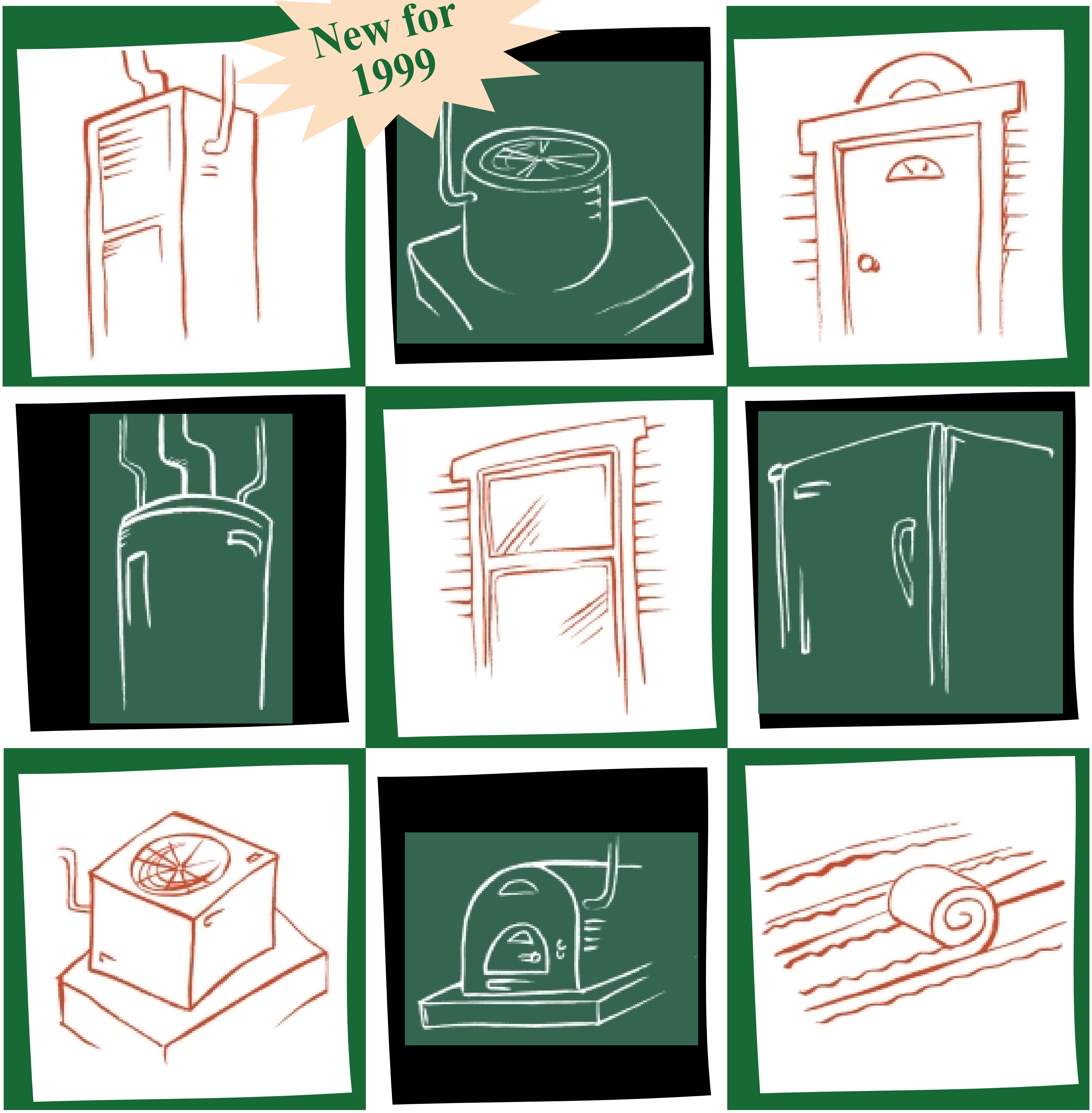
40 WAYS To Finance Your Improvements

New for 1999



Second Edition

Nebraska Energy Office

STATE OF NEBRASKA

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E. Benjamin Nelson
Governor

August, 1998

Increasing energy efficiency and using pollution prevention options saves money for Nebraska's businesses, organizations and communities.

Since it takes money to save money, the Nebraska Energy Office compiled this information about various financing opportunities as an aide to making energy efficiency and pollution prevention improvements. The agency, however, does not recommend or endorse one financing method over another.

40 Ways To Finance Your Improvements includes financing options in four general areas:

- ◆ Self-financing,
- ◆ Direct borrowing,
- ◆ Alternative-financing techniques, and
- ◆ Community-based financing.

The improvements being considered can influence the type of financing selected. The legal organization of the decision-maker, such as for-profit, nonprofit, local government, corporate, partnership or sole proprietorship can also determine which financing options are suitable.

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Introduction

Self-Financing

Self-financing means using cash reserves or allocating funds within capital or operating budgets.

With cash purchases the cost savings generated by the investment are immediately available. In addition, the depreciation of the equipment is tax deductible. The rate of return on energy efficiency improvements which recover their cost in less than a year is in excess of 100 percent. Few investment opportunities have comparable rates of return.

The payback on many energy efficiency and waste reduction investments is short enough that the savings in operating costs should quickly replenish cash reserves. For these reasons, relatively inexpensive efficiency improvements, which recover their cost in a year or less, are ideal candidates for self-financing.

The use of cash reserves subjects them to possible depletion. If the required investment is large it may be difficult or impossible to finance from cash reserves.

Where self-financing is used for more expensive energy efficiency improvements, it is generally more practical to allocate funds in an annual capital budget. This approach ensures that energy efficiency becomes a line item in future budgets and continues to remain an important operating consideration.

Direct Borrowing

Direct borrowing involves raising money through loans from financial institutions or through issuance of bonds.

Loans

The most common form of borrowing is a loan from a lending institution, such as a bank or savings and loan association. Loans used to finance energy efficiency and pollution prevention projects can be largely self-liquidating with projected energy cost savings serving as the means for loan repayment. Loan payments can be structured to be slightly less than projected energy savings and keep cash balances intact. Where loans are used for financing, equipment depreciation and the interest on the loans are tax deductible. The borrower bears all of the risks of the project and receives all the benefits. The loan and equipment are reflected on the company's balance sheet.

Loan guarantees and mortgage insurance are methods of credit enhancement for individual loans. In either case, the credit risk of the guarantor or insurer is substituted for the credit risk of the borrower. Loan guarantees and mortgage insurance are pledges to cover most or all of an outstanding balance on a loan made by a private lending institution in the event of default. Credit enhancements of this nature strengthen lending markets and expand the availability of credit and lower its cost.

The predominant guarantors of private loans are agencies of the federal government. The Small Business Administration and U.S. Department of Agriculture's Rural Development operate loan guarantee programs. The U.S. Department of Housing and Urban Development also has a number of mortgage insurance programs.

Bonds

If the project is very large and can justify the added expense of entry into the bond market, bonds may be issued and marketed. When bonds are used to secure funds to finance a project, the bond interest and depreciation on the energy efficiency improvements are tax deductible. The borrower bears all of the risks of the project as well as receiving all the energy savings.

The Nebraska Investment Finance Authority is authorized to issue revenue bonds or other debt instruments to raise funds to finance eligible projects. The bonds must comply with certain federal and state law requirements, allowing the interest they bear to be exempt from federal and state income taxes. The borrower must find purchasers of the bonds either by direct placement with a financial institution or by public sale using an investment banker.

The borrower and lender negotiate interest rates. Because the bonds are tax-exempt, interest rates are usually lower than rates available through commercial sources. The Nebraska Investment Finance Authority currently has two bond programs which could be used to finance energy efficiency and pollution prevention improvements: Industrial Development Bonds and Tax-Exempt Bond Financing for Rental Housing.

Alternative Financing Techniques

Leasing

Leasing of equipment is an alternative way to implement energy efficiency and pollution prevention recommendations. Major energy projects can be implemented while avoiding debt and maintaining a positive cash flow. No down payment is required and lease payments can be structured to cost less than the energy savings produced by the equipment.

A lease can be considered as an operating expense and not as adding to indebtedness. For political subdivisions, this is important where there is a prohibition against incurring long-term debt. Two types of leasing — capital and operating-are considered here.

A capital lease, also called lease purchase, is an installment purchase of equipment. Under a capital lease, the lessee on its income tax return can deduct the depreciation and the interest portion of the installment payments. At the end of the lease period, title to the property may be transferred to the customer.

Under an operating lease, the equipment is leased to the lessee for a fixed monthly fee for a specified time. The lessee is renting the equipment and is not entitled to any tax deductions by virtue of the lease. At the end of the contract period, the lessee can purchase the equipment at its fair market, renegotiate the lease or have the equipment removed.

The financing mechanism most frequently used for lease purchase is the certificate of participation. Individual investors are able to purchase fractional interests in a particular lease by purchasing certificates of participation. The certificates are generally issued in $5,000 denominations. There is an active secondary market for certificates of participation. The low denominations in which they are issued facilitate the operation of a secondary market as well as spreading the risk of the lease purchase. As a result, lease purchases financed with certificates of participation are at lower interest rates than other types of lease purchase.

Performance Contracting

Performance contracting is the implementation of energy efficiency measures by a provider of energy services, usually an energy services company, whose payment depends on successful operation of the project. Energy services companies and performance contracting are inextricably linked.

The performance contractor, usually an energy services company, obtains financing and assumes the risks of performance associated with the project. The contractor's compensation is generally paid from the increased savings resulting from reduced energy consumption. Financing for performance contracting depends more on the cost savings potential of the project than on the financial strength of the building owner. Financing may include a variety of sources, including leasing.

Under a performance contract, the energy services company provides a services package. The package of services can vary in sophistication, ranging from a simple audit, installation and monitoring to full operation of a facility's energy systems. Performance contracts are complex and usually are not used for facilities with energy costs less than $150,000.

A typical services package includes an energy audit, design of cost-effective projects, obtaining bids, managing construction, guaranteeing energy savings, obtaining financing, and maintaining energy-saving capital improvements. The facility owner uses realized energy savings to pay for the improvement but the details of this vary.

A performance contract is a long-term commitment, therefore the contractor must be selected carefully. This would generally involve issuing requests for proposals, evaluating submissions, and defining the terms and conditions of the contract.

Community Based Financing

Recognizing that community based action is often the most effective way of furthering local goals, a number of government agencies make financing available to communities for public or private sector improvements.

Community Programs

In Nebraska, there are three predominant government agencies that provide financing:

- ◆ The Nebraska Department of Economic Development administers block grants received from the U.S. Department of Housing and Urban Development. These funds are made available for communities and counties to use for business development, direct loans, loan guarantees, or deferred loans for businesses and affordable housing. Recipients of grants for businesses loan the funds to qualifying businesses to modernize and rehabilitate their facilities. Those receiving grants for affordable housing lend the funds to developers and building owners to acquire, rehabilitate and construct housing projects.
- ◆ The U.S. Department of Agriculture's Rural Development makes funds available to rural communities for economic development and job creation projects that can include energy efficiency improvements.
- ◆ The Federal Home Loan Bank System makes grants and loans available to member banks to help foster partnerships between financial institutions and community based organizations.

A common requirement of these sources of community based financing is that lower to moderate income Nebraskans be benefited through jobs created or retained as well as being provided affordable housing. These requirements are easily met with projects that include energy efficiency improvements.

Research conducted at the American Council for an Efficient Economy has shown energy efficiency creates more jobs per dollar spent than huge projects such as building bridges or other capital intensive projects. Because energy savings are recycled within the local economy, up to 70 person years of employment can be created with each $1million invested in energy efficiency improvements.

Tax Increment Financing

Tax increment financing is a technique that local governments can use to expand its tax base to finance improvements and complete redevelopment activities. The technique is used to pay the public costs to put a redevelopment site together and prepare it for redevelopment by a private developer.

Tax increment financing allows a community to capture increases in property taxes that result from redevelopment to pay for the costs involved with the project. The tax revenue obtained by virtue of the redevelopment is called the "tax increment."

Once an area has been designated as blighted or substandard, the local government of its community development agency can proceed with redevelopment by preparing a redevelopment plan and soliciting proposals. After adopting a final redevelopment plan, the community may authorize the issuance of warrants or bonds to undertake public improvements in the designated area. The bonds are exempt from state and federal taxes. Tax increment financing can be used for fifteen years to retire the bonds.

Although tax increment financing has not been used solely for energy efficiency and pollution prevention activities, there is no reason why it could not be used for the renovation and retrofitting of public facilities to reduce pollution and increase their energy efficiency.

Tax-Exempt Financing

Low-cost tax-exempt financing is available to local political subdivisions, which include cities, counties, townships, school districts and special districts and authorities.

