



Yale SCHOOL OF MANAGEMENT
Program on Financial Stability

EliScholar – A Digital Platform for Scholarly Publishing at Yale

YPFS Resource Library

10-30-2020

USDA Implements Immediate Measures to Help Rural Residents, Businesses and Communities Affected by COVID-19

United States: Department of Agriculture: Rural Development

<https://elischolar.library.yale.edu/ypfs-documents/8567>

This resource is brought to you for free and open access by the Yale Program on Financial Stability and [EliScholar](#), a digital platform for scholarly publishing provided by Yale University Library. For more information, please contact ypfs@yale.edu.

(Updated Oct. 30, 2020) *The * denotes a new or updated item.*

USDA Implements Immediate Measures to Help Rural Residents, Businesses and Communities Affected by COVID-19

WASHINGTON, Oct. 30, 2020 – USDA Rural Development has taken a number of immediate actions to help rural residents, businesses and communities affected by the COVID-19 outbreak. Rural Development will keep our customers, partners and stakeholders continuously updated as more actions are taken to better serve rural America.

Visit www.rd.usda.gov/coronavirus for information on Rural Development loan payment assistance, application deadline extensions and more.

COVID-19 RESOURCES

On April 13, 2020, USDA unveiled a one-stop-shop of federal programs that can be used by rural communities, organizations and individuals impacted by the COVID-19 pandemic. The [COVID-19 Federal Rural Resource Guide](#) (PDF, 349 KB) is a first-of-its-kind resource for rural leaders looking for federal funding and partnership opportunities to help address this pandemic.

On May, 4, 2020, USDA released a summary of [key service changes](#) to increase the use of telehealth in response to the COVID-19 pandemic. These changes will help ensure that more rural residents can access care when and where they need it during this pandemic. This summary is intended to help interested parties understand the telehealth changes that have been made and explore new ways to support health care providers as they increase or transition to virtual care services.

OPPORTUNITIES FOR IMMEDIATE RELIEF

Rural Housing Service

Single-Family Housing

Mutual Self-Help Housing Technical Assistance Grants:

- USDA issued [guidance](#) on March 20, 2020, about steps the Department is taking to help you continue to successfully operate the Self-Help Program.
- USDA is working with Self-Help Program grantees, funding partners, real estate professionals and other interested stakeholders to maintain excellent customer service, while prioritizing the safety of our customers and staff.
- Among other guidance, the announcement included limiting workers at the building site to family members or small groups of 10 or less. The announcement discouraged volunteer labor outside of immediate household members, especially for higher-risk populations. Rural Development (RD) acknowledged this alternative method of construction had the potential to delay construction and noted that impacted grantees could make requests for amendments and time extensions in accordance with RD Instruction 1944-I, 1944.420 as early as practical.

- Self-Help grantees seeking amendments, time extensions, and refunding will be evaluated on a case-by-case basis on factors such as Lower Rates of Production, Equivalent Units (EUs) and Technical Assistance (TA) cost per EU. Grantee organizations must work with their regional Technical and Management Assistance (T&MA) Contractors to develop realistic extension requests and applications for refunding. The T&MA Contractors are aware of the potential for needed flexibilities and are ready to assist in any way they can. Please contact Rural Development and Regional Technical and Management Assistance contractor staffs so that we may offer additional assistance.
- For organizations utilizing Self-Help Opportunity Program (SHOP) funds, the following information was provided by HUD in a letter dated May 5, 2020: *“In terms of program policy guidance, the Office of Rural Housing and Economic Development staff will work with grantees to offer flexibility on some reporting requirements as well as provide program/project extensions based on the individual grantee’s request relating to specific grant activities, in accordance with the terms of each executed grant agreement. HUD’s decisions will be made on a case-by-case basis as a result of the merits of the individual grantee’s request and the grant agreement terms.”*
- Furthermore, HUD published the FY2020 SHOP NOFA on Grants.gov on June 18, 2020 with an application deadline of August 18, 2020.

Single Family Housing Direct Loan and Guarantee Programs:

Effective August 28, with the exception of vacant or abandoned dwellings, foreclosures and related evictions for borrowers with USDA single family housing Direct and Guaranteed loans are suspended through December 31, 2020.

