

## Beneficial Electrification Financing

### Policy #4.004

Policy Amended: January 23, 2024  
Signed by: Jack Korman, Board Chair

**OBJECTIVE:** To support energy efficiency and encourage beneficial electrification, FMEC offers funds to assist member-owners with energy upgrades and backup power.

#### **PURPOSE:**

- A. Freeborn Mower Electric Cooperative (FMEC) aims to offer low-cost loans to its members to assist them in installing energy-efficient electric HVAC equipment, insulation, windows, doors, electric water heating equipment, whole house battery backup, permanent standby generators, electric vehicle charging equipment, and Energy Star electrical appliances. The purpose of this financial assistance is to encourage the adoption of energy-efficient technologies and promote sustainability.
- B. Other energy-efficient residential upgrades may be considered eligible for this loan program at the discretion of the President & CEO or their appointees.

#### **TERMS:**

The loan amount starts from a minimum of \$1,000 and goes up to a maximum of \$7,500. The minimum term for repayment is two years, and the maximum is five years. The loan terms will vary depending on the amount borrowed and will be determined based on the following criteria:

- \$1,000-\$2,000 -> Two (2) Years
- \$2,001-\$3,000 -> Three (3) Years
- \$3,001-\$4,000 -> Four (4) Years
- \$4,001-\$7,500 - Five (5) Years

Loans will be made to property owners only.

- B. The loan amount cannot be more than the total cost of the equipment, including any expenses for service upgrades. When applying for a loan, it is the member's responsibility to provide a detailed cost estimate of the new equipment, upgrades, and improvements. This estimate must include the cost of equipment and quotes from electricians, among other expenses.
- C. A \$50 loan origination fee will be payable before any loans are made.
- D. The interest rate charged will be determined by the President & CEO (or his appointees), not to exceed the current Prime Rate as published at the time of the loan application.
- E. Loans cannot be transferred or assigned to someone else. They have to be repaid in full when the property is sold or refinanced or in case the borrower passes away. Loans cannot be given a lower priority than other debts. You won't be charged any penalties for paying off your loan early.
- F. At loan closing, the member shall provide FMEC with a promissory note that will be released when the final payment is made at the discretion of FMEC.
- G. If the addition of this equipment requires a service upgrade or additional easements or rights-of-way on the member's property, the member will provide them to FMEC without any charge.
- H. Credit History
  - 1. To be eligible for the loan program, members must have a satisfactory payment record with FMEC for at least one year.
  - 2. The member must authorize FMEC to obtain a third-party credit report. FMEC may accept or reject loan applicants based on the report.
- I. A member is not allowed to have more than one loan of this type at any given time.

- J. As part of the loan agreement, any partial monthly payments will be applied first to the loan and then to the member's electric account.

**RESPONSIBILITY:**

- A. The administration of this policy falls under the responsibility of the President & CEO or their appointees.
- B. The President and CEO or their appointees may reject loan applications that do not align with this policy's objective.