For purposes of exempting from federal income tax the interest on bonds issued by local governments, the term "bond" has been broadly interpreted. The interpretation includes written purchase and sale agreements entered into by duly constituted authorities, installment purchase agreements, finance leases, and other evidences of debt issued pursuant to a governmental unit's borrowing power.

The local political subdivision seeking financing for energy efficiency improvements should be aware that various forms of borrowing might qualify for tax exemption of interest. The borrower may, therefore, negotiate a lower interest rate than ordinarily available. In seeking tax-exempt financing, the borrower should consult with a tax accountant or attorney.

Other Incentives and Rebates

Many of Nebraska's electric utilities offer their customers incentives to use high-efficiency technologies that save energy and money. Utility incentives are usually a rebate of a portion of the price of the equipment installed or an energy credit. Generally, the greater the energy efficiency the higher the incentive payment will be. In addition to saving money on the cost of equipment or its use to their customers, the utilities share the expertise of their highly trained staff.

Equipment manufacturers are often sources of finance and technical assistance. Some manufacturers have direct finance programs for customers that may offer better terms than other sources of finance. In addition, rebates on equipment purchases may be available.

Tax credits may be available for redevelopment and rehabilitation projects that can include energy efficiency improvements. An example is the Low Income Housing Tax Credit administered by the Nebraska Investment Finance Authority which provides tax credits for housing projects for low-income households.

Commercial, Manufacturing and Industrial Buildings

Business and Industry Direct Loans

The direct loans are insured loans for business and industrial development. The loans are designed to be utilized in rural areas with population up to 50,000 suffering fundamental physical and economic stress. These loans are utilized to create and maintain employment, expand and improve economic climate including business/industrial acquisition, construction, enlargement, modernization, real estate, buildings, equipment, and working capitol.

Who is Eligible?

Any individual, partnership, corporation, or public entity is eligible when guarantee lender is not available.

Terms and Conditions

The fixed interest rate for the business and industry loan is 8.5%. The maximum term limit for the loan is 30 years for real estate, 15 years for equipment, and 7 years for working capitol. The program is best designed for small to mid-sized businesses. Loans are made directly by the U.S. Department of Agriculture. Inquiries should be directed to state/local USDA Rural Development Office.

For More Information, Contact

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Phone 402-423-3231
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Community Facilities Grants and Loans

The Rural Housing Service can make guaranteed loans and disburses grant funds on a graduated basis to develop important community facilities. The loans are available for rural areas of up to 50,000 in population and the grants are available for rural communities having a population of 25,000 or less. The Rural Housing Service can guarantee loans made by lenders such as banks, savings and loans, mortgage companies which are part of bank holding companies, banks of the Farm Credit System, or insurance companies regulated by the National Association of Insurance Commissioners. The Rural Housing Service may guarantee up to 90 percent of loss of interest or principal on the loan. Rural Housing may also make direct loans to applicants who are unable to obtain commercial credit. The Rural Housing Service also can provide grant funds for a facility not exceeding 75 percent of the cost of developing the facility. The grants are available to public municipalities, counties, special purpose districts, and non-profit corporations or tribal governments.

How May Funds be Used?

Loan funds may be used to construct, enlarge, or improve community facilities for health care, public safety, and public services. This can include costs to acquire land needed and purchase equipment, including energy efficiency improvements, required for its operation. Examples of essential community facilities include:

- Health Care
- Clinics, ambulatory care centers, hospitals, rehabilitation centers, and nursing homes.
- Telecommunications
- Medical and educational telecommunication links.
- Public Safety
- Communications centers, police and fire stations, fire trucks, rescue vehicles, and jails.
- Public Services
- Adult and child care centers, city halls, courthouses, airports, garages, off street parking facilities, sidewalks, street improvements, college classrooms and dormitories, libraries, museums, schools, fairgrounds, and animal shelters.

Community facility grants are available to public entities located in a rural community having a population of 25,000 or less and serve primary rural areas. Additionally, those areas must be unable to finance the proposed project from resources or other funding sources without the grant assistance.

Who May Apply?

Loans are available to public municipalities, counties, special-purpose districts, and nonprofit corporations or tribal governments. Applicants must be legally authorized to borrow and repay loan money, pledge security for loans, and to construct, operate, and maintain the facilities. Loan repayment must be based on tax assessments, revenues, fees, or other sources of money sufficient for operation and maintenance, reserves, and debt retirement.

Grants, however, are available based on a priority point system. Small communities with the highest priority are those with a population of 5,000 or less and communities with a

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Community Facilities Loans

median household income below the poverty level of $20,241. The amount of grant funds provided for a facility will not exceed 75 percent of the cost of developing the facility. A graduate scale will be utilized to determine the Federal share.

What Are The Terms?

The maximum term for all loans is 40 years. However, the repayment period is limited to the useful life of the facility or any statutory limitation on the applicant+s borrowing authority.

What is The Interest Rate?

Interest rates for direct loans are based on current market yields for municipal obligations, although loans for facilities associated with prime or unique farmland may require a slightly higher rate. Certain other direct loans may qualify for a lower interest rate, depending upon the median household income of the residents of the community served. The interest rates for guaranteed loans may be fixed or variable and are determined by the lender and borrower, subject to Rural Housing Service and approval.

Funding Level

For fiscal year 1998 in Nebraska, $1,112,000 was allocated for direct loans and $1,900,000 was obligated. An additional $1,112,000 was allocated for guaranteed loans and $1,472,100 was obligated.

A predetermined funding scale places limitations on grant funding based on population and income. Grant assistance may be further limited to the minimum amount sufficient to provide economic feasibility to the proposed project and 50 percent of the State initial allocation or $50,000, whichever is greater, unless an exception is made by the Administrator.

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Grants for Lighting Upgrades

The Task Force for Building Renewal is authorized to make grants to state agencies to partially finance lighting upgrades in state buildings.

Grantor

Task Force for Building Renewal

Eligibility

State owned buildings except revenue bond buildings.

Grant Amount

The maximum grant is 25 percent of the incremental cost of the lighting upgrade project. The incremental cost is the installed cost of the project less the normal annual maintenance cost for the same fixtures.

Other Criteria

The agency undertaking the lighting upgrades must match the grant with their own funds which may include a loan from the Nebraska Energy Office.

For More Information, Contact

Henry Bulin
Task Force for Building Renewal
Executive Building
521 South 14th Street, Suite 509
Lincoln, NE 68508-2707
Phone 402-471-3515
Fax 402-471-0421

Industrial Development Bonds

The Nebraska Investment Finance Authority is authorized to issue revenue bonds or other debt instruments to raise funds to finance eligible projects. The bonds must comply with certain federal and state law requirements allowing the interest they bear to be exempt from federal and state income taxes. The borrower must find purchasers of the bonds either by direct placement with a financial institution or by public sale using an investment banker.

Interest rates are negotiated by the borrower and lender. Because the bonds are tax-exempt interest rates are usually lower than rates available through commercial sources.

Bond Issuer

Nebraska Investment Finance Authority.

Who Is Eligible?

Manufacturing or industrial enterprises, service enterprises owned by nonprofit entities, projects in designated blighted areas of the state, office buildings used by nonprofit entities under certain conditions, nonprofit hospitals and nursing homes and public hospitals and nursing homes, certain projects for abatement of environmental hazards.

Bond Amount

Maximum bond amount is $10 million, unless the project is a pollution control facility, nonprofit hospital or nonprofit nursing home.

Other Criteria

A party seeking financing must contact a financial institution or underwriter and arrange for structuring and subsequent purchase of the tax-exempt bonds. The applicant also contacts and hires bond counsel to draft the necessary documents for the financing. All costs in connection with the financing are the responsibility of the applicant. Fees of the Nebraska Investment Finance Authority are as follows:

Application Fee — a nonrefundable fee of 1/16 of 1 percent of the bond amount requested with a $1,000 minimum, to be applied to the issuance fee if the bond issue closes.

Issuance Fee — 1/8 of 1 percent of bond amount with a $1,000 minimum.

Legal Counsel Fee — for Nebraska Investment Finance Authority legal counsel. Although the amount varies, it usually includes normal hourly rates plus disbursements.

Assumption Fee — 1/8 of 1 percent of outstanding bond balance with a $1,000 minimum.

Bond Allocation Deposit — 1 percent of bond amount requested with a $5,000 minimum. This amount is forfeited to the extent allocation is not used within prescribed time limits.

For More Information, Contact

Nebraska Investment Finance Authority
200 Commerce Court
1230 O Street
Lincoln, NE 68508-1402
Phone 402-434-3900 or 800-240-6432
Fax 402-434-3921
Web Site http://www.nifa.org/

Mortgage Insurance for Group Practice Medical Facilities

Federal mortgage insurance is made available to finance the construction, rehabilitation, including energy efficiency improvements, and equipment for group practice of medicine, dentistry, optometry, osteopathy, and podiatry. Mortgages on group practice medical facilities are insured to relieve overburdened hospitals and nursing homes.

Loan Guarantor

U.S. Department of Housing & Urban Development

Eligibility

Nonprofit organizations must own the facilities, but they may be used by a profit motivated group of physicians, dentists, optometrists, osteopaths, and podiatrists.

Insurance Limits

The maximum insurable loan may cover 90 percent of new construction costs. For rehabilitation, the loan-to-value ratio varies slightly from this figure. The term of the mortgage is 25 years or three-fourths of the remaining economic life, whichever is less.

Other Criteria

The owners must be unable to obtain comparable mortgages without Federal Housing Authority insurance.

This is an active program, but few mortgage guarantees have been made in Nebraska in recent years. There is no specific allocation for Nebraska. If demand for guarantees develops and eligibility requirements are satisfied, the guarantees would be made.

For More Information, Contact

U.S. Department of Housing and Urban Development
10909 Mill Valley Road
Omaha, NE 68154-3955
Phone 402-492-3101
Fax 402-492-3184
Linda Grabowski 402-492-3122
Rick Mehal 402-492-3118
Web Site http://www.hud.gov

Mortgage Insurance for Hospitals

The Department of Housing and Urban Development insures lenders against loss on mortgages. The loans may finance the construction or rehabilitation of acute care hospitals, including major movable equipment and energy efficiency improvements. By obtaining federal mortgage insurance, hospitals can obtain favorable interest rates.

Loan Guarantor

U.S. Department of Housing & Urban Development

Eligibility

Hospitals licensed or regulated by state, municipality, or other political subdivision with at least 50 percent of care provided for general acute patients.

Insurance Limits

The mortgage insurance has no maximum dollar limit, but the mortgage may not exceed 90 percent of the estimated replacement cost of the property.

Other Criteria

There must be a first mortgage on the entire hospital including parking lots and physical plants necessary to operate the facility. The maximum mortgage term is 25 years from the date that amortization of principal begins.

This is an active program, but there is not a large number of guarantees in Nebraska. During fiscal year 1997, one assisted living project in Nebraska with a mortgage amount of $2,744,000 was guaranteed.

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Web Site http://www.hud.gov

U.S. Department of Housing & Urban Development
Federal Housing Administration

Mortgage Insurance for Residential Health Care Facilities

The Federal Housing Administration provides mortgage insurance to facilitate the development and refinancing of nursing homes, intermediate care facilities, board and care homes and assisted living facilities.

The purposes of loans eligible for insurance include the following:

- new construction;
- substantial rehabilitation;
- repairs and improvements;
- major movable equipment;
- refinancing.

Repairs and improvements and substantial rehabilitation can include energy efficiency improvements.

Loans are eligible for securitization by the Government National Mortgage Association. The federal guarantee results in AAA rating on financing.

The repayment term of loans is up to 40 years for new and rehabilitated properties and up to 35 years for existing properties without rehabilitation.

Interest rates are negotiated between the lender and the borrower.

Nursing homes and intermediate care facilities of 20 beds or more, board and care homes, as well as assisted living facilities of five or more bedroom units are eligible for these mortgages.

Projects must be licensed or certified by the Nebraska Department of Health.

Applications may be staged (e.g., Site Appraisal Market Analysis stage or firm commitment). Application and inspection fees apply. The application fee aggregates to $3.00 per $1,000 or requested mortgage amount at the firm commitment stage. The inspection fee is $5.00 per $1,000 of mortgage amount for new construction or rehabilitation.

This is an active program, but there is not a large number of guarantees in Nebraska. During fiscal year 1997, one assisted living project in Nebraska with a mortgage amount of $2,744,000 was guaranteed.

For More Information, Contact

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Pollution Control Loan Program

Pollution Control Loans are intended to provide loan guarantees to eligible small businesses for the financing of the planning, design, or installation of a pollution control facility, including energy efficiency installations. This facility, which includes recycling, must prevent, reduce, abate or control any form of pollution.

