

**UNITED STATE DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
BISMARCK, ND 58502**

April 22, 2004

SUBJECT: SFH Direct Loan Insurance Deductible Requirements
Delegation of Authority

TO: All Rural Development Offices in North Dakota

PURPOSE/INTENDED OUTCOME:

The purpose of this North Dakota Administrative Notice (AN) is to provide guidance on authority to grant exceptions to SFH Direct Loan Insurance Deductible Requirements.

COMPARISON WITH PREVIOUS AN:

No previous AN has been issued on this subject. This AN is a result of the January 15, 2003 National Office un-numbered letter re-delegating the authority to the State Director.

IMPLEMENTATION RESPONSIBILITIES:

According to 7CFR 3550.61 (d) and 7CFR 3550.110 (d), the loss deductible clauses may not exceed \$250 or one percent of the insurance coverage, whichever is greater. The deductible for any one building may not exceed \$750. Due to the increased cost of housing and changes in the insurance industry, these limitations in the regulation make it difficult for many of our applicants to obtain affordable insurance coverage.

Under the authority delegated to the Deputy Administer, he has re-delegated authority to each State Director to grant individual exceptions to the minimum deductible for Direct Single Family Housing loan packages that meet the following requirements:

- The deductible does not exceed the greater of 1 percent of the required insurance coverage or \$1000.
- The insurance company selected by the applicant refuses to write an affordable insurance policy with a deductible that meets the regulatory requirements.

EXPIRATION DATE:

April 30, 2005

FILING INSTRUCTIONS:

Following ND Supplement
Appendix 7 of HB-1-3550

USDA Rural Development is an Equal Opportunity lender, provider, and employer. Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, DC 20250-9410

In order to expedite the processing of loan applications, under the authority delegated to me as the State Director for North Dakota, I hereby re-delegate to each Rural Housing Service Single Family Housing employee, with loan approval authority, the authority to grant individual exceptions to the minimum insurance deductible.

/s/ Clare A. Carlson
CLARE A. CARLSON
State Director