Direct Loan Program:

- USDA has waived or relaxed certain parts of the application process for Single-Family Housing Direct Loans, including site assessments, and has extended the time period that certificates of eligibility are valid.
- A Direct Loan borrower who is experiencing a reduction of income can request a Payment Assistance package to see if he/she is eligible for payment assistance or for more assistance than currently received.
- Moratorium assistance for up to 180 days (total of 1 year) is available for Direct Loan borrowers experiencing financial hardship due, directly or indirectly, to the COVID-19 emergency. You can call us and verbally request a payment moratorium. Borrowers have the option to cancel the moratorium at any time or request the moratorium be extended up to an additional 180 days. At the end of the 1-year time period, these 502 Direct borrowers can request the moratorium be extended up to an additional year making it a total of 2 years. However, the borrower must submit a moratorium application and meet eligibility criteria to be granted that last year.
- Direct Loan questions should be directed to USDA’s Customer Service Center at 800-414-1226. Beginning July 6, 2020, regular hours are from 7 a.m. to 5 p.m. Monday through Friday Central Time (CT).

Guaranteed Loan Program:

* Extension of Temporary Exceptions: The temporary exceptions issued on March 27, 2020 pertaining to appraisals, repair inspections and income verifications for the Single Family Housing Guaranteed Loan Program (SFHGLP) due to the COVID-19 pandemic have been extended until December 31, 2020 and apply to the requirements in the program handbook HB-1-3555 for new loans, described below.

- Residential Appraisal Reports – Existing Dwelling: For purchase and non-streamlined refinance transactions, when an appraiser is unable to complete an interior inspection of an existing dwelling due to concerns associated with the COVID-19 pandemic, an “Exterior-Only Inspection Residential Appraisal Report”, (FHLMC 2055/FNMA 2055) will be accepted. In such cases, appraisers are not required to certify that the property meets HUD HB 4000.1 standards. The appraisal must be completed in accordance with the Uniform Standards of Professional Practice (USPAP) and the Uniform Appraisal Dataset (UAD). This exception is not applicable to existing manufactured housing pilot program, new construction properties, or construction to permanent loans. As a reminder, appraisals are not required for streamlined and streamlined-assist refinance transactions.
- Repair Inspections – Existing Dwelling: Loans for which a completion certification is not available due to issues related to the COVID-19 pandemic, a letter signed by the borrower confirming that the work was completed is permitted. Lenders must also provide further evidence of completion, which may include photographs of the completed work, paid invoices indicating completion, occupancy permits, or other substantially similar documentation. All completion documentation must be retained in the loan file. This exception is not applicable to rehabilitation and repair loans noted in section 12.28 of HB-1-3555
- Verbal Verification of Employment: Lenders should use due diligence in obtaining the most recent income documentation to verify the borrower’s repayment ability prior to closing. When the lender is unable to obtain a Verbal Verification of Employment (VVOE) within 10 business days of loan closing due to a temporary closure of the borrower’s employment, alternatives should be explored. For example, email correspondence with the borrower’s employer is an acceptable alternative to a VVOE. If the lender is unable to obtain a VVOE or acceptable alternative, the requirement will be waived when the borrower has a minimum of 2 months cash reserves. In the case of a reduction of income, the borrower’s reduced income must be sufficient to support the new loan payment and other non-housing obligations. Borrower’s with no income or those receiving unemployment benefits at the time of closing are not eligible for SFHGLP loans regardless of available cash reserves.
- Frequently Asked Questions (FAQs): Additional FAQs related to the origination and servicing of USDA Single Family Housing Guaranteed loans have been added to the previously posted FAQs. The revised document has been posted to the [USDA LINC Training and Resource Library](#). Questions regarding program policy and this announcement may be directed to the National Office Division at sfhgld.program@usda.gov or (202) 720-1452.
- To implement and align with the provisions of the CARES Act:
 - Effective immediately upon receiving a request for a forbearance from a borrower who attests to financial hardship directly or indirectly caused by COVID-19, lenders shall provide immediate forbearance of the borrower’s guaranteed loan payment for a period of up to 180 days. In addition, the initial forbearance period may be extended up to an additional 180 days at the borrower’s request.
 - During the forbearance options outlined above, no accrual of fees, penalties or interest may be charged to the borrower beyond the amounts calculated as if the borrower had made all contractual payments in a timely fashion.
 - Upon completion of the forbearance, the lender shall communicate with the borrower and determine if the borrower is able to resume making regular contractual payments. If so, the lender shall offer the borrower a written re-payment plan to resolve any amount due or at the borrower’s request, extend the loan term for a period that is at least the length of the forbearance.