Eligibility

Although most small businesses are eligible for Small Business Administration loans, some types of businesses are ineligible and a case-by-case determination must be made by the Small Business Administration. Eligibility is generally determined by type and size of business as well as use of loan funds.

Applicant businesses must operate for a profit; be engaged in, or propose to do business in, the United States or its possessions; have reasonable owner equity to invest; and use alternative financial resources first, including personal assets.

Standards defining the maximum size of an eligible small business vary according to industry as follows:

Industry	Size
Retail and service	$3.5 to $13.5 million sales
Construction	$7.0 to $17.0 million sales
Agriculture	$0.5 to $3.5 million sales
Wholesale	No more than 100 employees
Manufacturing	500 to 1,500 employees

Maximum Amount Loan

The Small Business Administration can guarantee up to $1,000,000 for Pollution Control Loans to eligible businesses.

Maximum Guaranty Percent

For loans of $100,000 or less, the guaranty is up to 80 percent of the loan. For loans in excess of $100,000, the guaranty is up to 75 percent to a maximum of guaranty amount of $750,000.

How to Apply

The Small Business Administration becomes involved in a loan only if the lender believes the assistance of the Small Business Administration is needed. The loan customer and lender together complete the application for the loan guaranty which is submitted to the Small Business Administration by the lender.

For More Information, Contact

Small Business Administration District Office
11145 Mill Valley Road
Omaha, Nebraska 68154
Phone 402-221-4691
Fax 402-221-3680
Barbara Foster for northeast Nebraska, Douglas County and Sarpy County.
Tracey Rucker for all of Nebraska, except northeast Nebraska and Douglas and Sarpy Counties.
Web Site http://www.sbaonline.sba.gov/business_finances/pollute/all.html

State Building Revolving Fund

The Nebraska Energy Office can make no-interest loans to partially finance lighting upgrades in state owned buildings.

Lender

Nebraska Energy Office

Eligibility

State owned buildings

Loan Amount

The maximum loan is 50 percent of the incremental cost of the project. The incremental cost is the installed cost of a project less the normal annual maintenance cost for the same fixtures.

Other Criteria

The no-interest loan can be repaid in equal quarterly installments within the simple payback of the project. Payments start in the fifth quarter after installation.

For More Information, Contact

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Waste Reduction and Recycling Incentive Grants Program

The Nebraska Department of Environmental Quality's Waste Reduction and Recycling Incentive Grants Program provides funding to assist public and private entities in implementing and improving their integrated waste management systems. Since the initiation of the program in 1992, the Department has awarded more than $15.6 million to 266 recipients across the state.

Eligibility

Any public or private entity may apply.

Eligible Activities

Integrated solid waste management programs and projects are eligible activities.

Grant Amount

Although there is no limit on the amount of grant funds requested, a rule of thumb for maximum funding is $200,000. These large awards would only apply to projects which benefit large numbers of Nebraska citizens.

How to Apply

The application deadline is February 1 of each year. Grant application and guidelines are available from the Nebraska Department of Environmental Quality. Grant applications submitted by facsimile will not be considered.

Priority Factors

Six priority factors are evaluated in ranking grant applications. The factors are program benefits for Nebraska, potential for environmental enhancement, potential for continuity, type of program, matching funds and community need.

Type of Program

The kind of programs which are rated are volume reduction at the source, recycling, reuse and vegetative waste composting, disposal of waste on land, incineration with energy resource recovery, incineration for volume reduction, and others.

Annual Funding

Approximately $1.6 million are available for awards each year.

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Multi Family Housing

Affordable Housing Program

The Affordable Housing Program is one of the Federal Home Loan Bank System's community lending programs helping foster partnerships between financial institutions and community based organizations.

Affordable Housing subsidies are awarded twice a year in amounts up to $250,000 per project and are typically combined with other public and private sources of funding. The funds are used by system member lending institutions to help them finance single- and multi-family housing projects that benefit low income individuals and families in their communities.

Affordable housing grants can be used to reduce the interest rate or principal on long-term mortgage financing directed to construction, acquisition or rehabilitation costs, including energy efficiency improvements; applied to cover down payment and closing costs for qualified home buyers, or for other approved purposes. Grant applications are submitted by a lender in partnership with a nonprofit, for-profit or government housing developer. Applications are rated on targeting, subsidy per unit, community participation, community stability, support services and other factors. Deadlines are April 15 and October 15 each year.

To qualify for Affordable Housing funding, the grant application must

- ◆ Support the purchase, construction or rehabilitation of owner-occupied or rental housing.
- ◆ Serve households at or below 80 percent of median income, for home ownership programs.
- ◆ Provide at least 20 percent of the units for individuals earning at or below 50 percent of median income, for rental housing programs.

The Federal Home Loan Bank of Topeka serves Nebraska, Colorado, Kansas, and Oklahoma. The Bank sets aside 10 percent of its net income from the previous year to fund the following year's program. In 1997, Affordable Housing funds totaling $827,120 were received by Nebraska lenders to assist construction or rehabilitation in five housing projects in Nebraska.

The Bank's community investment staff will provide technical assistance and information to financial institutions, local governments and community organizations that are interested in establishing or participating in the Bank's affordable housing program.

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U.S. Department of Agriculture
Rural Development Rural Housing Service

Farm Labor Housing Loans and Grants

Farm Labor Housing loans and grants are made by the Rural Housing Service to enable farmers, public or private nonprofit organizations, and units of state and local governments to build, buy, or repair farm labor housing in either dormitory or multifamily apartment style. Energy efficiency improvements are eligible for financing. This program can be utilized in communities of any size.

Eligibility for a Loan

To be eligible for a loan, an applicant must:

- Be a farm owner, family farm partnership or corporation, an association of farmers whose farming operations demonstrate the need for labor housing or a broadly-based nonprofit organization, including an organization of farm workers.
- Be unable to provide the needed financing for the proposed project from their own resources or from conventional sources.
- Have the resources available to operate and manage the Farm Labor project.
- Have the legal capacity to obtain a loan.
- Intend to use the housing for labor to be used in farming operations.
- An individual applicant must be a citizen or legally admitted for permanent residence. An organization applicant, must be properly organized under state statutes.

Potential applicants should contact the Rural Development Office in their area for preapplication consultation.

Loan Maximum, Interest, and Term

A loan cannot exceed the appraised value. The interest rate is 1 percent under most circumstances. The term is 33 years.

Eligibility for a Grant

All the eligibility requirements for a loan apply. In addition, the applicant must be a broad-based nonprofit organization, a nonprofit organization of farm workers, Native American tribe, or an agency of a state or local government.

Conditions Under Which a Grant May Be Made

The applicant will contribute at least 10 percent of the total development cost. This may be in the form of a loan. Housing most likely could not be provided without a grant being made. Housing must be modest in design and cost.

Maximum Grant

A grant cannot exceed the lesser of 90 percent of total development cost or the portion of the total cash development cost which exceeds the amount paid by the applicant from its own resources plus the amount of a loan which the applicant can repay from rental income of the housing which is the subject of financing.

Funding Level

Nebraska receives no specific allocation. Funding requests are made on a case-by-case basis.

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U.S. Department of Agriculture
Rural Development Housing Loans and Grants

Farm Labor Housing Loans and Grants

An application has just been funded for more than $1,000,000; funding consists of 90% grant and 10% loan. This is a facility in the Panhandle for migrant workers and will be used for the homeless during the non-farming season.

For More Information, Contact

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Beatrice, NE 68310
Phone 402-223-3125
Fax 402-228-0535
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Arleta Bauch
Rural Development Office
P.O. Box 730
Kearney, NE 68848
Phone 308-236-5474
Fax 308-236-6290
Email abauch@rdasun2.rurdev.usda.gov

Dixie L. Lederer
Rural Development Office
1909 Vicki Lane, Suite 103
Norfolk, NE 68701
Phone 402-371-6193
Fax 402-371-8930
Email dlederer@rdasun2.rurdev.usda.gov

Dianna Amandus
Rural Development Office
8901 South 154th, Suite 2
Omaha, NE 68138
Phone 402-892-0430
Fax 402-891-0429
Email damandus@rdasun2.rurdev.usda.gov

Rebecca Brown
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North Platte, NE 69103
Phone 308-534-3131
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Email rbrown@rdasun2.rurdev.usda.gov

Low-Income Housing Tax Credit Program

Established by the *Tax Reform Act of 1986*, this program authorizes a federal tax incentive for the construction or rehabilitation of rental housing units occupied by low-income households. The Nebraska Investment Finance Authority awards the annual supply of tax credits to developers of projects picked in application cycles.

The Low-Income Housing Tax Credit provides the owner with a tax credit to offset federal income tax for a ten year period. The use of tax credits is subject to the passive loss and alternative minimum tax provisions of the Internal Revenue Service.

Tax credits that are allocated to any project are claimed in equal amounts for a ten year period. The rental property generating the credit must remain in compliance with the program guidelines and rent restriction requirements for at least fifteen years from the first taxable year of the credit period.

To be eligible for tax credits, the proposed property must entail new construction, substantial rehabilitation, or acquisition and substantial rehabilitation. The minimum requirements necessary to qualify any building for substantial rehabilitation credits under the tax credit program are found in Section 43(e)(3) of the Internal Revenue Code of 1986.

A building is substantially rehabilitated if the expenditures during any 24-month period are the greater of (a) 10 percent of the depreciable basis of the building determined as of the first day of the 24-month period or (b) an average of $3,000 per low-income unit.

Qualified new construction and substantial rehabilitation costs earn credits at a rate of approximately 9 percent (4 percent, if tax-exempt bonds or other federal subsidies are used) each year for a ten year period.

Units Available to the General Public

Units must be made available to the general public and cannot be restricted to members of a particular social organization such as a religious group. However, owners can target a particular type of occupant such as the elderly, mentally or physically disabled or homeless, provided that the targeting does not violate Housing and Urban Development's nondiscrimination provisions under the fair housing and civil rights statue.

Ineligible Projects

Generally, hospitals, nursing homes, sanitariums and life care facilities are not eligible for tax credits because tenants are normally charged for mandatory services such as meals and medical care which increase their rent payments above the maximum rent limitation. Trailer parks and dormitories, which are usually classified as transient housing, are also not eligible.

For More Information, Contact

Nebraska Investment Finance Authority
200 Commerce Court
1230 O Street
Lincoln, NE 68508-1402
Phone 402-434-3900 or 800-240-6432
Fax 402-434-3921
Web Site http://www.nifa.org/

Mortgage Insurance for New Construction and Substantial Rehabilitation of Rental Housing

The Federal Housing Administration provides mortgage insurance to facilitate the development of rental housing. The Federal Housing Authority's 221(d) program is for new construction or substantial rehabilitation of multi-family rental properties.

The 221(d) program is not a direct loan program. The Federal Housing Authority insures loans originated by private, lenders approved by the U.S. Department of Housing and Urban Development. Prospective project sponsors and mortgagors are responsible for finding a lender approved by the Department of Housing and Urban Development to make a loan and submit an application for commitment to the Omaha Office of the Department of Housing and Urban Development.

Eligibility

Properties must contain five or more rental or cooperative units. Projects may be designed for the elderly (aged 62 or older) or handicapped residents. Profit-motivated, nonprofit, limited distribution and cooperative mortgagors are eligible. The properties mortgaged must comply with specified Housing and Urban Development and local standards.

Mortgage Limits

For profit motivated mortgagors, the maximum insurable mortgage amount is the lowest of 90 percent of the Federal Housing Authority's estimate of project replacement cost, 90 percent of net income for debt service, or statutory per dwelling unit limits.

For nonprofit mortgagors, the maximum insurable mortgage amount is the lowest of 100 percent of the Federal Housing Authority's estimate of project replacement cost, 95 percent of net income for debt service or statutory per dwelling unit limits.

Mortgage Term and Interest Rate

The mortgage term is limited to the lower of 40 years or 75 percent of the project's remaining economic life. Interest rates are negotiated between the lender and the borrower.

Other Requirements

Applications may be staged (e.g., Site Appraisal Market Analysis stage, firm commitment). Application and inspection fees apply. The application fee aggregates to $3.00 per $1,000 or requested mortgage amount at the firm commitment stage. The inspection fee is $5.00 per $1,000 of mortgage amount for new construction or rehabilitation.

This is an active ongoing program. Applications from approved lenders can be submitted at any time at the Omaha Office of the U.S. Department of Housing and Urban Development.

