



Electric Infrastructure Loan & Loan Guarantee Program Program 101

What does this program do?

The electric program makes insured loans and loan guarantees to nonprofit and cooperative associations, public bodies, and other utilities. Insured loans primarily finance the construction of electric distribution facilities in rural areas. The guaranteed loan program has been expanded and is now available to finance generation, transmission, and distribution facilities. The loans and loan guarantees finance the construction of electric distribution, transmission, and generation facilities, including system improvements and replacement required to furnish and improve electric service in rural areas, as well as demand side management, energy conservation programs, and on-grid and off-grid renewable energy systems.

Who may apply for this program?

Most retail or power supply providers serving qualified rural areas, including:

- State and local governmental entities
- [Federally-recognized Tribes](#)
- Nonprofits including cooperatives and limited dividend or mutual associations
- For-profit businesses (must be a corporation or limited liability company)

Are there additional eligibility requirements?

What is an eligible area?

- The law requires the consideration of several factors to determine whether an area qualifies as rural for the purposes of this program
- Check with a [General Field Representative \(GFR\)](#) to determine whether the proposed service area qualifies as rural

How may funds be used?

Funds may be used to finance:

- Maintenance
- Upgrades
- Expansion
- Replacement of distribution, sub transmission and headquarters (service, warehouse) facilities
- Energy efficiency
- Renewable energy systems
- For additional details, see the [Code of Federal Regulations](#)

What kind of funding is available?

- Loan Guarantees up to 100% allow the Federal Financing Bank (FFB) to extend credit to qualified borrowers in rural areas. 100% of the construction work plan can be financed

- Hardship Loans may be used, at the sole discretion of the Rural Utilities Service, to assist applicants in rural areas that are either economically distressed or recovering from an unavoidable event, such as a natural disaster

What are the loan terms?

- Generally, repayment may not exceed the useful life of the facility being financed, with a maximum repayment schedule of 35 years
- Power supply borrowers are also limited by the terms of their wholesale power contracts
- Loan Guarantees and Treasury Rate Loans: interest rates are fixed at the time of each advance based on rates established daily by the United States Treasury plus 1/8 of 1%
- Hardship Loans: interest rates are fixed at a rate of 5% for up to 35 years
- Borrowers must have legal authority to provide, construct, operate and maintain the proposed facilities or services
- All facilities receiving federal financing must be used for a public purpose
- Partnerships with other federal, state, local, private and non-profit entities are encouraged

What is the current status of the program and who currently participates?

- Our [Boxscore](#) provides a current overview of the Rural Electric program investments

How do we get started?

- Applications for these programs are accepted year-round through a [General Field Representative \(GFR\)](#)
- [Program Resources](#) are available online (i.e. forms, guidance, certifications)

Who can answer questions?

- Contact the [GFR](#) who serves your area
- Call the Electric Program at 202-720-1422

What governs this program?

- [Rural Electrification Act of 1936, as amended](#)
- [Code of Federal Regulations](#)

Why does USDA Rural Development do this?

Electric Infrastructure Loan Programs provide investment capital in the form of loans and loan-guarantees for the maintenance and improvement of electric infrastructure in areas where commercial capital is not available. This type of investment increases economic opportunity and quality of life in rural communities nationwide by maintaining a seamless electric network for all Americans, regardless of where they live.

NOTE: Program details may change over time. Before you begin an application, please confirm you have the most current information by contacting a [GFR](#) who serves your area for assistance or consult the program Instructions listed in the section above titled "*What Governs this Program?*"

Interest Rates

[RUS Interest Rates](#)