



## **Frequently Asked Questions: Montana Essential Freight Rail Loan Program**

---

### **What is the Montana Essential Freight Rail Loan (MEFRL) Program?**

MEFRL is a small low interest revolving loan fund to help preserve and enhance freight railroad service in Montana. It is administered by the Montana Department of Transportation (MDT). The funds were originally granted to the state by the Federal Railroad Administration.

### **Who is eligible to apply?**

Eligible applicants include owners or operators of branch line railroads that may include railroads, cities, counties, agencies, and port authorities that derive revenue from continued operation of the railroad and on which the rail line carries less than five million gross tons/mile of freight.

### **What types of projects are eligible?**

Projects must be integrally related to the railroad transportation system in Montana. Eligible activities include projects to preserve and continue operation of viable railroad branch lines; and for development, improvement, construction, purchase, maintenance, and rehabilitation on branch lines, short lines, sidings, light density railroad lines, and rolling stock.

### **What is the minimum and maximum loan amount that a participant can receive?**

There is no set minimum or maximum loan amount however loan amounts are restricted by available funding at the time of project solicitation. Available funding will be disclosed in program solicitations but will likely not exceed \$500,000 to \$600,000 per solicitation.

### **What purpose does the preliminary application serve?**

The preliminary application is to demonstrate a qualified applicant, project, and readiness to proceed. Applicants are not required to invest in detailed project planning at this initial stage.

### **What are the evaluation criteria?**

Project evaluation is based primarily on feasibility, project viability, collateral, financial performance, and readiness. Additional factors that will be considered include system connectivity benefits and how the project advances other Montana freight priorities.

### **What are the matching fund requirements?**

Applicants must match at least 30 percent of project costs for rehabilitation projects and 50 percent for new construction. The value of applicant-provided construction engineering costs, materials, and construction labor may be applied toward this match.

### **What are the terms?**

The current interest rate of a loan is zero percent however administrative costs are added to the loan principal. The payback period is ten years.

### **What security is required?**

Loans must be secured by fungible assets for the life of the contract. Improved facilities are typically used as collateral, but other collateral of equal or greater value may be proposed. Loan default may result in forfeit of the security

### **Who makes the final decision about loans?**

Per Montana Code Annotated 60-11-120(6), the Montana Transportation Commission makes the final determination of loan recipients.