- If the lender determines the borrower is financially unable to resume making contractual payments at the end of the forbearance, the borrower shall be evaluated for all available options presented in the Loss Mitigation Guide which is found at Attachment 18-A in [Chapter 18](#) of our 3555 Technical Handbook: <https://www.rd.usda.gov/sites/default/files/3555-1chapter18.pdf>
- **Effective period:** Lenders may approve the initial 180-day COVID-19 Forbearance no later than December 31, 2020.
- Guaranteed Loan servicing questions should be directed to: sfhgld.program@usda.gov. For more information, visit the following web pages:
 - SFHGLP Lending Partner Webpage: <https://www.rd.usda.gov/page/sfh-guaranteed-lender>
 - SFHGLP webpage: <https://www.rd.usda.gov/programs-services/single-family-housing-guaranteed-loan-program>
 - USDA LINC Training and Resource Library: <https://www.rd.usda.gov/programs-services/lenders/usda-linc-training-resource-library>
 - Procedure Notices: <https://www.rd.usda.gov/resources/directives/procedures-notice>

Multi-Family Housing

CDC Issues Guidance Ordering Halt in Tenant Residential Evictions to Further Prevent the Spread of COVID

On Sept. 4, 2020, USDA announced that the Centers for Disease Control and Prevention (CDC) has ordered a halt in residential evictions through Dec. 31, 2020, to tenants meeting certain criteria in USDA multi-family housing properties.

The CDC guidance applies to tenants who [certify that they meet the following criteria](#):

- All adults in the household have attempted to obtain any available government assistance for rent;
- The household meets income limits of \$99,000 per individual or \$198,000 per couple;
- The household is unable to pay full rent due to a loss in household income or extraordinary medical expenses;
- Timely partial payments have been attempted;
- Eviction would likely make the household homeless or force them into an unsafe shared living arrangement.

If properties are experiencing financial hardship due to COVID-19 and tenant inability to pay, USDA will continue to accept forbearance requests under the 2020 [Coronavirus Aid, Relief and Economic Security \(CARES\) Act](#) through Dec. 31, 2020.

To review our previously posted Multifamily Housing questions and answers on the CARES Act forbearance and COVID-19 in general, please visit the [Rural Development COVID-19 Response website](#).

For additional information, see page 55292 of the September 4 [Federal Register](#).

Sections 4023 and 4024 of the CARES Act apply to the Multi-family Direct and Guaranteed portfolios.

- The CARES Act allows Multi-family borrowers to request forbearance if they are experiencing financial hardship due to COVID-19. Multi-family Housing has existing authority in 7 CFR §3560.453 to take special servicing actions as part of a workout plan on Section 514 and 515 loans to prevent a default, and under that authority will approve a deferral of up to 3 monthly loan payments. For your convenience, attached is a sample streamlined workout agreement proposal that MFH considers to be in compliance

with the requirements of 7 CFR §3560.453(c). Borrowers are welcome to use that sample or submit your requests orally or in another written format to your assigned Multi-family Servicing Official.

