

Intermediary Relending Program

What does this program do?

This program provides low-interest (1 percent) loans to local lenders – “intermediaries” – who then relend to businesses to help improve economic conditions and create jobs in rural communities.

Who can apply?

The following groups are eligible to be intermediary lenders:

- **Nonprofit corporations**
- **Federally-recognized Tribes as defined by U.S. Department of the Interior Indian Affairs (information is available at this link: <https://go.usa.gov/xz74x>)**
- **Public agencies**
- **Cooperatives**

Individuals, public or private organizations, or other legal entities are eligible apply for intermediary loans as “ultimate recipients” provided:

- **U.S. citizens or permanent residents hold majority ownership in the business applying**
- **The applicant owes no delinquent debt to the U.S. Government**
- **The applicant cannot get affordable commercial financing for the project elsewhere**
- **The project is located in an eligible rural area (information is available at this link: <https://go.usa.gov/xz72E>)**
- **The applicant has no influence, or legal or financial interest in the work of the intermediary lender**

Are there other requirements?

Intermediary lenders must:

- Have the legal authority to operate a Revolving Loan Fund (RLF)
- Confirm the intermediary is advised by a board comprised of business and civic leaders
- Show an established record of successfully assisting rural businesses and communities, including experience making and servicing commercial loans
- Provide adequate assurance of the ability to repay the loan
- Demonstrate capitalization or equity sufficient to maintain lending and business operations
- Be able to close an IRP loan within six months of its approval

How much funding is available to intermediaries?

- Up to \$1 million
- Total outstanding debt from the IRP to a single intermediary cannot exceed \$15 million

What are the terms for the intermediary lender?

- Interest rates are fixed at 1 percent
- The maximum term is 30 years
- Interest-only payments are permitted for the first three years
- In the first six months after closing, \$250,000 or more of loan funds must be used

What is the maximum loan amount available to ultimate recipients?

The maximum loan amount available to an ultimate recipient is \$400,000, or 50 percent of the loan to an intermediary lender; whichever is less.

What are the rates, terms, and payment structure on the loan to the ultimate recipient?

Rates and terms are set by the intermediary lender, and must cover the cost of operating and continuing the revolving loan fund. In the first six months after closing, \$250,000 or more of the loan funds must be used.

How can funds be used?

- Promote community development
- Establish a new business
- Form and support microlending programs
- Create or retain jobs
- Buy, build, convert, expand, or repair a business or its facility, especially if jobs will be created or saved
- Purchase or develop land, including easements, rights-of-way, buildings, leases, and materials
- Buy equipment, machinery or supplies, or make other leasehold improvements
- Cover eligible start-up costs and working capital
- Address pollution control and abatement
- Support transportation services
- Pay for feasibility studies and professional fees (such as architects, engineers, attorneys, and accountants)
- Build hotels, motels or convention centers
- Support educational institutions
- Promote aquaculture-based rural small businesses
- Establish revolving lines of credit as described in 7 CFR Part 4274.320 (available at this link: <https://go.usa.gov/xz7B4>)

NOTE: Ineligible loan purposes can be found in 7 CFR Part 4274.321 (available at this link: <https://go.usa.gov/xz7B8>)

How can an organization become an intermediary lender?

Contact your local Rural Development office (a list is available at this link: <https://go.usa.gov/xz7k6>) to learn how to become an RLF lender.

What is an eligible area?

- Rural areas outside of cities or towns with populations of less than 50,000 are eligible.
- Urbanized areas near cities with populations of 50,000 or more must be checked for eligibility.
- The borrower's headquarters can be based within a larger city as long as the project service area is located in an eligible rural area.
- The lender can be located anywhere.

You can check eligible addresses for Rural Business-Cooperative programs at this link: <https://go.usa.gov/xz72E>.

How do we get started?

To apply, contact your local Rural Development office (a list is available at this link: <https://go.usa.gov/xz7k6>).

Who can answer questions?

- Intermediaries and ultimate recipients can contact an IRP intermediary lender serving your area. You can also contact your local office for assistance.

What governs this program?

- Basic program: 7 CFR Part 4274 (available at this link: <https://go.usa.gov/xJTdu>)
- Loan servicing: 7 CFR Part 1951R (available at this link: <https://go.usa.gov/xungE> - PDF)
- This program is authorized by the Food Security Act of 1985, Pub L. 99-198 (available at this link: <https://go.usa.gov/xz79X> - PDF).

Why does USDA Rural Development do this?

The purpose of the IRP is to help address poverty by increasing economic activity and employment in rural communities - with added emphasis on communities considered particularly disadvantaged or remote.

Intermediaries are encouraged to focus on state- and region-based strategies, and to work in partnership with other public and private organizations that can provide complementary resources.

NOTE: Because citations and other information are subject to change, always consult the program instructions listed in the section above titled “What Governs This Program?” You can also contact your local office for assistance (a list is available at this link: <https://go.usa.gov/xzjP7>). You will find additional forms, resources, and program information at rd.usda.gov. *USDA is an equal opportunity provider, employer, and lender.*