

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL DEVELOPMENT

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For Administrative Use Only

Missouri RD AN No. 1412 (1930-C)

June 27, 2003

TO: All Rural Development Managers and  
Community Development Managers

FROM: GREGORY C. BRANUM  
State Director, Rural Development

SUBJECT: IDENTITY OF INTEREST DISCLOSURES

PURPOSE/INTENDED OUTCOME: To provide guidance for a consistent method of completing and reviewing Identity of Interest Disclosures.

COMPARISON WITH PREVIOUS AN: No previous administrative notice has been issued regarding this subject.

BACKGROUND: In accordance to RD Instruction 1930-C, Exhibit B, V B., Rural Development requires that applicants/borrowers fully disclose any identity of interest (IOI), or appearance of same, that exists or will exist between the borrower, management agent, supplier, vendor, etc.

IMPLEMENTATION RESPONSIBILITIES: In order to accomplish this, the Borrower must complete and sign RD Form 1944-30, Identity of Interest (IOI) Disclosure Certificate, and list any entity in which an IOI exists. If an IOI exists, then each entity disclosed on RD Form 1944-30 must complete RD Form 1944-31, Identity of Interest (IOI) Qualification. For Non-Profit borrowers, the Board President is authorized to complete RD Form 1944-30 and disclose any IOI which any of the Board of Directors may have with a supplier/vendor/contractor, etc. Each board member does not need to complete this form (1944-30). If a board member has a viable and ongoing business and does any kind of work/service for the borrower and is compensated, then this should be disclosed on Form 1944-30 by the borrower, and Form 1944-31 is completed by the person/company providing the service. For example, if a Board member is doing bookkeeping for the Borrower and is compensated, but does not have a business for providing this type of service, then this is not an Identity of Interest. For limited profit type borrowers, usually there is a managing general partner authorized to sign on behalf of the limited partnership. If there is no managing general partner designated, then all general partners should sign for the limited partnership.

Furthermore, regulations and the management agreement require that the Management Agent complete RD Form 1944-30 and disclose any IOI or appearance of same that exists. In several cases, the management agent will have an IOI with the borrower entity as the management agent may be a general partner for the borrower entity or the principal owner of the Management Agent is also a general partner for the borrower entity.

EXPIRATION DATE:  
June 30, 2004

FILING INSTRUCTION: Preceding  
Rural Development Inst. 1930-C

For these cases, the Management Agent should enter “See Attachment A” in Section V of Form 1944-30 and attach a list of all borrower entities which the Management Agent has IOI with along with their tax identification number and address. The attachment should also be initialed in the lower right hand corner by the principal party of the Management Agent. Also, the Management Agent must disclose any other entities/suppliers which they have an IOI with in Section V of 1944-30 (i.e. laundry company, carpet business, insurance, etc.). RD Form 1944-31, Identity of Interest (IOI) Qualification must be completed by any parties disclosed on RD Form 1944-30. For the borrowers which have been reported by the Management Agent on Attachment A as referenced above, it will be necessary for the borrower to complete Form 1944-31. The Management Agent’s disclosure then can be photocopied and placed in each borrower’s loan or servicing file which they manage.

As a reminder, any IOI relationship must be cost effective, meaning the cost of goods or services must be no greater and preferably less than the cost of the same goods or services from non-IOI vendors, contractors, or managers in the market area. The borrower will be expected to provide bids from providers for analysis. RD staff will conduct random confirmation of bids with the bidder. Please refer to AN 3867 (1930-C) dated May 26, 2003 for further guidance and clarification on this issue.

We recommend that a tracking item for IOIs be established both for the borrower and management agent, when appropriate. Any IOIs disclosed either by the Management Agent or Borrower must be entered in MFIS. To describe the IOI relationship in MFIS for the Borrower, the following directions are provided:

- 1) Select **Projects**
- 2) From the borrower record, select **Customer Detail**
- 3) From the Customer Detail, select the tab titled **Project Borrower**
- 4) Select **Update**
- 5) Please complete IOI information and any other information on this screen and select OK.

To describe the IOI relationship in MFIS for the Management Agent, the following directions are provided:

- 1) Select **Projects**
- 2) From the borrower record, select **Customer Detail**
- 3) From the Customer Detail, select the tab titled **Project Management Agents**
- 4) Select **Update**
- 5) Please complete IOI information and any other information on this screen and select OK.

The IOI disclosures are to be renewed every three years. If there have been no changes since the initial disclosure, the Borrower may use RRH Guide 33 and attach it to their Management Plan. In order for the Management Agent to renew their IOI disclosure, RRH Guide 63 must be completed and attached to the Management Agreement. RRH Guides 33 and 63 have been revised and are attached for your use. These guides will also be placed on the Snap Server.

For Fiscal Year 2003, all, Limited Partnerships, Not-for-Profit Corporations, and General Partnerships will be required to complete RRH Guides 65, 66, or 67 respectively. This form will need to be executed by the Borrower. Future reporting on these guides will coincide with the due date for the Identity of Interest Disclosure (every 3 years).

Please notify all borrowers and management agents of this policy. All borrowers should already have a current IOI disclosure on file. There may be some Management Agents that have not provided this IOI disclosure. We suggest that if a Management Agreement is being renewed or revised, this would be a good time to get this disclosure completed. If this is not the case, please make an effort to receive the required forms with the 2004 proposed budget.

Attachments