- Once this information is submitted to your assigned Multi-family Servicing Official, within five business days your request will be processed by the field office and sent to the National Finance, Accounting and Operations Center (NFAOC) in St. Louis to adjust your account. If your loan payment is normally offset against your Rental Assistance payment, you will receive your full RA payment without the mortgage payment deducted. If you normally send in a payment, you do not need to do anything further.
- If the initial forbearance period is for less than 90 days, borrowers can request an extension of up to 90 days total, but must request the extension at least 15 days prior to the expiration of the initial period. Forbearance can be ended at any time by contacting your assigned Multi-family Servicing Official. Payments will be deferred for up to 90 days without any additional interest or late fees. When the loan reaches maturity, any deferred payments will be added to the final payment.
- The CARES Act prohibited evictions due to non-payment of rent through July 25, 2020 and does not allow owners to charge late fees or otherwise penalize tenants who are unable to pay rent. This eviction prohibition became effective upon enactment of the CARES Act (March 27, 2020) and is effective for 120 days for Section 514, Section 515 and Section 538 loans, as well as Multi-family voucher holders. As stated in 7 CFR §3560.452(c)(8), failure to comply with this Federal law is considered a non-monetary default.
- This prohibition on late fees remains in place for the period covered by the CARES Act, meaning that if a resident has unpaid rent on August 1, retroactive late fees may not be assessed. Late fees may only be charged going forward. We encourage MFH owners and agents to work with tenants wherever possible to assist them in maintaining housing, including processing interim certifications if possible or arranging payment plans for past-due balances.
- In addition, while the national prohibition on nonpayment evictions will lift July 25, many state and local governments have ongoing restrictions. Owners and agents must closely follow any applicable local guidance in this matter.
- As a reminder, properties under a forbearance/deferral agreement are prohibited from nonpayment evictions through the life of the deferral. For example, if a property requests a deferral for June, July, and August, no nonpayment evictions would be permitted until September 1.

Multi-Family Housing is taking several other steps to help owners, management agents and tenants maintain quality housing during the COVID-19 outbreak. Specifically, these immediate steps are effective for Section 515 Multi-Family properties:

- Tenant certifications due March 31, April 30 and May 31 for Multi-Family properties were extended to June 30 with no late fees or overage charges, as allowed in Multi-Family guidance (HB-3-3560, Chapter 4, Section 4.11). This extension allowed for additional time to complete needed certifications while avoiding face-to-face meetings as recommended by the Centers for Disease Control and Prevention (CDC).
- Properties may also request waivers of overage charges if needed.
- Late fees on Section 515 mortgages will be waived, subject to waiver authority in 7 CFR 3560.403 (c)(3).
- Section 514, Section 515 and Section 538 Annual Financial Statements due March 31 were extended through May 31. Properties can request further extensions on a case by case basis if needed.

- Current policy states that owners must process an interim recertification at the tenant's request if there is a change in income of \$50 or more per month. The owner should already have this policy in writing and apply it consistently. To the maximum extent possible, we encourage all owners to work with all tenants with impacted income to adjust rent payments.
- USDA encourages all owners to work with impacted residents and families to adjust rent payments, enter into forbearance agreements, and lessen the impact on affected residents. At this time, no additional subsidy funding has been made available. If borrowers are temporarily unable to make loan payments, the Agency may waive late fees and enter into an official workout plan.

USDA announced forbearance guidelines for the Multi-family Housing Guaranteed Loan Program as it applies to Section 4023 of the CARES Act. Guidelines are as follows:

For Forbearance of Stand-Alone Section 538 Loans:

- Lender fees should be reasonable and related to the drafting of the agreement. \$750 is considered reasonable for these purposes.
- The forbearance amount should be tailored to address the borrower's stated financial hardship. Any additional interest charged is negotiated between the lender and borrower but should not be higher than the note interest rate.
- Distributions should not be taken while a project is under a forbearance agreement or during any repayment period.
- If the Section 538 loan was sold to the Government National Mortgage Association (GNMA), repayment of forbearance must comply with the lender's securitization agreement with GNMA.

For Forbearance of Section 538 Loans with Subordinate Section 515 Loan(s):

- The above guidance for stand-alone Section 538 loans applies.
- The lender should confirm with the borrower and USDA whether the borrower has received forbearance on the subordinate Section 515 loan(s).
 - If the borrower has received forbearance on a Section 515 loan, the lender should include this in its calculation of needed Section 538 forbearance.
 - If the borrower has not received forbearance on a Section 515 loan, the lender should have the borrower contact his/her Multi-family Servicing Official to discuss forbearance in order to accurately assess the financial hardship caused by the public health crisis.
- If the borrower requires forbearance of a Section 538 loan, the lender may enter into a repayment plan with the borrower. The forbearance repayment plan will be considered an allowable expense in the Section 515 budget per Handbook 2-3560, Attachment 4-C.

