Electric Infrastructure Loan & Loan Guarantee Program

Key elements of the federal electric loan program

What is the program and its purpose?

The program makes insured loans and loan guarantees to nonprofit and cooperative associations, public bodies, and other utilities. The loans primarily finance the construction of rural electric distribution facilities, though the program also supports generation, transmission and distribution facilities.

What kind of funding is available?

Loan guarantees up to 100% permit the Federal Financing Bank to extend credit to borrowers in rural areas. Hardship loans can assist applicants in rural areas that are struggling economically or recovering from a natural disaster or other unavoidable event.

Who can apply?

Most rural area providers, including state and local governmental entities; tribes; nonprofits, like cooperatives; and some for-profit businesses.

What are loan terms?

- Maximum repayment schedule: 35 years
- Power supply borrowers are limited by the terms of their wholesale power contracts
- Loan guarantees / Treasury rate loans: interest rates are fixed, at time of each advance, from rates established by the US Treasury, plus 1/8 of 1%
- Hardship Loans: fixed 5% interest rates for up to 35 years
- Borrowers must have legal authority to construct, maintain, etc. the proposed facilities / services
- The facilities must be used for a public purpose
- Partnerships with other federal, state, local, private and nonprofit entities are encouraged

How can funds be used?

Maintenance	Facilities replacements	Energy efficiency
Upgrades	Expansion	Renewable energy systems

Sources: United States Department of Agriculture: Rural Development, 2017.

Rural Energy for America Program: Energy Audit & Renewable Energy Development Assistance Grants

Key elements of rural energy loans

What is the program and its purpose?

The program aims to help rural small businesses and agricultural producers by conducting and promoting energy audits and providing renewable energy development assistance (REDA).

Over time, these investments increase the private sector supply of renewable energy, improve energy efficiency, and lower energy costs for small businesses and agricultural producers.

Who can apply?

State and local governments; federally-recognized tribes; a land-grant college/university; rural electric cooperatives; public power entities; an instrumentality of a state, tribal, or local government; or a resource conservation & development council.

What are loan terms for the intermediary?

Applicants must submit separate applications, limited to one energy audit and one REDA per fiscal year. The maximum amount for both in a year is $100,000.

How can funds be used?

- Energy audits
- Renewable energy technical assistance
- Renewable energy site assessments

Sources: United States Department of Agriculture: Rural Development, 2017.

Rural Economic Development Loan & Grant Program

Key elements of rural development loans

What is the program and its purpose?

The program provides funding for rural projects through local utility organizations, which pass loans to local businesses – the ultimate recipients – that will create jobs in the area; these businesses repay the lending utility, and the utility repays the USDA.

What kind of funding is available?

Up to $300,000 in grants may be requested to establish revolving loan funds (RLF). Up to 10% of grant funds may be applied toward operating expenses over the life of the RLF. Up to $1 million in loans may be requested.

Who can apply?

Qualifying entities include former, current, and eligible Rural Utilities Service borrowers. Intermediaries may use funds for projects in rural areas or towns with populations of 50,000 or less.

What are loan terms for the intermediary?

- 10 years at 0%
- Grants require 20% match from the intermediary
- Grants must be repaid to USDA upon termination of the RLF

What are loan terms for ultimate recipients?

- Interest rate is 0%
- Up to 80% of project costs; 20% must be provided by the ultimate recipient or the intermediary
- The intermediary may incorporate interest rates or loan fees after the funds have been loaned, and revolved once; first-time loans are at 0% interest
- Repayment may be deferred up to two years for projects, including a start-up venture or community facilities project

How can funds be used?

- Business incubators, expansion
- Facilities/equipment to train rural residents to grow economy
- Facilities/equipment for medical care for rural residents
- Community development assistance to nonprofits, public bodies
- Technical assistance
- Start-up venture costs, e.g., fixed assets

Sources: United States Department of Agriculture: Rural Development, 2017.

Telecommunications Infrastructure Loans & Loan Guarantees

Key elements of federal telecommunications infrastructure loans

What is the program and its purpose?

This program provides financing for the construction, maintenance, improvement and expansion of telephone service and broadband in rural areas.

What kind of funding is available?

Cost-of-money loans are direct loans from USDA Rural Utilities Service. Loan guarantees up to 80% allow private lenders, including the Federal Financing Bank (FFB), to extend credit to qualified borrowers in rural areas. Hardship loans may be used, at USDA's discretion, to assist applicants in underserved areas.

Who can apply?

Most entities providing telecommunications (TC) in rural areas, including state and local governmental entities; tribes; nonprofits, like cooperatives; and some for-profit businesses.

What are loan terms?

- Cost-of-money loans: fixed rate at current U.S. Treasury rates depending on loan maturity at time of each advance
- Loan guarantees: fixed rate from the FFB. Interest rates (Treasury rate, plus 1/8%) vary depending on call options and the interim maturity rate selected at each advance, which may be as short as 90 days, with auto-rollover. Current rates available online
- Hardship loans: fixed interest rate of 5% for up to 20 years; requires special qualifications

How can funds be used?

- TC service improvements
- TC service construction
- TC service refinancing (in certain cases)
- TC service expansions
- TC service acquisitions (in certain cases)

Sources: United States Department of Agriculture: Rural Development, 2017.