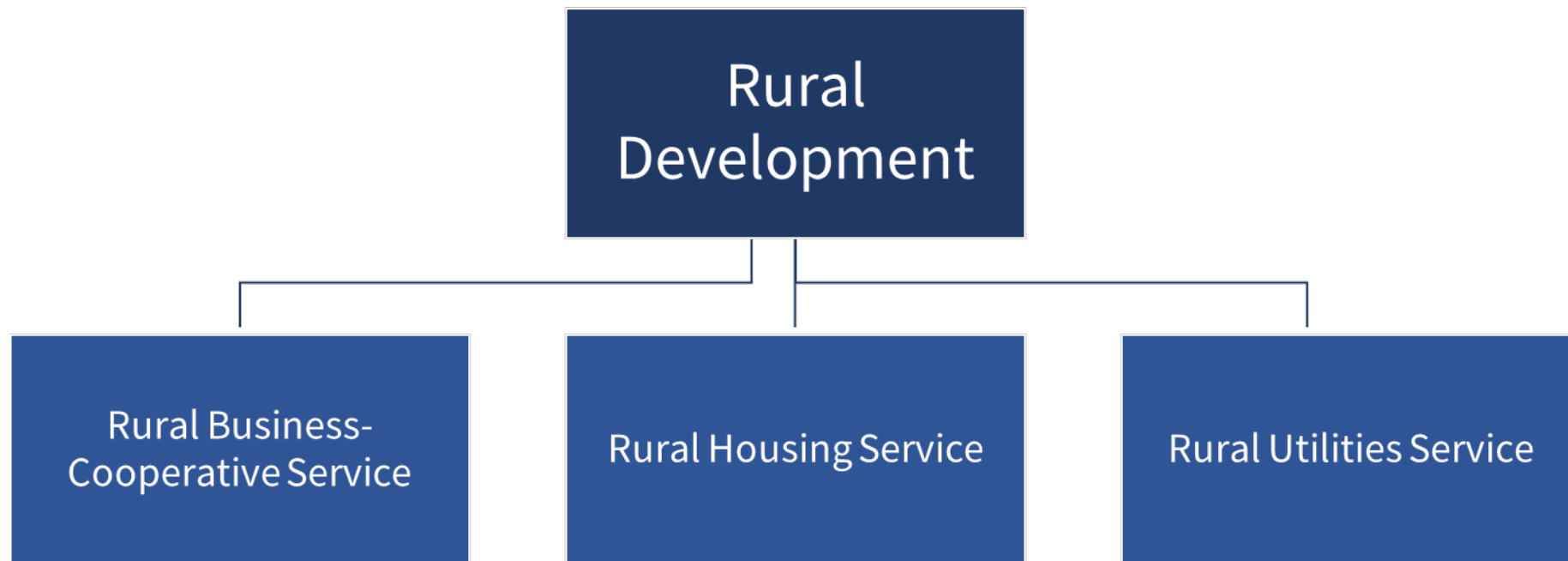




# USDA Rural Development Your Partner in Prosperity - COVID-19 Response

# Rural Development Structure and Mission



# Rural Development Offices in Minnesota

The following are the Rural Development office locations in MN:

Alexandria

Austin

Bemidji

Baxter

Cambridge

Detroit Lakes

Faribault

Marshall

St. Paul

Thief River Falls

Virginia

Willmar

Worthington



# Rural Business-Cooperative Service (RBCS)

# Business Programs

Rural Business Development Grants (RBDG)

Value Added Producer Grants (VAPG)

Rural Economic Development Loan and Grant (REDLG)





# Business & Industry Loan Guarantees

- Convert, enlarge, repair, modernize, or develop business
- Purchase and develop land, easements, rights-of-way, buildings, or facilities
- Purchase equipment, machinery, supplies, or inventory
- Refinance when new jobs will be created and other conditions are met







## Renewable Energy for America Program

- Install energy efficient lighting
- Upgrade refrigeration systems
- Improve insulation, duct work, windows, and other building upgrades
- Lower heating and cooling costs with heating, ventilation, and air conditioning upgrades
- Install solar panels or wind turbines
- REAP Guaranteed Loans - Generally 90% guarantee for the lender
- Currently we have ~ 170 applications for funding consideration in MN for FY-2020

# Rural Housing Service (RHS)





## Single-Family Housing – Direct and Guaranteed Loans

- No Down Payment
- 100 Percent Affordable Fixed Rate Financing
- Closing Costs and Repairs may be included
- No Prepayment Penalties
- Direct Loan Interest Rate 2.75% (4/2020) Payment Assistance Available
- 90% Guarantees Available on the Guaranteed Loans



# Single-Family Home Repair Loans and Grants

- Access for persons with disabilities
- Roofs and septic tanks
- Energy-saving upgrades, and more
- Loan terms 20 years at 1% interest Rate
- Grants available up to \$7,500
- Loans available up to \$20,000
- Very low income requirement (<50% of County MHI)
- Jointly funded projects common







## Community Facilities (Loans, Grants, & Loan Guarantees)

- Hospitals, health clinics, nursing homes, assisted livings, & other health care relate facilities and equipment
- Schools and Daycares
- Fire halls, first responder vehicles, warning systems, ambulances and related equipment
- Community centers and more.
- Loan Interest rate 2.75% (4/2020)
- Currently significant additional grant funding is available.

