

# Northeast Minnesota Arrowhead Region Renewable Energy / Energy Efficiency Loan Program



The Northland Foundation and the Arrowhead Regional Development Commission (ARDC) have partnered to announce an available low-interest loan program *to promote the development and demonstration of renewable energy technology, including solar, wind, biomass, geothermal and other technologies that will decrease our dependence on fossil fuels or contribute to reducing energy costs; and technologies which contribute to energy conservation and efficiency.* A regional energy survey conducted by ARDC and Iron Range Resources in 2009 reflected a strong need for financial assistance to help fund energy-based initiatives in communities. This energy loan program is provided to help address this pressing need to advance energy projects in Northeast Minnesota.

**Eligible Borrowers:** Includes for-profit owner operated businesses or non-profit businesses that are engaged in the development or demonstration of alternative energy technologies, or businesses that install systems for reducing energy costs, or engaged in environmental preservation or otherwise meet the purpose of the program.

Examples of eligible businesses include the following:

- Businesses that are developing or producing products or technologies that will reduce dependence on fossil fuels.
- Businesses that are primarily engaged in promoting energy conservation/efficiency, reuse or recycling of products or resources.
- Businesses that make significant investments in renewable energy technologies in order to reduce costs, promote energy conservation, or reduce dependence on fossil fuels.

**Eligible Activities:**

- Costs for engineering services, architectural services, legal, accounting, financial and other professional services.
- Costs for the purchase and installation of fixtures and equipment that helps accomplish the purpose of the program.
- Working capital for inventory, A/R, and other purposes that promote the continuation and/or expansion of an eligible business.
- Costs associated with conducting project feasibility studies.
- Other uses to the extent it promotes the purpose of the program.

**Collateral and Credit Requirements:**

- Demonstration of owner commitment, credit worthiness, and capacity for repayment.
- Personal guarantees are required from principal owners of for-profit businesses.
- Collateral requirements are flexible and typically include a security interest in the business assets. Collateral is typically subordinated to institutional lenders involved in the project.

**Loan Amounts, Interest Rates, Payment Terms, and Leveraging:**

- **Loan Amount:** Maximum loan amount may not exceed \$25,000 under this program.
- **Interest Rate:** Not less than 2% per annum.
- **Payments Terms:** Payments will be based on the projected cash flow needs of the applicant business and the project being funded. Payments can be either interest only or principal and interest with a balloon payment. Loan maturities will generally not exceed 60 months.
- **Leveraging:** Loan proceeds must be matched with at least an equal amount of other investment. Other investment can be in the form of equity (cash or in-kind), or loans from banks or development lenders.

**For More Information, Contact:** John Elden, Northland Foundation - Director of Business Finance  
Phone: 218.723.4040 / Email: [John@northlandfdn.org](mailto:John@northlandfdn.org) **Loan Applications:** [www.northlandfdn.org](http://www.northlandfdn.org) (under Business Finance tab)