

**U.S. Department of Energy Financial Institution Partnership Program
("Loan Guarantee Program")**

Handout for Lenders

The U.S. Department of Energy ("DOE") is seeking eligible lending partners for eligible alternative energy projects for its Financial Institution Partnership Program. The FIPP is a \$750 million federal loan guarantee program that was created by the American Recovery and Reinvestment Act of 2009. The Program will guarantee loans for new or innovative technologies producing renewable energy such as wind, solar, biomass, geothermal and hydropower. Eligible lending partners for the Program can include public, private and non-profit financial institutions, as well as State, Regional and Local Development Finance Organizations. The FIPP is designed to expedite DOE's loan guarantee underwriting process and leverage private sector expertise and capital for the efficient and prudent funding of eligible projects while balancing risk between the DOE and its partners participating in the program. Proposed borrowers and project sponsors will not apply directly to DOE but instead will work with these institutions satisfying their qualifications.

PARAMETERS OF THE FIPP (LOAN GUARANTEE) PROGRAM

- The guarantee percentage will be no more than 80% of the maximum aggregate principal and interest during a loan term, and the project debt must obtain a credit rating of at least 'BB' or an equivalent with a nationally recognized credit rating agency.
- Projects that involve re-financing do not qualify.
- Eligible projects must commence construction on or before 09/30/2011.
- The DFO's portion of the financing will be subordinate to DOE's guarantee.
- The current focus of the Program is to stimulate new or innovative technologies producing renewable energy. Research and Development as well as demonstration projects also do not qualify.
- According to the DOE, the following non-exclusive list of potential types of eligible projects is provided for illustrative purposes: *Wind facility, Closed-loop biomass facility, Open-loop biomass facility, Geothermal facility, Landfill gas facility, Trash-to-energy facility, Hydropower facility, including incremental hydropower, Solar facility.*
- 20% Grant and/or Equity participation is required in a project and are not insurable under the Program.

Fees The Program has 3 types of fees: (i) an initial \$50,000 application fee, (ii) a 0.5% of the guaranteed obligation fee and (iii) an annual \$10,000-\$25,000 maintenance fee.

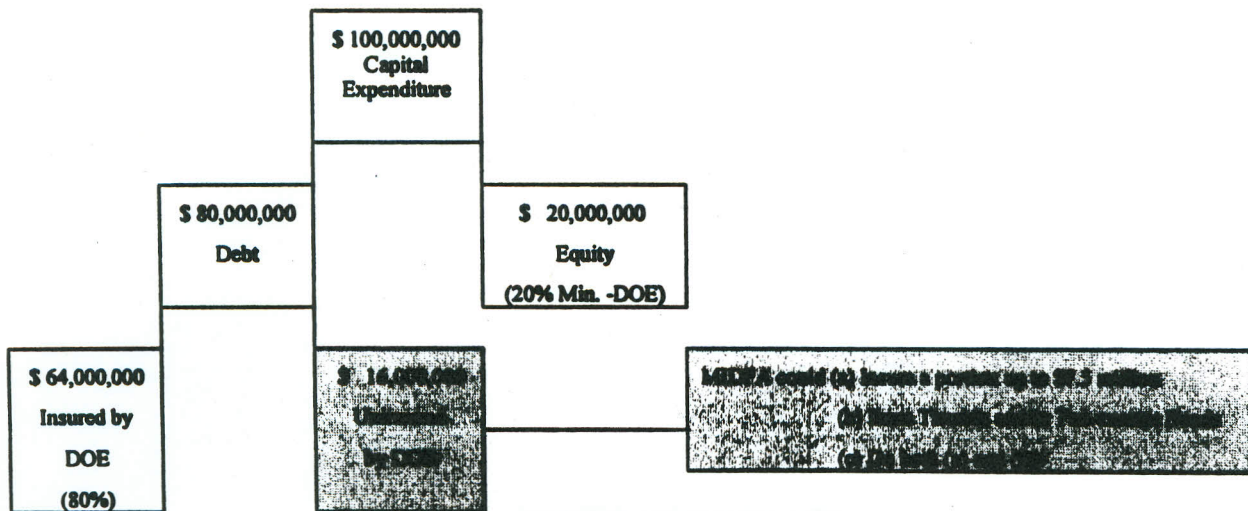
Reporting The Program has on-going financial and employment reporting requirements

FIPP & MIDFA Partnership Example

Example: \$100 million Energy Project

Capital Expenditures: \$100 million – comprised of \$80 million Debt + \$20 million Equity (20% minimum Equity participation requirement by DOE).

\$80 million Debt – Up to \$64 million insured under the DOE Guarantee program (80% of the Debt)
\$16 million uninsured (MIDFA would insure up to \$7.5 million)



CONTACTS

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