

# United States Department of Agriculture Rural Development

## Rural Energy for America Program (REAP)

### Guaranteed Loan Application Template When the G-Loan is \$600,000 or Less

**The guaranteed loan application template** (when the guaranteed loan is **\$600,000 or less**) - on the following pages – provides a framework of divider pages to organize the guaranteed loan application for submission to USDA-Rural Development. Please tab the divider pages as indicated.

**Separate** applications must be submitted for renewable energy system and energy efficiency improvement projects. Applicants may only submit **one** application **for each type** of project per fiscal year. Only one type of funding application (grant-only, guaranteed loan-only, or guaranteed loan/grant combination) for each project can be submitted under this subpart per Federal fiscal year.

**An original and 1 copy** of the application must be submitted to the

Utah Rural Development State Office  
Att: Business-Cooperative Programs  
125 South State RM 4311  
Salt Lake City, UT 84138

This template is designed for training and education and does not replace the 4280-B Interim Rule published 4/14/11.

# USDA-Rural Development

## Rural Energy for America Program (REAP)

### Guaranteed Loan Application When the G-Loan is \$600,000 or Less

Title of Project: \_\_\_\_\_

Submitted by

Applicant Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_

County: \_\_\_\_\_

State: \_\_\_\_\_

Zip code: \_\_\_\_\_

Phone #: \_\_\_\_\_

E-mail: \_\_\_\_\_

Fax: \_\_\_\_\_

Choose one:

☐

**A Renewable Energy Systems Project**

**or**

☐

**An Energy Efficiency Improvements Project**

**\$ \_\_\_\_\_ Guaranteed Loan Request**

Combo/Grant Writer Name

Phone #

E-mail

**Date Submitted to RD \_\_\_\_\_**

## Table of Contents for Guaranteed Loan of \$600,000 or less

**4280.128 (c) Application content for guaranteed loans \$600,000 or less** - Applications and documentation for guaranteed loans \$600,000 or less must comply with paragraphs (c)(1)(i) through (iii) of this section. Applications must use 4279-1A and include documentation in paragraphs (b) (2) (ii), (vii), (viii), (ix), and (xi) of this section. The lender must have the documentation contained in paragraphs (b) (2) (iii), (iv), (v), (vi), and (x) available in its files for the Agency's review.

**(1) Guaranteed loan application content.** Applications and documentation for guaranteed loans \$600,000 or less must provide the required information organized pursuant to a Table of Contents in a chapter format presented in the order shown in 4280.116 (b)(2) through (8), except as specified in paragraphs (c)(1)(i) through (iii) of this section.

Begin pagination immediately following the Table of Contents.

	4280.116(b)	<b>G- Loan Application Components - \$600,000 or less</b>	<b>Tab</b>
<b>Applicant/ Borrower</b>	(2)	Table of Contents	
	(3)	Project Summary i Title of Project ii. Applicant eligibility iii. Project Eligibility iv Operation Description v Financial Information for Size Determination	A
	(4)	Financial Information i 3 yr. historical income statement and balance sheet ii Current year income statement and balance sheet iii start-up + 3 years pro forma income statement, balance sheet, and cash flow	B
	(5)	Matching Funds Documentation	C
	(6)	Self Evaluation Score Documentation is tabbed to match the scoring criteria numbering 1-10.	D
		Energy Audit ( <i>energy efficiency improvement projects only</i> )	E
	4280.128 (c)(1)(ii)		
	(A) or (B)	Technical Report	F
	(iii)	Business-level Feasibility Study ( <i>needed only if project is a renewable energy project with total project costs over \$200,000</i> )	G
<b>Lender</b>	4280.128 (b)(2)(i)	4279-1A "Application for Loan Guarantee, Short Form"	H
	(ii)	Form RD 1940-20 "Request for Environmental Information" and attachments	I
	(ix)	Lender's complete written credit analysis	J
	(xi)	Proposed loan agreement	K

## Tab A

Divider Page

### Project Summary 4280.116 (b) (3) (i) through (v)

Put a check or an "x"  
if the item is included  
behind this divider page.

(i) Title of the project	
(ii) Applicant Eligibility (as per 4280.107 (a)(1) thru (4))	
(iii) Project Eligibility (as per 4280.108 (a) thru (g))	
(iv) Operation Description	
(v) Financial Information for Size Determination	
IRS forms	<b>A-1</b>
NAICS code information <i>(if applicable)</i>	<b>A-2</b>
Documentation of commercially available or pre-commercial technology	<b>A-3</b>
Third party contracts for management and maintenance <i>(if applicable)</i>	<b>A-4</b>
Evidence of site control	<b>A-5</b>

## Rural Energy for America Program (REAP)

### Project Summary

#### Name of Applicant:

##### i. Title of Project:

##### ii. Applicant Eligibility (4280.109 & 4280.112)

(For any not applicable, mark N/A):

