

October 31, 2025

Mr. George Kelly
Administrator
Rural Housing Service
U.S. Department of Agriculture
1400 Independence Avenue, SW
Room 5014, STOP 0701
Washington, DC 20250-0701

Dear Administrator Kelly:

We recognize the extraordinary challenges the Rural Housing Service (RHS) and your staff are facing during this government shutdown. We deeply value the agency's commitment to its mission, even in the face of these disruptions, and understand the strain such circumstances place on program operations. Given these challenges, we would greatly appreciate interim guidance from RHS to help multifamily stakeholders maintain stable operations and continue serving residents effectively throughout the shutdown. This interim guidance could also be implemented in the event that additional shutdowns occur.

To help maintain property operations and ensure residents continue to be served effectively, it would be helpful for RHS to issue a guidance document, similar in purpose to the communication released during the 2018 shutdown, providing direction on several key operational matters. For reference, we have enclosed a copy of that prior guidance as **Schedule A**. The following areas, in particular, would benefit from clarification to help stakeholders manage their properties during the shutdown.

- **Rental Assistance Continuity.** Owners and managers would benefit from confirmation that Section 521 Rental Assistance contracts will remain in effect during the shutdown, recognizing that these contracts depend on available appropriations. While we understand that funding may become constrained if the shutdown extends into December, and that this is beyond RHS's control, clear communication regarding how payments will be managed and when funding could potentially run out would allow owners and managers to plan responsibly and continue meeting their obligations to residents. We also request that the agency confirm that properties with Rental Assistance contracts tied to mortgages that mature during the shutdown will receive a temporary extension of their Rental Assistance contract to prevent interruption in resident assistance.
- **Operational and Budgetary Clarity.** Owners and managers would also benefit from guidance on how property reserves may be accessed during the shutdown, particularly since withdrawals typically require RD approval. Clarification on whether limited draws for essential operating expenses, such as insurance, utilities, and other critical costs may be processed without prior written consent would help ensure properties remain financially stable. It would also be helpful for RHS to outline how emergency physical or operational repairs should be handled while staff availability is limited, including any process for

documenting urgent work for later approval once normal operations resume. Finally, owners would appreciate direction on how to proceed with budget submissions for the upcoming year, including whether reviews or approvals will be delayed until the shutdown concludes.

- **Real Estate Transactions and Deadlines.** Many properties have transactions or third-party reports that could be affected by the shutdown. For transactions involving RHS programs, it would be helpful for RHS to consider temporary deadline extensions and reasonable accommodations for items that cannot be processed while operations are paused, consistent with prior agency practice. In particular, we encourage RHS to confirm that third-party reports, such as appraisals, capital needs assessments, and environmental reviews will not be considered stale as a result of delays caused by the shutdown, and that their validity periods will be tolled until agency operations resume. Furthermore, many RHS transactions depend on Low-Income Housing Tax Credits (LIHTC) for financing. If these deals are unable to close before year-end due to the shutdown, owners risk losing their credits and jeopardizing the long-term preservation of affordable housing in rural communities. While we recognize that RHS cannot take action on transactions during the shutdown, we respectfully request that once operations resume, the agency prioritize and expedite the review and closing of LIHTC related deals that were delayed, to help prevent any loss of credits or disruption to critical preservation efforts.

Finally, we encourage the agency to continue investing in IT modernization. The government shutdown underscores the importance of having reliable, well-supported systems that can maintain essential functions even when staffing is limited. Ensuring that mortgage payments and Section 521 Rental Assistance can be processed efficiently under any circumstances helps protect both property operations and resident stability.

Looking ahead, we kindly request that RHS establish a standing framework for communication before and during any future shutdowns so that stakeholders can plan responsibly and residents experience minimal disruption.

We sincerely appreciate the agency's continued partnership and the tireless efforts of RHS staff in advancing affordable rural housing. Thank you for your consideration and for your ongoing commitment to the residents and communities these programs serve.

