(Updated April 8, 2020) *The * denotes a new or updated item.*

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

WASHINGTON, April 8, 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.

OPPORTUNITIES FOR IMMEDIATE RELIEF

Rural Development Guaranteed Loan 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, Rural Energy for America Program Loan Guarantees, Community Facilities Loan Guarantees, and 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.

* 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 Single Family Housing 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.

- * **Effective period:** Lenders may approve the initial 180-day COVID-19 Forbearance no later than October 30, 2020.

Rural Housing Service

Single-Family Housing

Effective March 19, borrowers with USDA single-family housing Direct and Guaranteed loans are subject to a moratorium on foreclosure and eviction for a period of 60 days. This action applies to the initiation of foreclosures and evictions and to the completion of foreclosures and evictions in process.

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 by more than 10 percent 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 is available for Direct Loan borrowers experiencing medical bill expenses (not covered by insurance) or job loss because of COVID-19. Qualifying borrowers can receive a moratorium on house payments for a period of time, repaid at a later date.
- Direct Loan questions should be directed to USDA's Customer Service Center at 800-414-1226 (7:00 a.m.-5:00 p.m. Eastern Time Monday-Friday) or https://www.rd.usda.gov/contact-us/loan-servicing. Call volume and wait times are high at this time.

Guaranteed Loan Program:

- Guaranteed Loan borrowers who are in default or facing imminent default due to a documented hardship can have payments reduced or suspended by their lender for a period not to exceed 12 months delinquency. Once the hardship is resolved, the lender can modify the loan to cure the delinquency or make up the missed payments based on the borrower's individual circumstances.
- USDA is granting lenders temporary exceptions pertaining to appraisals, repair inspections and income verification for the Single-Family Housing Guaranteed Loan Program (SFHGLP) due to the COVID-19 pandemic. Effective immediately, the following exceptions to Agency guidance found at HB-1-3555 are in effect for a period of 60-days. * In accordance to the CARES Act, this guidance remains unchanged and in effect.
    - 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 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: For 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 must document and verify the borrower's annual and repayment income in accordance with Agency regulations. Lenders should use due diligence in obtaining the most recent income documentation to re-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 two 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. Borrowers with no income at the time of closing are not eligible for SFHGLP loans regardless of available cash reserves.

  - Expiration of Temporary Exceptions: These temporary exceptions will expire 60 days from the date of this notice.

- * 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 October 30, 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-notices

Multi-Family Housing

* Immediate assistance for Rural Development Tenant Vouchers

- * **Payment Assistance:** If you have lost your job and are not currently using your maximum voucher amount, the voucher amount may be increased to your maximum voucher amount. For assistance in determining if you may have funding available, you may contact the Rural Development Voucher Program Office at (844) 857-5386 within the next 120 days.
- * **Eviction from Your Unit:** Until July 25, 2020, you cannot be evicted from your unit because you did not pay your rent. You cannot be charged any fees or penalties because you cannot pay your rent.
- * **Voucher Unit Inspections:** If you are planning a move, generally RD would inspect your new apartment. Decisions on postponing or cancelling voucher inspections are being made on a state-to-state

basis. Please call your local RD State Office for current inspection procedures in your state. If inspections are being postponed, an owner inspection and photos of the unit via email can be used to approve your unit suitability.

- * **How to Contact Us:** If you have additional questions concerning this guidance, you may contact the Rural Development Voucher Program Office at (844) 857-5386 or rdvoucher@usda.gov. The RD Voucher Program Office is available Monday – Friday 8:00 a.m. to 4:00 p.m. CT; 9:00 a.m. to 5:00 p.m. ET.

* Sections 4023 and 4024 of the CARES Act apply to the Multifamily Direct and Guaranteed portfolios.

- * The CARES Act allows Multifamily borrowers to request forbearance if they are experiencing financial hardship due to COVID-19. Multifamily Housing has existing authority in 7 CFR §3560.453to 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 Multifamily Servicing Official.
- * Once this information is submitted to your assigned Multifamily 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 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 Multifamily 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.
- * Guidance on forbearance requests for a Section 538 loans will be provided later this week.
- * The CARES Act prohibits evictions due to non-payment of rent for the next 120 days 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 Multifamily voucher holders. As stated in 7 CFR §3560.452(c)(8), failure to comply with this Federal law is considered a non-monetary default.

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

- Tenant certifications due March 31, April 30 and May 31 for Multi-Family properties have been 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 will allow for additional time to complete needed certifications while avoiding face-to-face meetings as recommended by the Centers for Disease Control and Prevention (CDC).

- Late fees on Section 515 mortgages will be waived, subject to waiver authority in 7 CFR 3560.403 (c)(3).
- Section 515 Annual Financial Statements due March 31 will be extended 30 days, as per Multi-Family guidance (HB-2-3560 Chapter 4, Section 4.16-H). USDA is exploring whether a longer extension is appropriate and will provide further guidance.
- 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.

Rural Utilities Service

- * Rural Development was provided an additional $25 million in the CARES Act for the Distance Learning and Telemedicine grant program. USDA will make a separate announcement in coming weeks when these funds are available.
- On March 20, 2020, USDA extended for 60 days the deadline for Telecommunications and Electric Program borrowers and grantees to submit their annual CPA audit. In most cases, such audits are due to the agency by April 30, 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 Rural Utilities Service (RUS) loan and grant covenants beginning Jan. 1, 2020 through June 30, 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.
- 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

- 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.

NEW AND EXTENDED APPLICATION DEADLINES

USDA is extending the application window for the following programs:

Rural Business-Cooperative Service

- USDA extended the application deadline for the *Rural Business Development Grant* (RBDG) program to no later than April 15, 2020. Contact the Rural Development office for the deadline in your state. USDA announced the extension 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 is opening 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. Additional information on how to apply will be available on grants.gov on April 14.

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