1. \_\_\_\_\_ **If applying** as an Agricultural Producer – more than 50% of the applicant's income is from agricultural production. *Documentation is attached to show more than 50% of gross income is from the farming operation – first page of previous year income tax return and schedule F.*  
  
 \_\_\_\_\_ **If applying** as a Rural Small Business – the applicant's business meets SBA small business size Standards <http://sba.gov/size/index.html>  
*The NAICS code for my business is \_\_\_\_\_.*  
*The limitations of the NAICS code are \_\_\_\_\_.*  
*How my business meets those limitations \_\_\_\_\_.*  
*Documentation is attached to show how my business meets those limitations – if business size is based on annual sales one of the following:*  

☐ IRS 1040 Schedule F

☐ IRS 1040 Schedule C

☐ IRS Form 1120

☐ IRS Form 1120S

☐ IRS Form 1065
2. \_\_\_\_\_ The applicant has no outstanding judgment obtained from the U.S. in a Federal court (other than in United States Tax Court), is not delinquent in the payment of federal income taxes or a federal debt, and has not been debarred from receiving federal assistance. (Answer yes or no).
3. The applicant \_\_\_\_\_ does or \_\_\_\_\_ does not have a known relationship or association with an Agency employee. If applicable, name and relationship of employee: \_\_\_\_\_

##### iii. Project Eligibility (4280.113)

(For any not applicable, mark N/A)

1. Type of Technology ☐ Renewable Energy or ☐ Energy Efficiency

The project description is:

\_\_\_\_\_  
 \_\_\_\_\_

2. \_\_\_\_\_ If this is a Flexible Fuel Pump project, is it a retail pump that combines and dispenses or dispenses a blended liquid transportation fuel? (Answer yes or no). How does the blended liquid transportation fuel, composed of one or more fuel type, meet the Renewable Fuel Standard? \_\_\_\_\_  
 How does the blended liquid transportation fuel result in a blended fuel that exceeds the Federal or State requirements, whichever are higher? \_\_\_\_\_
3. The project is for ☐ Commercially available and replicable technology  
☐ Pre-Commercial and replicable technology

Pre-commercial technology – Technologies that have emerged through the research and development process and have technical and economic potential for commercial application, but are not yet commercially available.

Commercially available – A system that has a proven operating history specific to the proposed application. Such a system is based on established design, and installation procedures and practice. Professional service providers, trades, large construction equipment providers, and labor are familiar with installation procedures and practices. Proprietary and balance of system equipment and spare parts are readily available. Service is readily available to properly maintain and operate system. An established warranty exists for parts, labor, and performance.

*Documentation is attached to support the commercial availability of the technology in my application.*

4. \_\_\_\_\_ Does the project have technical merit? (*Answer yes or no*).
5. \_\_\_\_\_ Is the project located in a rural area, as defined in 4280.103? (*Answer yes or no*).  
The Project's address is \_\_\_\_\_.  
The most recent decennial population census of the project location is \_\_\_\_\_.  
The project \_\_\_\_\_ is or \_\_\_\_\_ is not located in an urbanized area.

The facility for which the project is being proposed must be located in a rural area, as defined in § 4280.103, in a State if the type of applicant is a rural small business, or in a rural or non-rural area in a State if the type of applicant is an agricultural producer. If the agricultural producer's facility is in a non-rural area, then the application can only be for renewable energy systems or energy efficiency improvements on integral components of or that are directly related to the facility, such as vertically integrated operations, and are part of and co-located with the agriculture production operation.

6. \_\_\_\_\_ Does the applicant have a place of business in a State? (*Answer yes or no*.)
7. The owner of the project is \_\_\_\_\_.  
Is the owner of the project the same entity as the applicant? \_\_\_\_\_ (*Answer yes or no*.)  
Is a third party going to be under contract to control revenues and expenditures and operate/maintain the project? \_\_\_\_\_ (*Answer yes or no*.)
8. \_\_\_\_\_ Will the applicant control the site where the project will be located for the financing term of any associated Federal loans or loan guarantees? (*Answer yes or no*.)  
*Documentation is attached of this control.*
9. \_\_\_\_\_ Does the applicant have satisfactory sources of revenue in an amount sufficient to provide for the operation, management, maintenance, and debt service of the project – for the life of the project (*answer yes or no*).
10. \_\_\_\_\_ If this is a hydropower project, is its rated power of 30 megawatts or less, commonly referred to as “micro-hydropower” and “minihydropower”? (*Answer yes or no*.)
11. \_\_\_\_\_ Does the project have demonstrated technical feasibility? (*Answer yes or no*.)
12. \_\_\_\_\_ Will the renewable energy system or energy efficiency improvement, or portion thereof, be used for any residential purpose, including any residential portion of a farm, ranch, agricultural facility, or rural small business? (*Answer yes or no*.)

An applicant may apply for funding for the installation of a second meter or provide certification in the application that any excess power generated by the renewable energy system will be sold to the grid and will not be used by the applicant for residential purposes.

