

# RENEWABLE ENERGY

## Rate Collar Option

Like you, Live Oak Bank is committed to supporting green energy projects that create a cleaner environment and ultimately, a better place for all of us to live.

We are pleased to provide a rate collar option for our renewable energy borrowers. The rate collar limits interest rate movement to 1% above or below the current negotiated rate, which is set based on the current rate index plus the applicable spread.

### Advantages

- Provides a collar for the interest rate that is in effect during the development and construction period
- The long-term "set rate" will be determined at execution of rate collar agreement
- The term of the rate collar is up to 18 months, with shorter time frames equating to a lower rate collar fee
- The rate can fluctuate 100 bps above or below the "set rate"

### Benefits

- Secures the single largest operating expense of the solar project
- Preserves sponsor/investor return metrics (which would otherwise be at risk if rates rise too high during development)
- Ability to collar the rate up to 18 months in advance of operation
- One-time fee, no cash margin required
- The opportunity to take full advantage of Live Oak's long-term fixed rate loans

### How it Works

- Work with your loan officer to set the long-term rate
- Review and execute the rate collar agreement
- Pay the rate collar fee

To learn more, visit [liveoakbank.com/energy-infrastructure-loans](https://liveoakbank.com/energy-infrastructure-loans)

### Rate Collar Example