Completed forbearance agreements must be sent to Adam.Hauptman@USDA.gov.

Guidance for Deferral Requests in USDA'S Multi-Family Housing Programs:

- The 2020 CARES Act allows Multifamily borrowers experiencing a financial hardship related to COVID-19 to request forbearance for up to 90 days. Guidance on how to request this forbearance/deferral was distributed on April 2, 2020, and we encourage you to contact your Servicing Official with questions.
- MFH has processed over 4,000 deferral requests for its 514 and 515 programs.

- Forbearance/deferral requests are still being accepted for properties experiencing financial hardship due to COVID-19 that have not yet requested a forbearance. Requests will be accepted as long as the National Emergency is in place or through December 31, 2020. As a condition of a deferral, owners and management agents must not evict tenants for nonpayment of rent through the deferral period.

Guidance for Tenants Who Experience an Ongoing Reduction in Income Due to COVID-19

- For tenants receiving Rental Assistance, an interim recertification should be completed as quickly as possible for any changes in monthly income. Tenants who completed a previous interim recertification may need to complete a second interim certification, for example if their unemployment benefits change or if a partial layoff becomes permanent. We encourage agents to be accurate but flexible, including receiving information by phone or email, and making accommodations when income changes can't be verified due to business closures.
- Given the high number of potential zero-income certifications, we have suspended Handbook 2-3560 Attachment 6-B used to verify living expenses for zero income interim recertifications. Tenants who have been laid off due to COVID-19 do not qualify for income annualization as mentioned in Handbook 2-3560 Chapter 6 Section 6.9 (4), as this emergency is not a seasonal or predictable layoff. Rent should be calculated based on current income.
- We continue to appreciate your partnership through this challenging time. Please do not hesitate to reach out to your local RD staff if you have additional questions.

Community Facilities

- Effective May 12, 2020, through September 30, 2020, the USDA [Community Facilities Direct Loan Program](#) will temporarily allow borrowers with direct loans to request payment deferrals to assist those that are experiencing temporary cash flow issues due to the pandemic.
- On a case-by-case basis, USDA will provide the option of principal and interest payment deferrals to borrowers impacted by COVID-19 for up to one year due to hardship. The borrower must request any payment deferrals from the Agency in writing.
- For additional information, please see page 22009 of the April 21, 2020, [Federal Register](#).
- Effective March 31, 2020, until September 30, 2020, lenders may offer 180-day loan payment deferrals without prior agency approval for [Community Facilities Loan Guarantees](#). For additional information, see page 17721 of the March 31, 2020, [Federal Register](#).
- On April 8, 2020, USDA expanded upon the deferral flexibilities it announced [March 31, 2020](#). Guaranteed lenders may also approve and make covered loans under the provisions of Section 1102 of the CARES Act. Section 1102 pertains to the Small Business Administration's Paycheck Protection Program.
- The expanded notice provides that guaranteed lenders may also approve and make covered loans under the provisions of Section 1102 of the CARES Act. Section 1102 pertains to the Small Business Administration's Paycheck Protection Program.
- Guaranteed lenders must notify USDA Rural Development in writing of any covered loans made under Section 1102 of the [CARES Act](#). Written notification will meet the standard for concurrence until Sept. 30, 2020. After Sept. 30, 2020, lenders must resume obtaining Agency approval in accordance with all applicable program regulations, forms and existing authorities. For additional information, see page 19655 of the April 8, 2020, [Federal Register](#).

- On April 24, 2020, USDA provided guidance on the resources provided in the [Paycheck Protection Program and Health Care Enhancement Act \(HR.266\)](#) recently passed by Congress and signed into law by President Trump.
 - Current borrowers in USDA’s Community Facilities Direct Loan program who apply for a loan through the PPP are not required to obtain prior written consent. However, borrowers must continue to follow program requirements for additional debt requests and requests involving the subordination or parity of security.
 - Community Facilities lenders may also approve and make covered loans under the PPP. Guaranteed lenders must notify USDA Rural Development in writing of any covered loans made under the PPP. Written notification will meet the standard for concurrence until Sept. 30, 2020.

