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## **USDA Rural Development Assistance Programs Relating to Renewable Energy Projects**

### **Renewable Energy and Energy Efficiency Program**

Provide financial assistance to agricultural producers and rural small businesses for the purpose of purchasing and installing renewable energy systems and energy efficiency improvements in rural areas. Financial assistance to any single entity may be provided as a direct loan, guaranteed loan or grant, or a combination of a loan and grant.

The applicant must be an agricultural producer or rural small business. The project must:

- be for the purchase of a renewable energy system or to make energy efficiency improvements.
- be for a pre-commercial or commercially available, and replicable technology.
- have technical merit.
- be located in a rural area.
- The applicant must be the owner of the project and control the revenues and expenses of the project, including operation and maintenance. A third-party under contract to the owner may be used to control revenues and expenses and manage the operation and/or maintenance of the project. beyond the applicant's control.

### **Biobased Products and Bioenergy Program**

The goal of the Biobased Products and Bioenergy Program is to finance technologies needed to convert biomass into biobased products and bioenergy in a manner which is cost-competitive in large national and international markets. The focus is to promote national economic interests through conversion of renewable farm and forestry resources to affordable electricity, fuel chemicals, pharmaceuticals, and other materials. Loans for biomass conversion into biobased products and bioenergy are eligible for financing under the Business and Industry Guaranteed Loan Program.

"Biomass" is any organic matter that is available on a renewable or recurring basis, excluding old-growth timber and including dedicated energy crops and trees, agricultural food and feed crop residues, aquatic plants, wood and wood residues, animal wastes, and other waste materials.

"Biobased product" means a commercial or industrial product (either from food or feed) that utilizes biological products or renewable domestic agricultural (plant, animal, or marine) or forestry materials.

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## Rural Economic Development Loans

Provides zero-interest loans to electric and telephone utilities financed by the Utilities Program, an agency of the United States Department of Agriculture, to promote sustainable rural economic development and job creation projects.

Zero-interest loans can be made to any Utilities Program electric or telephone utility that is not delinquent on any Federal debt or in bankruptcy proceedings. The utility is required to re-lend, at zero-percent interest, the loan proceeds to an eligible “third-party recipient” for the purpose of financing job creation projects and sustainable economic development within rural areas. A rural area is any area of the United States not included within the boundaries of any urban area, as defined by the Bureau of the Census. The Utilities Program utility receiving the zero-interest loan is responsible for repaying the loan to Business Programs in the event of delinquency or default by the third-party recipient.

Third-party recipients may be private or public organizations having corporate and legal authority to incur debt. If you are interested in a loan as a third-party recipient, you must apply to the Utilities Program utility in your area, not to Business Programs.

Zero-interest loans will be provided to third-party recipients to finance projects that promote economic development and job creation in rural areas. Examples include but are not limited to:

- Business expansions and business startups, including cost of buildings, equipment, machinery, land, site development, and working capital.
- Community infrastructure necessary for economic development and job creation purposes.
- Community facilities and services necessary for economic development and job creation purposes.
- Medical facilities and equipment to provide medical care to rural residents.
- Educational facilities and equipment to provide training and job enhancement skills to rural residents to facilitate economic development.
- Business incubator projects to assist in developing emerging enterprises.

## Business and Industry Guaranteed Loans

The Business and Industry (B&I) Guaranteed Loan Program helps create jobs and stimulates rural economies by providing financial backing for rural businesses. This program provides guarantees up to 80 percent of a loan made by a commercial lender. Loan proceeds may be used for working capital, machinery and equipment, buildings and real estate, and certain types of debt refinancing.

B&I loan guarantees can be extended to loans made by recognized commercial or other authorized lenders in rural areas. Assistance under the B&I Guaranteed Loan Program is available to virtually any legally organized entity, including a cooperative, corporation, partnership, trust or other profit or nonprofit entity, county, or other political subdivision of a State. Applicants need not have been denied credit elsewhere to apply for this program.

The maximum aggregate B&I Guaranteed Loan(s) amount that can be offered to any one borrower is \$25 million. A maximum of 10% of program funding is available to value-added cooperative organizations for loans above \$25 million to a maximum aggregate of \$40 million.