

**UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT**

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For Administrative Use Only

Missouri RD AN No. 1419 (1930-C)

December 8, 2003

TO: All Rural Development Managers and
Community Development Managers

FROM: GREGORY C. BRANUM
State Director, Rural Development

SUBJECT: REQUESTING RESERVE FUNDS

PURPOSE/INTENDED OUTCOME: To provide guidance for a consistent method for processing reserve fund requests.

COMPARISON WITH PREVIOUS AN: This administrative notice replaces MO AN 1396 (1930-C) which expired May 31, 2003.

IMPLEMENTATION RESPONSIBILITIES: All rural rental housing borrowers will be required to use the attached RRH Guide 56, Reserve Withdrawal Request, when requesting funds from their reserve account. Borrowers should be prudent in the management of their reserve account and plan for capital expenditures during the budget process. Reserve funds will not be authorized for normal operating expenses. Borrowers and Managers should be reminded to operate within their approved budget. Only in unusual circumstances can Rural Development make an exception to this requirement.

Regulations require that all reserve account funds be placed in supervised bank account in accordance to RD Instruction 1902-A. Once the request has been approved by Rural Development and the work completed, the borrower is required to provide Rural Development with an invoice which clearly identifies the property, a description of the work completed, the total cost, and the vendor's name. Rural Development will only countersign checks made payable to the vendor. We will no longer countersign withdrawal slips. Again, only in unusual circumstances can Rural Development make an exception to this requirement.

If a bank has improperly released funds from a supervised account, Rural Development should promptly notify the bank in writing that this is a violation of the Deposit Agreement and the signature card which is on file with the bank. Please find attached a sample letter which can be used for this purpose (Attachment B).

Both RRH Guide 56 and the Sample Letter (Attachment B) have been placed on the Snap Server under the RRH Guides folder.

EXPIRATION DATE:
December 31, 2004

FILING INSTRUCTION: Preceding
Rural Development Inst. 1930-C