#### iv. Operation Description

1. Describe the applicant's total farm/ranch/business operation and the relationship of the proposed project to the applicant's total farm/ranch/business operation.
2. Provide a description of the ownership of the applicant, including a list of individuals and/or entities with ownership interest, names of any corporate parents, affiliates, and subsidiaries, as well as a description of the relationship, including products, between these entities.

## v. Financial Information for Gross Income or Size Determination

(For any not applicable, mark N/A)

Attached is financial information to allow the Agency to determine the applicant's size. All information submitted under this paragraph has been substantiated by authoritative records. Financial size will determine the number of points the applicant is eligible for – for scoring criteria #6 – Small agricultural producer – or – Very Small Business. Voluntarily providing tax returns is one means of satisfying this requirement and providing documentation for scoring criteria #6.

IRS forms submitted are as follows (please check as applicable):

- ☐ IRS form 1120 – Corporation
- ☐ IRS form 1120S – “S” corporation
- ☐ IRS form 1065 – Partnership
- ☐ IRS Schedule F – Farming
- ☐ IRS Schedule C – Business
- ☐ IRS Form 1040

(A) **Rural small businesses** must provide sufficient information to determine total annual receipts for and number of employees of the business and any parent, subsidiary, or affiliates at other locations. The information provided must be sufficient for the Agency to make a determination of business size as defined by SBA.

Total Annual Receipts – The total income or gross income (sole proprietorship) plus cost of goods sold.

The applicant's determination of business size is as follows:

\_\_\_\_\_ IRS form 1120 – Corporation – line 11                      \_\_\_\_\_ IRS Schedule C – Business – line 7  
\_\_\_\_\_ IRS form 1120 S – “S” Corporation – line 6                      \_\_\_\_\_ IRS Schedule F – Farming – lines 11  
\_\_\_\_\_ IRS form 1065 – Partnership – line 8

Documentation as to the number of employees is as follows:

or

(B) **Agricultural producers:** Provide the gross market value of your agricultural products, gross agricultural income, and gross non-farm income of the applicant for the calendar year preceding the year in which you submit your application.

The applicant's determination of business size is as follows:

\_\_\_\_\_ IRS form 1120 – Corporation – line 1a                      \_\_\_\_\_ IRS Schedule C – Business – line 1  
\_\_\_\_\_ IRS form 1120 S – “S” Corporation – line 1a                      \_\_\_\_\_ IRS Schedule F – Farming – lines 3 & 4  
\_\_\_\_\_ IRS form 1065 – Partnership – line 1a

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\_\_\_\_\_ Line 22 of IRS form 1040 + line 28 and 30 from Schedule C (gross non-farm income)

## vi. Capacity of Energy Efficiency Improvements

(If not applicable, mark N/A)

For energy efficiency improvements - if the proposed improvement has a greater capacity than the existing equipment, the Agency will pro-rate the energy efficiency improvement's total eligible project costs based on the capacity of the existing equipment. Calculation: existing capacity / proposed capacity = % of the energy efficiency improvement's eligible project costs.

\_\_\_\_\_ Existing capacity / \_\_\_\_\_ Proposed capacity = \_\_\_\_\_ % of the eligible project costs

\_\_\_\_\_ % of eligible project cost X \_\_\_\_\_ total project costs = \_\_\_\_\_ eligible project costs

\_\_\_\_\_ Eligible project costs x 25% = \_\_\_\_\_ maximum grant award (should match SF 424)

Example. A business plans to build a new production line with a capacity of 625 units per hour to replace an existing production line that produces 500 units per hour. The total project costs of the new production line is \$20,000, of which \$15,000 would otherwise qualify as eligible project costs. However, because the new production line has a greater production capacity than the existing line (625 units per hour versus 500 units per hour), only a portion of the \$15,000 of otherwise eligible project costs would be used in determining total eligible project cost and the maximum grant assistance available. In this example, because the original capacity (500 units per hour) is 80 percent of the new capacity (625 units per hour), only 80 percent of the \$15,000 of otherwise eligible project costs associated with the new production line (*i.e.*, \$12,000) will be considered as total eligible project cost to be financed under this subpart. The maximum grant award in this example would be \$3,000, which is equal to \$12,000 x ☐25 percent.

The Applicant certifies that the statements made in this Project Summary are true to the best of their knowledge and has executed this certification on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

\_\_\_\_\_  
Name of Applicant

\_\_\_\_\_  
Printed Name of Authorized Representative of Applicant

\_\_\_\_\_  
Signature of Authorized Representative of Applicant



## Tab B

Divider Page

### Financial Information

*4280.116 (b)(4) (i) through (iii)*

*And*

*4280.128 (b)(2)(viii)*

**A financial statement typically includes an income statement and balance sheet.**

Financial information is required on the total operation of the agricultural producer/rural small business and its parent, subsidiary, or affiliates at other locations. All information submitted under this paragraph must be substantiated by authoritative records.

