



United States Department of Agriculture

Rural Development

Intermediary Relending Program (IRP)

What is the Purpose?

To alleviate poverty and increase economic activity and employment in rural communities (less than 25,000 population*), through financing targeted primarily towards smaller and emerging businesses. This purpose is achieved through loans made to intermediaries to establish programs to provide loans to ultimate recipients for business and community development projects in rural areas.

Who is Eligible to Apply?

Private nonprofit corporations; Public agencies (State or local government); Indian groups (Indian tribes on Federal or State reservations or other federally recognized tribal groups); or Cooperatives (at least 51% of members must be rural membership) may become intermediaries. Ultimate recipients may be individuals, public or private organizations, or other legal entities.

What are the Priority Selection Factors?

Evidence of commitment of other funds (non-Federal sources and Intermediary contribution to ultimate recipient loan projects); Economic conditions (median household income; local unemployment rate; demonstrated record of assisting underrepresented groups; population); Intermediary contribution to the revolving loan fund; Experience; and Community representation on board.

What Types of Projects are Eligible?

Loan funds must be placed in the intermediaries revolving fund and used to provide direct loans to eligible ultimate recipients. Loans to ultimate recipients must be for community development projects, the establishment of new businesses, expansion of existing businesses, creation of employment opportunities, or saving existing jobs.

What are the Rates and Terms and Typical Assistance?

The loan to the intermediary bears a 1% fixed annual interest rate and maximum term of 30 years. Principal and interest payments are scheduled at least annually (interest-only payments may be permitted, but not more than 3 years). An intermediary may borrow up to \$1,000,000. Loans made by an intermediary to an ultimate recipient are scheduled for repayment over a negotiated term. Loans to ultimate recipients are generally limited to the lesser of \$250,000 or 75% of the project cost. In addition, no more than 25% of an IRP loan may be used for ultimate recipient loans in excess of \$150,000.

How Are Applications Made?

Prospective applicants are strongly encouraged to contact the State Office to discuss the application process. Applications are typically reviewed and selected for funding on a quarterly, nationally competitive basis.

For Additional Information Contact:

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