



Rural on the Rise

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Bank of North Dakota

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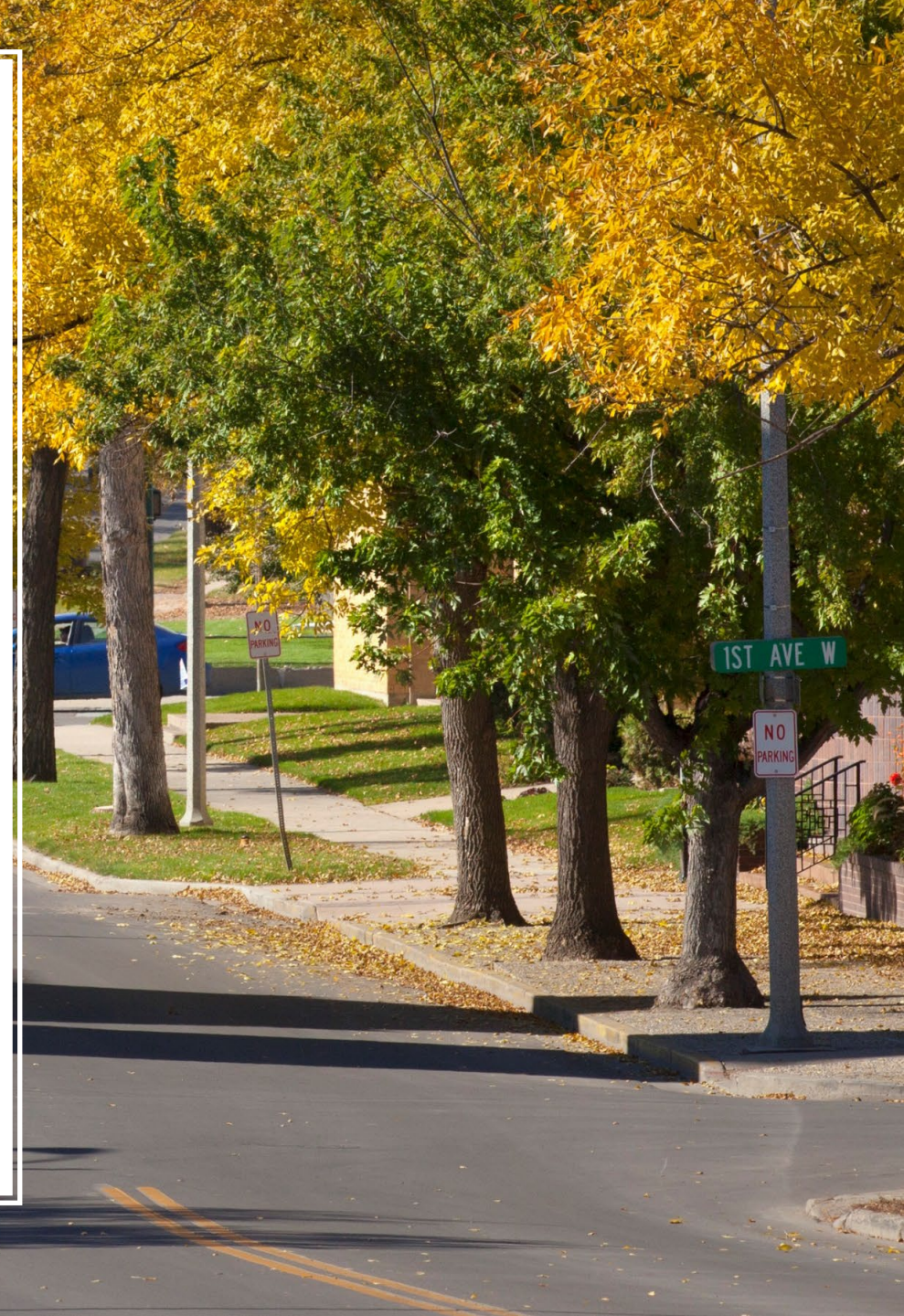
BUSINESS LOANS

	Beginning Entrepreneur Loan Guarantee	Business Development Loan	PACE Program	Flex PACE Program	Accelerated Growth Loan Program	Match Program	Bank Participation Loan	Value-added Guarantee Loan Program
Business Stage	Start-up Business	Start-up Business Established Business	Start-up Business Established Business	Start-up Business Established Business	Established Business	Established Business	Start-up Business Established Business	Start-up Business Established Business
Purpose	A ND business owned by a ND resident(s) may use this for start-up costs, working capital or to purchase real property or equipment.	A new or existing ND business with a higher degree of risk than normally acceptable to a lending institution may use this for working capital, refinancing or to purchase real property or equipment.	A ND primary sector business may use this to purchase real property, equipment or term working capital.	A ND business that meets a community need may use this to purchase real property or equipment, permanent financing of costs associated with establishing or expanding a licensed child care or affordable housing project.	A ND business with a record of proven operations, experienced management and the ability to generate cash flow, but has limited assets for normal financing may use this to purchase real property, remodel or expand an existing owner-occupied business, purchase or lease equipment, working capital or refinancing.	Large-scale economic diversification for a ND business with considerable financial strength and long-term investment grade rating. See website for options if company does not have investment grade rating.	A ND business may use this for real property, working capital, equipment or refinancing.	A business located in North Dakota may use this for value-added agriculture and energy products that add value to ND commodities.
Loan Amount and Participation Requirements	Lead lender required. Maximum \$500,000. Guarantee percentage is based on loan amount. Up to \$150,000: 85% \$150,001-\$300,000: 75% \$300,001-\$500,000: 50%	Lead lender required. BND maximum: \$1,000,000 or 90% of total, whichever is less.	Lead lender required. Loan amount negotiable. BND minimum participation: 50% of total loan. Community buydown funding required.	Lead lender required. Loan amount negotiable. BND minimum participation: 50% of total loan. Community buydown funding required.	Lead lender required. BND maximum: \$3,000,000 or nine times (9x) the monthly recurring revenue, whichever is greater.	Lead lender required.	Lead lender required.	Lead lender required. Guarantee percentage is up to 30% of the loan. BND minimum participation: 50% of total loan
Interest Rate and Fees	Lead lender: Rate must be acceptable to BND Fees: Guarantee fee 0.50% per year or a one-time fee of 2.00% of the guaranteed portion.	Lead lender: Rate must be acceptable to BND BND: Variable is Prime less .50% adjusted at least annually. Fixed is FHLB Rate + 2.25%, not to exceed five years. