

## Section 9006 Rural Energy Guaranteed Loan Program

<b>Offered by:</b>	U.S. Department of Agriculture (USDA)
<b>Target Credit Union Participants:</b>	Credit unions wanting to finance rural small businesses and agricultural producers.
<b>Program Objective:</b>	To provide “gap” financing for rural small businesses and agricultural producers to purchase and install or improve renewable energy systems.
<b>Credit Union Eligibility:</b>	All credit unions may participate in this program.

### Program Features and Requirements:

#### Lender Benefits:

1. There is an active secondary market for section 9006 guarantees (e.g., Farmer Mac II and SBA markets).
2. The guaranteed portion of the loan is protected by a Federal guarantee.
3. The guaranteed portion of the loan does not count against the credit union’s lending limits.
4. Lenders use their own forms, loan documents, and security instruments.

#### Guarantee Limits:

85% on loans up to \$600,000  
80% on loans between \$600,000 and \$5 million  
70% on loans between \$5 million and \$10 million

Funding Limits: \$5,000 minimum, \$10 million maximum per request.

Loan Terms: 30 years for Real Estate, 20 years for machinery and equipment, 7 years for working capital

Eligible Purposes: Land, real estate improvements/retrofitting, equipment, working capital—for new or existing rural energy projects, energy audits, technical reports, feasibility study costs, other fees including loan fees and costs.

Eligible Areas: Loan proceeds must be used in areas outside the boundaries of a city or town of more than 50,000 in population and urbanized area contiguous and adjacent to such city or town.

Interest Rate: 1% of the guaranteed amount, 1/2% of principal balance at December 31.

**Contact:** U.S. Department of Agriculture  
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## **Section 9006 Rural Energy Guaranteed Loan Program**

Website: Refer to the USDA state office directory at:  
[http://www.rurdev.usda.gov/recd\\_map.html](http://www.rurdev.usda.gov/recd_map.html).