# Rural Utilities Service (RUS)



# Broadband Programs

ReConnect

Community Connect

Distance Learning and  
Telemedicine

Administered by National  
Office General Field  
Representatives





# Water and Environmental Programs







## Water and Waste Disposal Loans and Grants

- Improve infrastructure (water, wastewater, and stormwater)
- Support public health and safety or
- Promote economic development.

# Federal Government, USDA, and Rural Development COVID-19 links and resources - Ongoing updates are being provided

- Federal Government Information - [The COVID-19 Federal Rural Resource Guide](#)
- USDA Information - <https://www.usda.gov/coronavirus>
- USDA Rural Development Information – <https://rd.usda.gov/coronavirus>
- USDA Rural Development Stakeholder Announcement signup process - [https://www.rd.usda.gov/sites/default/files/MN\\_GovDeliveryGuidance.pdf](https://www.rd.usda.gov/sites/default/files/MN_GovDeliveryGuidance.pdf)



# USDA Rural Development Guaranteed Loan Programs Affected by COVID-19 (Updated April 15, 2020)

- 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.

# USDA Rural Development Direct Single Family Housing Program Borrowers Affected by COVID-19 (Updated April 15, 2020)

- Effective March 19, borrowers with USDA single-family housing Direct 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.
- 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 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.
- Direct Loan questions should be directed to USDA's Customer Service Center at 800-414-1226. The Customer Service Center is experiencing high call volumes during this COVID-19 Crisis. The call center has expanded hours from 7 a.m. until 7 p.m. CT Mon - Fri; and 8 a.m. to 1 p.m. CT on Saturdays.



# USDA Rural Development Guaranteed Single Family Housing Program Borrowers Affected by COVID-19 (Updated April 15, 2020)

- Effective March 19, borrowers with USDA single-family housing 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. This is according to the CARES Act and USDA Rural Development guidance.
- 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 CARES Act.
- Borrowers with no income at the time of closing are not eligible for SFHGLP loans regardless of available cash reserves.
- 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 regular program servicing options.
- Effective period: Lenders may approve the initial 180-day COVID-19 Forbearance no later than October 30, 2020.

# **USDA Rural Development Direct Community Facilities Program Borrowers Affected by COVID-19 (Updated April 17, 2020)**

- USDA is temporarily deferring payment for borrowers participating in the USDA Community Facilities Direct Loan program due to the COVID-19 pandemic. Effective upon publication in the Federal Register 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 deferments from the Agency in writing.
- Rural Development may allow borrowers to use their required debt service account for operating and current debt service needs.



# USDA Rural Development Direct Multi-Family Housing Program Borrowers Affected by COVID-19 (Updated April 15, 2020)

- The CARES Act allows Multifamily borrowers to request forbearance if they are experiencing financial hardship due to COVID-19. This authority allows approval of a deferral for up to 3 monthly loan payments. 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 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.
- 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: 1) 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, 2) Late fees on Section 515 mortgages will be waived 3) Section 515 Annual Financial Statements due March 31 will be extended 30 days, 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.



# USDA Rural Development Multi-Family Housing Tenant Voucher Holders Affected by COVID-19 (Updated April 15, 2020)

- **Rental Assistance Voucher:** 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](mailto: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.



# USDA Rural Development Rural Utilities Service Funding and Servicing Options Affected by COVID-19 (Updated April 15, 2020)

- USDA will use the additional \$100 million provided for the ReConnect Program in the CARES Act to invest in qualified 100 percent grant projects that did not receive funding in the program's first round of ReConnect Program investments. Round one applicants who did not receive funding because there was broadband access in the proposed service area may submit an application during the second round to receive this priority as long as their proposed service area meets the requirements of the ReConnect Round 2 Funding Opportunity Announcement.
- Rural Development was provided an additional \$25 million in the CARES Act for the Distance Learning and Telemedicine grant program. USDA issued a stakeholder announcement on April 14 on the funding.
- 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.
- 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.

# USDA Rural Development Rural Business-Cooperative Service Funding and Servicing Options Affected by COVID-19 (Updated April 15, 2020)

- 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)
- Minnesota Revolving Loan Funds: <http://www.rd.usda.gov/files/MN-RLFDirectory.pdf>
- The CARES Act provided additional Guaranteed Business and Industry funding and authorities. Additional guidance to be provided soon. Focus on working capital funding, increased loan amounts and percentage of guarantee.



# USDA Rural Development Financing and COVID-19 Summary

- Changes and updates are being made on a regular bases and distributed through GovDelivery. Sign up to receive the most current updates:  
[https://www.rd.usda.gov/sites/default/files/MN\\_GovDeliveryGuidance.pdf](https://www.rd.usda.gov/sites/default/files/MN_GovDeliveryGuidance.pdf)
- The Rural Development programs already have normal account servicing authorities in place to assist borrowers get through challenging time periods such as interest only payments, deferrals and loan rescheduling.
- Currently interest rate in many of our direct loan programs are at historic low levels for long term financing (almost all programs are below 3% as of 4/2020).
- Significant grant funding to eligible applicants in the Community Facilities and Section 504 Home Repair programs
- Questions?

# Contact Information

Assistance under USDA Rural Development programs is available to applicants in areas designated as “rural.” Under law, the definition of “rural area” is different for each program.

Contact your local USDA Rural Development RBS Specialist for additional information.

<https://www.rd.usda.gov/contact-us/state-offices/mn>

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Or go to: [www.rd.usda.gov/mn](http://www.rd.usda.gov/mn)

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