Rural Development

Rural Economic Development Loan and Grant Program

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REDLG Program

The REDLG program provides funding to rural projects through local utility organizations.

- REDL program, USDA provides zero interest loans to local utilities which they, in turn, pass through to local businesses.
- REDG program, USDA provides grant funds to local utility organizations which use the funding to establish revolving loan funds.
REDL or "Pass Through" Loan

Intermediary borrows from USDA RD at 0% interest

Intermediary loans to recipient at 0% interest
USDA Grant for Revolving Loan Fund: Initial Loan

USDA RD grants to RLF
$300,000 Max

Intermediary matches 20% with own funds
$60,000 max

Intermediary Administered RLF of $360,000
Utility Eligibility

To receive funding under the REDLG program an entity must:

• Have borrowed and repaid or pre-paid an insured, direct, or guaranteed loan received under the Rural Electrification Act or,

• Be a not-for-profit utility that is eligible to receive assistance from the Rural Development Electric or Telecommunication Program or,

• Be a current Rural Development Electric or Telecommunication Programs Borrower.
REDLG Purposes

Eligible Project Purposes:
• Start-up ventures and business expansion.
• Business incubator facilities.
• Advanced telecommunications services.
• Community facility projects.
Ineligible Purposes

• Costs incurred prior to the RD application.
• Refinance existing debt.
• Intermediary’s operations.
• Residential purposes.
• Conflict of interest.
• Agricultural production.
• See §4280.27 for complete list.
Project Selection Factors

- Jobs Created or Saved.
- Supplemental Funds.
- Unemployment Rate.
- Per Capita Personal Income.
- Population.
- Disaster Areas.
REDLG Funding-MN

- 147 REDLs
- $44,940,827
- $15,000 to $1,000,000

- 57 REDGs
- $16,614,649
- $66,000 to $400,000
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