Sincerely,

Council for Affordable and Rural Housing (CARH)
Enterprise Community Partners
Housing Assistance Council (HAC)
Local Initiatives Support Corporation (LISC)
National Affordable Housing Management Association (NAHMA)
National Housing Law Project (NHLP)
National Rural Housing Coalition (NRHC)

Schedule A
2018 Shutdown Guidance

**RURAL DEVELOPMENT
PLAN FOR OPERATIONS IN THE ABSENCE OF APPROPRIATIONS
December 2018**

I. MAJOR PROVISIONS OF MISSION AREA PLAN

- When the likelihood of a shutdown is imminent, Rural Development (RD) shall discuss the Plan for Operations and the Start-up Plan with the appropriate Labor Unions.
- If RD is informed that there will be the absence of appropriations authority, RD will, within two business days, inform all agency employees of their work status and assignments for the period beginning with the absence of appropriations. Employees will then be advised of their work status and assignments, and an orderly shut-down of non-excepted mission area operations will be affected within four hours. It is understood that there may be a need for more than four hours to orderly shut-down facilities and some activities for programs.
- The Assistant to Secretary for Rural Development will instruct field supervisors setting standards for office staffing to provide for an orderly shut-down of non-excepted mission area operations and the continuation of excepted activities. Personnel not needed to continue excepted activities or to assist with closing down non-excepted operations will be released within the first four business hours of the period of absence of appropriations. State Directors and staff reporting to them will in their entirety be considered non-excepted. RD employees deemed excepted will be located in Washington, DC and in St. Louis, MO. Those employees will conduct excepted activities in order to preserve government property and provide financial services supporting RD and Farm Loan Program (FLP) loan customers.
- The Office of the Secretary is expected to provide approved language for consistent “out of office” signage, outgoing voice mail and email messages, and other public notification by headquarters and field offices that non-excepted functions have ceased. In the absence of such approved language, the Assistant to Secretary for Rural Development will provide appropriate messages as part of the orderly shut-down activities.
- The orderly shut-down of non-excepted activities includes taking measures to secure files and data systems, securing RD and customer funds, making necessary contacts with contractors, customers, and partners outside the mission area, and canceling meetings, hearings, loan closings, and other previously arranged RD business not necessary for continued operations.
- Supervisors will identify any other tasks necessary to continue excepted operations and for the orderly shut-down of non-excepted activities. Supervisors will also identify those employees needed to administer the excepted operations or necessary for the orderly shut-down of non-excepted operations. These plans are to be reviewed by the Administrators, Chief Operating Officer, Chief Financial Officer, Chief Enterprise Officer, National Financial and Accounting Operations Center (NFAOC) Director, Budget Director, Chief Information Officer, and Procurement Director for their respective areas of jurisdiction, within specified timeframes. Upon timely completion of their review, the plans will be submitted to the Assistant to Secretary for

Rural Development for review and approval. The plan will be forwarded to the Office of the Secretary and all its appropriate jurisdictions, for their final approval.

- All employees in travel status for other than excepted activities will be directed to return to their duty stations by midnight on the day of notification of the shut-down. If unforeseen circumstances prevent travelers from returning as required, the Agency will ensure travelers return to their duty station via the most expedient and cost-effective mode of transportation.
- Once final determinations are made and all necessary notice and bargaining with affected employee unions over impact and implementation of the shut-down is complete, employees performing non-excepted functions will be notified and placed on furlough or other personnel action taken as appropriate for the circumstances. All such employees will be informed of their duty to avoid voluntary work and to refrain from using mobile information technology equipment while on furlough, either through a common notice supplied by the Office of the Secretary or, if not, through a common notice supplied by the Assistant to Secretary for Rural Development.
- The Assistant to Secretary for Rural Development will review the sufficiency of excepted function staffing on an as needed basis, releasing staff no longer needed or adding staff with such additional skills as might be required to address an unforeseen circumstance. The Assistant to Secretary for Rural Development will notify the Assistant Secretary for Administration and the Office of Budget and Program Analysis (OBPA) of any changes to the approved plan.
- Travel and training for RD operations would be suspended during the period of shut-down.
- After shut-down operations, RD state and area office employees located in communities throughout the United States would be furloughed.

