

# Rural Energy for America Program (REAP) Renewable Energy & Energy Efficiency

Loan guarantees for this program are streamlined under the OneRD Guarantee Loan Initiative

## What does this program do?

**The program provides guaranteed loan financing and grant funding to agricultural producers and rural small businesses for renewable energy systems or to make energy efficiency improvements. Agricultural producers may also apply for new energy efficient equipment and new system loans for agricultural production and processing.**

## Who may apply for this program?

- **Agricultural producers with at least 50 percent of their gross income coming from agricultural operations.**
- **Small businesses in eligible rural areas.**

**NOTE:** Agricultural producers and small businesses must have NO outstanding delinquent federal taxes, debt, judgment or debarment.

### Who may qualify for loan guarantees?

Eligible borrowers are:

- Rural small businesses.
- Agricultural producers.

*Additional entities may be eligible for other types of loan guarantees under the OneRD Guarantee Loan Initiative.*

### What are the borrowing restrictions for loan guarantees?

- Individual borrowers must be citizens of the United States or reside in the U.S. after being legally admitted for permanent residence.
- Private-entity borrowers must demonstrate that loan funds will remain in the U.S.

### What is an eligible area?

- Businesses must be located in rural areas with populations of 50,000 residents or less.
- Check eligible business addresses.
- Agricultural producers may be in rural or non-rural areas.

### How may the funds be used?

Funds may be used for renewable energy systems, such as:

- Biomass (for example: biodiesel and ethanol, anaerobic digesters, and solid fuels).
- Geothermal for electric generation or direct use.
- Hydropower below 30 megawatts.
- Hydrogen.
- Small and large wind generation.

- Small and large solar generation.
- Ocean (tidal, current, thermal) generation.

Funds may also be used for the purchase, installation and construction of energy efficiency improvements, such as:

- High efficiency heating, ventilation and air conditioning systems (HVAC).
- Insulation.
- Lighting.
- Cooling or refrigeration units.
- Doors and windows.
- Electric, solar or gravity pumps for sprinkler pivots.
- Switching from a diesel to electric irrigation motor.
- Replacement of energy-inefficient equipment.

Agricultural producers may also use guaranteed loan funds to install energy efficient equipment and systems for agricultural production or processing.

### What funding is available?

- Loan guarantees on loans up to 75 percent of total eligible project costs.
- Grants for up to 25 percent of total eligible project costs.
- Combined grant and loan guarantee funding up to 75 percent of total eligible project costs.

### What is the maximum amount of a loan guarantee?

The loan guarantee percentage is published annually in a Federal Register notice.

### How do we get started?

Applications for this program are accepted year-round at your local office.

### Who can answer questions?

Contact your State Rural Development Energy Coordinator.

### What law governs this program?

- Grants – Code of Federal Regulation, 7 CFR 4280, Subpart B.
- Guaranteed Loans – Code of Federal Regulation, 7 CFR 5001.
- This program is authorized by Title IX of the Agricultural Improvement Act of 2018, (2018 Farm Bill).

### Why does USDA Rural Development do this?

This program helps increase American energy independence by increasing the private sector supply of renewable energy and decreasing the demand for energy through energy efficiency improvements. Over time, these investments can also help lower the cost of energy for small businesses and agricultural producers.

---

**NOTE:** Because citations and other information may be subject to change, please always consult the program regulations listed in the section above titled *“What Governs This Program?”* You may also contact your local office for assistance. You will find additional forms, resources, and program information at rd.usda.gov. *USDA is an equal opportunity provider, employer, and lender.*