

PROGRAM: RD Rural Economic Development Loan Program

AGENCY: USDA Rural Development (RD), Rural Business-Cooperative Service

DESCRIPTION: The purpose is to provide zero interest loans to electric and telephone utilities financed by the Rural Utility Service (RUS) to promote sustainable rural economic development and job creation projects.

ELIGIBLE USE:

- RUS utility:
 - Must not be delinquent on federal debt or in bankruptcy proceedings,
 - Is required to re-lend the loan proceeds, at zero percent interest, to an eligible third-party recipient. Priority is given to projects that are physically located in rural areas having a population of less than 2,500 people, and
 - Is responsible for repaying the loan to Rural Business-Cooperative Service in the event of delinquency or default by the third-party recipient.
- Third-party recipients:
 - Business expansions and start-ups, including cost of buildings, equipment, machinery, and land site development and working capital,
 - Community infrastructure necessary for economic development and job creation purposes,
 - Community facilities and services necessary for economic development and job creation purposes,
 - Facilities and equipment to provide medical care to rural residents,
 - Education facilities and equipment to provide training and job enhancement skills to rural residents, and
 - Business incubator projects to assist in developing emerging enterprises.

PROGRAM/LOAN STRUCTURE:

- Terms: RUS utility will repay the principal amount of the loan within 10 years. Terms for the third-party recipient is similar.

QUALIFICATION CRITERIA/COMMENTS:

- Eligibility is limited to Rural Utility Service (RUS) electric and telephone utilities, and third-party recipients having corporate and legal authority to incur debt.
- Visit <http://www.rurdev.usda.gov/rbs/busp/redl.htm> for more information.
- Rural Development Homepage: <http://www.rurdev.usda.gov/rbs/index.html>