



# INDUSTRIAL COMMISSION OF NORTH DAKOTA

Doug Burgum  
Governor

Wayne Stenehjem  
Attorney General

Doug Goehring  
Agriculture Commissioner

FOR IMMEDIATE RELEASE

April 24, 2020

## **Industrial Commission Authorizes Bank of North Dakota Programs to Assist Businesses in Pandemic Recovery Efforts**

Bismarck- The North Dakota Industrial Commission today authorized the Bank of North Dakota (BND) to provide two financing programs to assist North Dakota businesses in obtaining long-term, low-interest loans to assist in the state's economic recovery from the COVID-19 pandemic. The loan programs will help both small and large businesses to secure working capital and replenish inventory. The programs will be effective Wednesday, April 29, 2020.

"We understand and empathize with the challenging situation facing our business community. The Bank of North Dakota makes our state uniquely positioned to provide much-needed assistance as federal programs are exhausted," said the Industrial Commission, which consists of Gov. Doug Burgum as chairman, Attorney General Wayne Stenehjem and Agriculture Commissioner Doug Goehring, in a joint statement. "Long-term financing at low interest rates will help stabilize the economy, provide working capital to main street businesses and ensure our state emerges successfully from this unprecedented crisis."

The Small Employer Loan Fund (SELF) will provide a loan of up to \$50,000 to small businesses with a full-time employee equivalent (FTE) of 10 employees or less. These loans may be used for working capital, recurring expenses and replenishing inventory. Business owners will work with their local lender to access the program. The loan has a maximum term of 10 years and a fixed interest rate of 1%, with deferral of loan payments for up to six months.

The COVID-19 PACE Recovery Program (CPRP) will provide a loan of up to \$5 million for businesses of less than 500 employees and a loan of up to \$10 million for businesses with more than 500 employees. Loan payments may be deferred for up to six months, at which time the loan will term out with up to a 10-year amortization. The interest rate on the loan will be bought down by BND to 1% for a period of time, with a maximum buydown of \$500,000. Business owners will access the program through their local lender. Unlike other PACE program offerings from BND, there is no community match required.

To qualify, North Dakota businesses must have been established before Feb.15, 2020 and loan applications must be received before Nov. 30, 2020.

BND staff assessed the federal program options and visited with stakeholders as it developed the program parameters.

"The financial institutions in North Dakota deserve the appreciation of our state's residents. They have gone above and beyond to assist their communities during this time," BND President Eric Hardmeyer said. "Because of their partnership, we are able to provide these loans in a timely manner so businesses can be open as soon as it is considered safe."

Through a combination of the Coronavirus Relief Fund and the Bank of North Dakota's accumulated and undivided profits, the Industrial Commission will make \$200 million available for interest buydown and \$50 million for low-interest loans. The buydown will be leveraged to provide up to \$2 billion in low interest loans.

The Bank's mission "to support agriculture, commerce and industry" has not changed since its earliest days in 1919. The only state-owned bank in the nation, the Bank of North Dakota is overseen by the Industrial Commission.

To learn more about loan program specifics, visit [bnd.nd.gov](http://bnd.nd.gov).

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For more information, contact Janel Schmitz, Communications Manager at 328.5880 or [janelshmitz@nd.gov](mailto:janelshmitz@nd.gov).

# Small Employer Loan Fund **(SELF)**

## Purpose

This program assists local financial institutions and certified development corporations (CDC's) in providing loans to assist very small North Dakota businesses in their recovery from the negative impacts caused by the COVID-19 Pandemic.

Loan applications must be received by November 30, 2020.

## Eligibility

The borrower must be a North Dakota business, with an employee count of 10 full-time equivalents (FTE) or less.

- The local lender determines if the applicant's business has incurred economic injury as a result of the COVID-19 pandemic.
- As of February 15, 2020, the business must:
  - Have established a physical presence in North Dakota
  - Been current on financial obligations
  - Have capacity or history of showing it can service debt before February 15, 2020.
- Borrowers or any owner with at least a 20% share of the business must have a minimum personal credit score of 650.

## Use of Proceeds

Proceeds shall be used to support working capital needs, recurring expenses and replenish inventory.

Loan funds may not be used to:

- Fund capital purchases or business expansion
- Refinance any existing debt
- Provide distributions or dividends to owners



## Loan Limit / Amount

- The loan amount is up to \$50,000
- The maximum loan amount is equal to six months of operating expenses plus interest as well as any amount needed to replenish inventory, or a maximum loan of \$50,000, whichever is less

## Interest Rate and Fees

- Interest rate is fixed at 1%
- BND will pay a one-time service fee to the lead financial institution of \$250 or 1% of loan amount on loans over \$25,000