For More Information, Contact

U.S. Department of Housing and Urban Development
10909 Mill Valley Road
Omaha, NE 68154-3955
Fax 402-492-3184
Linda Grabowski 402-492-3122
Rick Mehal 402-492-3118
Web Site http://www.hud.gov

Mortgage Insurance for Rehabilitation and Repair of Residential Properties (Section 203k)

The Section 203(k) program is administered by the Federal Housing Administration, which is part of the Department of Housing and Urban Development. The Housing Authority insures loans originated by private lenders approved by the U.S. Department of Housing and Urban Development. The Section 203(k) program is the Department's primary mortgage insurance program for rehabilitation and repair of single family properties. Some multi-family properties are included, however, because eligibility extends up to four family multi-family dwellings. The program can be used to purchase dwellings and the land on which the dwelling is located and rehabilitate it; to purchase a dwelling, move it onto a new foundation on a new site and rehabilitate it; to refinance existing indebtedness and rehabilitate the dwelling.

Eligibility

To be eligible, the property must be a one to four family dwelling that is at least a year old. Condominium and cooperative units are not eligible. The program can be used to convert a one family dwelling to a two, three, or four family dwelling. An existing multi-unit dwelling could be decreased to a one to four family unit.

Eligible Improvements

There are a number of eligible improvements some which specifically pertain to energy efficiency are energy conservation improvements (e.g. new double pane windows, steel insulated exterior doors, insulation, solar domestic hot water systems, caulking and weather-stripping) and reconditioning or replacement of plumbing, heating, air conditioning and electrical systems. There is a minimum $5,000 requirement for the eligible improvements.

Energy Standards

Rehabilitation and additions to existing structures must meet cost effective energy conservation standards.

Mortgage Limits

For owner-occupied properties, the maximum mortgage insured is 97 percent of the first $25,000 and 95 percent on the balance of the Department's estimated value of the property. For investors, the maximum mortgage amount is 85 percent of the Department's estimated value of the property.

For More Information, Contact

Clifton E. Jones
U.S. Department of Housing and Urban Development
10909 Mill Valley Road
Omaha, NE 68154-3955
Phone 402-492-3134
Fax 402-492-3184
Web Site http://www.hud.gov

Rural Rental Housing Loans

The Rural Housing Service makes loans to finance building construction and site development of multi-family living quarters for people with very low, low and moderate incomes. Some units are reserved for people aged 62 and over. Loans can be made in this program to construct housing that will be operated in cooperative form. Loan funds may not be used to finance individual units within the project.

Building construction includes the purchase of an existing building and rehabilitating it. Rehabilitation includes energy efficiency improvements.

The objective is to provide economically designed and constructed rental housing and selected facilities for eligible households in rural areas. Rural areas for this program are generally defined as communities of 20,000 population and less, but do include the community of Norfolk and the area of Scottsbluff, Gering and Terrytown.

The purposes of the loans are:

- ◆ To provide financing for construction of needed new apartment units that are modest in design and cost and;
- ◆ For needed rehabilitation of existing structures to provide modest apartment units. The terms of the loans are fifty years.

Eligibility

To be eligible for a loan, an applicant must:

- ◆ Be an individual or an organization properly formed under state statutes.
- ◆ Be unable to provide the needed financing for the proposed project from their own resources or from conventional sources.
- ◆ Be financially capable of handling the proposal with Rural Development financing.
- ◆ Be able to manage the proposed project.

Potential applicants should contact the Rural Development Office in their area for preapplication consultation.

Maximum Loan Amount

The maximum loan to a nonprofit organization will be the lesser of 100 percent of development cost or the appraised value.

The maximum loan to all borrowers other than nonprofit organizations, if tax credits are involved, will be 95 percent of the lesser of the appraised value or 100 percent of development cost. If tax credits are not involved, the maximum loan will 97 percent of the lesser of the appraised value or 100 percent of development cost.

Tenant Eligibility Requirements

Tenants must meet the definition of very low, low, or moderate income households. Income limits vary from county to county and by size of household. Income limits are available from any Rural Development office.

Occupancy standards must be met.

The project must be designated as elderly or family.

Interest Rates

Interest rates for loans will generally change quarterly. Check with any Rural Development office for the current rate.

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Rural Rental Housing Loans

Funding Level

Nebraska received an allocation of $1 million for fiscal year 1998. The allocation will all be used for a project in the Panhandle. Total funds obligated are expected to be $1.5 to $2 million after additional funds are received.

For More Information, Contact

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USDA Rural Development Office
201 North 25th
Beatrice, NE 68310
Phone 402-223-3125
Fax 402-228-0535
Email tkostal@rdasun2.rurdev.usda.gov

Arleta Bauch
Rural Development Office
P.O. Box 730
Kearney, NE 68848
Phone 308-236-5474
Fax 308-236-6290
Email abauch@rdasun2.rurdev.usda.gov

Dixie L. Lederer
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1909 Vicki Lane, Suite 103
Norfolk, NE 68701
Phone 402-371-6193
Fax 402-371-8930
Email dlederer@rdasun2.rurdev.usda.gov

Dianna Amandus
Rural Development Office
8901 South 154th, Suite 2
Omaha, NE 68138
Phone 402-892-0430
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Email damandus@rdasun2.rurdev.usda.gov

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Email rbrown@rdasun2.rurdev.usda.gov

Supportive Housing for Persons With Disabilities Funds (Section 811)

The Department of Housing and Urban Development provides funding to expand the supply of supportive housing for persons with disabilities. Capital advances, which bear no interest, are provided to finance the construction, rehabilitation or acquisition with or without rehabilitation of housing. Energy efficiency and waste reduction improvements are included in rehabilitation measures which may be financed. Repayment of the advance is not required as long as the housing remains available for occupancy for at least 40 years by very low-income persons with disabilities.

Eligibility

Nonprofit organizations with a Section 501(c)(3) tax exemption ruling from the Internal Revenue Service are eligible for capital advances.

Types of Housing

A variety of housing options may be developed, including group independent living facilities, dwelling units in multi-family housing developments, condominium housing and cooperative housing.

Supportive Services

The sponsor must ensure that residents have access to any necessary supportive services which must be funded from non-HUD sources.

How to Apply

An application for Section 811 funds is made to the Department of Housing and Urban Development. Notice of fund availability is published in the spring of each year in the *Federal Register*. The deadline for applying is generally two months after publication of the notice of availability. Selections usually are announced in September.

There was funding for ten units in Nebraska in 1998. The deadline for applications was July 7, 1998. At this time, no deadlines for 1999 applications have been announced.

For More Information, Contact

U.S. Department of Housing and Urban Development
10909 Mill Valley Road
Omaha, NE 68154-3955
Fax 402-492-3184
Linda Grabowski 402-492-3122
Rick Mehal 402-492-3118
Web Site http://www.hud.gov

Supportive Housing for the Elderly (Section 202)

The Department of Housing and Urban Development provides funding to expand the supply of supportive housing for elderly persons. Capital advances which bear no interest are provided to finance the construction or rehabilitation of housing. Energy efficiency and waste reduction improvements may be financed with these funds. Repayment of the capital advance is not required as long as the housing remains available for occupancy for at least 40 years by very low-income elderly persons.

Eligibility

Nonprofit organizations and consumer cooperatives are eligible to apply.

Supportive Services

Supportive services must be appropriate to the category or categories of elderly residents to be served. It is the responsibility of the sponsor to arrange for the provision and funding of these services appropriate to the assessed needs of the residents.

How to Apply

An application for a fund reservation is made to the Department of Housing and Urban Development. Notice of fund availability is published in the spring of each year in the *Federal Register*. The deadline for applying is generally two months after publication of the notice of availability. Selections usually are announced in September.

There was funding for twenty metropolitan units and fifteeen non-metropolitan units in Nebraska in 1998. The deadline for applications was July 7, 1998. Application dates for 1999 are not available at this time.

For More Information, Contact

U.S. Department of Housing and Urban Development
10909 Mill Valley Road
Omaha, NE 68154-3955
Fax 402-492-3184
Linda Grabowski 402-492-3122
Rick Mehal 402-492-3118
Web Site http://www.hud.gov

Tax Exempt Bond Financing for Rental Housing

The Nebraska Investment Finance Authority has authority to issue revenue bonds or other debt instruments to finance rental housing projects. These projects are defined as specific work or improvement within Nebraska undertaken primarily to provide rental dwelling accommodations for low-income or moderate-income persons, which work or improvement will include the acquisition, construction or rehabilitation of land, buildings, and improvements and functionally related facilities such as heating and cooking equipment.

If the bonds meet federal tax law requirements, they bear interest that is exempt from federal income tax and from Nebraska state income tax as well. The borrower must find purchasers of the bonds either by direct placement with a financial institution or by public sale using an investment banker. Interest rates are negotiated by the borrower and the financial institution or investment banker. Because the bonds are tax-exempt, interest rates are usually lower than rates available through commercial sources.

Bond Issuer

Nebraska Investment Finance Authority.

Who Is Eligible?

Developers of projects which will be occupied by low-income individuals and families.

Bond Amount

Bond amount is subject to available bond allocation cap. The bond allocation cap is determined by the amount of tax exempt bonds issued by the federal government to the state for private activity.

Other Criteria

A party seeking financing must contact a financial institution or underwriter and arrange for structuring and subsequent purchase of the tax-exempt bonds. The applicant also contacts and hires bond counsel to draft the necessary documents for the financing. All costs in connection with the financing are the responsibility of the applicant. Fees of the Nebraska Investment Finance Authority are as follows:

Application Fee — a nonrefundable fee of 1/16th of 1 percent of the bond amount requested with a $1,000 minimum, to be applied to the issuance fee if the bond issue closes.

Issuance Fee — 1/8 of 1 percent of bond amount with a $1,000 minimum.

Legal Counsel Fee for Nebraska Investment Finance Authority — although the amount varies, it usually includes normal hourly rates plus disbursements.

Assumption Fee — 1/8 of 1 percent of outstanding bond balance with a $1,000 minimum.

Bond Allocation Deposit — 1 percent of bond amount requested with a $5,000 minimum. This amount is forfeited to the extent allocation is not used within prescribed time limits.

For More Information, Contact

Nebraska Investment Finance Authority
200 Commerce Court
1230 O Street
Lincoln, NE 68508-1402
Phone 402-434-3900 or 800-240-6432
Fax 402-434-3921
Web Site http://www.nifa.org/

All Types of Buildings

U.S. Department of Agriculture
Rural Development Rural Business Cooperative Service

Business and Industrial Guaranteed Loan Program

The business and industry program guarantees loans made by commercial lenders against a portion of loss resulting from borrower default. Loan proceeds may be used for working capital, machinery and equipment, energy efficiency improvements, buildings and real estate, and certain types of debt refinancing.

The maximum percentage of guarantee is 80 percent for loans of $5 million or less, 70 percent of loans between $5 and $10 million, and 60 percent for loans exceeding $10 million up to and including $25 million. Under certain circumstances, guarantees up to 90 percent can be made on loans of $10 million or less.

Lenders

The loan is made by a commercial lender — generally authorized lenders, federal or state chartered banks, credit unions, insurance companies, savings and loan associations, Farm Credit Bank, other Farm Credit System institutions with direct lending authority, or mortgage company that is part of a bank-holding company — plus the National Rural Utilities Cooperative Finance Corporation, eligible Rural Utilities Service borrowers, and other lenders, approved by USDA Rural Development,who have met the designated criteria.

Who Is Eligible?

Virtually any legally organized entity — cooperative, corporation, partnership, trust or other entity organized and operating on a profit or nonprofit basis, Native American tribe or federally recognized tribal group, municipality, county or other political subdivision of a state or an individual — is eligible for a loan provided the community is smaller than 50,000 in population.

Interested applicants should contact the Rural Development Office in their area for preapplication consultation.

Loan Amount

The maximum aggregate guaranteed loan(s) amount is $25 million to any one borrower.

Loan Maturity

Maximum loan maturities are 7 years for working capital, 15 years for machinery and equipment and 30 years for real estate.

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U.S. Department of Agriculture
Rural Development Rural Business Cooperative Service

Business and Industrial Guaranteed Loan Program

Other Criteria

Collateral must be sufficient to protect the interests of the lender and the government and usually include personal and/or corporate guarantees.

Funding

The allocation to Nebraska for fiscal year 1998 is $4,673,000

For More Information, Contact

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USDA Rural Development Office
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Lincoln, NE 68516
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Email bprochas@rdasun2.rurdev.usda.gov

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USDA Rural Development Office
P.O. Box 2009
North Platte, NE 69103
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Fax 308-534-3132
Email rmeus@rdasun2.rurdev.usda.gov

U.S. Department of Interior National Park Service

Historic Preservation Tax Credit

The Historic Preservation Tax Credit is designed to provide 20 percent of allowable costs for rehabilitating historic buildings for commercial, industrial, and rental residential purposes. In addition, a 10 percent tax credit is available for non-residential rehabilitation on non-historic structures built prior to 1936.

