

**PROGRAM:** New Mexico Rural Intermediary Re-Lending Program (NMRIRP) and the RD Intermediary Re-lending Program (IRP), Respectively

**AGENCY:** Enchantment Land Certified Development Company (ELCDC) and USDA Rural Development (RD), Rural Business-Cooperative Service

**DESCRIPTION:**

- ELCDC:
- Sponsored by the USDA Rural Development, the New Mexico Rural Intermediary Re-Lending Program (NMRIRP) assists healthy, growing businesses with special financing needs. The program provides long-term, low interest rate loans for businesses expanding in rural areas.
- RD:
- The purpose of the program is to finance business facilities and community development projects in rural areas. This is achieved through loans made by USDA Rural development to intermediaries. Intermediaries re-lend funds to ultimate recipients for business facilities and community development in rural areas (under 25,000 population).

**ELIGIBLE USE:**

- ELCDC
- may fund a project, less the equity requirement. All other terms and conditions of this type of funding will meet the program requirements. Projects that fall under direct Funding may have certain characteristics that conventional lenders will deem as too risky to undertake, start up businesses for example.
- RD:
- All IRP loan funds received by an intermediary must be re-loaned to ultimate recipients. Interest income and fees may be used for administrative costs, technical assistance to borrowers or debt retirement. All collections from the operation of the IRP revolving loan fund that are not used for these authorized expenses must be available for re-lending to eligible ultimate recipients.
- Loans from intermediaries to ultimate recipients must be for the establishment of new businesses and/or the expansion of existing businesses, creation of employment opportunities, and/or saving existing jobs, or community development projects.

**PROGRAM/LOAN STRUCTURE:**

- ELCDC:
- Maximum Program Benefits: This program provides loans up to \$50,000; the maximum loan to value will be 75%. USDA RIRP regulations dictate a minimum 25% private equity position.
- Maturities: Generally five to fifteen years
- Rates: Fixed for the life of the loan; the rate will be determined on the date of approval based on the Wall Street Journal prime rate plus 2%.
- Fees will include 2% loan origination fee, plus attorney closing fees and any out of pocket costs associated with the loan; all costs may be funded via loan proceeds.
- Collateral: All IRP asset based loans shall be secured by a first lien on the assets financed. Working capital loans will be secured by a first lien on short-term assets, or other collateral deemed acceptable by USDA and/or ELCDC. Owners and/or key management will be required to personally guarantee all loans on a full recourse basis.
- Loan fees may include, but will not necessarily be limited to:
  - up to a 2% loan origination fee, plus

- attorney closing fees as incurred, plus
- any out of pocket costs associated with the loan, including but not limited to recording fees, lien search fees, appraisal, environmental and survey costs.
- All costs may be funded via loan proceeds.
- RD:
- Terms: Loans to intermediaries are scheduled for repayment over a period of up to 30 years. The term of loans to ultimate recipients is set by the intermediary.
- Rates: The interest rate on loans to intermediaries is 1% per annum. The interest rate on loans to ultimate recipients is negotiated by the intermediary and the ultimate recipient.

**QUALIFICATION CRITERIA/COMMENTS:**

- ELCDC:
- Preference in processing may be provided to loans that reach an economically depressed or impacted market.
- Visit the homepage at <http://www.elcdc.com/> , <http://www.elcdc.com/irpA.html> , call 505-843-9232.
- RD:
- Intermediaries:
  - Must be private nonprofit corporations, public agencies, federally recognized Indian groups or cooperatives;
  - Have the legal authority to carry out the proposed loan purposes; and to incur and repay the debt;
  - Have a proven record of successfully assisting rural business and industry, normally including experience in making and servicing commercial loans; and
  - Provide adequate assurance of payment.
- Ultimate recipients may be private or public organizations, or individuals.
- Applications for intermediaries will be filed with the USDA Rural Development national office in Washington, DC.
- Collateral is required.
- For more information, visit <http://www.rurdev.usda.gov/rbs/busp/irp.htm> .
- Rural Development Homepage: <http://www.rurdev.usda.gov/rbs/index.html>