STAKEHOLDER ANNOUNCEMENT

USDA Leadership from Farm Production And Conservation and Rural Development Update Stakeholders On Accessing SBA Relief Programs

WASHINGTON, April 24, 2020 – USDA’s Under Secretary for Farm Production and Conservation Bill Northey and Deputy Under Secretary for Rural Development Bette Brand today held a joint announcement to provide guidance from the respective agencies on the resources provided in the Paycheck Protection Program and Health Care Enhancement Act (HR.266) recently passed by Congress and signed into law by President Trump.

The Act provides the following additional resources to the U.S. Small Business Administration for both the Paycheck Protection Program (PPP) and the Economic Injury Disaster Advance Loan (EIDL).

- $310 Billion is included to replenish the PPP, with $60 Billion of that amount set aside for lending institutions that have less than $50 Billion in assets
- $60 Billion has been added to the EIDL, with $50 Billion in loan authority and $10 Billion for grants.
- Businesses experiencing a temporary loss of revenue can get a grant for $10,000 and borrow up to $2 Million under the EIDL program.
- For the first time, agricultural enterprises are now eligible for the disaster assistance from EIDL

The Act also provides resources for hospitals and health care – including rural health care providers – by providing the U.S. Department of Health and Human Services with $75 billion in emergency relief to reimburse expenses or losses related to the Coronavirus outbreak and $25 billion to improve and expand COVID-19 testing capacity. There is a special set-aside in the bill that allocates resources specifically for rural health clinics.

Current borrowers in USDA’s Community Facilities Direct Loan program or the Water and Waste Disposal loan program who apply for a loan through the PPP are not required to obtain prior written consent. However, borrowers must continue to follow program requirements for additional debt requests and requests involving the subordination or parity of security.

Depending on the program, USDA Electric, Telecommunications and Rural Energy Savings Program borrowers are required to seek prior written consent of the Rural Utilities Service (RUS) for additional outside indebtedness pursuant to certain terms in the regulations and loan documents.

For those borrowers where prior RUS consent would be needed, RUS waives the requirement of consent for any loan made by the SBA under the PPP as published in the Federal Register, provided RUS is notified of the SBA emergency loan before execution. Borrowers must continue to follow program requirements for additional debt requests and requests involving the subordination or parity of security.

USDA’s guaranteed Business & Industry, Rural Energy for America Program (REAP), Community Facilities and Water and Wastewater lenders may also approve and make covered loans under the PPP. Guaranteed
lenders must notify USDA Rural Development in writing of any covered loans made under the PPP. Written notification will meet the standard for concurrence until Sept. 30, 2020.

For Farm Service Agency (FSA) direct loan applicants and borrowers, the PPP potentially allows for a farmer and rancher to obtain a short-term loan that could be partially forgiven from a private lender. The planned debt forgiveness should be included in cash flow budgets provided the projections are reasonable after consulting with the private lender that provided the PPP loan.

A feasible cash flow is not a requirement of the SBA PPP; therefore, all FSA guaranteed lenders may make PPP loans without FSA’s consent.

A comprehensive and continuously updated resource of all USDA Rural Development’s efforts to provide assistance related to COVID-19 is available at rd.usda.gov/coronavirus. The USDA Farm Service Agency’s Farm Loan flexibilities related to COVID-19 are available at https://www.farmers.gov/coronavirus.

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