Eligibility

Five criteria exist in order to be eligible for the Historic Preservation Tax Credit. The structures must be certified historic buildings, rehabilitation efforts must meet the Secretary of the Interior's Standards for Rehabilitation, the structure must be a depreciable building and not an owner occupied residence, rehabilitation expenses must be substantial, and the rehabilitation of the structure must be completed within two years.

How to Apply

Individuals interested in a Historic Preservation Tax Credit should contact the State Historic Preservation Office. The National Park Service will review requests and issue applicable tax credit certification. An application fee may be required depending on the overall cost of the project.

For More Information, Contact

Bob Puschendorf
Nebraska State Historical Preservation Office
Nebraska State Historical Society
P.O. Box 82554
Lincoln, NE 68501
Phone 402- 471-4769
Fax 402-471-3316

Lease Purchase Agreements

Lease purchase enables the applicant to acquire the use of property or equipment without an initial cash outlay. At the end of a capital lease or lease purchase, the lessee has the option of purchasing the equipment at the price stipulated in the lease.

Leases for financing of energy efficiency equipment are provided by a number of companies serving Nebraska.

Leases are sometimes used for financing of energy efficiency equipment. Leasing companies serving Nebraska include:

Bill Giovanni
Ameritas Investment Corporation
5900 O Street
Lincoln, NE 68510-2234
Phone 402-467-6921 or
Toll Free 800-228-8712
Fax 402-467-6942
Email bgiovanni@ameritas.com

Maria Sherffius
FBS Investments
233 South 13th St. 10th Floor
Lincoln, NE 68508-2003
Phone 402-434-7376 or
Toll Free 800-742-7376
Fax 402-434-1109

Kirk Jameson
Kirkpatrick Pettis
301 South 13th St., Suite 711
Lincoln, NE 68508
Phone 402-475-5602 or
Toll Free 800-955-2557
Fax 402-473-2175

W. Don Nelson
Smith Hayes Financial Services Corporation
200 Centre Terrace
P.O. Box 83000
Lincoln, NE 68501-3000
Phone 402-437-1050
Direct Dial 402-437-1050 or
Fax 402-476-6909

For More Information, Contact

National Association of Energy Companies
http://www.naesco.org/provider.htm#

Lightworld's Directory
http://www.lightworld.com/11wesco.htm

The International Council for Local Environmental Initiatives
http://www.iclei.org/manualsfdirect.htm

Energy Fitness Program
http://www.ornl.gov/EFP/

Financing Solution (limits to programs)
http://www.eren.doe.gov/financing

The Energy Office is providing this list of firms for information purposes. Inclusion on this list does not imply endorsement of a firm or its products by the State of Nebraska.

Loan Guaranty Program

The 7(a) Loan Guaranty Program is one of the Small Business Administration's primary loan guaranty programs. It provides loan guaranties to small businesses unable to secure financing on reasonable terms through normal lending channels. The program operates through private sector lenders that provide loans which are in turn guaranteed by the Small Business Administration.

The guaranteed loans can be used for most business purposes. These include the purchase of real estate for business operations; construction, renovation or leasehold improvements, including energy efficiency improvements; acquisition of furniture, fixtures, machinery and equipment; purchase of inventory; and working capital.

Eligibility

Although most small businesses are eligible for Small Business Administration Loans, some types of businesses are ineligible and a case-by-case determination must be made by the Small Business Administration. Eligibility is generally determined by type and size of business as well as use of loan funds.

Applicant businesses must operate for a profit; be engaged in, or propose to do business in, the United States or its possessions; have reasonable owner equity to invest; and use alternative financial resources first, including personal assets.

Standards defining the maximum size of an eligible small business vary according to industry as follows:

Industry	Size
Retail and service	$3.5 to $13.5 million sales
Construction	$7.0 to $17.0 million sales
Agriculture	$0.5 to $3.5 million sales
Wholesale	No more than 100 employees
Manufacturing	500 to 1,500 employees

Maximum Loan Amount

The maximum amount of loan guaranty is generally $750,000. If a lender requests the maximum guaranty of 75 percent, the total loan amount available under the 7(a) program would normally be limited to $1 million.

Maximum Guaranty Percent

For loans of $100,000 or less, the guaranty is up to 80 percent of the loan. For loans in excess of $100,000, the guaranty is up to 75 percent to a maximum guaranty amount of $750,000.

How to Apply

The Small Business Administration becomes involved in a loan only if the lender believes the assistance of the Small Business Administration is needed. The loan customer and lender together would complete the application for the loan guaranty.

For More Information, Contact

Small Business Administration District Office
11145 Mill Valley Road
Omaha, Nebraska 68154
Phone 402-221-4691
Fax 402-221-3680
Barbara Foster for northeast Nebraska, Douglas County and Sarpy County.
Tracey Rucker for all of Nebraska, except northeast Nebraska and Douglas and Sarpy Counties.
Web Site http://www.sbaonline.sba.gov/business_finances/pollute/all.html

LowDoc Guaranty Program

The LowDoc Program was designed to increase the availability of loans under $100,000 to small businesses and streamline and expedite the Small Business Administration's loan review process. It offers a simple, one-page application form and rapid turnaround on loans of up to $100,000. Completed applications are processed quickly by the Small Business Administration upon receipt from the lender, usually within two or three days. Consequently the loan decision process relies heavily upon the strength of the borrower's character and credit history.

The guaranteed loans can be used for most business purposes. These include the purchase of real estate for business operations; construction, renovation or leasehold improvements, including energy efficiency improvements; acquisition of furniture, fixtures, machinery and equipment; purchase of inventory; and working capital.

Eligibility

Although most small businesses are eligible for Small Business Administration Loans, some types of businesses are ineligible and a case-by-case determination must be made by the Small Business Administration. Eligibility is generally determined by type and size of business as well as use of loan funds.

Applicant businesses must operate for a profit; be engaged in, or propose to do business in, the United States or its possessions; have reasonable owner equity to invest; and use alternative financial resources first, including personal assets.

Standards defining the maximum size of an eligible small business vary according to industry as follows:

Industry	Size
Retail and service	$3.5 to $13.5 million sales
Construction	$7.0 to $17.0 million sales
Agriculture	$0.5 to $3.5 million sales
Wholesale	No more than 100 employees
Manufacturing	500 to 1,500 employees

Maximum Loan Amount

The maximum loan amount under the LowDoc program is $100,000.

Maximum Guaranty Percent

The Small Business Administration may guaranty up to 80 percent of LowDoc loans.

How to Apply

The Small Business Administration becomes involved in a loan only if the lender believes the assistance of the Small Business Administration is needed. The loan customer and lender together complete the application for the loan guaranty which is submitted to the Small Business Administration by the lender.

For More Information, Contact

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Web Site http://www.sbaonline.sba.gov/business_finances/pollute/all.html

1998 Multi-Family Electric Heat Incentive Program

The following guidelines will generally apply. Exceptions will be handled on a case-by-case basis.

1. All space heating and water heating equipment must be permanently installed.

2. An incentive payment will be paid to the owner of a building after the equipment is installed, operating and verified by Nebraska Public Power District or by a participating utility.

3. Apartments are considered multi-family if they are separately metered. An apartment building is considered to be commercial if it is master metered. Duplexes and condominiums will be considered residential.

4. "New" refers to new construction with new equipment.

Conversion means that the primary source of heat had been a fossil fuel system, which must be removed except in the case of an add on heat pump.

Replacement with a more efficient heat pump system (indoor coil and outdoor unit) for an entire building qualifies as an air source heat pump heating upgrade.

Resistance to resistance equipment change outs are not eligible. Replacements by electric furnaces do not qualify as upgrades.

Replacement of an air conditioner with another air conditioner does not qualify as an upgrade.

5. To be eligible for a SEER, or Seasonal Energy Efficiency Rating, payment, an apartment must be totally electrically heated or heated with air source heat pumps with fossil fuel backup. An apartment with a fossil fuel furnace and air conditioner is not eligible for a SEER payment.

6. The SEER value for an air source heat pump or an air conditioner will be taken from the Air-conditioning Refrigeration Institute Unitary Directory for the Manufacturer and the Specific Equipment Model Designation. The Model Designation consists of an Outdoor Unit model number and an Indoor Unit model number. The Indoor Unit model number identifies the air handler and the coil. The specific equipment must be Air-conditioning Refrigeration Institute listed to qualify for a new, conversion or upgrade payment (heat pump only).

7. The Cooling EER value may be used instead of a SEER value for a ground source heat pump. The Cooling EER value will be taken from the Air-conditioning Refrigeration Institute Applied Products Directory for the Manufacturer and the Specific Equipment Designation. For a ground water source (open loop) heat pump, the Low Temperature Cooling EER (at 50°F inlet fluid temperature) may be used. For a closed loop ground source heat pump, only one rating condition is available (at 77°F inlet fluid temperature).

8. Primary and secondary payment combinations are not applicable for multi-family heating.

9. A resistance water heater must be a minimum of 40 gallons in size to be eligible. If a water heating system involving a heat pump also includes a resistance water heater tank, the resistance water heater tank is not eligible for a separate payment.

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1998 Multi-Family Electric Heat Incentive Program

10. Additions and supplemental equipment are not eligible for incentive payments.

All applications in the electric heat incentive program which meet program eligibility requirements will be approved. There is no limit on the number of applications which can be funded.

1998 Electric Heat
Incentive Program

Multi-Family Heating & Cooling

	Resistance	Air Source Heat Pump	Ground Source Heat Pump
Heating	$150	$300	$500
Cooling*	$50	$100	$100
Possible **TOTAL**	$200	$400	$600

Multi-Family Water Heating

Resistance	Integrated Equipment, Stand Alone Heat Pump Water Heater, or Desuperheater
$50	$100

❋ Cooling Payment:
Minimum SEER - Air Conditioning = 11.0
Minimum SEER - Heat Pumps = 10.0

Notes: Upgrades are limited to equipment "change outs" that provide increases in heating efficiency.

Upgrades are paid at the new and conversion equipment rate.

For More Information, Contact

Ken Curry
Energy Services Team Leader
Nebraska Public Power District
P.O. Box 499
Columbus, NE 68502-0499
Phone 402-563-5330
Fax 402-563-5090
Email kbcurry@nppd.com

1998 Commercial Electric Heat Incentive Program

The following guidelines will generally apply. Exceptions will be handled on a case-by-case basis:

1. All space heating and water heating equipment must be permanently installed.

2. An incentive payment will be paid to the owner of a building after the equipment is installed, operating and verified by the utility or by a participating utility.

3. An apartment building is considered to be commercial if it is master metered. If the apartments are separately metered, they will be considered to be multi-family. Duplexes and condominiums will be considered residential.

4. "New" refers to new construction with new equipment.

An addition to a commercial building is eligible for a "new payment" if a new heating system is being installed in a new addition.

Conversion means that the primary source of heat had been a fossil fuel system, which must be removed except in the case of an add on heat pump.

Replacement with a more efficient heat pump system (indoor coil and outdoor unit) for an entire building qualifies as an air source heat pump heating upgrade.

Resistance to resistance equipment change outs are not eligible. Replacements by electric furnaces do not qualify as upgrades.

Replacement of an air conditioner with another air conditioner does not qualify as an upgrade.

5. A commercial heating payment is determined by multiplying the respective matrix value times the design heating load in kilowatts. The design heating load may be calculated by the utility's Energy Management personnel or by an engineer, or may be estimated using a value of 6 watts per square foot (0.006 kilowatts/sf) times the square foot floor area (excluding basement). The installed capacity (in output kilowatts) may be used instead of the design heating load if it is a reasonable value. For a heat pump, the installed kilowatts may be calculated by dividing the heat pump British thermal units per hour cooling capacity by 3,413. Backup heat is not included as part of heat pump capacity. No payment is made for heat pump backup heat. NPPD reserves the right to determine the appropriateness or to limit the value of a design heating load, determined by any of the above methods

6. Normally, an agricultural building is not eligible for incentive payments. Two exceptions are: an office area is eligible for a space heating incentive payment and water heating incentive payment. A heat reclaim water heater installed in a dairy barn will be eligible for payment as a heat pump water heater.

7. To be eligible for a SEER payment, a whole building must be totally electrically heated or heated with air source heat pumps with fossil fuel backup. A building with fossil fuel furnaces and air conditioners is not eligible for a SEER payment. The SEER payment is available only in conjunction with a new, conversion or upgrade space heating payment.

