

Rural Energy for America Program

Program Overview

The Rural Energy for America Guaranteed Loan Program encourages the commercial financing of renewable energy (bioenergy, geothermal, hydrogen, solar, and wind) and energy efficiency projects. Under the program, project developers will work with local lenders, who in turn can apply to USDA Rural Development for a loan guarantee up to 85 percent of the loan amount.

Benefits to businesses and producers include higher loan amounts, stronger loan applications, lower interest rates and longer repayment terms that can assist businesses that may not qualify for conventional lender financing.

Lender benefits include expanding lender's loan portfolio, allowing lenders to make loans above loan limits, protecting guaranteed portion of loan against loss by the Federal Government, existing secondary market for energy guarantees, helping to satisfy Community Reinvestment Act requirements, and allowing lenders to use their own forms, loan documents, and security instruments.

Loan Specifications

Loan Limits:

- Loans up to 50% of the total eligible project cost
- Maximum of \$10 million

Maximum percentage of guarantee (whole loan):

- 85% for loans up to \$600,000
- 80% for loans \$600,000 - \$5 million
- 70% for loans \$5 million - \$10 million

Borrower & Lender Eligibility

Borrowers must be an agricultural producer or rural small business.

Agricultural producers must gain 50% or more of their gross income from their agricultural operations.

An entity is considered a rural small business in accordance with Small Business Administration regulations and population guidelines.

Most lenders are eligible, including national and state-chartered banks, Farm Credit System banks and savings and loan associations. Other lenders may be eligible if approved by USDA.

Eligible Project Costs

Eligible project costs include:

- Post-application purchase and installation of equipment,
- Post-application construction or improvements,
- Energy audits or assessments,
- Permit or license fees,
- Professional service fees,
- 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.

Application Information

Contact your nearest USDA Rural Development Area Office for application forms and additional program information.

Billings Area Office
(406) 657-6297 xt 4

Bozeman Area Office
(406) 585-2530

Great Falls Area Office
(406) 727-7580 xt 4

Kalispell Area Office
(406) 756-2005

Missoula Area Office
(406) 829-3395 xt 4

Helena Sub-Area Office
(406) 449-5000 xt 4

State Office
(406) 585-2580



www.rurdev.usda.gov/mt

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