Rural Utilities Service

USDA is waiving RUS borrower covenant requirements for loan agreement financial ratios for the period from Jan. 1, 2020 through Dec. 31, 2020. Additionally, USDA is waiving all financial reporting requirements associated with existing Rural Utilities Service (RUS) loan and grant covenants beginning Jan. 1, 2020 through Aug. 31, 2020.

ReConnect Pilot Program

- The CARES Act provided \$100 million in additional funding to the program. USDA received 11 Round 2 ReConnect Program applications that were eligible for this funding.
- On June 25, 2020, USDA began to announce awards for ReConnect Round 2 beginning with recipients of the CARES Act funding. USDA will continue making announcements as these projects are awarded.

Distance Learning and Telemedicine (DLT)

- Rural Development was provided an additional \$25 million in the CARES Act for the DLT grant program. USDA issued a stakeholder announcement on April 14 on the funding. This funding was used to establish a second application window for Fiscal Year 2020 which closed on July 13, 2020. RUS is currently reviewing these applications.
- RUS also is reviewing the first round of applications for Fiscal Year 2020 for the DLT program which closed on April 10, 2020. RUS anticipates making announcements on the first round of DLT awards as early as mid-August 2020.

Telecommunications and Electric

- USDA extended the deadline for the Telecommunications and Electric program borrowers and grantees to submit their annual CPA audit to August 31, 2020.
- USDA is waiving borrower covenant requirements for loan agreement financial ratios for the period from Jan. 1, 2020, through Dec. 31, 2020. Additionally, USDA is waiving all financial reporting requirements associated with existing RUS loan and grant covenants beginning Jan. 1, 2020 through Aug. 31, 2020
- The RUS Administrator has delegated authority to the RUS Telecommunications, Electric, and Water and Environmental Programs to consider requests to waive certain site inspection requirements during the current COVID-19 National Emergency.
- Applicants will be able to use alternative methods to notify the public, such as through videoconferences, teleconferences and public notices on websites and in local newspapers, as a substitute for the public meeting notification requirement for water and waste projects.

- On a case-by-case basis, USDA will help Electric Program borrowers gain access to obligated funds more quickly at current low interest rates by considering extensions of loan terms (within statutory limits); considering requests to move obligated funds between the Electric Program’s six budget purposes where the new purpose has cleared environmental review; and by considering Temporary Normal Inventory (TNI) requests.
- On April 24, 2020, USDA provides guidance on the resources provided in the [Paycheck Protection Program and Health Care Enhancement Act \(HR.266\)](#) recently passed by Congress and signed into law by President Trump.
 - Depending on the program, USDA Electric, Telecommunications and Rural Energy Savings Program borrowers are required to seek prior written consent of the Rural Utilities Service (RUS) for additional outside indebtedness pursuant to certain terms in the regulations and loan documents.
 - For those borrowers where prior RUS consent would be needed, RUS waives the requirement of consent for any loan made by the SBA under the PPP as published in the Federal Register, provided RUS is notified of the SBA emergency loan before execution. Borrowers must continue to follow program requirements for additional debt requests and requests involving the subordination or parity of security.
 - The Small Business Administration (SBA) has issued an [interim final rule](#) that clarifies the eligibility of electric cooperatives for the Paycheck Protection Program. Electric cooperatives that are 501(c)(12) eligible are approved to access the program by the SBA. Furthermore, USDA has approved usage of the Paycheck Protection Program provided electric cooperatives notify the RUS if they end up using that resource. They do not need pre-approval to do so.
- USDA is providing the following guidance for RUS regulated borrowers who have received SBA Paycheck Protection Program (PPP) funds:
 - PPP loan funds should be initially recorded as debt.
 - Any PPP loan funds that are included on work orders submitted to RUS for financing, must be removed from all financing requests regardless of whether the PPP funds are forgiven. This will prevent duplicate financing of these costs through the Federal Government. (Please note, the costs do not have to be removed from the assets constructed or retired unless the loan is forgiven).
 - If PPP loan funds are subsequently forgiven, the expenses and/or workorders along with assets constructed or retired should be credited for any forgiven PPP loan funds used for these purposes.
 - RUS cannot provide an opinion or advise on whether PPP loans made to RUS borrowers will qualify for forgiveness. That decision will be made by SBA.
 - This guidance is based on the current status of SBA's PPP and given that many variables in this program are unknown at this time, our guidance may be updated to reflect any new circumstances related to the PPP.
 - If you have any additional questions or concerns, please contact the Technical Accounting Review Branch at SM.RD.CMPL.TARB@usda.gov.