8. The SEER value for an air source heat pump or an air conditioner will be taken from the Air-conditioning Refrigeration Institute Unitary Directory for the Manufacturer and the Specific Equipment Model Designation. The Model Designation consists of an Outdoor Unit model number and an Indoor Unit model number. The Indoor Unit model number identifies the air

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handler and the coil. The specific equipment must be Airconditioning Refrigeration Institute listed to qualify for a new, conversion or upgrade payment (heat pump only). The cooling capacity in tons is calculated by dividing the cooling capacity in million British thermal units per hour by 12 (or dividing British thermal units per hour by 12,000).

9. The Cooling EER, or Energy Efficiency Rating, value may be used instead of a SEER value for a ground source heat pump. The Cooling EER value will be taken from the Air-conditioning Refrigeration Institute Applied Products Directory for the Manufacturer and the specific equipment Designation. For a ground water source (open loop) heat pump, the Low Temperature Cooling EER (at 50°F inlet fluid temperature) may be used. For a closed loop ground source heat pump, only one rating condition is available (at 77°F inlet fluid temperature). The cooling capacity in tons is calculated by dividing the cooling capacity in British thermal units per hour by 12,000.

10. For a two-speed heat pump, the average of the high speed and the low speed Cooling Capacity and SEER or EER values may be used in the SEER payment calculation.

11. Primary and secondary payment combinations are not applicable for commercial space heating.

12. A limit of $4,000 applies for commercial water heating. If a water heating system involving a heat pump also includes a resistance water heater tank, the resistance water heater tank is not eligible for a separate payment.

13. Supplemental heat is not eligible for an incentive payment.

14. For a commercial ground source heat pump system larger than 25 tons, the following will apply:

a. The average of all the equipment installed must be 13.0 EER or above (at Airconditioning Refrigeration Institute 330 conditions).

b. All circulating pumping equipment must be variable speed to be eligible for the full cooling EER payment rate of $12 x tons x (EER-10). If the circulating pumping equipment is not variable speed, the cooling EER payment will be reduced to a lower rate of $6 x tons x (EER-10).

c. The capacity of heat recovery equipment will be calculated as part of the overall heating system incentive payment.

d. The participating utilities have the option of conducting periodic inspections of the installation and to require an on-site factory start-up performance and design verification.

1998 Electric Heat
Incentive Program

Commercial Heating & Cooling

	Resistance	Air Source Heat Pump	Ground Source Heat Pump
Heating	$20/kW	$35/kW	$50/kW
Cooling*	$12 x tons x (SEER-11	$12 x tons x (SEER-10)	$12 x tons x (EER-10

Commercial Water Heating

Resistance	Integrated Equipment, Stand Alone Heat Pump Water Heater, or Desuperheater
$2/gallon	$4/gallon

❋ Cooling ratings will be from the Airconditioning Refrigeration Institute Directories. Refer to guidelines for cooling incentive payments for commercial ground source heat pumps over 25 tons.

Note: Upgrades are limited to equipment "change outs" that provide increases in heating efficiency.

Upgrades are paid at the new and conversion equipment rate.

For More Information, Contact

Ken Curry
Energy Services Team Leader
Nebraska Public Power District
P.O. Box 499
Columbus, NE 68502-0499
Phone 402-563-5330
Fax 402-563-5090
Email kbcurry@nppd.com

Performance Contracting

An energy services company is a private company that provides an array of energy efficiency and conservation services including developing, installing and financing comprehensive, performance-based projects with the objective of improving the energy efficiency of facilities owned or operated by their clients.

Performance-based means that the compensation of the energy services company is linked to the amount of energy saved. Projects are comprehensive when the energy service company targets a broad array of cost-effective measures for a facility.

Energy service companies are project developers in that they identify, design and finance the project. They install and maintain project equipment, verify the project's energy savings, and assume the risk that projected energy savings do not materialize.

The National Association of Energy Service Companies' accreditation program sets standards for energy service companies. For a company to qualify as an energy service company under the Association's accreditation rules it must demonstrate that it has technical and managerial competence to develop comprehensive energy efficiency projects, that it offers a full range of energy services — from energy audits to financing to savings verification — and that it develops performance-based projects in which its compensation is based on energy savings.

Performance contracting refers to the practice of providing energy savings to a customer for a fee, the level of which depends on the amount of energy saved.

Some energy service companies located in the Midwest that currently serve Nebraska are:

Robert Fleming
Energy Masters Corporation
9101 W. 110th Street
Suite 200
Overland Park, KS 66210-1449
Phone 913-469-5454, Ext. 119
Fax 913-469-5343
Email robert.a.fleming@emasters.com

James Crossman
Financial Energy Management
1625 Downing Street
Denver, CO 80218
Phone 303-832-1920
Fax 303-831-8221
Email financiale@aol.com

Joan Sullivan
Honeywell, Inc.
Honeywell Plaza
MN27-3246
P.O. Box 524
Minneapolis, MN 55440
Phone 612-830-3677
Fax 612-830-3884
Email joanne.sullivan@HBCfield.honeywell.com

Jim Foley
Johnson Controls, Inc.
4308 South 89th Street
Omaha, Nebraska 68127
Phone 402-331-6161
Fax 402-331-1022
Email james.e.foley@jci.com

Marcia Gray
Custom Energy, LLC
9217 Cody St.
Overland Park, KS 66214
Phone 913-888-8050
Fax 913-888-5558
Email marciag@customenergy.com

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Performance Contracting

Alan Riefenberg
United Financial of Illinois
800 East Diehl Road, Ste. 185
Naperville, IL 60563
Phone 630-955-0188
Fax 630-955-0195
Email ariefenberg@unitedfinancial-il.com

John Mahoney
Viron Energy Services
216 NW Platte Valley Drive
Riverside, MO 64150
Phone 816-741-3500
Fax 816-746-0260
Email jmahoney@viron.com

The Energy Office is providing this list of firms for information purposes. Inclusion on this list does not imply endorsement of a firm or its products by the State of Nebraska.

For More Information, Contact

National Association of Energy Companies
http://www.naesco.org/provider.htm#

Lightworld's Directory
http://www.lightworld.com/11wesco.htm

The International Council for Local Environmental Initiatives
http://www.iclei.org/manualsfdirect.htm

Energy Fitness Program
http://www.ornl.gov/EFP/

Financing Solution (limits to programs)
http://www.eren.doe.gov/financing

6% Dollar and Energy Saving Loans

For Home, Building and System Improvements and More

Many common home, building or system energy improvements qualify for financing. These projects are generally cost-effective and can be financed with a low-interest loan for up to ten years, or for five years for appliances.

- **Refrigerator, Freezer, Dishwasher or Clothes Washer** replacements.
- **Insulation** added to walls, floors, ceilings, attics and other building envelope surfaces.
- **Windows and Doors** replaced or repaired or storm windows and doors installed.
- Certain high performance new windows or glass doors
- Certain high performance new doors
- **Building Air Leaks** sealed with caulk and weatherstrip or thresholds installed.
- **High Efficiency Heating Equipment** installed, including furnaces, boilers and heat pumps.
- Forced air gas furnace, AFUE 90 minimum
- Steam or hot water boiler, AFUE 83 minimum
- Radiant heating, Combustion Efficiency 80% minimum
- Combination water and space heater, CAE 74 minimum
- **High Efficiency Air Conditioning Equipment** installed, including window and central air conditioners and heat pumps.
- Central air conditioner, 12.0 SEER minimum
- Room or window air conditioner, 10.0 EER minimum
- Air source heat pump, 12.0 SEER/7.8 HSFP minimum
- Ground water or ground coupled heat pump, 13.0 EER/3.0 COP minimum
- **High Efficiency Water Heaters**.
- **Thermostats** and other controls.
- **Duct, Pipe and Water Heater Insulation**.
- **High Efficiency Lighting and Controls**.
- **Alternate Fuel Vehicles and Fueling Facilities**.
- **Telecommunications Equipment** such as network access equipment, video and audio conferencing devices and other equipment which save energy by reducing the need for physical transportation.
- **Other Energy Efficiency and Waste Minimization** projects can be financed in some situations. Contact the Energy Office for details.

Required efficiency standards for other improvements are listed on specific forms..

Borrower Maximums

Residences

Single Family dwelling limit - $20,000

Multi-Family Buildings — $60,000

Businesses and Non-Profits

Small Firms with 25 or fewer full-time equivalent employees and $2.5 million or less in annual sales or revenues — $100,000

Larger firms, including manufacturers, may finance energy efficiency and waste minimization projects — $150,000

Government

All political subdivisions, except schools and state government — $175,000

Telecommunications Projects — $150,000

Alternate Fuel Projects — $150,000

About The Loans

Energy saving loans are offered statewide by the Nebraska Energy Office and the state's lending institutions.

The interest rate is 6% or less, but may be adjusted semi-annually. Adjustments do not affect existing loans. Check with your lender or the Nebraska Energy Office for the current rate.

Getting Loan Forms

Obtain the application forms for the improvements you want to make. Specific energy efficiency requirements are listed on the forms for each type of project.

- Form 1: Appliance Replacement
- Form 2: Door, Window, Wall and Ceiling Projects (if your project includes siding or roofing, you must attach supplemental Forms 2 SIDING, 2 ROOFING, or 2 WINDOW/DOOR.)
- Form 3: Heating, Cooling and Water Heating Projects
- Form 4: Lighting Projects
- Form 6: Technical Audit Acceptance (see Getting a Loan for Other Improvements)
- Form 7: Alternate Fuel Vehicles
- Form 8: Telecommunications Equipment

All forms are available from the Nebraska Energy Office as well as most participating lenders.

Price Quotes

Obtain price quotes or bids from contractors, dealers or installers for the desired projects, but do not proceed with any work or contractually obligate yourself to proceed. (If you do, you lose your eligibility to finance the project through the Energy Office. You may accept a bid, contingent on Energy Office approval of your project, to lock in the price.) Only one bid is required by the Energy Office. However, it is prudent to compare several bids and some lenders may require more than one bid. If there is a minimum performance requirement for a particular project, such as a heating or cooling unit, make sure the bidder is aware of the requirement and ask the bidder to mark the performance factor on the bid form. If more than one project is included on a bid form, or if there is additional work which does not qualify for low-interest financing, costs of each qualifying project must be itemized.

Complete all the information requested on each form and attach the price quotes or bids that you intend to accept. You may install projects yourself, but may not include the value of your labor in the project cost. If the project will result in a rebate, the amount of that rebate must be deducted from the project cost.

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Go To Your Lender

Take the completed forms to a participating lender — a Nebraska bank, savings institution or credit union of your choice. Most financial institutions in Nebraska offer Dollar and Energy Saving Loans. If your present financial institution does not, contact the Energy Office for names of participating lenders in your area. You must provide the information required by the lender to complete your loan application and determine that you meet the institution's credit requirements. Lenders are encouraged to make these loans for the maximum term. If your lender does not, or if you are not satisfied with fees or other details of the loan, you may want to contact another participating lender.

The lender will approve your loan application and then submit the information to the Energy Office for review. After the Energy Office approves your project and reserves funds for your loan, your lender will notify you to proceed with your improvements. The waiting period for approval varies with availability of funds. Ask your lender for a current estimate of the waiting period. ***Do not begin any part of the project until your lender notifies you of Energy Office approval.***

Your lender will notify you when to proceed with the work. All qualifying work should be completed within 120 days after Energy Office approval. When completed, notify the lender to finalize any remaining details.

Start repaying your loan while you enjoy the lower energy bills and operating costs provided by the improvements you have undertaken.

Loan Particulars and Incidental Costs

All improvement costs can be financed with a loan. However, the total amount borrowed by any one individual, business or organization may not exceed the limits listed. A borrower may finance less than 100% of the cost of the improvements.

Loans can only be made for the cost of goods and services, not for labor provided by the borrower.

The only fees a participating lender may charge are out-of-pocket expenses, a physical inspection fee of up to $50, a loan documentation fee to cover indirect or overhead costs up to $50, and a 2% origination fee if the term of the loan is for the maximum length of time — ten years for home, building and system improvements, five years for appliance replacements and the simple payback period for projects requiring an audit. Fees for mortgages may be different. Maximum length of the loan varies for other types of projects. Consult the specific application form for the maximum length of the loan. If a lender charges any of these fees, the final annual percentage rate on your loan may be higher than the program's simple interest rate.

Only a legal resident of Nebraska may apply for a loan. A legal resident is a Nebraska taxpayer, a Nebraska-chartered corporation, a subdivision of Nebraska government or a person who has maintained a permanent residence and lived in the state for more than six months.

Residence requirements may differ for Climate Wise and Rebuild Nebraska partners.

All buildings and systems being improved must be located in Nebraska.

Emergencies

Projects may not be started prior to written Energy Office loan approval except in two emergency situations:

- When a heating system fails or is red-tagged during the winter months or,
- When a cooling system fails during the summer months and immediate replacement is essential for verifiable medical reasons.

