Form RD TX 2006-46
(3/2003)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Temple, Texas

ISSUE NO.	Texas PN No. 37
DATE	July 25, 2003
Distribution	SLO

STATE PROCEDURE NOTICE

TEXAS RD MANUAL CHANGES

INSERT Texas Instruction 1924-A
(SLO)

PLANNING AND PERFORMING CONSTRUCTION AND OTHER DEVELOPMENT. This Instruction is revised.

REMOVE	INSERT
Texas Instruction 1924-A, Page 1 and Sheets 1, 2 & 3	Texas Instruction 1924-A, Pages 1, 2 and 3
Texas Instruction 1924-A, Attachment 1	Texas Instruction 1924-A, Attachment 1, Pages 1 & 2
	Texas Instruction 1924-A, Attachment 2, Pages 1 & 2

FORM
REPLACEMENT

1924-1
(SLO)

PARTIAL PAYMENT AGREEMENT revised 04/2003. The form and FMI are revised.

REMOVE	INSERT
Form RD TX 1924-1 & FMI	Form RD TX 1924-1 & FMI revised 07/2003

READ PROCEDURE – DISCUSS IN STAFF CONFERENCE

PLANNING AND PERFORMING CONSTRUCTION AND OTHER DEVELOPMENT

I. PURPOSE: This Instruction supplements RD Instruction 1924-A, Planning and Performing Construction and Other Development, and is issued to provide State Instructions required to implement the policies and authorities contained therein.

A. Companies authorized to operate in Texas to provide 10-year home warranties are listed in Attachment 1.

II. 1924.5 – PLANNING DEVELOPMENT WORK:

A. 1924.5 (f) (1) – Responsibility of the Applicant: When land development consists of, or includes the conservation and use of water for irrigation, recreation, fish farming or any commercial use, the information submitted to the Community Development Specialist (CDS) will include:

1. Permits: When surface water for irrigation, recreation, fish farming, or any commercial use is planned, the applicant will be required to obtain a permit from the Texas Commission on Environmental Quality (TCEQ) or a statement from the Commission that a permit is not necessary.

B. 1924.5 (f) (2) – Responsibility of the CDS:

1. Because of the legal requirements for creating a valid lien on homestead property, it is necessary that Form RD 1924-1, Development Plan, reflect a breakdown between cost of development on homestead property and other property. Therefore, in all cases where the applicant owns, or is buying, land in excess of 200 acres, the CDS will show in the "Narrative" portion of Form RD 1924-1, a breakdown between cost of development of these properties as follows: Development Cost on Homestead $_____: Development Cost on Land in Excess of Homestead $_____. It is also necessary that Form RD 1924-1 be prepared for all RH loans where development work is to be performed, including loans when development is to be done by contract method.

C. See Texas Instruction 1924-A, Attachment 2, Texas USDA Rural Development State Code for Rural Housing Development

III. 1924-A, EXHIBIT C, V-INDIVIDUAL WATER SUPPLY AND SEWAGE DISPOSAL SYSTEMS:

A. DESIGN OF SEPTIC SYSTEM: Septic systems financed by USDA Rural Development on sites with severe soil limitations, as defined in USDA Natural

Resource Conservation Service (NRCS) soil survey, will require special design and critical review by a USDA Rural Development loan approval official. This review is to protect the Government's security and is not intended to replace the approval and requirement of the TCEQ.

The Texas Administrative Code defines a "standard system" as a system that consists of a drain field to disperse the effluent into adjacent soil (absorptive) or into the surrounding air through evapotranspiration (evaporation and transpiration). On standard systems designed for soils with severe limitations for absorptive drain fields, the following data shall be included in the design:

- Health authority or TCEQ approval of the system
- Plot plans that include data given in Example Plot Plan No.2, RD Instruction 1924-A, Exhibit C, Attachment 2
- A site topography map showing the change in surface height over the total site area and slab elevation
- A soil map by the USDA NRCS, with the site located on the map
- Soil classification and a description of the soil profile
- Detail drawing (plans) and specifications of the proposed system; drawings shall include appropriate dimensions for installation
- A narrative description from the designer stating how this system will overcome the severe soil limitations on the site and that the design complies with the TCEQ requirements
- When an absorption field is proposed on soils with a very slow rate of percolation, a minimum 30% increase in trench area will be required

It is not necessary to contact the State Office or provide written septic system documentation to the State Office unless you need additional assistance.

