§ 4280.23 Requirements for lending from Revolving Loan Fund.

(a) **Supplemental contribution.** The Intermediary must establish a Revolving Loan Fund and contribute an amount equal to at least 20 percent of the Grant. The supplemental contribution must come from Intermediary’s funds which may not be from other Federal Grants, unless permitted by law.

(b) **Use of supplemental contribution.** The Intermediary’s contribution will only be used to make REDG loans and not other investment purposes. The Intermediary’s contribution must remain a permanent part of the Revolving Loan Fund until the Fund is terminated.

§ 4280.22 [Reserved]

§ 4280.23 Requirements for lending from Revolving Loan Fund.

(a) **Supplemental contribution.** The Intermediary must establish a Revolving Loan Fund and contribute an amount equal to at least 20 percent of the Grant. The supplemental contribution must come from Intermediary’s funds which may not be from other Federal Grants, unless permitted by law.

(b) **Use of supplemental contribution.** The Intermediary’s contribution will only be used to make REDG loans and not other investment purposes. The Intermediary’s contribution must remain a permanent part of the Revolving Loan Fund until the Fund is terminated.

(c) **REDG Zero-Interest Loan Requirements.** The Fund is made up of Rural Development and Intermediary contributions and must be loaned in accordance with one of the following 2 options:

1. The contribution may be used to fund the same Project that Rural Development is funding. The interest rate on that portion of the financing using Rural Development funds will be at zero percent. The interest rate on that portion of the financing using the Intermediary’s contribution may be greater than zero percent but must be less than, or equal to, the prevailing prime rate. Using this option, loan security and recovery of loan losses must provide for the pro rata recovery and distribution between the Intermediary and Rural Development based on the respective amounts of each contribution to the total loan amount for the Project.

2. The Intermediary’s contribution may be used to fund Projects separate from the Project financed with Rural Development funds, provided that the Project is eligible in accordance with §4280.21.