In either case, the lender may obtain Energy Office approval for immediate installation of qualifying equipment. Then the improvement may be financed with a conventional loan until the Energy Office commits funds to refinance the balance of the loan at a lower interest rate.

Equipment installed in an emergency must still meet minimum performance requirements and the borrower must still meet the lender's credit requirements.

Getting a Loan for Other Improvements

If you want to install an improvement which is not listed on one of the forms (1-4, 7 or 8), or if the improvement does not meet the minimum performance requirement, you may be able to qualify for financing by demonstrating that the project will pay for itself within 15 years (building improvements), 5 years (replacement appliances) or 10 years (all others). This is done with a technical audit. You also may want an audit if you need technical assistance to determine what improvements are appropriate for your project.

Do-It-Yourself Audits and More

Forms 32 and 33 provide a simple energy audit that you can complete yourself. Form 36 provides a format for waste minimization audits. Free or low-cost energy audits may also be available from your local electric or natural gas utility. If these are unavailable or not appropriate, you may seek assistance from a professional engineer, architect or other appropriate technician. The Energy Office maintains a list of auditors who have agreed to certain pricing guidelines. When a third party prepares the technical audit, that person must complete and sign an Auditor No Interest Statement, and you must complete the Utility Records Release, both on Form 34.

Submit the completed audit, with all supporting documentation, to the Energy Office. The Office will review the audit to make sure that savings estimates are reasonable, and will return a Technical Audit Acceptance, Form 6, to you. This form lists those improvements identified in the audit which qualify for financing with a Dollar and Energy Saving Loan. Take Form 6 to your lender and proceed with financing the improvements. The audit cost may be added to a low-interest loan to install the recommended improvements.

Audit Loans

A technical audit may be financed through a no-interest loan, repayable directly to the Energy Office. Use Forms 30 and 31 to apply for an audit loan.

No state or federal tax funds have been used for these loans. The funding comes from a series of court settlements which found price violations by oil companies had occurred between 1973 and 1981. This program has been created to provide restitution to Nebraskans whose petroleum use was so slight as to make direct restitution impractical.

For More Information, Contact

Joel Phipps or Jody Johns
Nebraska Energy Office
P.O. Box 95085
Lincoln, NE 68509
Phone 402-471-2867
Fax 402-471-3064
Email energy@mail.state.ne.us

Community Based Financing

Business Development: Productivity Enhancement Program

The emphasis of the Productivity Enhancement Program is to enhance employment opportunities for low and moderate income individuals. Through this effort, the Nebraska Block Grant Program offers to assist manufacturers in the state in modernizing their facilities and processes. Modernization of facilities and processes includes the installation of energy efficiency and waste reduction improvements. Modernization of facilities should lead to improvements in productivity and competitiveness of the firm, thereby permitting increased wages to employees.

The goal is to increase wages of existing low-to-moderate income employees by 5 percent per annum above any cost of living increase. These increases must occur for each of the two subsequent years following project approval.

No part of the increase in wages of low-to-moderate income employees can be offset by reductions in other employee benefits.

Eligibility

Eligible applicants include every Nebraska incorporated municipality under 50,000 population and every county.

Eligible applicants may provide Block Grant funds to a subgrantee neighborhood based nonprofit organization.

Maximum Grant Amount

The maximum grant is $100,000 which includes administrative and audit costs. The final grant amount awarded is negotiated.

Match Required

Matching funds of 50 percent are required. In-kind contributions qualify as matching funds.

For More Information, Contact

Jack Ruff
Department of Economic Development
P. O. Box 94666
301 Centennial Mall South
Lincoln, Nebraska
Phone 402-471-3769
Fax 402-471-3778
Email jruff@ded1.ded.state.ne.us

Federal Home Loan Banks

Community Investment Program

The Community Investment Program is a program of the Federal Home Loan Bank System designed to encourage member financial institutions to increase their involvement in community revitalization and development activities.

Attractively priced advances (loans) are offered to system members to assist them in providing favorable terms for financing community and economic development initiatives or low to moderate income housing projects in their communities. The Federal Home Loan Bank of Topeka which serves Nebraska financial institutions makes these advances continuously available to its members and priced below the bank's regular advance rates.

The Community Investment Program application form requests a brief description of the proposed activity, an implementation schedule and a list of program co-sponsors.

Lenders receiving Community Investment Program advances may use the funds to back loans for construction, rehabilitation, including energy efficiency improvements, or purchase of properties. Additional uses of Community Investment Program advances include funding programs associated with the Department of Housing and Urban Development or Low Income Housing Tax Credits, and project-specific initiatives developed through state and local governments, state housing finance agencies and secondary market agencies.

To qualify for Community Improvement Program funding, the loan must finance:

- ◆ The purchase or rehabilitation of housing affordable to families earning up to 115 percent of area median income, including both rental and owner-occupied homes; and/or
- ◆ Commercial and economic development activities that benefit families earning up to 80 percent of area median income or located in low and moderate income neighborhoods.

In 1996, three Nebraska financial institutions received advances totaling more than $3 million to assist in financing of three housing projects in Nebraska.

The Bank's community investment staff will provide technical assistance and information to financial institutions, local governments and community organizations that are interested in establishing or participating in the Bank's community investment program.

For More Information, Contact

Christopher Imming
Noelle St. Clair
Federal Home Loan Bank of Topeka
P.O. Box 176
Topeka, KS 66601-0176
Phone 785-233-0507 or 800-933-3452
Fax 785-234-1797
Web Site http://www.fhlbtopeka.com/

Direct Loans

The primary objective of Nebraska's Community Development Block Grant Program is to support the development of decent housing and suitable living environments and expanding economic opportunities, principally for lower to moderate income Nebraskans. Grants are made to communities which the community then loans to qualifying Nebraska businesses which either create jobs or retain jobs for lower to moderate income Nebraskans.

Before submitting an application, the community must have done the necessary preparation including identifying business needs, building consensus for those needs and organizing to meet the needs.

Eligibility

Eligible applicants include every Nebraska incorporated municipality under 50,000 population and every county. Two or more eligible applicants may apply jointly.

Eligible Subrecipients

Eligible subrecipients that may receive funds from primary recipients are neighborhood based nonprofit organizations, some small business investment companies, and local development corporations.

Eligible Businesses

Eligible businesses are for-profit manufacturing firms, service sector businesses engaged primarily in interstate commerce, research and development businesses, warehousing and distribution companies engaged primarily in interstate commerce, tourism attractions which are expected to draw 2,500 or more visitors annually, administrative management headquarters and transportation in interstate commerce.

Project Evaluation Criteria

Applications are analyzed using the following factors: 1) wages; 2) jobs/dollar of grant funds; 3) employee benefits; 4) community monetary contribution to the project; 5) longevity of jobs created; 6) management capabilities; 7) ability to compete in a competitive market; and 8) level of risk.

Eligible Loan Purposes

Direct loans may be made to qualifying businesses for 1) working capital and 2) fixed assets which include a) land acquisition and b) the acquisition, construction, reconstruction, rehabilitation, or installation of commercial or industrial buildings/structures and (c) the acquisition of machinery and equipment. The uses include the installation of energy efficiency and waste reduction improvements. For projects more than $25,000, grant funds cannot constitute more than 50 percent of total costs.

For More Information, Contact

Stewart Jobes
Central Community College
3134 W. Hwy 34
P.O. Box 4903
Grand Island, NE 68802-4903
Phone 308-385-6355
Fax 308-385-6357
Email jobes@ded2.ded.state.ne.us

Garey Heider
NPPD Building, Room 404
1721 Broadway
Scottsbluff, NE 69361
Phone 308-632-1436
Fax 308-632-6596
Email gheider@ded2.ded.state.ne.us

Gary Hamer
Nebraska Department of Economic Development
P.O. Box 94666
Lincoln, NE 68509-4666
Phone 402-471-3765
Fax 402-471-3365
Email ghamer@ded1.ded.state.ne.us

U.S. Department of Agriculture
Rural Development Rural Business Cooperative Service

Intermediary Relending Loan Program

This program makes direct loans at one percent interest to establish revolving loan funds for businesses and community development projects in rural areas.

Lender

Rural Business Cooperative Service, of the U.S. Department of Agriculture.

Who Is Eligible?

Nonprofit corporations, public bodies, Native American tribes, and cooperatives. Potential applicants should contact the Rural Development Office in their area for a preapplication consultation.

Loan Amount

The maximum loan amount is $2 million. The average loan amount approved is about $1 million.

Other Criteria

Loans made by intermediaries to ultimate recipients from the revolving loan fund are limited to $150,000 per ultimate recipient. An ultimate recipient cannot be located in a city with a population of 25,000 or more. The loan to the intermediary is a fixed rate of one percent.

Funding Level

Projects are handled on a case-by-case basis. Nebraska receives no specific allocation of funds.

For More Information, Contact

Roger Meeks
USDA Rural Development Office
6030 South 58th Street
Lincoln, NE 68516
Phone 402-423-3231
Fax 402-423-7614
Email rmeeks@rdasun2.rurdev.usda.gov

Glen Gatz
USDA Rural Development Office
P.O. Box 730
Kearney, NE 68848
Phone 308-236-5474
Fax 308-236-6290
Email ggatz@rdasun2.rurdev.usda.gov

Robert Prochaska
USDA Rural Development Office
1909 Vicki Lane, Suite 103
Norfolk, NE 68701
Phone 402-371-6193
Fax 402-371-8930
Email bprochas@rdasun2.rurdev.usda.gov

Roberta Meus
USDA Rural Development Office
P.O. Box 2009
North Platte, NE 69103
Phone 308-534-3131
Fax 308-534-3132
Email rmeus@rdasun2.rurdev.usda.gov

Multi-Unit Rental Projects

The Nebraska Department of Economic Development Affordable Housing Program is intended to (1) provide funds to eligible recipients for acquisition, rehabilitation, construction and production of affordable housing to increase the supply of decent, safe and sanitary housing for low-to-moderate income Nebraskans: (2) promote and advance the goals of the 1995 Nebraska Consolidated Plan for Housing and Community Development and the Nebraska Affordable Housing Trust Fund Regional Priority Plans; and (3) provide a mechanism to leverage private investment in the development of affordable housing.

The Affordable Housing Program is funded with resources from two U.S. Department of Housing and Urban Development Programs - the Community Development Block Grant Program (CDBG) and the HOME Investment Partnerships (HOME) program, plus, the state-funded Nebraska Affordable Housing Trust Fund.

Each program has distinct regulations as to use of funds, eligible activities and administrative procedures. The Department tells grantees which type of funds will be used upon Notice of Award.

Eligibility

Eligible applicants are community-based or neighborhood-based organizations, a governmental sub-division, a local or regional housing authority, a community action agency, a tribally affiliated or reservation-based nonprofit organization.

Technical Assistance Review Process

Technical Assistance Review Process (TARP) was created for a dual purpose, that of providing technical assistance to applicants, such as:

- ◆ How to assess needs of your community
- ◆ How to access financial resources
- ◆ How to acquire regional and community support
- ◆ How to create affordable housing project
- ◆ How to select a development team
- ◆ Review of preliminary application etc.

Individualized assistance to applicants is available. TARP members can be utilized to analyze an application with program objectives, but the analysis shall have no bearing on the rating and ranking of final applications.

The second purpose is to evaluate and recommend qualified projects for funding from the following sate's limited housing development resources:

- ◆ Affordable Housing Trust Fund
- ◆ HOME
- ◆ CDBG (Community Development Block Grant)
- ◆ Low Income Housing Tax Credits
- ◆ Dollar & Energy Saving Loans

Size of Grants

Funds available for the 1999 TARP are anticipated to be:

- ◆ Home / CDBG Program - $1,200,000
- ◆ Housing Development Program (Trust Fund) - $3,800,000
- ◆ Low Income Housing Tax Credits - TARP - $250,000
- ◆ Dollar & Energy Savings Loan Program - $500,000

Each project is limited to a maximum amount of approximately:

- ◆ $80,000 of Low Income Housing Tax Credits
- ◆ $350,000 Department of Economic Development Affordable Housing Program Funds
- ◆ Trust Fund - Case by case basis limited to

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Multi-Unit Rental Projects

amount available in the region, number of applications, scoring and ranking criteria.
- Dollar & Energy Savings Loan Program - $500,000

Each project is limited to a maximum amount of approximately:
- $80,000 of Low Income Housing Tax Credits
- $350,000 Department of Economic Development Affordable Housing Program Funds
- Trust Fund - Case by case basis limited to amount available in the region, number of applications, scoring and ranking criteria.
- Energy -
  Rehabilitation
    - $20,000 per unit for Single family
    - $60,000 per unit for Multi- family (duplex or larger)

  New construction
    - Incremental cost to reduce housing unit energy consumption 30% below the 1995 Model Energy Code.

