

Rural Economic Development Loan & Grant Program

Application Window: Open

Program Application Period: Application deadlines for quarterly funding competitions are no later than 4:30 p.m. (local time) on:

- First Quarter, September 30;
- Second Quarter, December 31;
- Third Quarter, March 31; and
- Fourth Quarter, June 30.

Overview

What do these programs do?

The Rural Economic Development Loan and Grant program provides funding for rural projects through local utility organizations. USDA provides zero-interest loans to local utilities which they, in turn, pass through to local businesses (ultimate recipients) for projects that will create and retain employment in rural areas. The ultimate recipients repay the lending utility directly. The utility is responsible for repayment to USDA.

USDA provides grants to local utility organizations which use the funding to establish [Revolving Loan Funds](#) (RLF). Loans are made from the revolving loan fund to projects that will create or retain rural jobs. When the revolving loan fund is terminated, the grant is repaid to USDA.

Who may apply?

To receive funding for a grant and/or loan an entity must be:

- Current Rural Utilities Service (RUS), electric or telecommunication borrower,
- Any former RUS borrower that has repaid or prepaid an insured, direct or guaranteed loan under the Rural Electrification Act,
- Or any not-for-profit utility that is eligible to receive an insured or direct loan under such Act.

What is an eligible area?

[Intermediaries](#) may use funds to lend for projects in rural areas or towns with a population of fewer than 50,000 residents. Visit our [Eligibility](#) site to search for eligible rural areas.

How much funding is available to local utilities?

- **Maximum Grant Amount:** \$300,000 to establish the Revolving Loan Fund.

- Up to 10 percent of grant funds may be applied toward operating expenses over the life of the Revolving Loan Fund.
- **Maximum Loan Amount:** \$2 million.

The local utility applies to USDA for funding support on behalf of specified local projects. Projects may begin after submission of an application, but there is no guarantee of approval. If approved, USDA will then issue funds to the local utility for the specified project.

How may funds be used?

The local utility passes the funding to ultimate recipients for such eligible projects as:

- Business incubators.
- Community development assistance to nonprofits and public bodies (particularly for job creation or enhancement).
- Facilities and equipment to educate and train rural residents to help economic development.
- Facilities and equipment for medical care for rural residents.
- Start-up venture costs, including, but not limited to, financing fixed assets such as real estate, buildings, equipment, or working capital.
- Business expansion.
- Technical assistance.

NOTE: [7 CFR, Part 4280.27](#) and [7 CFR, Part 4280.30](#) list ineligible uses.

What are the terms for the local utility?

- 10 years at zero percent interest.
- Grants require a 20 percent match from the local utility.
- Grants must be repaid to USDA upon termination of the Revolving Loan Fund.

What are the terms on the loan to the ultimate recipient?

- The interest rate is zero percent.
- Up to 80 percent of project costs; 20 percent must be provided by the ultimate recipient or the local utility.
- The local utility may incorporate interest rates or administrative loan fees after the funds have been loaned out and revolved once. First-time loans are at zero percent interest.
- Repayment may be deferred up to two years for projects including a start-up venture or Community Facilities project.

How do we get started?

Applications for these programs are accepted through your local office year-round. You should work with your [local office](#) to acquire the documents needed to apply.

Who can answer questions?

Contact your [local office](#).

What law govern these programs?

Citations and other information may be subject to change, please always consult the program instructions listed in this section.

- Basic Program – Code of Federal Regulations, [7 CFR, Part 4280](#).
- Loan/Grant Servicing – Code of Federal Regulations, [7 CFR, Part 4280](#) and 2 CFR Part 200.
- This program is authorized by the Rural Electrification Act of 1936.

Why does USDA Rural Development do this?

Rural Development undertakes these programs to promote rural economic development and job creation projects.

To Apply

NOTE: If state specific forms are not shown above, please ensure that your state is selected in the dropdown menu above to find the [State Office contact information](#) and speak to a Business Programs Specialist before attempting to fill out any forms or applications. This will save you valuable time in your application.

You may also access the Code of Federal Regulations, [7 CFR, Part 4280](#).

Other Requirements

There are no additional requirements.

Contact

Please select your state in the dropdown menu above to find your local contact for these programs.

Persons with disabilities that require alternative means for communication should contact the U.S. Department of Agriculture (USDA) Target Center at (202)720–2600 (voice).

Events

There are currently no events scheduled.