



United States Department of Agriculture

Rural Development Rural Energy for America (REAP) Program





Deadlines and ESTIMATED Funding and for Colorado in FY 2015

April 30 Deadline:

- **\$152,000 is “set aside” for grant requests of \$20,000 or less;**
- **\$503,000 is deemed “unrestricted funds”**

June 30 Deadline:

- **\$503,000 is deemed “unrestricted funds”**

Guarantee Loan applications are accepted year round unless combined with a grant request. Then they are due at the time of the grant application.

Important Definitions:

Renewable Energy: Energy derived from a wind, solar, renewable biomass, hydro-electric or geothermal source.

or

hydrogen derived from a renewable biomass or water using wind, solar, biomass, hydro-electric or geothermal energy sources.

Renewable Energy System (RES): A system that Produces usable energy from a Renewable Energy source; and may include distribution components necessary to move energy produced by such system to initial point of sale.

Important Definitions

Energy Efficiency (EEI): Improvements to a an existing building, facility or process that reduces energy consumption or energy consumed per square foot. Examples include:

- **Grain dryers & irrigation power units, including mechanical micro-hydro for pressurized center pivots;**
- **Replacement of existing fixtures with more energy efficient fixtures such as lighting, refrigeration, and HVAC units.**

Important Definitions

Agricultural producer (AP) – An individual or entity directly engaged in the production of agricultural products, including crops (farming); livestock (ranching); forestry products; hydroponics; nursery stock; or aquaculture, whereby 50 percent or greater of their gross income is derived from those products.

Rural Small business (RSB or SB) - A for profit entity (for the most part) located in an eligible rural area – the REAP program uses SBA small business size standards by the NAICS found in Title 13 CFR part 121.104

Now let's talk about the available Levels of Grant Funding

- **Grants may be made for up to 25% of *Total eligible project costs* (TEPC) for both the RES and EEI projects:**
- **Minimum and Maximum Grant amounts for:**
 - Renewable energy projects are \$2,500 and \$500,000**
 - Energy efficiency projects are \$1,500 and \$250,000**

Levels of Grant Funding continued...

- **Maximum grant assistance in a Fiscal Year is \$750,000 of which:**
 - **\$500,000 can be for Renewable Energy System Grant**
 - **\$250,000 can for Energy Efficiency Improvements**
 - **However the total Grant amount requested cannot exceed to 25% of TEPC**
- **G-Loan and combo requests limited to 75% of (TEPC)**

Guaranteed Loans (G-Loans)

Guaranteed Loans can be for up to 75% of the TEPC and guarantee levels are based on the size of the project:

- **85% for loans \$600,000 or less**
- **80% for loans over \$600,000 to \$5 million**
- **70% for loans over \$5 million to \$10 million**
- **60% loans over \$10 million to \$25 Million**
- **Loan/grant combo amount limited to 75% of total eligible project costs**

Applicant eligibility...

What is considered a Business under REAP?

- 1) A private for-profit entity
- 2) A cooperative
- 3) An electrical utility
- 4) Tribal corporations or other Tribal business entities:

Applicant eligibility.....

What is considered a Business under REAP? (cont.)

4.) Tribal corporations or other Tribal business entities

- Chartered under Section 17 of the Indian Reorganization Act (25 U.S.C. 477), or
- Other Tribal business entities that have similar structures and relationships with their Tribal governments as determined by the Agency.

The Agency shall determine the Small Business status of such Tribal entity without regard to the resources of the Tribal government (Stand Alone)

Applicant eligibility.....

What is considered a Rural under REAP?

- **Rural**
 - **City with > 50,000 inhabitants and surrounding urbanized areas**
 - **If the small business is headquartered in an urban area but the proposed project is in a rural area, the project could eligible**

Applicant eligibility.....

What does REAP consider as an Agricultural Producer?

1) An agricultural producer is an Individual or Entity directly engaged in the production of agricultural products, including

- Crops
- Livestock
- Forestry Products
- Hydroponics
- Nursing Stock
- Aquaculture

✓ The purchase and resale of agricultural products such as greenhouse plants is not considered income derived from the production of agricultural products.

Applicant eligibility.....

What does REAP consider an Agricultural Producer continued?