II. EXCEPTED ACTIVITIES

RD has no program activities that would continue in the absence of an appropriation. However, there are certain limited activities that are viewed as “excepted” for the purpose of preserving the Government’s property. This property includes RD and FLP loans portfolio, which exceeds \$243 billion and serves as collateral for loans, and borrowers’ funds paid to RD in escrow for real estate taxes and property insurance.

If the excepted activities to preserve Government property are not permitted during the absence of appropriations, borrower remittances could be lost in our payment lock box bank processes, and Personally Identifiable Information (PII) could be jeopardized. In addition, data could be lost as a result of overlays or overloads, and multiple batch updates of the LoanServ system, if run back-to-back, could result in an inability to recover the financial system. Furthermore, protective advances for properties in foreclosure could not be made to protect the Government’s interest in the properties.

Included among these excepted activities are:

- Processing nightly updates for each RD financial system — Automated Multi-Family Accounting System (AMAS), Commercial Loan Servicing System (CLSS), LoanServ, Guaranteed Loan System (GLS), Program Funds Control System (PFCS), and Program Loan Accounting System (PLAS) — to include daily cash remittances and disbursements. Remittances represent funds returned to the Federal Government and should not be delayed. This effort will include:
 - Balancing and reconciling all RD loans, as well as those Farm Service Agency (FSA) loans on the two financial systems (GLS and PLAS) that are shared between RD and FSA.
 - Ensuring that front-end applications, such as Management Agent Interactive Network Connection, Multi-Family Housing Information System (MFIS) including Pay.Gov, RD Utility Program Customer Initiated Payments, Lender Interactive Network Connection (LINC) including Application Authority Security Management (AASM), Guaranteed Annual Fees (GAF), Mortgage Account Information (MAI), and GLS remain available for borrower/lender cash remittances. Disbursements represent actual cash outlaid of government funds. Disbursing funds from time to time may be needed for the purpose of protecting and preserving RD assets; e.g., placing protective bids at foreclosure sales to ensure that RD’s loan collateral is not lost and paying for critical repairs necessary to preserve such property.
- Ensuring that RD performs its fiduciary responsibilities in accounting for and processing customers’ funds, such as loan escrow accounts, in an accurate and timely manner. This will help RD avoid creating unnecessary hardships for our customers and litigation risks for RD by processing escrowed funds to pay insurance and tax payments on time, thus reducing the probability of insurance policy cancellations and tax penalties being assessed.
- Ensuring that services’ contracts supporting excepted services remain in place during furlough and available to pertinent staff. Prepare clear documentation on which contracts will remain available and any special provisions that must be observed during furlough.

III. IMPACT OF PROGRAM SHUT-DOWNS

Rural Development’s mission is to serve as a catalyst for economic and community development activities in rural areas through loans and grants to individuals, businesses, and communities.

On a short-term basis, RD would have limited operations, which would only encompass excepted activities, described in Section II, Excepted Activities. The short-term impact would extend beyond preserving the Government’s property. RD’s loan portfolio exceeds \$243 billion with over 1.5 million loans, making the agency one of the largest “banks” in the country. The unavailability of servicing actions not deemed excepted could have a negative impact on the financial stability of customers and mortgage lenders’ financial operations. For example, borrowers would not be able to secure much-needed loans, make loan payments, or reamortize loans. Rental Assistance tenants could be negatively impacted because rent payments would not be processed. Community projects, including critical water and environmental improvements, would be suspended during a shut-down due to lack of payments.

There would also be a short-term tangible impact on the overall economy as employees and contractors will not receive compensation. Additionally, there would be intangible effects such as a demoralized workforce.