## Collateral

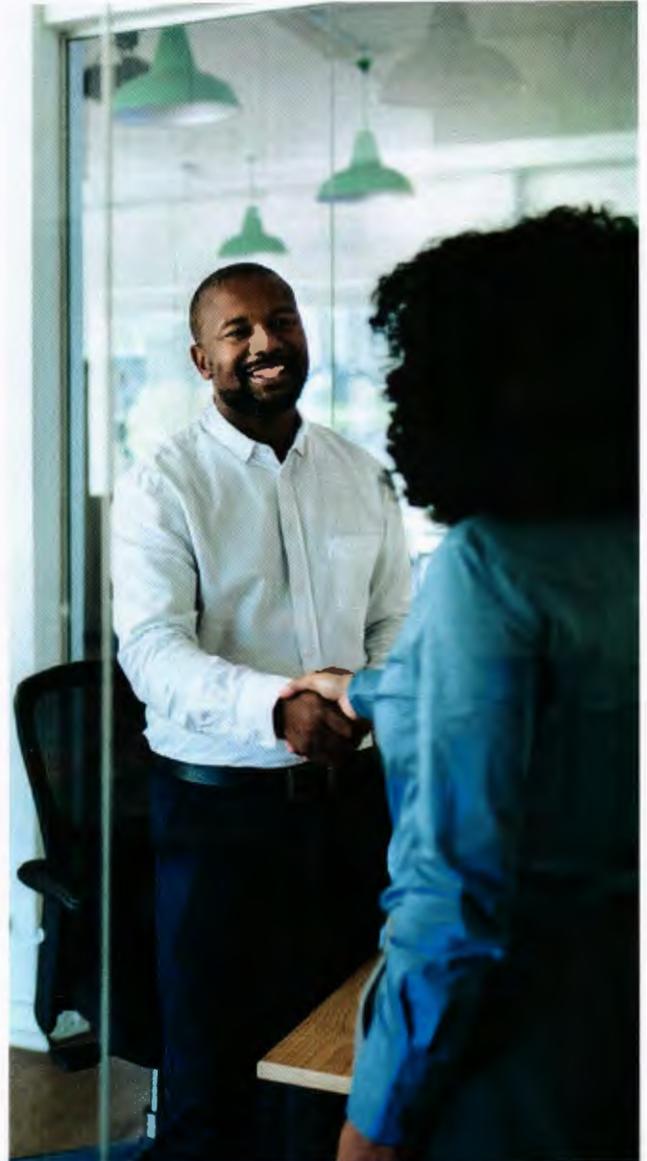
- No collateral is required for loans \$25,000 and under
- Collateral is required for loans over \$25,000
- All loans require unlimited personal guarantees

## Loan Terms

- Loan term: 120 months. There is no pre-payment penalty.
- Payments must be made monthly; principal and interest payments will be deferred for six months. BND highly encourages the lead lender to set up automatic payments.
- BND will purchase 100% of the loan.

## How to Apply

BND offers this loan by partnering with local lenders.



# COVID-19 PACE Recovery Program (CPRP)

## Purpose

This program assists local financial institutions in providing low interest loans to support North Dakota businesses in their economic recovery due to negative impacts from the COVID-19 pandemic.

Applications will be accepted through November 30, 2020.

## Eligibility

The borrower can be any person or entity whose business is located in North Dakota.

The business must have capacity or history of showing it can service debt before February 15, 2020. The local lender determines if the applicant's business has incurred economic injury as a result of the COVID-19 Pandemic.

## Use of Proceeds

Proceeds may be used to support working capital needs in the state of North Dakota.

Loan funds may **not** be used:

- For capital purchases or business expansion
- To refinance any existing debt
- For the relocation of the business

## Loan Limit / Amount

- For businesses of 500 or fewer employees: Maximum loan amount is the lesser of \$5,000,000 or six months of operating expenses plus interest
- For businesses of 501 employees or more: Maximum loan amount is the lesser of \$10,000,000 or six months of operating expenses plus interest
- Maximum buydown amount from BND is \$500,000 per biennium, per borrower. Borrower is defined as: An individual, corporation, limited liability company, partnership, association or any combination of these if there is common ownership.



**BND**   
Bank of North Dakota

## **Interest Rate and Fees**

Interest rate will be fixed at 3.75% for up to five years . BND to net 3.50%. The lead lender to retain a 0.25% service fee. Borrower will receive a 1% interest rate for the term of the buydown or until buydown funding is exhausted.

The buydown of the interest rate to 1% will only occur on permanent financing.

## **Collateral**

BND must share in collateral with the lead lender, and on a pro-rate basis at time of liquidation.

## **Participation Requirements**

BND may take not less than 50% or more than 80% of the total loan amount as its participation percentage. Standard underwriting procedures will apply to all loans.

## **Buydown Requirements**

Upon conversion to term, loan will receive interest rate buydown to 1% for a maximum of five years or until such time the buydown dollars are fully expended. A community match, jobs or investment requirements portion are not required.

## **Loan Terms**

- At the discretion of the lead lender, principal and interest payments may be deferred for up to six months or the borrower may make interest-only payments for up to six months.
- After the deferral or interest-only period, the remaining loan balance will term out as a CPRP loan with up to a 10-year amortization with a 5-year balloon.

## **Lending Criteria**

Lead lender should utilize normal underwriting procedures with consideration given to the current pandemic.

## **How to Apply**

BND offers this loan by partnering with local lenders. To apply, contact your lender.

