

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.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 1, 2020

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

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## 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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