While the impacts on these programs are described as short-term, the corrections required once operations resume will need to be heavily coordinated and carefully executed to minimize further impact on RD's portfolio.

The shut-down of RD loan and grant making activities for a prolonged period of more than two weeks would have an adverse impact on the rural economy. Should RD not be allowed to continue loan and grant making operations for an extended period, the long-term impact would be substantially more serious, as described below.

- No additional loans/grants would be available during the period except for emergency purposes and to protect the Government's interest. System generated disbursements for previously obligated Rental Assistance (RA) funds will continue.
- No new RD rural housing loans or guarantees would be issued, which would result in a setback in construction start-up, as well as a potentially costly inconvenience to buyers and sellers depending on a Single Family Housing loan or guaranteed loan closing. A more permanent interruption in the program would cause a substantial reduction in housing available in rural areas relative to population.
- New and expanding businesses would be unable to access loan guarantees to create new jobs and save existing jobs and with them, the potential taxpayers who would hold those jobs.
- No loans or assistance for essential community facilities would be made, delaying the financing of health care, emergency response, and other essential services to rural communities. Projects already financed that are under construction would be delayed in having any bridge financing replaced with permanent financing from USDA. A long-term shut-down would place RD seriously behind in our mission of improving quality of life and economic opportunity in rural areas with limited income. The current community facility loan program is one of the very few sources of financing for essential community facilities in rural areas.
- No loans, grants, or advances would be made or issued for modernizing rural America's electric and telecommunications infrastructure. Borrowers or grantees would not be able to improve service or pay off short-term bridge loans. No advances would be issued to pay invoices for construction contracts, which could result in defaults on contracts, increase construction costs, and lead to litigation. Ultimately, this could lead to RD loan security problems.
- If Single Family Housing direct loans are on approved status only, the Rural Housing Service will not disburse loan funds. Continued closing of the loan therefore is not necessary to protect Government property, so closing activities should not be exempted.

- Single Family Housing guaranteed borrowers always may close loans with private lenders. If they do so before a guarantee is issued to the lender, then the closing is done at their own risk. Issuance of new guarantees during a shutdown does not protect Government property and should not be exempted.

The negative effects of a shutdown at times other than the beginning of the fiscal year increase the impact on RD borrowers. For example, if a shutdown occurred in December, RD borrowers would not receive critical information to file income tax returns. It has the potential of creating a tax liability for RD borrowers, and long-term, it affects the overall economy of the United States, as it will diminish collections of revenue.

IV. PROGRAMS OPERATING UNDER CONTINUING AUTHORITY

Rural Development has several programs that contain broad authorizations under no-year appropriations for the Secretary to utilize funds for necessary servicing actions or to make and insure loans and to make grants until the appropriated funds are expended.

Programs administered under no-year appropriations include the following:

- Rural Community Development Initiative Grants
- Community Facilities Direct Loans
- Community Facilities Guaranteed Loans
- Community Facilities Grants
- Community Facilities Economic Impact Initiative Grants
- Community Facilities Tribal College and University Grants
- Section 533 Housing Preservation Grants
- Section 542 Rural Housing Voucher Program
- Section 514 and Section 516 Farm Labor Housing Loan and Grant Program
- SFH 523 Mutual and Self-Help Housing Grants
- SFH 504 Very Low-Income Repair Grants
- SFH 509 Construction Defects
- Value Added Producer Grant Program
- Business and Industry Guaranteed Loan Program
- Rural Community Development Grants (RCDG)
- Rural Economic Development Loans and Grants (REDLG)
- Rural Microenterprise Assistance Program (RMAP)
- Biorefinery Guaranteed Loans
- Rural Energy for America Program (REAP)
- Water and Waste Disposal Loan and Grant Program
- Section 306C Water and Waste Disposal Grants
- Section 306D Water and Waste Disposal Grants for Alaskan Villages
- Wastewater Revolving Fund Grants
- Solid Waste Management Grants

- Household Water Well Grants
- High Energy Cost Grants
- Distance Learning, Telemedicine and Broadband Loans and Grants

Programs under annual appropriation that may continue to expend funds include:

- Section 521 Rental Assistance Program

None of these programs will continue operating in the absence of appropriations except to the extent that servicing actions may be required to preserve the property of Rural Development as identified in Section II, Excepted Activities.