Water and Waste Disposal Program

- Effective March 31, 2020, until September 30, 2020, lenders may offer 180-day loan payment deferrals without prior agency approval for [Water and Waste Disposal Loan Guarantees](#). For additional information, see page 17721 of the March 31, 2020, [Federal Register](#).
- On April 8, 2020, USDA expanded upon the deferral flexibilities it announced [March 31, 2020](#). Guaranteed lenders may also approve and make covered loans under the provisions of Section 1102 of the CARES Act. Section 1102 pertains to the Small Business Administration's Paycheck Protection Program.
- The expanded notice provides that guaranteed lenders may also approve and make covered loans under the provisions of Section 1102 of the CARES Act. Section 1102 pertains to the Small Business Administration's Paycheck Protection Program.
- Guaranteed lenders must notify USDA Rural Development in writing of any covered loans made under Section 1102 of the [CARES Act](#). Written notification will meet the standard for concurrence until Sept. 30, 2020. After Sept. 30, 2020, lenders must resume obtaining Agency approval in accordance with all applicable program regulations, forms and existing authorities. For additional information, see page 19655 of the April 8, 2020, [Federal Register](#).
- On April 24, 2020, USDA provides guidance on the resources provided in the [Paycheck Protection Program and Health Care Enhancement Act \(HR.266\)](#) recently passed by Congress and signed into law by President Trump.
 - Current borrowers in USDA's Water and Waste Disposal loan program who apply for a loan through the PPP are not required to obtain prior written consent. However, borrowers must continue to follow program requirements for additional debt requests and requests involving the subordination or parity of security.
 - Water and Wastewater lenders may also approve and make covered loans under the PPP. Guaranteed lenders must notify USDA Rural Development in writing of any covered loans made under the PPP. Written notification will meet the standard for concurrence until Sept. 30, 2020.
- RUS will temporarily grant Water and Waste Disposal infrastructure borrowers in good standing the ability to apply for assistance to address temporary cash flow issues due to the pandemic. On a case-by-case basis, options include principal and interest payment deferrals and other financial restructuring measures. Principal and interest calculations will be adjusted to reflect the new outstanding balance. The borrower must request any payment deferments from the Agency in writing.

For assistance, please contact:

- Electric Program: Christopher McLean, Christopher.mclean@usda.gov, 202-407-2986
- Telecommunications Program: Laurel Leverrier, Laurel.Leverrier@usda.gov, 202-495-9142
- Water and Environmental Programs: Edna Primrose, Edna.Primrose@usda.gov, 202-494-5610

Rural Business-Cooperative Service

Business & Industry (B&I) CARES Act Program

Effective May 22, 2020, USDA is making available up to \$1 billion in loan guarantees to help rural businesses meet their working capital needs during the coronavirus pandemic. Additionally, agricultural producers that are not eligible for USDA Farm Service Agency loans may receive funding under USDA [Business & Industry \(B&I\) CARES Act Program](#) provisions included in the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

In addition to expanding eligibility to certain agricultural producers, the changes allow USDA to:

- Provide 90 percent guarantees on B&I CARES Act Program loans;
- Set the application and guarantee fee at two percent of the loan;
- Accept appraisals completed within two years of the loan application date;
- Not require discounting of collateral for working capital loans, and
- Extend the maximum term for working capital loans to 10 years.

B&I CARES Act Program loans must be used as working capital to prevent, prepare for or respond to the effects of the coronavirus pandemic. The loans may be used only to support rural businesses, including agricultural producers, that were in operation on Feb. 15, 2020.

USDA intends to consider applications in the order they are received. However, the Department may assign priority points to projects if the demand for funds exceeds availability.

