

November 5, 2003

TO: All State Directors  
Rural Development  
ATTENTION: Rural Housing Program Directors  
FROM: Arthur A. Garcia (Signed by Arthur A. Garcia)  
Administrator  
Rural Housing Service

SUBJECT: Supervised Bank Accounts

We have received several queries concerning the use of Supervised Bank Accounts (SBAs) in association with our housing programs. Specifically, these questions concern the requirement of some banks that Rural Development employees provide their social security numbers when opening a SBA. It is our understanding that bank officials have explained that this is required under the Customer Identification Program (CIP) as required by Section 326(a) of the USA Patriot Act, Pub. L. 107-56 (2001).

We have received clarification on this issue from the Justice Department, the Treasury Department, and the Federal Deposit Insurance Corporation (FDIC). The homeowner, depositor, etc., is the customer and subject to CIP provisions. Rural Development, being a government organization, is not considered a customer of the financial institution and is therefore exempt from the CIP requirements of the USA Patriot Act. Specifically 31 C.F.R. sections 103.22 (d)(2)(ii) and 103.12 I (a)(3)(ii)(B) exempt all government agencies from CIP requirements.

Each of the Agencies stated that if the government and its agencies are exempt as customers, the government officials who have signature authority in the course and scope of their official government duties are also exempt from CIP requirements.

Officials at the FDIC suggested that bank compliance officers should be able to provide clarification to local banks regarding this issue. If you have any questions regarding this memorandum, please contact Ethen Gillespie of the Single Family Housing Direct Loan Division at (202) 720-1482, or Janet Stouder of the Multi-Family Housing Portfolio Management Division at (202) 720-9728.

EXPIRATION DATE:  
October 31, 2004

FILING INSTRUCTIONS:  
HOUSING PROGRAMS