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**DEPARTMENT OF AGRICULTURE**

**Rural Housing Service**

**7 CFR Part 1951**

**[Docket No. RHS-20-CF-0011]**

**Notification of Direct Loan Payment Deferrals for the Community Facilities Direct Loan Program**

**AGENCY:** Rural Housing Service, USDA.

**ACTION:** Temporary policy.

**SUMMARY:** The Rural Housing Service, hereinafter referred to as the Agency, will temporarily allow borrowers with direct loans within the Community Facilities (CF) Program to request payment deferrals during the period specified in the **DATES** section of this notification. This temporary authorization applies to CF direct loan borrowers who are experiencing temporary cash flow issues due to the Coronavirus (COVID-19) pandemic. The Agency will provide the option of principal and interest payment deferrals to borrowers impacted by COVID-19 for up to one year due to hardship on a case-by-case basis.

**DATES:** This policy is effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER] and the temporary authorization to request payment deferrals under this notification expires on September 30, 2020.

**FOR FURTHER INFORMATION CONTACT:** Anita Outen, Community Facilities, at 202-720-1497 or via email at Anita.Outen@usda.gov.

**SUPPLEMENTARY INFORMATION:** CF has the statutory authority to defer principal and interest payments in accordance with 7 U.S.C. 1981a of the Consolidated Farm and Rural Development Act, section 331A. Beginning immediately and through September 30, 2020, the Community Facilities Direct Loan Program may assist borrowers that are temporarily unable to continue making payments of principal and interest due because of temporary cash flow issues resulting from the COVID-19 pandemic, by deferring payments for a period no longer than one year from the date the original payment is due. The borrower must request any payment deferrals from the Agency in writing. The State Directors have the authority to approve the payment deferral on loans where the aggregate balance of principal and interest on the loan is \$10 million or less. Any loans over that amount will require Agency Administrator approval. Any deferral request for a CF project that has both a CF Direct Loan and a CF Guaranteed Loan, where the request will modify the parity arrangement that is presently in place or that has a different deferral term, will require Agency Administrator review and concurrence. The Agency will notify the borrower when payment deferral requests do not meet the Agency's requirements. The Agency does not consider a loan that is under a deferral agreement to be a delinquent loan. After September 30, 2020, borrowers must resume obtaining Agency approval in accordance

with all applicable program regulations, forms, and existing authorities. This guidance applies to all borrowers that had a current repayment status as of March 1, 2020. Borrowers that were delinquent prior to March 1, 2020 will continue to be serviced under 7 CFR part 1951, subpart E, and 7 CFR part 1956, subpart C.

**Paperwork Reduction Act:** In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.), the information collection activities associated with this notification are covered under OMB Number: 0575-0066. This notification contains no new reporting or recordkeeping requirements that would require approval under the Paperwork Reduction Act of 1995.

**Submissions:** The Agency is requiring the following information from the CF direct loan borrowers to be considered for a deferral of payments pursuant to this notification:

1. A brief narrative addressing how the COVID-19 pandemic has impacted the operation of the facility and hindered the borrower's cash flow indicating that the circumstances were beyond the borrower's control. The narrative should also include the borrower's name and account information as well as a proposed operations plan that addresses scheduled loan repayment at the end the agreement. The proposed plan can include reamortization of the remaining payments within the original loan term after the deferral period expires. All proposals should be in accordance with the CF servicing regulations outlined at 7 CFR part 1951, subpart E;
2. The borrower must provide documentation, such as but not limited to: a statement of cashflows or current income and expenses approved by an official of the borrower, a

statement of temporary closure approved by an official of the borrower, or a proclamation or order from a government entity requiring temporary closure or significant reduction of facility operations. The documentation must substantiate the narrative provided under item #1; and

3. Form RD 1951-10, Community Programs Workout Agreement will be signed by both parties prior to executing any payment deferral action.

The borrower should contact the appropriate State Office by telephone to discuss the request for payment deferral prior to submitting the required documents. The State Office contact information is available at: <https://www.rd.usda.gov/contact-us/state-offices>. Unpaid interest accruing during a deferral agreement is not subject to the limitation of the accrued interest under 7 CFR 1951.221(a)(2)(ii).

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Bruce W. Lammers,  
Administrator,  
Rural Housing Service.