Section 1005

The American Rescue Plan Act of 2021
Section 1005 Provisions

- Affects FSA Direct and Guaranteed Farm Loans and Farm Storage Facility Loans
- Includes provisions for USDA to pay up to 120% of loan balances, as of January 1, 2021
- The extra 20% is for the estimated taxes due to the eligible FSA debt being paid
- Borrower must be SDA – race and ethnicity based only
ARPA Eligible Borrowers & Debts in Oregon

- Guaranteed Portfolio - 18 potentially eligible ARPA borrowers totaling $4.6 million
  - This represents 5% of guaranteed borrowers and 3% of debt outstanding
- Direct Portfolio - 97 ARPA eligible borrowers totaling $16.6 million
  - This represents approx. 13% of direct borrowers and 12% of dollars outstanding
Phased Rollout

• Phase One affected direct FLP and FSFL loans
• Notice of Funds Availability (NOFA) was published May 26th
• No application, no sign-up period, no deadline
• Phase Two affected Guaranteed loans & FSA Currently not Collectable accounts
• Phase Two NOFA has not been published
Litigation Hold

• At least 13 class action lawsuits have been filed
• Temporary restraining orders have been issued
• No ARPA debt payments have been made
Effects on the Loan Portfolio

- Delinquency rates went up
- Why do I need to make my payment?
- Confused borrowers
- Borrowers not abiding by their loan agreements
<table>
<thead>
<tr>
<th><strong>ARPA II - New Legislation Proposals</strong></th>
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<tbody>
<tr>
<td><strong>Full Debt Forgiveness</strong></td>
<td><strong>Limited Debt Forgiveness</strong></td>
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<tr>
<td>• Farm or ranch headquartered in a county or zip code with a poverty rate of not less than 20% or on Tribal land held in trust</td>
<td>• Direct loan borrowers who do not fall in the full debt relief forgiveness categories</td>
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<tr>
<td>• 90 days or more delinquent on an eligible farm loan as of 12-31-2020 or 4-30-2021</td>
<td>• Debt paid off in full if the debt is equal to or lower than $150,000,</td>
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<tr>
<td>• Undergoing bankruptcy, foreclosure, and other financially distressed categories as of 7-31-2021</td>
<td>• Or otherwise receive a $150,000 payment</td>
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<td>• Received a USDA disaster set asides &gt; 1-1-2020</td>
<td>• $150,000 payment reduced by 2018 &amp; 2019 Market Facilitation Program payments and 2020 Coronavirus Food Assistance Program payments</td>
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<td>• Restructured eligible farm debt on or &gt; 1-1-2020</td>
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<tr>
<td>• Restructured eligible farm debt three or more times as of 7-31-2021</td>
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<td>• Owes more interest than principal on eligible farm debt as of 7-31-2021</td>
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Questions