IV. 1924.6 – PERFORMING SINGLE FAMILY HOUSING DEVELOPMENT WORK:

A. 1924.6 (A) – Contract method: Before any construction contract is entered into, there will be a discussion between the CDS, the borrower and spouse, and the prospective contractor. During this discussion a mutual understanding will be reached on the following: (1) the contract is between the borrower and the contractor and, although the Government is interested, it will not become a party to the contract or incur any liability there under; (2) detailed provisions of the plans and specifications; (3) the contractor's obligation, under the terms of the contract, to erect the structure(s) in accordance with the plans and specifications; (4) Form RD 1924-6, Construction Contract, and contents therein; (5) the CDS will be consulted prior to any changes in the construction; (6) changes in the contract and use of Form RD 1924-7, Contract Change Order; (7) use of Form RD 1924-10, Release by Claimants, and Form RD 1924-9, (form letter from the contractor certifying full payment of all materials and labor, and releasing the borrower from any claims); and (8) all other pertinent information. A brief summary

of the joint discussion between the CDS, borrower and spouse, and prospective contractor will be reflected in the running case record.

V. 1924.13 – SUPPLEMENTAL REQUIREMENTS FOR MORE COMPLEX CONSTRUCTION

A. 1924.13 (e) (1) (vi) – Method of Payment: When partial payments are to be made, the intervals of payment (days or stages of construction) will be left to the discretion of the contractor, the borrower, and the CDS.

(1) If payments are to be made at various stages of construction, Form RD TX 1924-1, Partial Payment Agreement, will be used for estimating the partial payments and will be made a part of the contract.

(a) In preparing Form RD 1924-6, Construction Contract, the appropriate payment clause specified in the Forms Manual Insert for the form will be modified as follows: following "intervals of" insert the three stages of construction as indicated on Form RD TX 1924-1, delete the period at the end of the clause and insert "in accordance with Form RD TX 1924-1, Partial Payment Agreement, attached hereto."

B. Making Changes in Development Plan: Where improvements are being made on homestead property, no changes will be made in the purpose for which such loan funds were shown in the Development Plan at the time of loan closing.

TEN YEAR WARRANTY PROVIDERS APPROVED BY TEXAS USDA RURAL DEVELOPMENT

Beazer Homes/United Home Insurance Company (Risk Retention Group)
4141 Billy Mitchell Drive
Addison, Texas 75001
(972) 385-7117

Bonded Builders Home Warranty Association
2201 Corporate Boulevard, NW
Suite 100
Boca Raton, Florida 33431
(561) 994-6200

Home of Texas (approved as pilot program)
5300 Derry Street
Harrisburg, Pennsylvania 17111-3598
(717) 561-4480

Home Owners Multiple Equity, Inc. (HOME)
Warranty Underwriters Insurance Company
6600 Sandspoint
Suite 100
P.O. Box 741808
Houston, Texas 77274

Ryland Group Inc. / Columbia National Insurance Company (Risk Retention Group)
Seven Burlington Square
Sixth Floor
Burlington, Vermont 05401
(802) 864-5599

StrucSure Home Warranty
11 W. Hampden Ave., Ste. 201
Englewood, Colorado 80110-2527
(877) 806-8777

TEN YEAR WARRANTY PROVIDERS APPROVED BY USDA RURAL DEVELOPMENT NATIONAL OFFICE

Home Buyers Warranty Corporation (HBW or 2-10)
17128 Montreal Circle
Tucker, Georgia 30084
(800) 488-8844

Manufactured Housing Warranty Corporation
P. O. Box 641
Harrisburg, Pennsylvania 17108-0641
(800) 247-1812

Residential Warranty Corporation (RWC)
5300 Derry Street
Harrisburg, Pennsylvania 17111-3596
(800) 247-1812

TEXAS USDA RURAL DEVELOPMENT STATE CODE FOR RURAL HOUSING DEVELOPMENT

PURPOSE: This attachment supplements RD Instruction 1924-A, para. 1924.5 (d) (1) (i) (E) (1), and is issued to provide state instruction on Model Codes adopted as RD (Texas) State Code to be used as the development standard for Rural Housing.

The following standards are adopted by the USDA Rural Development in Texas for the construction, modification and repair of all applicable rural housing units and related facilities:

I SINGLE FAMILY HOUSING:

A. Building, Mechanical, and Plumbing Systems: International Residential Code, 2000 Edition, published by the International Code Council, Inc., including all state/national amendments.