Put a check or an "x" if the item is included behind this divider page.

#### 3 year Historical financial statements

**Historical financial statements** prepared in accordance with Generally Accepted Accounting Practices (GAAP) for the past 3 years, including income statements and balance sheets. If agricultural producers are unable to present this information in accordance with GAAP, they may instead present financial information for the past years in the format that is generally required by commercial agriculture lenders.

#### Current year financial statement

**Current balance sheet and income statement** – Provide a current balance sheet and income statement prepared in accordance with generally accepted accounting principles (GAAP) and dated within 90 days of the application. Agricultural producers should present financial information in the format that is generally required by commercial agriculture lenders.

#### 3 year pro forma financial statements

**Pro Forma & Projections** – Provide pro forma balance sheet at startup of the agricultural producer's/rural small business' business that reflects the use of the loan proceeds or grant award; and 3 additional years, indicating the necessary start-up capital, operating capital, and short-term credit; and projected cash flow and income statements for 3 years supported by a list of assumptions showing the basis for the projections.

<h2 style="margin: 0;">Tab C</h2> <p style="margin: 0;">Divider Page</p>	
<b>Matching Funds Documentation 4280.116 (b) (5)</b>	
<small>Put a check or an "x" if the item is included behind this divider page.</small>	
A <b>spreadsheet</b> identifying <b>sources of matching funds, amounts</b> and <b>status</b> of matching funds. The spreadsheet will also include a directory of matching funds source contact information.	
<b>Attach</b> any applications, correspondence, or other written communication between applicant and matching fund source.  The matching funds letter is not a letter of intent. <b>It is a <u>commitment</u> to the project for a specific amount of dollars.</b>	

Without specific statutory authority other Federal grant awards and applicant in-kind contributions cannot be used to meet the matching fund requirement.
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Passive third-party equity contributions are acceptable for renewable energy system projects, including those that are eligible for Federal production tax credits, provided the applicant meets the requirements of § 4280.112.
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## Matching Funds Commitment Documentation Spreadsheet

	Source of Funds	Contact Name Phone, Fax Address	Dollars	Commitment Letter attached
1	REAP Grant	Area Office Location	\$	Pending Award of Grant
2	Guaranteed REAP Loan	Area Office Location	\$	Pending Award of G-loan
3	Applicant funds	Applicant Name	\$	
4	Lending Institution Loan		\$	
5	Investor funds		\$	
6			\$	
7			\$	
		Total Project Cost	\$	(Should match total project cost on SF 424C located behind Tab A)

<h1>Tab D</h1> <h2>Divider Page</h2>	
<b>Self Evaluation Score</b> 4280.116 (b) (6)	
Put a check or an "x" if the item is included behind this divider page.	
Self-score the project using the evaluation criteria 4280.117(c). Guide 4 follows this divider page	
To justify the score, submit the total score along with appropriate calculations and attached documentation, or specific cross- references to information elsewhere in the application.	

**Rural Energy for America Program  
Evaluation Criteria Scoring Guideline**  
Per Interim Rule - 4280.117 (c) & 4280.129(c)

**Name of Applicant:** \_\_\_\_\_  
**Type of Technology:** \_\_\_\_\_  
**Funding Request:** \_\_\_\_\_

**Final Grant Score (sum of Categories 1-9):**

**(1) Quantity of Energy Replaced, Produced, or Saved.**

Points may only be awarded for one category (A, B, C or D).

**(i) Energy replacement**

If the proposed renewable energy system is intended primarily for self use by the agricultural producer or rural small business, and will provide energy replacement of:

Greater than 0 but equal to or less than 25%, <b>award 5 points.</b>	<b>Points</b>
Greater than 25%, but equal to or less than 50%, <b>award 10 points.</b>	
Greater than 50%, <b>award 15 points.</b>	
Determine energy replacement by dividing the estimated quantity of renewable energy to be generated over a 12 month period by the estimated quantity of energy consumed over the same 12 month period during the previous year by the applicable energy application. The estimated quantities of energy must be converted to British thermal units (BTU's), Watts, or similar energy equivalents to facilitate scoring. If the estimated energy produced equals more than 150% of the energy requirements of the applicable process(es), score the project as an energy generation project.	

*Documentation in the file to substantiate the score for this category.*

**or**

**(ii) Energy Savings (include additional 5 points if applicable)**

**(1)** If the estimated energy expected to be saved by the installation of the energy efficiency improvements will be from:

20% up to but not including 30%, <b>award 5 points.</b>	<b>Points</b>
30% up to but not including 35%, <b>award 10 points.</b>	
35% or greater, <b>award 15 points.</b>	
Energy savings will be determined by the projections in an energy assessment or audit. If capacity changes, savings should be pro-rated to similar size of existing equipment/facility.	

