

USDA Rural Economic Development Loan and Grant Program

Purpose

To promote rural economic development and job creation projects

Applicant Eligibility

- RUS (Rural Utility Service) Electric and Telephone utility borrowers only
- Financially sound organization
- Current on all Federal debts

Use of Loan Funds

- Business expansions and start-ups
- Community development projects
- Business incubator projects
- Project feasibility studies
- Advanced telecommunications and computer networks for medical and educational services
- Community antenna television systems or facilities (with restrictions)

Maximum and Minimum Loan Amounts

- Maximum \$1,000,000 (\$300,000 grant maximum, requires 20% match from cooperative)
- Minimum \$10,000

Loan Terms and Repayment

- Zero-interest loan provided to the RUS Borrower on a pass-through basis to the ultimate recipient (project owner)
- Maximum 10 year repayment period
- Payments may be deferred up to two years
- Repayment by the ultimate recipient may not be more restrictive than the repayment schedule of the RUS Borrower
- Minimum 20% supplemental financing required of ultimate recipient

Application Process

- Applications are submitted to your local field representative
- Applications are forwarded to the USDA - Rural Development National Office for selection on a national competitive basis
- Applications are selected monthly

Selection Factors

- Nature of the project
- Job creation projections
- Long-term improvements in economic development
- Diversifying the rural economy or alleviating underemployment
- Supplemental funds
- Economic conditions and job creation
- Unemployment rates
- Per capita personal income
- Change in population
- Number of long-term jobs
- Community-based economic development program
- Plan for improving the marketable skills of people in rural areas
- Location (rural)
- Support for program - cushion of credit payments
- Demonstration project
- Probability of success
- Ownership and management of the project
- Ultimate recipient's business plan
- Completeness of application