRATION DATE:  
October 31, 2005

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