**(2) Additional points.**

If the project has total eligible project costs of <u>\$50,000 or less</u> AND opts to obtain a professional energy audit, <b>award an additional 5 points.</b>	<b>Points</b>
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*Documentation in the file to substantiate the score for this category.*

**or**

**(iii) Energy generation**

If the proposed renewable energy system is intended primarily for production of energy for sale, <b>award 10 points.</b>	<b>Points</b>
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*Documentation in the file to substantiate the score for this category.*

**or**

#### (iv) Flexible Fuel Pump(s)

If the proposed project is for one or more flexible fuel pumps, points will be awarded based on the overall percentage of proposed flexible fuel pumps to the applicant's total retail pump inventory at the facility. If the proposed flexible fuel pump percentage is:

Percentage is:		Points
5% or below, <b>award 5 points.</b>		
Above 5% and up to but not including 10%, <b>award 10 points.</b>		
10% or greater, <b>award 15 points.</b>		
The percentage of proposed flexible fuel pumps shall be calculated using the following equation: <b>Equation: FFP% = (FFPx/ TP) x 100</b> FFP% = Proposed flexible fuel pump(s) percentage. FFPx = Number of proposed flexible fuel pumps to be installed at applicants facility. TP = Number of proposed pumps to be installed plus the number of pumps installed and operating at the facility.		

*Documentation in the file to substantiate the score for this category.*

#### (2) Environmental benefits

If the purpose of the proposed system contributes to the environmental goals and objectives of other Federal, State, or local programs, <b>award 10 points.</b>	<b>Points</b>
Award points only if the applicant provides documentation from an appropriate authority supporting this claim.	

*Documentation in the file to substantiate the score for this category.*

#### (3) Commercial availability

If the proposed system or improvement is currently commercially available and replicable, <b>award 5 points.</b>	<b>Points</b>
If the proposed system or improvement is commercially available and replicable and is also provided with a <u>5 year or longer warranty</u> providing the purchaser protection against system degradation or breakdown or component breakdown, <b>award 10 points.</b>	

*Documentation in the file to substantiate the score for this category.*

#### (4) Technical Merit (To be completed by the Agency or NREL)

Carry forward score from technical review sheet. Maximum score possible is 35 points.	<b>Points</b>
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#### (5) Interest Rate

Points should be awarded for one category only, not both:

If the interest rate on the loan is to be below Wall Street Journal Prime rate plus 1.5%, <b>award 5 points.</b>	<b>Points</b>
If the interest rate on the loan is to be below Wall Street Journal Prime rate plus 1.0%, <b>award 10 points.</b>	

*Documentation in the file to substantiate the score for this category.*

## (6) Small Agricultural Producer/Very Small Rural Business

If the applicant is an agricultural producer producing agricultural products with a gross market value of:

less than \$600,000 in the preceding year, <b>award 5 points.</b>	<b>Points</b>
less than \$200,000 in the preceding year, <b>OR</b>	
is a Very Small Rural Business as defined in 4280.103 (a business with less than 15 employees and less than \$1 million in annual receipts), <b>award 10 points.</b>	

*Documentation in the file to substantiate the score for this category.*

## (7) Simplified application

If an applicant is eligible for and uses the simplified application process <b>or</b> if the project has total eligible project costs of \$200,000 or less, <b>award 5 points.</b>	<b>Points</b>
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*Documentation in the file to substantiate the score for this category.*

## (8) Previous grantees and borrowers

If the applicant has not been awarded a grant or loan under this program within the 2 previous Federal fiscal years, <b>award 5 points.</b>	<b>Points</b>
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*Documentation in the file to substantiate the score for this category.*

## (9) Simplified Payback

A maximum of 15 points will be awarded for either renewable energy systems or energy efficiency improvements; points will not be awarded for more than one category.

(i) Renewable energy systems, including flexible fuel pumps - if the simple payback of the proposed project is:

Less than 10 years, <b>award 15 points.</b>	<b>Points</b>
10 years up to but not including 15 years, <b>award 10 points.</b>	
15 years up to and including 20 years, <b>award 5 points.</b>	
Longer than 20 year, <b>award 0 points.</b>	

*Documentation in the file to substantiate the score for this category (see 4/14/11 Interim Rule, 4280.103 Definitions, for complete Simple Payback criteria & calculations)*

For **energy generation** projects, the calculation for simple payback is as follows =

Total Project Costs (including REAP Grant) of \$      divided by (\* Sum of ANI+ Int+ Depr \$      ) =      **yrs simple payback**  
\*(Average Net Income (ANI) \$      + Interest Expense \$      + Depreciation Expense for the project \$      = \$      )

For **energy replacement**, the calculation for simple payback is as follows =

Total Project Costs (including REAP Grant) of \$      divided by Dollar Value of Energy Generated \$      ) =      **yrs simple payback**

For **flexible fuel pumps**, the calculation for simple payback is as follows =

Total Project Costs (including REAP Grant) of \$      divided by (\* Sum of INI+ Int+ Depr \$      ) =      **yrs simple payback**  
\*(Increase in Net Income (INI) \$      + Interest Expense \$      + Depreciation Expense for the project \$      = \$      )

