

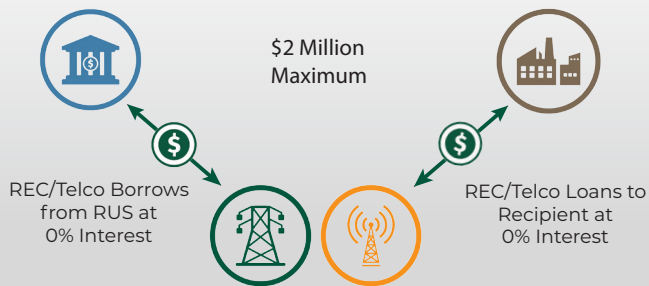
Rural Economic Development Loan & Grant Program

Assisting High Impact Projects in Rural Communities

The Rural Economic Development Loan & Grant (REDL&G) program provides funding for rural business and community development projects through local utility organizations. As the program name implies, there are two components to the program. One part is a loan to the utility which is in-turn loaned to the project. The other, a grant to the utility for the purpose of creating or enhancing a revolving loan fund. While this program is a small part of USDA RD funding, its impacts are huge as REDL&G is often the only financial assistance tool that a rural area has to facilitate business and community development projects.

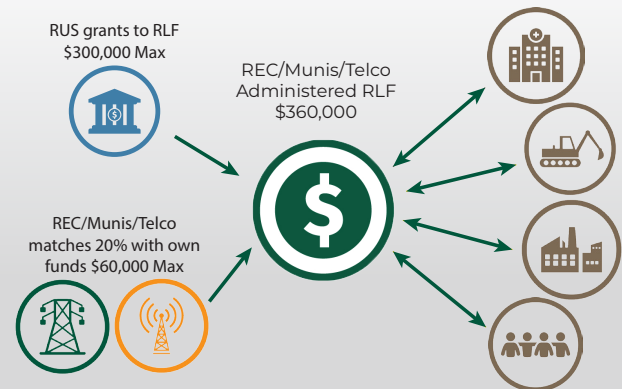
Rural Economic Development Loan Program (REDL)

Using the REDL program, the rural utility applies for a 0% interest loan on behalf of a business expansion or community development project which creates jobs or provides other benefits to the rural community. When awarded, USDA RD provides a zero-interest loan to the utility or "Intermediary" which they, in turn, loan to the local business or community project, which is also known as the "Ultimate Recipient". The ultimate recipient repays the loan to the lending utility directly. The utility is responsible for repayment to USDA RD.



Rural Economic Development Grant Program (REDG)

Using the REDG program, the rural utility applies for a grant to establish or enhance a revolving loan fund (RLF) and agrees to provide matching funds of 20% which are permanently contributed to the RLF. The first loan from the RLF is made at zero-interest to a non-profit organization for purposes of a community development project such as a hospital expansion or school renovation. As the initial loan is repaid, it returns to the RLF which is administered by the rural utility. The utility can then loan these "revolved" funds out to rural business expansion or other community development projects at low interest, filling a financing gap and facilitating economic development projects in rural areas.



Iowa REDL&G Awards (Through 2022)

- 414 Total Awards
- \$198M in Total Awards
- \$135.4M in REDLs
- \$62.7M in REDGs
 - \$105.2M in RLFs spurring 785M of capital investment

REDL&G Impacts in Rural Iowa

- \$1.18B in project investment
- Over 21,700 jobs created/retained

Iowa RLF Results (Through 2022)

- Iowa utilities have contributed over \$59.1M of matching funds to RLFs
- IADG members have created 74 RLFs capitalized at \$78.5M
- 1,118 Subsequent loans totaling nearly \$105.2 million
- Over 14,400 Total jobs created & retained
- \$785M total investment for Iowa

What is needed?

The REDL&G program is funded through the RUS "Cushion of Credit" and additional loan guarantee fees paid by rural utility borrowers. However, the program requires annual appropriation which has been insufficient to meet growing Iowa and national demand. Program funding has been largely stagnant nearly from the program's inception in 1989.

Presently the REDG (grant) authorization is **\$9 million**, and loan authorization is **\$40 million**. Due to increased demand and loan maximums, it has been conservatively calculated that to encourage and meet growing national demand, program appropriation for REDL requires **\$60 million** and REDG needs to be **\$15 million**.