



# The Coronavirus Aid, Relief, and Economic Security Act: Provisions Related to Agriculture

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In response to financial difficulties due at least in part to the public health pandemic COVID-19, Congress enacted Public Law 116-136, the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). Among other provisions, the CARES Act includes several items targeted to individuals who receive assistance from a program of the U.S. Department of Agriculture (USDA). This issue brief summarizes a few key provisions of the CARES Act affecting these programs.

## REAL ESTATE MORTGAGES

USDA, through the Rural Housing Service, provides funds for rural homeownership both through issuing mortgages and by guaranteeing mortgages issued by private lenders. Generally, these USDA mortgages are available to borrowers with lower incomes who may be unable to obtain credit from other sources.

The CARES Act provides two forms of relief for a borrower holding a USDA mortgage on residential real property designed principally for the occupancy of four or fewer families: foreclosure moratorium and mortgage forbearance.

### Foreclosure Moratorium

The CARES Act imposes a temporary foreclosure moratorium on a USDA mortgage. For the 60-day period beginning on March 18, 2020, the servicer of such a mortgage may not initiate the foreclosure process or take certain other steps that follow the initiation of the process. [DIV. A, SEC. 4022 (c) (2).]

### Mortgage Forbearance

The CARES Act enables a borrower to request a temporary forbearance on a USDA mortgage, during which the borrower is not required to make mortgage payments. Further, no additional fees, penalties, or interest may accrue beyond those that would accrue if the borrower were to continue making all timely payments. To obtain forbearance, the borrower must submit a request to the mortgage servicer affirming that the borrower is experiencing a financial hardship caused by the COVID-19 emergency. No additional documentation is required. [DIV. A, SEC. 4022 (b) and (c) (1).]

The CARES Act does not clearly identify the period during which a borrower may request forbearance. Under the act, a borrower may request forbearance during the “covered period,” which is not defined specifically for this purpose. However the next section of the act defines the term, and, although that section addresses mortgage forbearance for real property having five or more dwelling units, it seems likely that Congress intended this definition to also apply to mortgage forbearance for property designed for the occupancy of four or fewer families. Therefore, it appears that a borrower may request forbearance during the “covered period” beginning on the date of enactment (March 27, 2020) and ending on the earlier of December 31, 2020, or the termination date of the national emergency concerning COVID-19 declared by the President on March 13, 2020.<sup>1</sup> [DIV. A, SEC. 4023 (f) (5).]

## GENERAL USDA ASSISTANCE

The CARES Act appropriates \$9.5 billion to the USDA Secretary to prevent, prepare for, and respond to coronavirus. The funds, which are available until expended, may be used to provide support for agricultural producers impacted by coronavirus, including the following producers: producers of specialty crops; producers who supply local food systems, such as farmers markets, restaurants, and

schools; livestock producers; and dairy producers. [DIV. B, TITLE I, AGRICULTURAL PROGRAMS—OFFICE OF THE SECRETARY.]

## AGRICULTURAL QUARANTINE INSPECTION PROGRAM

The USDA Agricultural Quarantine Inspection (AQI) program protects domestic agriculture from invasive plant and animal species and diseases, including by monitoring borders and ports of entry for foreign agricultural pests.

The CARES Act appropriates \$55 million for the AQI program to prevent, prepare for, and respond to coronavirus. The funds, which may be used domestically or internationally, remain available until September 30, 2021. [DIV. B, TITLE I, AGRICULTURAL PROGRAMS—ANIMAL AND PLANT HEALTH INSPECTION SERVICE—SALARIES AND EXPENSES.]

## AGRICULTURAL MARKETING

The Agricultural Marketing Service (AMS) within USDA establishes quality and marketing grades and standards for agricultural products. It also administers programs that create domestic and international marketing opportunities for domestic food, fiber, and crop producers.

The CARES Act appropriates \$45 million to AMS for marketing services to prevent, prepare for, and respond to coronavirus, including expenses associated with commodity grading and inspection activities. The funds, which may be used domestically or internationally, remain available until September 30, 2021. [DIV. B, TITLE I, AGRICULTURAL PROGRAMS—AGRICULTURAL MARKETING SERVICE—MARKETING SERVICES.]

## SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

The Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps, provides financial assistance to individuals for use at certain retail outlets to purchase food.

The CARES Act appropriates \$15.81 billion for SNAP to prevent, prepare for, and respond to coronavirus. A majority of these funds are placed in a contingency reserve to be allocated by the USDA Secretary to support participation in the program. Smaller amounts of those funds are made available for the following: food distribution on Indian reservations (\$100 million); grants to certain U.S. territories for nutrition assistance (\$200 million); and purchase and distribution of nutritious commodities by USDA under the emergency food assistance program (\$450 million). All of these funds remain available until September 30, 2021. [DIV. B, TITLE I, DOMESTIC FOOD PROGRAMS—FOOD AND NUTRITION SERVICE—CHILD NUTRITION PROGRAMS and COMMODITY ASSISTANCE PROGRAM.]

## MARKETING ASSISTANCE LOANS

USDA offers marketing assistance loans to producers of specified products beginning upon harvest of the commodity, or, in the case of wool or mohair, upon shearing. The loans supply financial aid which allows a producer to delay selling the product until market prices improve. The loans have a term of nine months. [7 U.S.C. s. 9033 (a).]

The CARES Act authorizes USDA to extend the term of a marketing assistance loan to 12 months. This authority expires on September 30, 2020. [DIV. B, SEC. 11003.]

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<sup>1</sup> A national emergency declared by the President under the National Emergencies Act expires after one year unless earlier terminated by the President or by Congress. [50 U.S.C. s. 1622 (d).]