

## Intermediary Relending Program (IRP)



Committed to the future of rural communities.

### Fact Sheet

#### Purpose

- The purpose of the Intermediary Relending Program (IRP) is to finance business facilities and community development projects in rural areas of 25,000 population or less. This is achieved through loans made by the agency to intermediaries. The loan is used to establish or fund a revolving loan program to provide financial assistance to ultimate recipients for community development projects, establishment of new businesses or expansion of existing businesses, and saving and/or creation of jobs in rural areas.

#### Applicant Eligibility

- Intermediaries may be private non-profit corporations, public agencies, Federal-recognized Indian Tribal groups or cooperatives. Intermediaries must have:
  - Legal authority to carry out the proposed loan purposes and repay the debt.
  - Proven record of successfully assisting rural business and industry, normally including experience in making and servicing commercial loans.
  - Provide adequate assurance of repayment.
- Ultimate recipients may be individuals, public or private organizations, or other legal entities, with authority to incur the debt and carry out the purpose of the loan.
- At least 51% of the owners or members of both intermediaries and ultimate recipients must be United States citizens or admitted for permanent residence. Both intermediaries and ultimate recipients must be unable to obtain the proposed loan elsewhere at reasonable rates and terms.

#### Eligible Loan Purposes:

- The IRP loan funds received by an intermediary must be relaned to ultimate recipients.
- Loans from intermediaries to ultimate recipients must be for:
  - Establishment of new businesses
  - Expansion of existing businesses
  - Creation of employment opportunities
  - Saving of existing jobs
  - Community development projects

## Ineligible Loan Purposes

- Assistance in excess of that needed to finance a project.
- Distribution of payments to owners or shareholders.
- Charitable institutions that do not have revenue from sales.
- Entities affiliated with religious or fraternal organizations.
- Assistance to government employees.
- Agriculture production.
- Any illegal activity.
- Transfer of ownership unless the loan will keep the business from closing, prevent job loss or expands employment opportunities.
- Golf courses, race tracks or gambling.
- Insurance companies.
- Lending and investment institutions.
- Any project in violation of any federal, state, or local law or environmental act.
- Any project that violates civil rights statutes.

## Loan Limits

- Loans to intermediaries are typically limited to a maximum of \$750,000.
- Loan from intermediaries to ultimate recipients using the IRP revolving fund must not exceed \$250,000 or 75% of the total project cost, whichever is less. The IRP fund will have no more than 25% of its outstanding portfolio in loans that exceed \$150,000.

## Loan Terms

- The maximum term for the loan to an intermediary is 30 years. Loan terms for intermediary loans to ultimate recipients are negotiated between the intermediary and the ultimate recipient.

## Interest Rate

- Interest rate on loans to intermediaries is 1% per annum. The interest rate charged to ultimate recipients is negotiated by the intermediary and the ultimate recipient.

## Application Process

- You may request additional information and assistance, as well as copies of regulations and forms, from your local USDA Rural Development Office.

## For More Information

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