ATTACHMENT A
RURAL DEVELOPMENT
PLAN FOR OPERATIONS IN THE ABSENCE OF APPROPRIATIONS

DETAILED LIST OF ACTIVITIES

The following plan addresses procedures for activities not excluded from shutdown procedures:

Prior to Day 1, the following actions will be completed:

The Assistant to Secretary for Rural Development, Administrators, Chief Operating Officer, and Chief Financial Officer will identify those functions that need to be performed that are solely associated with an orderly interruption of normal activities. Such functions may include but are not limited to:

- Identifying measures to secure records, personal property, real property, and facilities that will be maintained and protected until appropriate disposition is accomplished.
- Drafting communication strategy for communicating with Agency employees.
- Drafting communication strategy for making contacts outside the Agency that is necessary to communicate our status.
- Identify all potential meetings, hearings and other previously arranged Agency business that may need to be cancelled.
- Identify all essential employees and ensure that employees have been identified consistently and fairly in compliance with applicable personnel regulations.
- Identify employees whose presence at work will be required to perform functions associated with the orderly cessation of program activities. This includes employee name, title and function the employee will perform. Include backup coverage employees as “ad-hoc essential. Identify what Chief Information Officer systems support is needed to maintain essential financial services and information technology infrastructure (see Section II, Excepted Activities for list of automated systems), including contractor support. Identify what instructions and procedures Human Resources Management will provide to employees for the shutdown period. Provide pertinent documents to excepted and non-excepted employees prior to Day 1 to allow for more timely preparation.
- Identify appropriate Department contacts for communications purposes and orderly shutdown of the agency.
- Contact any employee in travel status and direct to return to duty station by the last day of available appropriation.
- Initiate bargaining over furlough related topics.
- Identify physical facilities’ support (security, access, custodial support, etc.) with relevant agencies, such as GSA.
- Identify any work initiated shortly before shut-down, such as SFH loan closings, which will likely be impacted during furlough and may require the need for additional resources.

First half of Day 1 (First business day funds are not available):

All employees will be directed to report to their supervisors to receive assignments of duties or other pertinent information for an orderly shutdown. For those employees on telework status, their “report” may be done by telephone.

The Assistant to Secretary for Rural Development, Administrators, State Directors, and subordinate managers and supervisors will coordinate the following activities intended to suspend Agency operations:

- Communicate shutdown instructions and procedures to all employees.
- Distribute furlough notices at headquarters and all field units to all employees who have not been determined to be necessary for the Agency’s termination activities
- Contact any employees on leave and communicate that their leave is cancelled.
- Contact any employees in travel status and direct them to return to duty station.
- Ensure that all employees who are to be released complete timesheet entries and submit them to the approving official.
- Delay any employee transfer of station.
- Ensure all records, personal property, and real property are secured.
- Cancel all meetings, hearings and previously arranged Rural Development business.
- Validate existing communication strategy and employee contact information for future communications.

There will be daily communications by the Assistant to Secretary for Rural Development on the status of the shutdown procedures with the Department contacts previously identified.

The Director of Human Resources Management will be responsible for:

- Providing instructions and procedures to managers and supervisors for all employees during the shutdown period. This will include provisions for calling back employees in the event it is determined they are needed to complete shutdown procedures.
- Providing specific instructions for employees to complete final time and attendance reports.
- Providing workers’ compensation eligibility information to employees.
- Ensuring individual furlough notices will be prepared, reviewed, and approved.
- Ensuring all employees timesheets are processed by the National Finance Center.
- Delaying hiring of new employees.