B. Electrical Systems: National Electrical Code, 1999 Edition, published by the National Fire Protection Association, including all state/national amendments,

OR

Any locally adopted code having jurisdiction.

II MULTIPLE FAMILY HOUSING:

A. Building Systems: Any locally adopted code having jurisdiction.

OR

International Building Code, 2000 Edition, published by the International Code Council, Inc., including all state/national amendments,

OR

Standard Building Code, 1999 Edition, published by the Southern Building Code Congress International, Inc. including all state/national amendments, but excluding Chapter 1 and Appendix Chapters B, C, E, F, and G.

B. Mechanical Systems: Any locally adopted code having jurisdiction.

OR

International Mechanical Code, 2000 Edition, published by the International Code Council, Inc., including all state/national amendments,

OR

Standard Mechanical Code, 1997 Edition, published by the Southern Building Code Congress International, Inc. including all state/national amendments, but excluding Chapter 1 and Appendix Chapter A and B.

C. Plumbing Systems: Any locally adopted code having jurisdiction.

OR

International Plumbing Code, 2000 Edition, published by the International Code Council, Inc., including all state/national amendments.

OR

Standard Plumbing Code, 1997 Edition, published by the Southern Building Code Congress International, Inc. including all state/national amendments, but excluding Chapter 1 and Appendix A.

D. Electrical Systems: Any locally adopted code having jurisdiction.

OR

International Electrical Code, 2000 Edition, published by the International Code Council, Inc., including all state/national amendments.

OR

National Electric Code,1999 Edition, published by the National Fire Protection Association, including all state/national amendments.

Form RD TX 1924-1
(Rev. 07/2003)

UNITED STATES DEPARTMENT OF AGRICULTURE

Rural Development

PARTIAL PAYMENT AGREEMENT

It is hereby agreed between the contractor and the borrower that this agreement shall be a part of the attached contract; that partial payment of sixty (60%) per cent of work in place may be made to the contractor after an inspection and approval of the work and materials by the Community Development Specialist and acceptance by the borrower.

Partial payments will be made as listed below.

Item of Work	Item Cost	60%	Partial Payment
1. Foundation complete (1)	$_____	$_____	$_____
2. Framework complete, including rough-in for heating, plumbing, and electrical work in place and visible (2)	$_____	$_____	$_____
3. Final – 90% of Total Contract minus partial payment 1 and 2			$_____
4. Ten percent (10%) retained for 30 days			$_____
5. Total Contract (100%)			$_____

_____ _____
Date Contractor

_____ _____
Date Borrower

_____ _____
Date Spouse

For guidance in determining percentage of work in place, see RD Instruction 1924-A, Exhibit A.

(1) Maximum 20% of Total Contract
(2) Maximum 60% of Total Contract

Form RD TX 1924-1
(Rev. 07/2003)

UNITED STATES DEPARTMENT OF AGRICULTURE

Rural Development

PARTIAL PAYMENT AGREEMENT

It is hereby agreed between the contractor and the borrower that this agreement shall be a part of the attached contract; that partial payment of sixty (60%) per cent of work in place may be made to the contractor after an inspection and approval of the work and materials by the Community Development Specialist and acceptance by the borrower.

Partial payments will be made as listed below.

Item of Work	Item Cost	60%	Partial Payment
1. Foundation complete (1)	$_____	$_____	$_____
2. Framework complete, including rough-in for heating, plumbing, and electrical work in place and visible (2)	$_____	$_____	$_____
3. Final – 90% of Total Contract minus partial payment 1 and 2			$_____
4. Ten percent (10%) retained for 30 days			$_____
5. Total Contract (100%)			$_____

_____ _____
Date Contractor

_____ _____
Date Borrower

_____ _____
Date Spouse

For guidance in determining percentage of work in place, see RD Instruction 1924-A, Exhibit A.

(1) Maximum 20% of Total Contract
(2) Maximum 60% of Total Contract

Used by local office in conjunction with Form RD 1924-6, Construction Contract, when partial payments are to be made at various stages of construction.

PROCEDURE FOR PREPARATION

PREPARED BY:	Community Development Specialist
NUMBER OF COPIES:	Original and two
SIGNATURES REQUIRED:	Contractor and borrower(s)
DISTRIBUTION OF COPIES:	Signed original to contractor; signed copy to borrower's local office case file; signed copy to borrower.