2.) Fifty Percent (50%) or greater of their gross income is derived from the production of agricultural **products (and is calculated as follows: agricultural production income/total income = %)**

- Agricultural production income in general will include:
 - sale of crops,
 - sale of livestock, fish, and seafood
 - sale of timber, and
 - payments related to the crops and/or livestock production (insurance and commodity payments)
- Ag production income in general will not include:
 - custom hire income
 - payments for taking land out of production (land trusts, conservation payments)
 - coop patronage

Projects that are NOT Eligible!

- **Residential improvements;**
- **Pre-commercial Technology;**
- **Technology that is in the Research and Development phase;**
- **Agricultural tillage equipment;**
- **Vehicles;**
- **Properties located in the 100 year flood plain (without a mitigation plan);**
- **RES or EEI for Marijuana/Industrial Hemp based business;**



Project eligibility...Project Costs

Eligible Project Costs for the Guarantee Loan are the same as for the grant, except the following are also included:

- Working Capital
- Land, Building acquisition,
- Routine Lender Fees
- Energy Assessments / Audits / Tech Report/lender fees

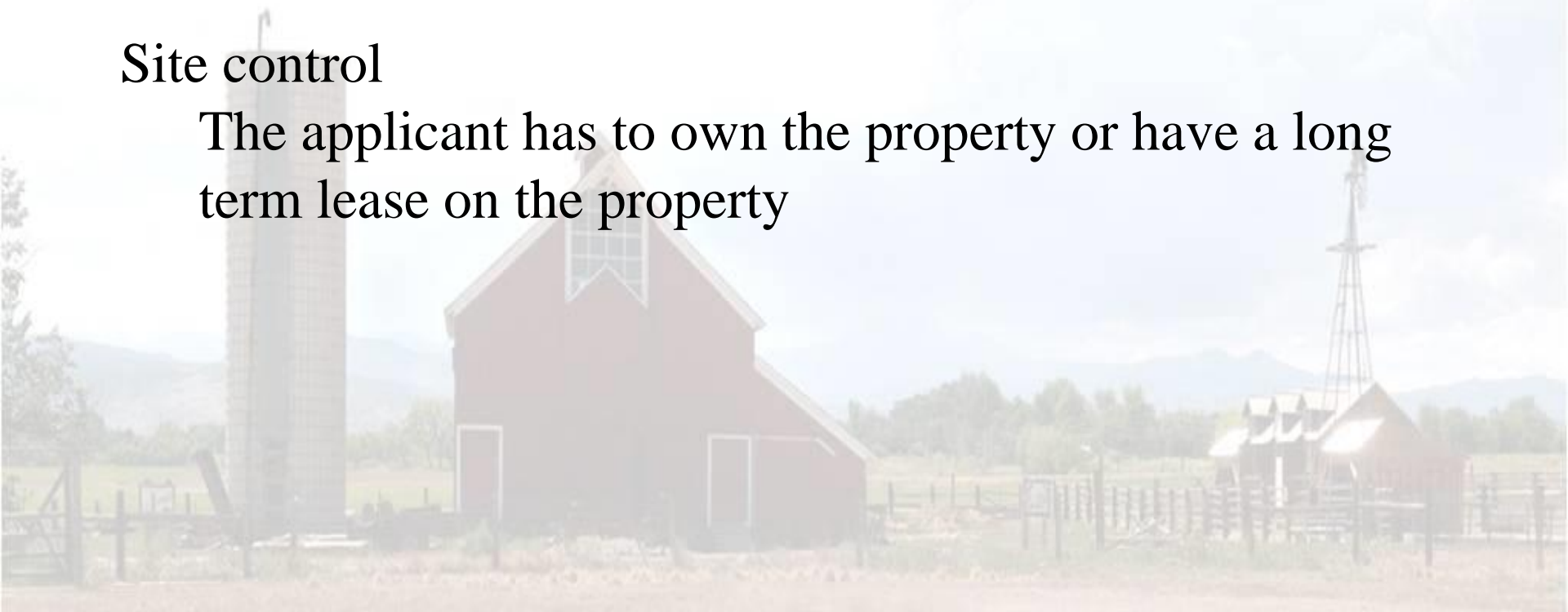
However, the combined costs of the items listed above CANNOT exceed more than 5% of the loan amount.

Tribal Stumbling Block

Applicant has to be an eligible applicant
Tribes are not an eligible applicant

Site control

The applicant has to own the property or have a long term lease on the property



For More Information

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