**Or**

(ii) Energy efficiency improvements - if the simple payback of the proposed project is:

If the proposed project will return the cost of investment in

Less than 4 years, <b>award 15 points.</b>	<b>Points</b>
4 years up to but not including 8 years, <b>award 10 points.</b>	
8 years up to 12 years, <b>award 5 points.</b>	
Longer than 12 years, <b>award 0 points.</b>	

*Documentation in the file to substantiate the score for this category (see 4/14/11 Interim Rule, 4280.103 Definitions, for complete Simple Payback criteria & calculations)*

For **energy efficiency improvement projects**, the calculation for simple payback is as follows =

*Total Project Costs (including REAP Grant) of \$*      *divided by Dollar Value of Energy Saved \$*      =      **yrs simple payback**

*Note: EEI projects calculate savings based on similar size capacity. If capacity changes, savings pro-rated to similar size of existing equipment/facility.*

*See 4/14/11 Interim Rule, 4280.103 Definitions, for complete Simple Payback criteria & calculations.*

## (10) State Director and Administrator priorities and points.

State Director, for its State allocation under this subpart, or the Administrator, for making awards from the National Office reserve may <b>award up 10 points.</b>	<b>Points</b>
Points may be awarded if the application is for an underrepresented technology or for flexible fuel pumps or if selecting the application would help achieve geographic diversity. In no case shall an application receive more than 10 points under this criterion.	



<h1 style="margin: 0;">Tab E</h1> <h2 style="margin: 0;">Divider Page</h2>	
<b>Energy Assessment or Audit</b> <b>(for Energy Efficiency Projects Only) 4280.116(b)(7)(ii) (B)</b>	
Put a check or an "x" if the item is included behind this divider page.	
<p>For energy efficiency improvement projects with <u>total eligible</u> project costs <u>greater</u> than \$50,000, an energy audit must be conducted by or reviewed and certified by an energy auditor.</p> <p>For energy efficiency improvement projects with total eligible project costs of \$50,000 or less, an energy assessment or an energy audit may be conducted by either an energy assessor or an energy auditor.</p>	
<p><b>Energy audit</b> – A report conducted by a Certified Energy Manager or Professional Engineer that focuses on potential capital-intensive projects and involves detailed gathering of field data and engineering analysis. The report will provide detailed project cost and savings information with a high level of confidence sufficient for major capital investment decisions. It will estimate costs, expected energy savings from the subject improvements, and dollars saved per year. The report will estimate weighted-average payback period in years.</p> <p><b>Energy Assessment</b> - A report conducted by an experienced energy assessor, certified energy manager or professional engineer assessing energy cost and efficiency by analyzing energy bills and briefly surveying the target building, machinery, or system. The report identifies and provides a savings and cost analysis of low-cost/no-cost measures. The report will estimate the overall costs and expected energy savings from these improvements, and dollars saved per year. The report will estimate weighted average payback period in years.</p>	

