



Beneficial Electrification Financing Policy 4.004

OBJECTIVE: To promote the efficient use of electricity and beneficial electrification by providing funds to help the member pay for energy improvements and backup power.

PURPOSE:

- A. It is the intent of Freeborn Mower Electric Cooperative (FMEC) to provide financial assistance in the form of low-cost loans to its members for the purpose of installing energy-efficient electric HVAC equipment, electric water heating equipment, insulation, windows, doors, permanent standby generators, whole house battery backup, electric vehicle charging equipment, and Energy Star electrical appliances.
- B. Other energy-efficient residential upgrades may be determined appropriate for this loan program, at the discretion of the President & CEO or his appointees.

TERMS:

- A. The minimum loan amount is \$1,000. The maximum loan amount is \$7,500. The minimum term is two years, and the maximum term is five years. Loan terms will depend on the amount borrowed and will be based on the following:

\$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 shall not exceed the cost of the equipment, including service upgrades. It shall be the responsibility of the member to present an itemized cost estimate for new equipment, improvements, and upgrades as part of the loan application. Such itemized cost estimates may include, but are not limited to, equipment costs and electricians' quotes.
- C. A one-time loan origination fee of \$50 will be payable at signing and prior to any loans being made.
- D. The interest rate charged will be the current Prime Rate as published at the time of the loan application.
- E. Loans are not assignable or transferable. Loans must be paid in full at the sale or refinancing of the property or in the event of the death of the member. Loans will not be subordinated. There will be no penalties for prepayment.
- F. At the discretion of FMEC, the member shall also provide FMEC with a promissory note at loan closing. FMEC shall release the promissory note when the final payment is made.
- G. If during the course of the addition of this equipment a service upgrade is required and any additional easements or rights-of-way are necessary on the member's property, the member will agree to provide them to FMEC without charge.
- H. Credit History
 - 1. Members must have one year of service with FMEC and a satisfactory payment record during that year to be considered eligible for the loan program; and,
 - 2. The member must authorize FMEC to obtain a third-party credit report. FMEC may use its discretion in accepting or rejecting loan applicants based on a third-party credit report.
- I. A member may not have more than one such loan at a time.
- J. As part of the loan agreement, the member must agree that any partial monthly payments will first be applied to the loan, then to the member's electric account.

RESPONSIBILITY:

- A. The President & CEO (or his appointees) is responsible for the administration of this policy.
- B. The President & CEO (or his appointees) may, at his discretion, reject any loan application that does not meet the objective of this policy.

Reviewed 5-25-2022

SIGNED: Jack Korman
Board Chair