



Committed to the future of rural communities.

## Rural Economic Development Loan (REDL) 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, and 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 LOAN FUNDS

- Start up venture costs, including but not limited to financing fixed assets such as real estate, buildings (new or existing), equipment, or working capital;
- Business expansions
- Business incubator projects
- Technical assistance
- Project feasibility studies
- Advanced telecommunications and computer networks for medical, educational, and job training services,
- Community facilities projects
- Other projects eligible under 4280.21 –
  - 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;

### MAXIMUM AND MINIMUM LOAN AMOUNTS (maximum amount published annually in Federal Register)

- Maximum \$740,000
- Minimum \$10,000

### LOAN TERMS AND REPAYMENT

- Zero-interest loan provided to the Intermediary on a pass-through basis to the ultimate recipient (project owner) – Payments are required to be made monthly.
- 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.
- Repayment by the ultimate recipient may not be more restrictive than the repayment schedule of the Intermediary.
- Minimum 20% supplemental financing required, either by ultimate recipient or intermediary

### 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
- # 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 the 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

Contact the USDA - Rural Development State Office in Des Moines at 515-284-4714 or one of our USDA - Rural Development Area Offices shown below. TDD for hearing impaired (515) 284-4858.

▪ Iowa Falls	641-648-5181	▪ Indianola	515-961-5365
▪ Waverly	319-352-1715	▪ Atlantic	712-243-2107
▪ Tipton	563-886-6006	▪ Le Mars	712-546-5149
▪ Mount Pleasant	319-986-5800	▪ Storm Lake	712-732-1851
▪ Albia	641-932-3031	▪ Humboldt	515-332-4411

[www.rurdev.usda.gov/ia](http://www.rurdev.usda.gov/ia)