

Support HR 7483/S 4152 - The Flexible Financing for Rural America Act

America's electric cooperatives deliver essential services in the most rural, poorest parts of the country. We meet that challenge, in part, with low-cost financing from USDA's Rural Utilities Service (RUS). However, unlike with most private lending, RUS does not permit borrowers to refinance without a significant penalty.

Through 2022, the National Rural Electric Cooperative Association (NRECA) estimates that electric cooperatives around the country will see a total of \$10 billion in losses due to COVID-19 related increases in unpaid accounts and loss of industrial and commercial loads.

This bill would allow electric co-ops and small, rural telecom providers to refinance RUS debt to current market rates, giving greater cash-flow flexibility to meet the needs of rural consumers in these challenging economic times and allowing essential rural utilities to be part of the long-term recovery.

Bill Summary (House and Senate legislative language is identical):

- At an RUS borrower's request, the Secretary of Agriculture will be required to adjust the interest rate on RUS and FFB Electric and Telecommunications debt, without penalty.
- The interest rate to which a loan may be adjusted is the Treasury rate, as of the date of enactment of the bill, that most closely matches the remaining term on the loan. For example, a loan with 10 years remaining on its original term could be repriced to the current 10-year treasury rate.
- Requests for a rate adjustment must be made within 180 days of passage of this bill.
- USDA must honor the rate adjustment in the first payment period after it is requested.
- At the request of the borrower, and at the Secretary's discretion, the Secretary may modify other loan terms.
- This bill will benefit and is supported by RUS Electric (NRECA) and Telecommunications (NTCA) borrowers.

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