



Rural Development

April 14, 2020

Office of the
Administrator

Rural Business–Cooperative
Service
1400 Independence Ave, SW
Room 5803-S
Washington, D.C. 20250

Telephone: (202) 690-4730

TO: State Directors, Rural Development
ATTN: Business Program Directors
SUBJECT: On-site Visits and Inspection Waivers for Rural-Business
Cooperative Services Projects

The purpose of this Unnumbered Letter is to provide guidance regarding the ability to waive on-site visits and inspections during this time of national emergency and department-mandated full-time telework.

This guidance applies to any program regulation such as 7 CFR 4279-B and 4287-B (Business and Industry Loan Guarantee) and 7 CFR 4280-B (Rural Energy for America Programs), instruction (guidance found in these regulations) or covenant requirements (found in the executed Loan Agreements, Financial Assistance Agreements and other legal documents) that require site inspections, borrower visits, lender visits or face to face interactions by Rural Development personnel with individuals outside of the Agency that are related to a Rural Business-Cooperative Services project.

To protect the safety of employees and the health of the general public during this period of national emergency, on-site visits and inspection requirements may be waived by Program Directors. Program Directors are strongly encouraged to complete the requirements for site visits through other means as available. In addition, and when feasible, the States should allow lenders and third-party consultants to complete site visits through other means than face to face interactions. Some examples are as follows:

1. When consulting a lender concerning a new project, the State may conduct a phone conversation with the lender to ensure adequate understanding of the proposed project to be financed. Please reference RD Instruction 4279-B, section 4279.165 for more detail.
2. Environmental reviews without site inspections, as long as there are no major concerns regarding the project site, may be completed. Requests should be made for the submission of pictures of the site to Rural Development staff by the applicant or lender for Agency review. Please reference 7 CFR 1970 Environmental Policies and procedures and 7 CFR 4280.108 (d)(3) for more information.

EXPIRATION DATE
April 30, 2021

FILING INSTRUCTIONS
Community/Business Program

3. Appraisals as required in 7 CFR 4279.144 may be completed without a formal interior inspection through an extraordinary assumption. An extraordinary assumption must be reasonable. For example, many properties have been inspected in the past or the inspector/appraiser has already been inside of the building. As long as the extraordinary assumption is reasonable and the appraiser can accurately determine market value, a formal interior inspection is not required.

4. Rural Energy for America Program disbursement documentation such as paid invoices, pictures of funded equipment, and grantee acceptance of work performed are acceptable in lieu of an actual site visit. Please reference 7 CFR 4280.123 (h) (5) for more detail.

5. Flexibility is already built into the regulations regarding remote lender visits and optional borrower visits. Site visits conducted by lenders or third-party consultants, when applicable and in compliance with other regulatory agencies, may be limited and conducted through other means to reduce or eliminate face to face interactions. Please reference RD Instructions 4287-B, section 4287.107 (c) and 4279-B, 4279.107 (c) for more detail.

6. For loans in default, lender conferences should be held virtually to discuss remedies for problem loans or if needed liquidation procedures. Please reference RD Instruction 4287-B, Appendix C for more detail.

Until the national emergency and department-mandated full-time telework has concluded, Program Directors are delegated the decision of whether to waive or conduct site inspections with the understanding that only those loan contracts that specifically require site inspections and do not provide for self-certification will be performed.

If you have any questions, please reach out to the Program Management Division through the Ask RBCS SharePoint site.

/s/ **MARK BRODZISKI**

MARK BRODZISKI
Acting Administrator
Rural Business-Cooperative Service