



Montana West
Economic Development
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INTERMEDIARY
RELENDING
PROGRAM
(IRP)

The National Office Rural Business-Cooperative Service Internet page has lots of helpful information --from program regulations to application packages—available to help you.

The address is:

www.rurdev.usda.gov/rbs/index.html.

Check it out!

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U. S. D. A.
RURAL DEVELOPMENT
BUSINESS-COOPERATIVE
SERVICE

INTRODUCTION

The USDA Rural Business Cooperative Service (RBS) provides financial and technical assistance to emerging and expanding rural businesses and cooperatives. RBS staff provides this assistance through different programs designed to target various aspects of business creation and management. The Intermediary Relending Program (IRP) provides loans to nonprofit development organizations for establishment of revolving loan programs for loans to small businesses.

Montana West Economic Development borrows funds on behalf of businesses from the USDA, and relends the proceeds to the businesses based on approval from the Montana West ED loan review board.

IRP PROGRAM

The purpose of the program is to establish or expand businesses, create employment, and/or save existing jobs.

This is a gap-financing program, meaning the owners have invested their funds, and a lender is willing to provide up to half of the funds being borrowed. The gap is the portion of borrowing needs remaining. To be eligible for assistance, IRP loan applicants must be unable to obtain financing elsewhere at reasonable rates and terms.

Applications are selected for funding through a nationwide competition.

Loans of up to \$150,000 can be made to private or public organizations and other local businesses.

ELIGIBLE LOAN PURPOSES

- Establishment of new businesses, expansion of existing businesses
- Creation of employment opportunities or preservation of existing jobs
- Community development projects
- Business construction, conversion, enlargement, or development
- Purchase of land, building, facilities, materials, equipment, and machinery
- Transportation services
- Feasibility studies
- Hotels, motels
- Professional fees.
- Pollution control and abatement.

INELIGIBLE LOAN PURPOSES

- Assistance in excess of funding needed
- Payment to owners, partners, shareholders or beneficiaries
- Charitable institutions
- Government employees, military personnel
- Agricultural production
- Any project that is in violation of either a Federal, State, or local environmental protection law or regulation.
- Lending and investing institutions and insurance companies
- Golf courses, race tracks, or gambling facilities
- Any illegal activity.

INTEREST RATES

The interest rate is 7% annual fixed.

TERMS

Working Capital: 5-7 years
Equipment: 10 years
Real Property: 15-20 years.

COLLATERAL

Negotiable. May take a subordinate position.

EQUITY INVESTMENT

20% minimum equity investment is required.

MATCHING FUNDS

A 1:1, dollar for dollar match, usually from a bank source, is required.

APPLICATION TIME

60 to 90 days.

PENALTIES

No penalty for early payoff of loan. Late payments: 5% of loan payment after 10 days.

REPORTING REQUIREMENTS

Monitor and report hiring and training for a 24-month period. Quarterly financials and annual tax returns.

APPROVING BODY

Local Montana West Economic Development Loan Review Board

Montana West Economic Development and the USDA are Equal Opportunity Providers and Employers. Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington DC 20250-9410.