

## Our Goal...

Promote rural economic development and job creation projects by providing loans and grants to eligible applicants ...

### Loan Program (REDL)

- Zero percent interest loans which, in turn, pass through to local business (ultimate recipients) for projects that create and retain employment in rural areas
- Ultimate recipients repay the lending utility, the utility repays Rural Development.

### Grant Program (REDG)

- Establish a revolving loan fund

## Benefits...

### For the Utility

- Provide an opportunity to contribute to the economic development of a Region
- Establish a revolving loan fund

### For the Ultimate Recipient

- Interest rates as low as Zero percent loan interest rate.
- Additional source of financing.
- Flexibility of working with a non-traditional lender.

## For more information, contact ...

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## Visit...

<http://www.rurdev.usda.gov/MNHome.html>

<http://www.rurdev.usda.gov/MN-RBS-REDLG.html>



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United States Department of Agriculture

## Rural Economic Development Loan and Grant Program (REDLG)



Striving to support rural communities and enhance quality of life for rural residents by improving economic opportunities, community infrastructure, environmental health, and the sustainability of agricultural production.

# REDLG Program Eligibility Requirements

To receive funding under the REDLG program, an entity must:

- Have borrowed and repaid or pre-paid an insured, direct, or guaranteed loan received under the Rural Electrification Act or,
- Be a not-for-profit utility that is eligible to receive assistance from the Rural Development Electric or Telecommunication Programs or,
- Be a current Rural Development Electric or Telecommunication Programs borrower.
- Must be financially sound and current on all federal debt.
- Located in a rural area with a population of 50,000 or less and not urban in nature.

## Property Eligibility Check Link:

<http://eligibility.sc.egov.usda.gov>

## Loan Information...

### Loan Amounts

- \$10,000 Minimum
- \$2,000,000 Maximum

### Loan Terms and Repayment

- Zero-interest loan provided to the utility on a pass-through basis to the ultimate recipient.
- Payments are required 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 repayment schedule of the utility.
- Minimum 20 percent supplemental financing required, either by the ultimate recipient or the utility.

### Sample Loan Ultimate Recipient Projects

- Business start-ups and expansion
- Community development
- Incubator projects
- Medial and training projects
- Feasibility studies



Previously approved USDA REDLG Project

## Grant Information...

### Grant Amounts

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

### Establishing a Revolving Loan Fund

- Utility must contribute 20 percent of the total RLF. In the case of a maximum grant application the total fund will be \$360,000.
- Initial loans made from grant funds and required matching funds typically cannot be used for private for-profit businesses.
- Subsequent loans made from repayments of initial loan may be used for any rural economic development purposes including private for-profit business.
- Utility may charge ultimate recipient reasonable loan servicing fees (not to exceed one percent of the outstanding balance of the recipients loan) to cover administrative expense.
- The interest earned on subsequent loans becomes a permanent part of the fund.
- Utility may use funds from the RLF to cover operating expenses of the fund—not to exceed ten percent of the grant over the life of the fund.

**Please contact your local  
USDA Area Specialist for  
more information.**