



Committed to the future of rural communities.

Rural Economic Development Grant (REDG) Program

PURPOSE

- To provide financing to eligible Rural Utilities Service (RUS) electric or telecommunications borrowers (intermediaries) to promote rural economic development and job creation projects.

APPLICANT ELIGIBILITY

- RUS (Rural Utility Service) Electric and Telephone utility borrower (and some former RUS Borrowers)
- Non-profit utilities eligible for RUS loans may be eligible from year to year (call for details)
 - ➔ Corporations, states, territories, subdivisions and agencies thereof, municipalities, people's utility districts, and cooperative, nonprofit, limited-dividend or mutual association that provide retail or power supply or telephone service needs in rural areas.
- Financially sound organization
- Current on all Federal debts

USE OF GRANT FUNDS

- Establish and operate a **Revolving Loan Fund** to provide loans that foster rural economic development.

MAXIMUM AND MINIMUM GRANT AMOUNTS

- Maximum \$300,000
- Minimum \$10,000

INITIAL LOAN PURPOSE

- Community development or Community Facility projects that will create or save employment and are open to and serve all rural residents and are owned by the ultimate recipient.
- Business incubators
- Facilities and equipment to provide education and training to residents of rural areas that will facilitate economic development.
- Facilities and equipment to provide medical care to residents of rural areas. Equipment and facilities may be funded to enable eligible entities to provide medical training and related professional health care skills to rural health care providers
- Projects that utilize Advanced Telecommunications or computer networks to facilitate medical or educational services or job training
- Project feasibility studies and Technical Assistance.

REVOLVING LOAN FUND (RLF)

- Minimum 20% supplemental financing required of Intermediary and must be spent within 3 years.
- The RD portion of the initial expenditure of REDG funds to the ultimate recipient is at 0% up to a maximum of 10 years. The intermediary's portion of the initial loan to the ultimate recipient may be greater than 0% but must be less than, or equal to, the prevailing prime rate. Maximum 10 year repayment period.
- Payments may be deferred up to one year for projects involving an established operation, or up to two years for projects involving a start-up venture or a community facilities project.
- Once revolved, funds may be loaned at an interest rate, not to exceed the prevailing prime rate and for eligible purposes as stated in the Revolving Loan Fund Plan.
- All REDG loans must be made to rural ultimate recipients (population 50,000 or less).
- Loans made from revolved funds will not require RD prior approval and environmental clearance.
- The Revolving Loan Fund Plan is the vehicle that will guide the Intermediary in operating the Revolving Loan Fund once the fund loses its federal character.

- Up to 10% of RD grant funds may be applied toward operating expenses over the life of the fund. The 10% limitation is a one-time allowance applicable for the life of the fund.

REVOLVING LOAN FUND PLAN

The RLF will be administered in accordance with a Revolving Loan Fund Plan developed by the Intermediary and approved by USDA – Rural Development.

- The Revolving Loan Fund Plan will include the following items:
 - Program objectives
 - RLF policy statements
 - Lending parameters
 - Eligible applicants
 - Types of projects eligible
 - Types of projects ineligible
 - Types of financing available
 - Loan terms and conditions
 - Application process
 - Application selection process
 - Closing and disbursement process
 - Loan monitoring
 - File retention
 - Amendments

APPLICATION PROCESS

- Applications are submitted to the USDA – Rural Development State Office for review and rating
- Applications are forwarded to the USDA – Rural Development National Office for selection on a national competitive basis
- Applications are selected quarterly

SELECTION FACTORS

- Nature of the project
- Number of direct full time jobs created or saved within 3 years
- Supplemental funds
- Unemployment rates
- Per capita personal income
- Rural area location
- Decline in population
- Cushion of Credit payments
- Initial loan or grant for intermediary
- If first REDLG to be financed in the county
- Business Plan
- The loss, removal, or closing of a major source of employment
- Location in a county that has experienced chronic or long term economic deterioration
- Location in a county designated a disaster area by the President of the U.S.
- Project consistency with Rural Development State Office's strategic plan.

FOR MORE INFORMATION:

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<http://www.rurdev.usda.gov/rbs/buspr/redlg.htm>