

# Rural Economic Development Loans and Grants

What do these programs do?

**Rural Economic Development Loans (REDL) and Grants (REDG) fund eligible projects using local utility organizations as intermediary lenders.**

**Under REDL, USDA Rural Development provides zero-interest loans to local utilities, which then pass the loans through to local businesses (called “ultimate recipients”). REDL funds can be used for projects that help create and keep jobs in rural areas. Ultimate recipients directly repay the lending utility, and the lending utility then repays USDA Rural Development.**

**With REDG, local utility organizations use USDA-awarded grants to establish revolving loan funds (RLFs) which support projects that help create or keep rural jobs. Once the RLF is exhausted or otherwise ends, the grant is then repaid to USDA Rural Development.**

## Who can apply?

- Current USDA Rural Development Electric or Telecommunications programs borrowers
- Former USDA Rural Development borrowers that have paid off their loan or loans
- Nonprofit utilities eligible for assistance from USDA RD Electric or Telecommunications programs

**Important:** REDLG is open **only** to current and former USDA Rural Development Electric or Telecommunications borrowers and nonprofit utilities eligible under the Rural Electrification Act.

## What is an eligible area?

Intermediaries can use REDLG funds for projects in rural areas or towns with populations of 50,000 or fewer.

## How can funds be used?

REDLG intermediaries can pass along funding to ultimate recipients for projects such as:

- Business incubators
- Community development assistance to nonprofits and public bodies (particularly for job creation or retention)

- Facilities and equipment necessary to educate and train residents in rural economic development
- Facilities and equipment to provide medical care to rural residents
- Start-up venture costs, including such things as financing fixed assets like real estate, new or existing buildings, equipment, or working capital
- Technical assistance and business expansion

## What are some loan or grant terms?

Loan and grant terms vary for intermediaries and ultimate recipients. Check the REDLG webpage (available at this link: [tinyurl.com/RBCSREDLG](https://tinyurl.com/RBCSREDLG)) for details.

## How do we get started?

Applications are accepted year-round through your local USDA RD office. A list is available at this link: [tinyurl.com/RDStateOffices](https://tinyurl.com/RDStateOffices)

## What governs these programs?

- Basic program and loan servicing information is in 7CFR Part 4280, at this link: [go.usa.gov/xMXrX](https://go.usa.gov/xMXrX), and 2CFR Part 200, available at this link: [go.usa.gov/xMXrV](https://go.usa.gov/xMXrV)

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**NOTE: Because information changes, always consult official program instructions or contact your local Rural Development office for help. A list is available at this link: [go.usa.gov/xJHPE](https://go.usa.gov/xJHPE). You will find additional resources, forms, and program information at [rd.usda.gov](https://rd.usda.gov). USDA is an equal opportunity provider, employer, and lender.**

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