Acceptance and Closing Dates

Applicants will be accepted for: HOME, CDBG, Affordable Housing Trust Fund, and TARP Low Income Housing Tax Credits (LIHTC) as follows:
- **Cycle I** Jan 15–March 31, 1999 Period qualifying applications will be accepted. (Applications must be received at NIFA by 5:00 p.m.) FAXED APPLICATIONS WILL NOT BE ACCEPTED
- **Cycle II** May 1–June 30, 1999 Period qualifying applications will be accepted.
- **Cycle III** Aug 1–Sept 30, 1999 Period qualifying applications will be accepted.

Announcement of awards - approximately 45 days after cycle deadline.

Multi-Unit Rental Projects

The Affordable Housing Program assistance is generally provided as a loan from the grantee to the project owner.

Eligible activities are acquisition, rehabilitation and new construction of multi-unit rental projects. Installation of energy efficiency and waste reduction improvements are eligible activities. A minimum of four units under single development is required.

Applications require at least a 50 percent match of the total project cost excluding grantee costs for general administration and audit. A minimum of 10 percent owner's equity is required. Equity requirements may not be necessary for projects developed by public housing authorities or nonprofit entities. The standard term for the affordable housing loan is 20 years with a 2 percent interest rate.

Projects must consist of one or more buildings containing at least four similarly constructed units used for permanent residential purposes. Initial rental leases must be for no less than six months.

For acquisition and rehabilitation projects, the costs of repairs, replacements, installations, or improvements must exceed $5,000 per dwelling unit.

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Nebraska Lied Main Street Program

The Nebraska Lied Main Street Program was established in 1995 to aid communities under 50,000 in population in their efforts to revitalize their traditional downtown commercial district. As a participant in the program, you will learn how to revitalize your downtown as the center of activity for the community based on a four-point approach including organization, design, promotion and economic restructuring.

Main Street is a unique economic development tool. In addition to the four points, it relies on the principles of community asset enhancement, the local initiative to make improvements in the economic heart of the community and public/private partnerships — all based within the context of historic preservation — to bring about long-term, quality change.

Eligibility

Each year, up to four communities may be selected to participate in the Nebraska program. Communities are selected through an application process. Through this process, applicants must demonstrate a commitment to rebuild their downtown area through a comprehensive, incremental approach. This commitment includes forming a local Main Street organization, including a paid staff person, to carryout an annual program of work.

Funding

Nebraska Lied Main Street does not provide direct funding to local programs. Instead, the state program assists communities in becoming more self-reliant by providing a vast array of technical assistance and guidance within the context of the four-point approach.

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Nebraska Department of Economic Development Affordable Housing Program

Public Improvements for Affordable Housing

The Nebraska Department of Economic Development Affordable Housing Program is intended to (1) provide funds to eligible recipients for acquisition, rehabilitation, construction and production of affordable housing to increase the supply of decent, safe and sanitary housing for low-to-moderate income Nebraskans: (2) promote and advance the goals of the 1995 Nebraska Consolidated Plan for Housing and Community Development and the Nebraska Affordable Housing Trust Fund Regional Priority Plans; and (3) provide a mechanism to leverage private investment in the development of affordable housing.

The Affordable Housing Program is funded with resources from two U.S. Department of Housing and Urban Development Programs - the Community Development Block Grant Program (CDBG) and the HOME Investment Partnerships (HOME) program, and, the state-funded Nebraska Affordable Housing Trust Fund.

Each program has distinct regulations as to use of funds, eligible activities and administrative procedures. The Department tells grantees which type of funds will be used upon Notice of Award.

Eligibility

Eligible applicants are community-based or neighborhood-based organizations, a governmental sub-division, a local or regional housing authority, a community action agency, a tribally affiliated or reservation-based nonprofit organization.

Technical Assistance Review Process

Technical Assistance Review Process (TARP) was created for a dual purpose, that of providing technical assistance to applicants, such as:

- How to assess needs of your community
- How to access financial resources
- How to acquire regional and community support
- How to create affordable housing project
- How to select a development team
- Review of preliminary application.

Individualized assistance to applicants is available. TARP members can be utilized to analyze an application with program objectives, but the analysis shall have no bearing on the rating and ranking of final applications.

The second purpose is to evaluate and recommend qualified projects for funding from the following sate's limited housing development resources:

- Affordable Housing Trust Fund
- HOME
- CDBG (Community Development Block Grant)
- Low Income Housing Tax Credits
- Dollar & Energy Saving Loans

Size of Grants

Funds available for the 1999 TARP are anticipated to be:

- Home / CDBG Program - $1,200,000
- Housing Development Program (Trust Fund) - $3,800,000
- Low Income Housing Tax Credits - TARP - $250,000

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Public Improvements for Affordable Housing

Size of Grants

Funds available for the 1999 TARP are anticipated to be:

- Home / CDBG Program - $1,200,000
- Housing Development Program (Trust Fund) - $3,800,000
- Low Income Housing Tax Credits - TARP - $250,000
- Dollar & Energy Savings Loan Program - $500,000

Each project is limited to a maximum amount of approximately:

- $80,000 of Low Income Housing Tax Credits
- $350,000 Department of Economic Development Affordable Housing Program Funds
- Trust Fund - Case by case basis limited to amount available in the region, number of applications, scoring and ranking criteria.
- Energy -
  Rehabilitation
  - $20,000 per unit for Single family
  - $60,000 per unit for Multi- family (duplex or larger)

  New construction
  - Incremental cost to reduce housing unit energy consumption 30% below the 1995 Model Energy Code.

Acceptance and Closing Dates

Applicants will be accepted for: HOME, CDBG, Affordable Housing Trust Fund, and TARP Low Income Housing Tax Credits (LIHTC) as follows:

- **Cycle I** Jan 15–March 31, 1999 Period qualifying applications will be accepted. (Applications must be received at NIFA by 5:00 p.m.) FAXED APPLICATIONS WILL NOT BE ACCEPTED
- **Cycle II** May 1–June 30, 1999 Period qualifying applications will be accepted.
- **Cycle III** Aug 1–Sept 30, 1999 Period qualifying applications will be accepted.

Announcement of awards - approximately 45 days after cycle deadline.

Public Improvements for Affordable Housing

The Affordable Housing Program provides grants. Applications may be required to improve publicly owned sites for affordable housing development undertaken on the improved site by the grantee, nonprofit, or for-profit developers.

Total public improvement costs cannot exceed 25 percent of the total project costs. Total costs include the private investment committed to the eligible housing development.

Applicants must provide matching funds for at least 50 percent of the actual cost of the infrastructure improvements which are not to include the private investment committed to the eligible housing development.

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Nebraska Department of Economic Development
Affordable Housing Program

Rental Rehabilitation

The Nebraska Department of Economic Development Affordable Housing Program is intended to (1) provide funds to eligible recipients for acquisition, rehabilitation, construction and production of affordable housing to increase the supply of decent, safe and sanitary housing for low-to-moderate income Nebraskans: (2) promote and advance the goals of the 1995 Nebraska Consolidated Plan for Housing and Community Development and the Nebraska Affordable Housing Trust Fund Regional Priority Plans; and (3) provide a mechanism to leverage private investment in the development of affordable housing.

The Affordable Housing Program is funded with resources from two U.S. Department of Housing and Urban Development Programs - the Community Development Block Grant Program (CDBG) and the HOME Investment Partnerships (HOME) program, and, the state-funded Nebraska Affordable Housing Trust Fund.

Each program has distinct regulations as to use of funds, eligible activities and administrative procedures. The Department tells grantees which type of funds will be used upon Notice of Award.

Applications may be made to establish a local program which provides matching funds to provide grants, loans, or deferred loans to owners for the rehabilitation of substandard private residential rental properties which are or will be occupied by lower income persons. Rehabilitation includes energy efficiency improvements.

Eligibility

Eligible applicants are community-based or neighborhood-based organizations, a governmental sub-division, a local or regional housing authority, a community action agency, a tribally affilliated or reservation-based nonprofit organization.

Size of Grants

For single communities, the maximum grant is $200,000. For a small community cooperative consisting of three or more communities with at least two communities having populations of 1,00 or less the maximum grant is $400,000. For projects with single ownership, applicants must apply through the Technical Assistance Review Process (TARP); for more information contact Julie Hendricks.

Acceptance and Closing Dates

Applicants will be accepted for: HOME, CDBG, Affordable Housing Trust Fund, and TARP Low Income Housing Tax Credits (LIHTC) as follows:

- **Cycle I** Jan 15–March 31, 1999 Period qualifying applications will be accepted. (Applications must be received at NIFA by 5:00 p.m.) FAXED APPLICATIONS WILL NOT BE ACCEPTED
- **Cycle II** May 1–June 30, 1999 Period qualifying applications will be accepted.
- **Cycle III** Aug 1–Sept 30, 1999 Period qualifying applications will be accepted.

Announcement of awards - approximately 45 days after cycle deadline.

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Rental Rehabilitation

Minimum Improvements

The costs of repairs, replacements, installations or improvements must exceed $1,500 for each dwelling unit. Affordable Housing Program funds must be equally matched from private sources and generally cannot exceed $7,500 for a one bedroom unit; $8,500 for a two; and, $9,500 for a unit with three or more bedrooms.

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U.S. Department of Agriculture

Rural Business Enterprise Grants

The program disseminates grants to facilitate development of small and emerging businesses in rural areas. Usage of funds includes construction costs, development of land, utility extensions, parking areas, refinancing, fees, and other selected costs to the rural business.

Lender

Rural Business-Cooperative Service, USDA

Who Is Eligible?

Public bodies, private nonprofit corporations, and federally recognized Indian Tribal Groups located in towns of less than 50,000 people with priority given to those with 25,000 people or less.

Grant Amount

Funding is based on need and availability of capitol.

Other Criteria

Applicants for the grants must include detailed experience operating a revolving loan program, proposed projects, financial ability to operate a revolving fund, and plans for leveraging. All projects are subject to an environmental assessment in accordance with the *National Environmental Policy Act.*

Funding

Grants are handled on a case by case basis.

For More Information, Contact

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U.S. Department of Agriculture
Rural Development Rural Business Cooperative Service

Rural Economic Development Loan and Grant Program

The Rural Economic Development Grant Program provides grants to Rural Utilities Service borrowers to promote rural economic development and job creation projects. Grants are used to establish revolving loan funds to provide infrastructure or community facilities in rural areas that will lead to economic stability.

Grantor

Rural Business Cooperative Service, of the U.S. Department of Agriculture.

Who Is Eligible?

Rural Utilities Service Electric and Telecommunication borrowers are eligible. Parties interested in applying should contact the Rural Development Office in their area for preapplication consultation.

Grant Amount

A maximum of $330,000 per grant application may be requested.

Other Criteria

Grant applications are scored on job creation potential, sustainability or suitability of project to the area, diversification of employment in the area, amount of supplemental funds, and relative income and employment levels.

Funding Level

Nebraska receives no specific funding, rather projects are treated on a case-by-case basis.

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Rural Economic Development Loan Program

The Rural Economic Development Loan Program provides zero-interest loans to Rural Utilities Service borrowers to promote rural economic development and job creation projects. Funds are passed on to third party borrowers as zero-interest loans for projects that create jobs in rural areas, or that provide infrastructure or community facilities in rural areas that will lead to economic stability.

Lender

Rural Business Cooperative Service of the U.S. Department of Agriculture.

Who Is Eligible?

Rural Utilities Service Electric and Telecommunication borrowers with oustanding loans, and not delinquent on loans, are eligible. Potential applicants should contact the Rural Development Office in their area for a preapplication consultation.

Loan Amount

A maximum of $750,000 per loan application may be requested.

Loan Maturity

Maturity for loans is a maximum of ten years.

Other Criteria

Loan applications are scored on job creation potential, sustainability of projects, suitability to the area, diversification of employment in the area, amount of supplemental funds, relative income, and employment levels.

Funding Level

Projects are funded on a case-by-case basis.

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Water and Waste Loans and Grants

The water and waste program is designed to fund water and waste disposal, solid waste, and storm draining. The program includes funding for water and waste development costs including construction, improvements, equipment, facilities, land rights, engineering, and fees.

Who is eligible?

The water and waste program is designed to work with public entities such as municipalities, special purpose districts, tribal governments, and nonprofit organizations with a population of 10,000 or less.

Terms and Conditions

The terms for water and waste loans and grants are 40 years or life of security. The interest rates are comparable to current municipal bond rates and are based on the median household income of the service area. Grants are available to reduce the rates and costs to reasonable levels.

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