USDA announced the expanded B&I authorities in a notice published on page 31139 of the May 22 [Federal Register](#). The Department began accepting B&I CARES Act applications for loan guarantees on May 22, 2020. Applications will be received continuously through midnight Eastern Daylight Time on September 15, 2021, or until funds are expended. Program funding expires Sept 30, 2021.

Additional Guaranteed Programs

Effective March 31, 2020, until September 30, 2020, lenders may offer 180-day loan payment deferrals without prior agency approval for [Business and Industry Loan Guarantees](#), and [Rural Energy for America Program Loan Guarantees](#). For additional information, see page 17721 of the March 31, 2020, [Federal Register](#).

On April 8, 2020, USDA expanded upon the deferral flexibilities it announced on [March 31, 2020](#). Guaranteed lenders may also approve and make covered loans under the provisions of Section 1102 of the CARES Act pertaining to the Small Business Administration's Paycheck Protection Program.

The expanded notice provides that guaranteed lenders may also approve and make covered loans under the provisions of Section 1102 of the CARES Act without prior Agency approval.

On April 24, 2020, USDA provided guidance on the resources provided in the [Paycheck Protection Program and Health Care Enhancement Act \(HR.266\)](#) recently passed by Congress and signed into law by President Trump.

- USDA's guaranteed Business & Industry, Rural Energy for America Program (REAP) programs may approve and make covered loans under the PPP. Guaranteed lenders must notify USDA Rural Development in writing of any covered loans made under the PPP. Written notification will meet the standard for concurrence until Sept. 30, 2020.

Programs for RBCS Intermediary Borrowers

- RBCS intermediary borrowers continue to have authority to service loan portfolios independent of USDA. Intermediary borrowers participating in these programs may approve loan payment deferrals for their borrowers without USDA approval. These programs are:
 - Intermediary Relending Program (IRP)
 - Rural Business Development Grant (RBDG)
 - Rural Economic Development Loan and Grant (REDL and REDG)
 - Rural Microentrepreneur Assistance Program (RMAP)
- For existing Intermediary Relending Program (IRP) and Rural Economic Development Loan (REDL) borrowers, the Agency is committed to maintaining well-capitalized intermediary lenders and will work

with intermediaries on loan servicing requests on a case-by-case basis to make sure they remain a pillar in our rural business communities.

Rural Cooperative Development Grants Program

- USDA is making \$5.8 million in grants available under the [Rural Cooperative Development Grant \(RCDG\)](#) program to help improve economic conditions in rural areas. Nonprofit corporations and institutions of higher education are eligible to apply to provide technical assistance to individuals and rural businesses.
- Fiscal year 2019 award recipients who received a grant period extension due to a loss of operations as a result of the coronavirus pandemic are eligible to apply for fiscal year 2020 funding.
- Electronic applications must be submitted to [grants.gov](#) by midnight Eastern Time on August 3, 2020. Additional information is available on page 39870 of the July 2 [Federal Register](#).

NEW AND EXTENDED APPLICATION DEADLINES

USDA is extending or opening new application windows for the following programs:

Rural Business-Cooperative Service

- USDA announced the expanded B&I authorities in a notice published on page 31139 of the May 22 [Federal Register](#). The Department will begin accepting applications for B&I loan guarantees on May 22, 2020. Applications must be received no later than midnight Eastern Daylight Time on September 15, 2021, or until funds are expended. Program funding expires Sept. 30, 2021.
- USDA announced the extension of the application deadline for the *Rural Business Development Grant* (RBDG) program to no later than April 15, 2020 in an Unnumbered Letter posted March 19, 2020.
- USDA extended the application deadline for the *Rural Energy for America Program* (REAP) to April 15, 2020. For additional information, see page 16925 of the March 25, 2020, [Federal Register](#).

Rural Utilities Service

- USDA extended the application deadline for the *ReConnect Pilot Program* to April 15, 2020. For additional information, see page 17530 of the March 30, 2020. [Federal Register](#).
- USDA opened a second application window for funding under the [Distance Learning and Telemedicine](#) (DLT) grant program. Electronic applications for window two may be submitted through [grants.gov](#) beginning April 14, 2020 and are due no later than July 13, 2020. Paper applications will not be accepted under the second window.

#

USDA is an equal opportunity provider, employer and lender.