



Committed to the future of rural communities.

RURAL BUSINESS-COOPERATIVE PROGRAMS

INTERMEDIARY RELENDING PROGRAM (IRP)

The purpose of the Intermediary Relending Program (IRP) is to alleviate poverty and increase economic activity and employment in rural communities. Assistance especially targets disadvantaged and remote communities, through financing smaller and emerging businesses, in partnership with other public and private resources. Financing assistance is provided in accordance with state and regional strategic plans based on identified community needs. This purpose is achieved through loans made to intermediaries that establish programs for the purpose of providing loans to ultimate recipients for business and community developments in a rural area.

Who May Borrow?

Intermediaries: Include private nonprofit corporations, public bodies/agencies, Indian groups or cooperatives. Intermediaries must:

- Have legal authority to carry out the proposed loan purposes and to incur and repay the debt.
- Have a record of successfully assisting rural business and industry, normally including experience in making and servicing commercial loans.
- Provide adequate assurance of repayment.

Ultimate Recipients: Any type of legal entity, including individuals and public and private organizations in a rural area. Rural area is all territory that is not within the outer boundary of any city having a population of 25,000 or more, according to the latest decennial census.

At least 51 percent 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.**

How May Funds Be Used?

All of the IRP loan funds received by an **intermediary** must be reloaned to **ultimate recipients**. Interest income and fees may be used for administrative costs, technical assistance to borrowers, debt retirement and establishment of a loan loss reserve. All collections from the operation of the IRP revolving loan fund that are not used for the above authorized expenses must be made available for relending to eligible **ultimate recipients**.

Loans from **intermediaries** to **ultimate recipients** must be for the establishment of new businesses, the expansion of existing businesses, creation of employment opportunities, saving of existing jobs, or community development projects.

What Are The Loan Terms?

Loans to **intermediaries** are scheduled for repayment over a period of up to 30 years. The term of loans from the **intermediaries** to the **ultimate recipients** is set by the **intermediary**.

What Is The Interest Rate?

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

Is Collateral Required?

Yes. All loans to **intermediaries** must be adequately secured. **Intermediaries** are asked to provide a proposal for securing the loan for USDA Rural Development's consideration in the application. Security normally consists of a lien on the IRP revolving fund, including security interest in collateral pledged by **ultimate recipients**.

If Ultimate Recipients Fail To Repay Loans From The Intermediary, What Happens To The Intermediary's Loan From USDA Rural Development?

When the **intermediary** accepts the IRP loan, it is incurring a debt. Collections from loans to **ultimate recipients** should be sufficient to repay the USDA Rural Development loan on schedule. However, even if collections from **ultimate recipients** are not sufficient, the **intermediary** is fully responsible for repaying USDA Rural Development.

What Should Be Included In An Application?

Anyone interested in applying for an IRP loan should obtain a copy of the IRP regulations (RD Instruction 4274-D) from the Nebraska USDA Rural Development State Office. The regulations contain detailed instructions for completing an application. An application template is available upon request.

Where Should Applications Be Filed?

Complete applications should be sent to the USDA Rural Development State Office in Lincoln.

For More Information

For more information contact Rural Development at:
USDA Rural Development
Attn: Business and Cooperative Program Division
Federal Building, Room 152
100 Centennial Mall North
Lincoln, NE 68508-3888
Phone: (402) 437-5558

National Office Web site: <http://www.rurdev.usda.gov/rbs>
Rural Development Toll Free: (800) 670-6553
Nebraska Rural Development Web site: <http://www.rurdev.usda.gov/ne>
Nebraska State Office Telephone Number: (402) 437-5551
Nebraska State Office Facsimile Number: (402) 437-5408
Nebraska State Office TDD Number: (402) 437-5093

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