<div> <div>Tab F</div> <div>Divider Page</div> </div>	
<div> <div>Technical Report</div> <div>(required of every project)</div> <div>4280.116 (b)(7)(ii)(A) and (C) through (G)</div> </div>	
<div> <div></div> <div>Put a check or an "x" if the item is included behind this divider page.</div> </div>	
<div> <div>4280.128(c)(1)(ii)</div> <div> <div>(A) For renewable energy projects and energy efficiency projects utilizing commercially available systems or improvements with total eligible project costs of <b>\$200,000 or less</b>, submit a Technical Report, which as described in <b>Appendix A</b> of this subpart. If a renewable energy project does not fit one of the technologies identified in Appendix A, the applicant must submit a Technical Report that conforms to the overall outline and subjects specified in 4280.116(b)(7)(ii)(G) under Appendix B.</div> <div> <div>(B) For renewable energy projects and energy efficiency projects utilizing <u>pre-commercial technology</u> or with <u>total eligible project costs greater than \$200,000</u>, submit a Technical Report as described in <b>Appendix B</b> of this subpart and as specified in 4280.116(b)(7)(ii)(G)(1) through (10), as applicable.</div> </div> </div> </div>	
The Technical report must demonstrate that the renewable energy system or energy efficiency improvement project can be installed and perform as intended in a reliable, safe, cost effective, and legally compliant manner.	
<div> <div>The services of a <b>professional engineer</b> (P.E.) or team of licensed PE's are required</div> <div> <div>- on <b>renewable energy</b> projects with total eligible projects costs <b>exceeding \$400,000</b>.</div> <div>- and for <b>energy efficiency</b> projects with total eligible project costs <b>exceeding \$200,000</b>.</div> </div> <div>Services include a design review, installation monitoring, testing prior to commercial operation and project completion certification.</div> </div>	
Projects exceeding total eligible costs of <b>\$1,200,000</b> , the technical report must be reviewed and include an opinion and recommendation by an independent qualified consultant.	
All information provided in the Technical Report will be evaluated against the <b>requirements provided in Appendix A or B, as applicable</b> , of this subpart. Any Technical Report <b>not prepared in the following format</b> and in accordance with Appendix A or B, where applicable, <b>will be penalized under scoring for technical merit</b> .	
<b>Technical Report Requirements</b>	
(1) <b>Qualifications of the project team</b> -The applicant has described the project team service providers, their professional credentials, and relevant experience. The description supports that the project team service, equipment, and installation providers have the necessary professional credentials, licenses, certifications, or relevant experience to develop the proposed project.	
(2) <b>Agreements and Permits</b> -The applicant has described the necessary agreements and permits required for the project and the schedule for securing those agreements and permits.	
(3) <b>Energy or Resource Assessment</b> -The applicant has described the quality and availability of a suitable renewable resource, or an assessment of expected energy savings for the proposed system.	
(4) <b>Design and Engineering</b> -The applicant has described the design, engineering, and testing needed for the proposed project. The description supports that the system will be designed, engineered, tested so as to meet its intended purpose, ensure public safety, and comply with applicable laws, regulations, agreements, permits, codes, and standards.	
(5) <b>Project Development Schedule</b> -The applicant has described the development method including the key project development activities and the proposed schedule for each activity. The description identifies each significant task, its beginning and end, and its relationship to the time needed to initiate and carry the project through to successful completion. The description addresses grantee or borrower project development cash flow requirements.	
(6) <b>Project Economic Assessment</b> -The applicant has described the financial performance of the proposed project, including the calculation of simple payback. The description addresses project costs and revenues, such as applicable investment and production incentives and other information to allow the assessment of the project's cost effectiveness.	
(7) <b>Equipment Procurement</b> - The applicant has described the availability of the equipment required by the system. The description supports that the required equipment is available, and can be procured and delivered within the proposed project development schedule.	
(8) <b>Equipment Installation</b> -The applicant has described the plan for site development and system installation.	
(9) <b>Operations and Maintenance</b> -The applicant has described the operations and maintenance requirements of the system necessary for the system to operate as designed over the design life.	
(10) <b>Dismantling and disposal of project components</b> -The applicant has described the plan for dismantling and disposing of project components at the end of their useful lives and associated wastes.	

<b>Tab G</b> Divider Page	
<b>Feasibility Study</b> <i>4280.116 (b)(8) and 4280.128 (c)(1)(iii)</i> <b>(required for <u>renewable energy</u> projects only          which exceed \$200,000 in total eligible costs)</b>	
Put a check or an "x" if the item is included behind this divider page.	
For each application for a renewable energy system project, with total eligible project costs <u>greater than \$200,000</u> , a business-level feasibility study is required,	
An independent qualified consultant <b>will be required</b> by the Agency for start-up businesses or existing businesses.	
An acceptable business-level feasibility study must conform to the requirements of an acceptable feasibility study as specified in Appendix E of Interim Rule 4280-B.	

<h2 style="text-align: center;">Tab H</h2> <h3 style="text-align: center;">Divider Page</h3>	
4280.128 (b)(2)(i)	Put a check or an "x" if the item is included behind this divider page.
<p>4279-1A "Application for Loan Guarantee, Short Form"</p> <p><i>(This form is fillable on-line) – go to</i></p> <p><a href="http://www.rurdev.usda.gov/ia/4279-1A_fillable.pdf">http://www.rurdev.usda.gov/ia/4279-1A_fillable.pdf</a></p>	
<p>This certification is located on the 4279-1A Application form.</p> <p><b>(xi)</b> A <u>certification</u> by the lender that it has completed a <u>comprehensive written analysis of the proposal</u>, the borrower is eligible, the loan is for authorized purposes with technical merit, and there is reasonable assurance of repayment ability based on the borrower's history, projections, equity, and the collateral to be obtained.</p>	

<p>These items must be available in lender's files for the Agency's review and do not need to be submitted with the application.</p>
<p><b>(iii)</b> A personal credit report for the borrower from an Agency approved credit reporting company for each owner, each partner, officer, director, key employee, and stockholder owning 20% or more interest in the borrower's business except passive investors and those corporations listed on a major stock exchange.</p>
<p><b>(iv)</b> Appraisals completed in accordance with 4280.141. Completed appraisals should be submitted when the application is filed. If the appraisal has not been completed when the application is filed, the applicant must submit an estimated appraisal. In all cases, a completed appraisal must be submitted prior to the loan being closed.</p>
<p><b>(v)</b> Commercial credit reports obtained by the lender on the borrower and any parent, affiliate, and subsidiary firms.</p>
<p><b>(vi)</b> Current personal and corporate financial statements of any guarantors</p>
<p><b>(vii)</b> Intergovernmental consultation comments in accordance with 7 CFR part 3015, subpart V, of this title. – NA in Iowa</p>

