

RD AN No. 4735 (4274-D)  
September 17, 2013

SUBJECT: Intermediary Relending Program Citizenship Requirement.

TO: State Directors, Rural Development

**PURPOSE/INTENDED OUTCOME:**

We are issuing this Administrative Notice (AN) to provide clarification of determining eligibility and citizenship eligibility requirements of an intermediary under the Intermediary Relending Program (IRP).

**COMPARISON WITH PREVIOUS AN:**

This AN replaces RD AN No. 4639 (4274-D) dated March 21, 2012, which expired on March 31, 2013

**IMPLEMENTATION:**

Eligibility Determination-

RD Instruction 4274-D, section 4274.307(b)(1) states: "Have the legal authority necessary for carrying out the proposed loan purposes and for obtaining, giving security for, and repaying the proposed loan."

For a private nonprofit corporation or cooperative as authorized within its charter, by laws, or other organizational articles - the applicant's governing board must have the legal authority necessary for carrying out the proposed loan purposes and for borrowing, obtaining, giving security for, and repaying the proposed loan. The governing board may delegate some or all of its authorities to a loan committee, other committee, or staff member, in accordance with its charter, by laws, or other organizational articles.

EXPIRATION DATE:  
September 30, 2014

FILING INSTRUCTIONS:  
Preceding RD Instruction 4274-D

## Citizenship Requirements-

RD Instruction 4274-D, section 4274.307(d) states: “At least 51 percent of the outstanding interest or membership in any nonpublic body intermediary must be composed of citizens of the United States or individuals who reside in the United States after being legally admitted for permanent residence.” There have been questions raised about determining Intermediary Relending Program applicant citizenship eligibility, in situations where the intermediary’s member or members are another organization and for intermediaries organized as non-member non-stock organizations.

Applicant with entity member(s). For intermediary applicants with entity members, citizenship under 4274.307(d) shall be determined by examining the citizenship of individual members or the individuals who ultimately own the entity. For entities with entity members, this will require burrowing through any intervening entities until reaching individual members or owners and then determining whether the applicant meets the citizenship requirement based on the citizenship of the individual members or owners and their respective interest in the applicant. If an entity owner is a corporation traded on a major U.S. stock exchange it shall be presumed to be owned by U.S. citizens. If a non-profit has an interest in a non-member non-stock entity or is itself the applicant and is a non-member non-stock entity, its citizenship shall be determined under the next provision of this AN.

Non-member Organizations. The Agency will consider citizenship of the board of directors and determine if the board meets the requirement under RD Instruction 4274-D, section 4274.307(d). In this case, if at least 51 percent of the voting interests of the board of directors are U.S. Citizens, then the organization meets the citizenship requirements.

If you have any questions, please contact the Specialty Programs Division at 202-720-1400.

*(Signed by LILLIAN SALERNO)*

LILLIAN SALERNO  
Administrator  
Rural Business-Cooperative Service