

2024 SUPPORTING STATEMENT

7 CFR Part 1902-A, Supervised Bank Accounts

OMB Number 0575-0158

REPORTING REQUIREMENTS – NON-FORM NUMBERS

1902.4. Co-signature MFH Withdrawals

Borrowers with MFH reserve accounts with an executed RD Form 402-1 will subject the withdrawal of reserve account funds to co-signature by an authorized RHS Official. Co-signature presents no added public burden.

Where RD Form 402-1A is executed, a co-signature will not be required. Historical trends show the ability to adhere to the responsibilities agreed upon as a condition for the loan (i.e., a borrower reports financial information needed to determine if regulations governing the reserve account were followed, uses reserve funds for authorized purposes, obtains prior Agency consent for the withdrawal of reserve account funds, etc.).

1902.4. Interest Bearing Deposit Agreement (Exhibit B)

Interest Bearing Deposit Agreements will typically be used to hold loan, grant, and reserve account funds that are not required for immediate disbursement. The Exhibit B has been replaced by RD Form 402-1/402-1A for MFH programs. In accordance with 7 CFR 3560.306, all MFH reserve account funds must be held in interest-bearing accounts. Compliance with this requirement is routinely monitored by Agency staff. This agreement may be used for any program administered by the Agency which may require the holding of funds in an interest-bearing account.

1902.6. Establishing Supervised Bank Accounts

Reserve accounts must be established and used in the manner set out in Agency regulations, 7 CFR 3560.306. The Agency's approval is required prior to withdrawing funds from the reserve account.

1902.7. Collateral Pledge

Collateral pledges will be required in some instances under Agency regulations. Funds held by financial institutions are prohibited from being pledged or taken as security without the Agency's prior consent. MFH seldom receives collateral pledge requests. Collateral pledges are primarily required when funds are over the Federal insurance thresholds (i.e., over \$250,000).

1902.14. Reconciliation of Accounts

A reconciliation of accounts is required periodically to verify account balances and fund usage. MFH programs routinely reconcile reserve accounts at the time of the Triennial Supervisory Visit occurring every 3 years. Additional reconciliation is performed when concerns arise over the accuracy of borrower financial records or when unusual servicing efforts are warranted, such as a need to confirm whether the accounts were used as intended for authorized purposes.

31 CFR 1020.220. Supervised Bank Account Proof of Government Identity Exemption

Proof of Government Identity Exception document is provided to financial institutions pursuant to the Customer Identification Program (CIP) regulation, 31 CFR 1020.220. Financial institutions are exempt from obtaining CIP information from Federal agencies opening an account, because Federal agencies are not considered "customers" for the purpose of CIPs, in accordance with 31 CFR 1020.100(b)(2)(ii) and 31 CFR 1020.315(b)(2). Government officials with signature authority and acting in the course and scope of their official Government duties fall under this exemption. Any burden associated with Proof of Government Identity Exception, is that of Agency staff.