The Director of the Procurement Management Division will be responsible for:

- Coordinating with all contracting officers (COs) and contracting officer technical representatives (COTRs) to notify all contractors and vendors that work is suspended.
- Coordinating with all COs and COTRs to notify affected contractors and vendors that work is to continue, in the cases where excepted work requires the continued support of contractors’ assistance. Preparing and sharing clear documentation on which contracts will remain available and

any special provisions that must be observed during furlough. Ensuring that active contracts during furlough will not lapse during the potential furlough timeframe. This is especially important for NFAOC Investment and Disbursement Contracts as they support activities for the preservation of property.

The Chief Financial Officer will be responsible for ensuring that emergency Agency activities continue related to cash management, escrow, claims processing, and pay-off activities at the NFAOC.

Second half of Day 1:

Managers and supervisors will coordinate the following activities intended to terminate Agency's operations:

- Document the status of cases and projects so that they can be resumed, transferred, or otherwise appropriately handled when Rural Development's ultimate funding situation is resolved. Develop mechanisms to track work accumulated and actions taken during the furlough as a basis for restarting upon return.
- Prepare files for permanent storage, transfer to related agencies, or other disposition, when applicable.
- Complete identification of employees whose presence at work will be required to perform functions associated with the orderly cessation of program activities. Share this information within all excepted employees. This includes:
 - Name of each employee required to continue shutdown operations,
 - Title and location of each employee identified, and
 - The function that each identified employee is to perform.
- Finalize and submit list of employees to the Office of the Assistant to Secretary for Rural Development no later than the end of Day 2.
- Contact contractors and vendors, by COs and COTRs, to identify whether work is suspended or to be continued.

Day 2:

Only employees leading, directing, and performing work identified as "excepted" from shut-down procedures will continue to work. These employees will be directed to perform only those activities as enumerated above. As each shut-down function is completed, managers and supervisors must notify the manager or supervisor at the next highest level or, at headquarters, the respective program Administrator or Chief Operations Officer, through channels, of completion and identify those employees who were responsible for the task.

Each employee whose shut-down function is completed will be furloughed immediately and formally notified by their supervisor or appropriate manager if the supervisor is not available.

There will be daily communications by the Assistant to Secretary for Rural Development on the status of the shut-down procedures with the Department contacts previously identified.

The Director of the NFAOC will complete identification of NFAOC employees whose presence at work will be required to perform functions associated with the orderly cessation of program activities. The Director NFAOC will ensure designated NFAOC employees' ability to reenter the facility.

Managers and supervisors will coordinate the following activities intended to terminate Agency's operations:

- Ensure all records; personal property and real property are secured.
- Validate existing communication strategy and employee contact information for future communication needs.

Excepted managers and senior officials will hold a daily meeting starting on Day 2 to address changes in plan or any other unforeseen circumstance.

Day 3 and through the second week of shut-down:

Only employees who were previously identified as required to perform functions necessary for orderly shut-down of program activities and those employees previously identified as required to perform functions that are excepted from the shutdown will report for work.

Employees will be directed to perform only those activities as enumerated earlier.

Employees completing shutdown functions, continue tasks as outlined under Day 2 for each succeeding day until the Assistant to Secretary for Rural Development determines the shut-down is complete.

There will be daily communications by the Assistant to Secretary for Rural Development on the status of the shutdown procedures with the Department contacts previously identified.

In the third week and beyond:

Only employees who were previously identified as required to perform functions necessary for orderly shut-down of program activities and those employees previously identified as required to perform functions that are excepted from the shutdown will report for work.

There will be communications by the Assistant to Secretary for Rural Development at least weekly on the status of the shutdown procedures with the Department contacts previously identified.

RHS SFH has an open contract administered by the SFH Guaranteed Loan Division. The contractor is with Deloitte & Touche, LLC. This contract would not be affected by a temporary shut-down because the work is ongoing and current activity is already funded. Should the shut-down extend more than 3 weeks; the

contractor will be notified to put any further activities on hold because of USDA's inability to monitor contract activities.