



Committed to the future of rural communities

Renewable Energy Systems and Energy Efficiency Improvements Guaranteed Loans

Purpose

The Renewable Energy Systems and Energy Improvements Guaranteed Loans provide financial assistance to purchase and install renewable energy systems and energy efficient improvements in rural areas

Eligible Lenders

- Federal or State chartered bank
- Farm Credit Bank
- Bank for Cooperatives
- Savings and Loan Associations
- Credit Unions
- National Rural Utilities Cooperative Finance Corp.

Applicant Eligibility

- Must be an agricultural producer or rural small business.
- Citizens of the US or reside in the US after being legally admitted.
- At least 51% US ownership or reside in the US after being legally admitted.

Ineligible Applicants:

- Outstanding Judgment obtained by the US in a Federal Court
- Delinquent on the payment of Federal Income taxes
- Delinquent on a Federal debt
- Debarred from receiving Federal assistance.

Eligible Projects:

- Purchase a renewable energy system
- Make energy efficiency improvements
- Pre-commercial or commercially available and replicable technology.
- Have technical merit
- Located in a rural area (The small business and project must be located in a rural area; however, the business headquarters may be located in either a rural or non-rural area.)
- Must be the owner of the project and control the revenues and expenses of the project, including operation and maintenance.

- Sites must be controlled by the agricultural producer or small business for the financing term.
- Sources of revenue sufficient to provide for the operation, management, maintenance and debt service for the life of the project.
- Necessary capital improvements to an existing renewable energy system.

Eligible Project Costs:

Guaranteed funds will **not** exceed 50 percent of total eligible project costs.

The following eligible costs are to be an integral and necessary part of the renewable system or energy improvement:

- Post-application and installation of equipment (new, refurbished, or remanufactured), except agricultural tillage equipment, used equipment, and vehicles
- Post-application construction or improvements, except residential.
- Energy Audits or assessments
- Permits and license fees
- Professional service fees, except for application preparation
- Feasibility studies and technical reports
- Business plans
- Retrofitting
- Construction of a new energy efficient facility only when the facility is used for the same purpose, is approximately the same size, and based on the energy audit will provide more energy savings than improving an existing facility.
- Working capital
- Land acquisition

"USDA is an equal opportunity provider, employer and lender."

To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD).

Guaranteed Loan Amounts

Minimum Loan - \$5,000

Maximum Loan - \$10,000,000

Total amount of loans guaranteed to one borrower, including outstanding principal and interest balance of any existing loans, and the new request, must not exceed \$10 million.

Percentage of Guarantee

85% for loans \$600,000 or less

80% for loans > \$600,000 to \$5,000,000

70% for loans > \$5,000,000 to \$10,000,000

Loan Terms:

1st installment of P&I, if possible, will be scheduled for payment after the project is operational and has begun to generate income.

No balloon payments.

Interest rates are negotiated between the lender and the applicant and may be either fixed or a variable rate based on published indices.

- Real Estate - up to 30 years
- Machinery and Equipment - up to 20 years or useful life
- Real Estate and Machinery and Equipment - up to 30 years
- Working Capital loans - up to 7 years

Fees:

Maximum Guarantee fee - 1%

- Paid by the Lender and is nonrefundable.
- Due when the Loan Note Guarantee is issued.
- Can be passed down to the borrower
- Established each year and will be published in the Federal Register

Maximum Annual Renewal Fee: 0.25%

- Paid by the Lender
- Based on the unpaid principal balance as of close of business on December 31 of each year. Calculated by multiplying the outstanding principal balance times the percent of guarantee times the annual renewal fee.
- May not be passed on the borrower
- Established each year and will be published in the Federal Register.

Applications

- Notification of Funds Availability (NOFA) published in the Federal Register.
- Applications compete nationally for funds.
- Contact any USDA-Rural Development State Office for established application deadlines and application assistance.
- **Application deadline to State Office is June 1, 2008.**

Selection Factors

- Quantity of energy replaced, produced or saved.
- Environmental benefits
- Commercial availability
- Technical merit score
 1. Qualifications of project team
 2. Agreements and permits
 3. Energy or resource assessment
 4. Design and engineering
 5. Project development schedule
 6. Project economic assessment
 7. Equipment procurement
 8. Equipment installation
 9. Operation and Maintenance
 10. Dismantling and disposal of project components
- Small agricultural producer/very small business
- Simplified application/low cost project
- Previous grantees and borrowers
- Return on investment
- Interest Rate

Other Considerations

- Equal employment opportunity
- Equal opportunity and nondiscrimination
- Civil rights compliance
- Environmental analysis

Applicants should consider the potential environmental impacts of their respective applications at the earliest planning stages and develop projects that minimize the potential to adversely impact the environment. USDA-Rural Development is also required to assess the environmental impact of its decision to fund a project and will require that the application provide sufficient information for the completion of such assessments.

For More Information

Contact the USDA - Rural Development Office website at www.rurdev.usda.gov or visit the following Iowa website for forms

http://www.rurdev.usda.gov/ia/rbcs_RE-EE_guaranteed.html

<http://www.rurdev.usda.gov/rbs/farmbill/index.html>



Alabama Contacts

Alabama USDA Rural Development Office
Mary Ann Clayton, Rural Business Director
4121 Carmichael Road, Suite 601

Montgomery, AL 36601

(334) 279-3623

Mary.Clayton@al.usda.gov

Alabama Mountains, Rivers & Valleys RC&D

Mike Roden, Coordinator

4511 U.S. Highway 31 South

Decatur, AL 35603

(256) 353-6146, Ext. 2

Mike.Roden@al.usda.gov

Alabama Poultry and Egg Association

Wes Cumbie, Membership Director

465 South Bainbridge Street

Montgomery, AL 36104

(334)265-2732

wes@alabamapoultry.org