<p style="text-align: center;"><b>Tab I</b> Divider Page</p>
<p style="text-align: center;"><i>4280.128 (b)(2)(ii)</i></p>
<p>1940-20 – Request for Environmental Information – and documentation</p> <p>Click here to reach the form: <a href="http://www.rurdev.usda.gov/ia/rbcs_1940-20.pdf">http://www.rurdev.usda.gov/ia/rbcs_1940-20.pdf</a></p>
<p><i>Consult with the Rural Development Area Office Specialist for documentation needed.</i></p>

## Tab J

### Divider Page

#### Lender's Complete Written Credit Analysis

*4280.128 (b)(2)(ix) and 4280.139*

	Put a check or an "x" if the item is included behind this divider page.
<b>Lender's complete written analysis, including:</b>	
	-Spreadsheets of the balance sheets and income statements for the 3 previous years (for existing businesses), pro forma balance sheet at startup, and 3 years projected year end balance sheets and income statements -With appropriate ratios and comparisons with industrial standards (such as Dun & Bradstreet or Robert Morris Associates).
	All data must be shown in total dollars and also in common size form, obtained by expressing all balance sheet items as a percentage of assets and all income and expense items as a percentage of sales.
<b>The lender's written credit analysis must address the:</b>	
	<b>Borrower's management</b>
	<b>Repayment ability including a cash-flow analysis</b> (All efforts will be made to structure debt so that the business has adequate debt coverage and the ability to accommodate expansion)
	<b>History of debt repayment</b>
	<b>Necessity of any debt refinancing</b>
	<b>And the credit reports of the borrower, its principals, and any parent, affiliate, or subsidiary.</b>
	<b>Collateral.</b> Collateral must have documented value sufficient to protect the interest of the lender and the Agency. The discounted collateral value will normally be at least equal to the loan amount. Lenders will discount collateral consistent with sound loan-to-value policy. Guaranteed loans made under this subpart shall have at least parity position with guaranteed loans made under 7 CFR part 4279, subpart B of this title.
	<b>Industry.</b> The current status of the industry will be considered. Borrowers developing well established commercially available renewable energy systems with significant support infrastructure may be considered for 162 better terms and conditions than those borrowers developing systems with limited infrastructure
	<b>Equity.</b> In determining the adequacy of equity, the lender must meet the criteria specified in paragraph (d)(1) of this section for loans over \$600,000 and the criteria in paragraph (d)(2) of this section for loans of \$600,000 or less. Cash equity injection, as discussed in paragraphs (d)(1) and (d)(2) of this section, must be in the form of cash. Federal grant funds may be counted as cash equity. (2) For loans of \$600,000 or less, borrowers shall demonstrate evidence of cash equity injection in the project of not less than 15 percent of eligible project costs. The fair market value of equity in real property that is to be pledged as collateral for the loan may be 163 substituted in whole or in part to meet the cash equity requirement. However, the appraisal completed to establish the fair market value of the real property must not be more than 1 year old and must meet Agency appraisal standards.
	<b>Lien priorities.</b> The entire loan will be secured by the same security with equal lien priority for the guaranteed and unguaranteed portions of the loan. The unguaranteed portion of the loan will neither be paid first nor given any preference or priority over the guaranteed portion. A parity or junior position may be considered provided that discounted collateral values are adequate to secure the loan in accordance with paragraph (b) of this section after considering prior liens.

<div style="text-align: center;"> <b>Tab K</b>          Divider Page       </div>	
<div style="text-align: center;"> <b>Proposed Loan Agreement</b>  <i>4280.128 (b)(2)(xi)</i> </div>	
<p><b>(xi)</b> A proposed Loan Agreement or a sample Loan Agreement with an attached list of the proposed Loan Agreement provisions. The following requirements must be addressed in the proposed or sample Loan Agreement:</p>	
(A)	Prohibition against assuming liabilities or obligations of others.
(B)	Restriction on dividend payments.
(C)	Limitation on the purchase or sale of equipment and fixed assets.
(D)	Limitation on compensation of officers and owners.
(E)	Minimum working capital or current ratio requirement.
(F)	Maximum debt-to-net worth ratio.
(G)	Restrictions concerning consolidations, mergers, or other circumstances.
(H)	Limitations on selling the business without the concurrence of the lender.
(I)	Repayment and amortization of the loan.
(J)	List of collateral and lien priority for the loan including a list of persons and corporations guaranteeing the loan with a schedule for providing the lender with personal and corporate financial statements. Financial statements on the corporate and personal guarantors must be updated at least annually once the guarantee is provided.
(K)	Type and frequency of financial statements to be required from the borrower for the duration of the loan.
(L)	The addition of any requirements imposed by the Agency in Form RD 4279-3.
(M)	A reserved section for any Agency environmental requirement.
(N)	A provision for the lender or the Agency to have reasonable access to the project and its performance information during its useful life or the term of the loan, whichever is greater, including the periodic inspection of the project by a representative of the Lender or the Agency.