



Railroad Rehabilitation & Improvement Financing (RRIF)

Why RRIF?

- Low interest rate
- Interest does not accrue until proceeds are drawn
- Flexible amortization
 - Up to 35 year repayment period
 - Deferrable for 5 years after substantial project completion
- No pre-payment penalty

Program Overview

The RRIF program was established by the Transportation Equity Act for the 21st Century (TEA-21) and amended by the Safe Accountable, Flexible and Efficient Transportation Equity Act: a Legacy for Users (SAFETEA-LU), the Rail Safety Improvement Act of 2008, and the Fixing America's Surface Transportation (FAST) Act. Under this program the Department of Transportation is authorized to provide direct loans and loan guarantees up to \$35.0 billion to finance development of railroad infrastructure. Not less than \$7.0 billion is reserved for projects benefiting freight railroads other than Class I carriers.

The funding may be used to:

- Acquire, improve, or rehabilitate intermodal or rail equipment or facilities, including track, components of track, bridges, yards, buildings and shops, and including the installation of positive train control systems;
- Develop or establish new intermodal or railroad facilities;
- Reimburse planning and design expenses relating to activities listed above;
- Refinance outstanding debt incurred for the purposes listed above; and
- Finance [transit-oriented development](#)

Direct loans can fund up to 100% of a railroad project with repayment periods of up to 35 years and interest rates equal to the cost of borrowing to the government.

Eligible borrowers include railroads, state and local governments, government-sponsored authorities and corporations, limited option freight shippers that intend to construct a new rail connection, and joint ventures that include at least one of the preceding.

Applying to RRIF

The RRIF statute establishes a multi-step process for RRIF credit assistance beginning with the submission of a Letter of Interest (LOI). However, all prospective RRIF borrowers are highly encouraged to [schedule an Initial Consultation](#)

with the Bureau before beginning to develop their LOI.

The **initial LOI eligibility review** is intended to identify major statutory, regulatory, financing or timing issues that would prevent the project from receiving assistance. The estimated time frame for the initial review is approximately 30 days, assuming that the Department receives all information as requested.

Next, the **creditworthiness review** involves evaluation of the plan of finance, financial model, and feasibility of the pledged revenue. The estimated time frame for the creditworthiness review is between 45 and 90 days after receipt of all requested information.

If a project satisfies all of the statutory eligibility criteria, including creditworthiness, the Bureau will invite the project sponsor to apply for RRIF credit assistance.

Initial Consultation

If you have scheduled an [Initial Consultation](#)

with the Bureau, you should prepare the following information:

- A description of your project, including the amount of the direct loan or loan guarantee requested;
- A description of the benefits and/or savings that will be generated by the project;
- A discussion of whether the project:
 - Will enhance safety and the environment;
 - Will promote economic development and US competitiveness;
 - Will preserve rail or enhance intermodal service to small communities and rural areas;
 - Is included in your State's transportation plan.
- A description of the collateral to be offered as security and its net liquidation value;
- Audited financial statements (if available), including balance sheet, income statement, and cash flow statement for the past five years (if available);
- Projected revenues for the next five years, if available; and
- Information regarding potential environmental impacts of the project.

Letter of Interest and Application Forms

- [Letter of Interest](#)
- [Application](#)

Evaluation Criteria

The criteria and standards used to determine whether to approve or disapprove a RRIF application are drawn from the legislation authorizing the RRIF program ([49 U.S.C. 22401, 22402, 22403](#)) and program implementing regulations ([49 CFR part 260](#)). The words used below to describe the criteria differ from the statute and the regulations only for purposes of brevity. This notice does not contain any new criteria or impose any new legal requirements or have any legal effect other than to satisfy the mandate from Congress to issue this notice. Determinations are made based on the following criteria and standards, as more fully set forth in the statute or the regulations, evaluated individually and considered collectively.

- The statutory eligibility of the applicant and the project ([49 CFR 260.3](#)), definition of applicant and ([49 CFR 260.5](#)), eligible purposes;
- The creditworthiness of the project, including the present and probable demand for rail services and a reasonable likelihood that the loan will be repaid on a timely basis ([49 CFR part 260](#)), Subpart B-FRA policies and procedures for Evaluating Applications for Financial Assistance;
- The extent to which the project will enhance safety ([49 CFR 260.7\(a\)](#));
- The significance of the project on a local, regional, or national level in terms of generating economic benefits and improving the railroad transportation system ([49 CFR 260.7\(c\)](#));
- The improvement to the environment that is expected to result directly or indirectly by the implementation of the project ([49 CFR 260.7\(b\)](#)), and;
- The improvement in service or capacity in the railroad transportation system or the reduction in service-or capacity-related problems that is expected to result directly or indirectly from the implementation of the project ([49 U.S.C. 22402\(c\)](#)).

Timing

The Bureau will approve or disapprove a request for a loan within 90 days after receipt of a complete application. Applications will be deemed complete after the following:

- (1) The FRA has fulfilled its obligations under the National Environmental Policy Act (NEPA) and related laws, regulations and orders. In many cases, the FRA will need simply to approve a short environmental form submitted with the application. However, in some cases, compliance with NEPA may require preparation of detailed environmental assessments, consultation with Federal and State authorities, publication of documents, and public review and comment on these documents.
- (2) The Bureau has completed its initial review of the application (not to exceed 30 days) and, if additional information and/or clarification have been requested, the applicant has provided the requested information.

NOTE: Since a great variety of projects are eligible to be funded under the RRIF Program, it is impossible to anticipate all of the information that will be necessary to evaluate a project for which funding is requested, or the level of detail that will be provided by an applicant. Therefore,

a short period of time will be necessary to review applications and determine if there is a need for additional information.

Fee Information

All federal financial assistance programs must pay for the cost to the government of providing that financial assistance. In most cases this is done with appropriations from Congress. Since the RRIF Program does not currently have an appropriation, this cost must be borne by the applicant, or another entity on behalf of the applicant, through the payment of the Credit Risk Premium. The Administrator will calculate the amount of the Credit Risk Premium that must be paid for each loan before it can be disbursed.

In addition to the Credit Risk Premium, which is paid only if a loan is approved, each applicant must pay an Investigation Fee regardless of whether the loan is approved. The Investigation Fee defrays costs the Bureau incurs in evaluating RRIF loan applications. The Investigation Fee may not exceed one half of one percent of the requested loan amount, but it is often substantially less.

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If you are deaf, hard of hearing, or have a speech disability, please dial 7-1-1 to access telecommunications relay services.