

116TH CONGRESS
2D SESSION

H. R. 7452

To require the Secretary of Agriculture to provide relief from hardship due to the COVID–19 pandemic to certain borrowers of rural development loans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 1, 2020

Ms. FINKENAUER introduced the following bill; which was referred to the
Committee on Agriculture

A BILL

To require the Secretary of Agriculture to provide relief from hardship due to the COVID–19 pandemic to certain borrowers of rural development loans, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Relief for Rural Devel-
5 opment Borrowers Act”.

1 **SEC. 2. SUBSIDY FOR PAYMENTS AND LOAN DEFERMENT**
2 **FOR RURAL DEVELOPMENT LOANS.**

3 (a) DEFINITION OF SECRETARY.—In this section, the
4 term “Secretary” means the Secretary of Agriculture.

5 (b) SUBSIDY FOR CERTAIN LOAN PAYMENTS.—

6 (1) DEFINITION OF COVERED LOAN.—In this
7 subsection, the term “covered loan” means—

8 (A) a business and industry guaranteed
9 loan under section 310B(g) of the Consolidated
10 Farm and Rural Development Act (7 U.S.C.
11 1932(g)), other than such a loan guaranteed
12 using amounts made available for the “Rural
13 Business Program Account” by title I of divi-
14 sion B of the Coronavirus Aid, Relief, and Eco-
15 nomic Security Act (Public Law 116–136);

16 (B) a community facility guaranteed loan
17 under section 306(a) of the Consolidated Farm
18 and Rural Development Act (7 U.S.C.
19 1926(a)); and

20 (C) a community facility direct loan under
21 section 306(a) of the Consolidated Farm and
22 Rural Development Act (7 U.S.C. 1926(a)).

23 (2) PRINCIPAL AND INTEREST PAYMENTS.—

24 (A) IN GENERAL.—The Secretary shall pay
25 the principal, interest, and any associated fees

1 that are owed on a covered loan in a regular
2 servicing status—

3 (i) with respect to a covered loan
4 made before the date of enactment of this
5 Act and not on deferment, for the 6-month
6 period beginning with the next payment
7 due on the covered loan;

8 (ii) with respect to a covered loan
9 made before the date of enactment of this
10 Act and on deferment, for the 6-month pe-
11 riod beginning with the next payment due
12 on the covered loan after the deferment pe-
13 riod; and

14 (iii) with respect to a covered loan
15 made during the period beginning on the
16 date of enactment of this Act and ending
17 on the date that is 6 months after that
18 date of enactment, for the 6-month period
19 beginning with the first payment due on
20 the covered loan.

21 (B) TIMING OF PAYMENT.—The Secretary
22 shall begin making payments under subpara-
23 graph (A) on a covered loan not later than 30
24 days after the date on which the first payment
25 described in that subparagraph is due.

1 (C) APPLICATION OF PAYMENT.—Any pay-
2 ment made by the Secretary under subpara-
3 graph (A) shall be applied to the covered loan
4 such that the borrower is relieved of the obliga-
5 tion to pay that amount.

6 (3) OTHER REQUIREMENTS.—The Secretary
7 shall—

8 (A) communicate and coordinate with the
9 Federal Deposit Insurance Corporation, the Of-
10 fice of the Comptroller of the Currency, and
11 State bank regulators to encourage those enti-
12 ties to not require lenders to increase their re-
13 serves on account of receiving payments made
14 by the Secretary under paragraph (2);

15 (B) waive statutory limits on maximum
16 loan maturities for any covered loan durations
17 where the lender provides a deferral and ex-
18 tends the maturity of covered loans during the
19 1-year period following the date of enactment of
20 this Act; and

21 (C) when necessary to provide more time
22 because of the potential of higher volumes, trav-
23 el restrictions, and the inability to access some
24 properties during the COVID–19 pandemic, ex-
25 tend lender site visit requirements to—

1 (i) not more than 60 days (which may
2 be extended at the discretion of the Sec-
3 retary) after the occurrence of an adverse
4 event, other than a payment default, caus-
5 ing a loan to be classified as in liquidation;
6 and

7 (ii) not more than 90 days after a
8 payment default.

9 (4) EFFECT.—Nothing in this section limits the
10 authority of the Secretary to make payments pursu-
11 ant to paragraph (2) with respect to a covered loan
12 solely because the covered loan has been sold in the
13 secondary market.

14 (c) SUBSIDY FOR OTHER LOAN PAYMENTS.—

15 (1) DEFINITION OF COVERED LOAN.—In this
16 subsection, the term “covered loan” means a rural
17 development loan made or guaranteed by the Sec-
18 retary, other than a loan described in subparagraph
19 (A), (B), or (C) of subsection (b)(1).

20 (2) PRINCIPAL AND INTEREST PAYMENTS.—

21 The Secretary shall pay the principal, interest, and
22 fees, for a borrower of a covered loan the application
23 of which is approved under paragraph (4)(B)—

24 (A) with respect to a covered loan made
25 before the date of enactment of this Act and

1 not otherwise on deferment, for the 6-month pe-
2 riod beginning with the next payment due on
3 the covered loan;

4 (B) with respect to a covered loan made
5 before the date of enactment of this Act and
6 otherwise on deferment, for the 6-month period
7 beginning with the next payment due on the
8 covered loan after the deferment period; and

9 (C) with respect to a covered loan made
10 during the period beginning on the date of en-
11 actment of this Act and ending on the date that
12 is 6 months after that date of enactment, for
13 the 6-month period beginning with the first
14 payment due on the covered loan.

15 (3) LOANS HELD BY OTHER LENDERS.—In the
16 case of a covered loan held by a lender that is not
17 the Secretary, the Secretary shall require the lender
18 to provide the complete payment deferment relief de-
19 scribed in paragraph (2).

20 (4) APPLICATIONS.—

21 (A) IN GENERAL.—A borrower seeking
22 payment subsidies under paragraph (2) or (3)
23 shall submit to the Secretary an application in
24 such manner and containing such information
25 as the Secretary may require.

1 (B) DETERMINATIONS.—The Secretary
2 shall approve an application submitted under
3 subparagraph (A) by a borrower that, as deter-
4 mined by the Secretary and demonstrated in
5 the application—

6 (i) is unable to make payments on a
7 covered loan because of a temporary cash
8 flow disruption due to the COVID–19 pan-
9 demic; and

10 (ii) makes a good faith certification
11 that the current economic conditions have
12 made payment deferment relief necessary.

13 (5) SECONDARY MARKET.—With respect to a
14 covered loan that is sold on the secondary market,
15 if an investor declines to approve a deferral re-
16 quested by a lender under paragraph (3), the Sec-
17 retary shall exercise the authority to purchase the
18 covered loan so that the borrower may receive a de-
19 ferral under this subsection.

20 (6) GUIDANCE.—Not later than 30 days after
21 the date of enactment of this Act, the Secretary
22 shall provide guidance on the deferment process de-
23 scribed in this subsection.

24 (d) WAIVER AUTHORITY.—

1 (1) IN GENERAL.—The Secretary may waive
2 any requirement that a borrower of a covered loan
3 reduce or eliminate a debt reserve established by the
4 borrower, as a condition of granting a loan defer-
5 ment under this section.

6 (2) CONDITIONS.—The Secretary may provide
7 such a waiver—

8 (A) when a borrower is seeking deferment
9 as the result of an inability to make payments
10 on a covered loan (as defined in subsection
11 (b)(1) because of a temporary cash flow disrup-
12 tion due to the COVID–19 pandemic, if paying
13 down a reserve established by the borrower for
14 debt servicing poses a threat to the continuing
15 financial stability of the borrower; and

16 (B) under other conditions as the Sec-
17 retary may deem necessary.

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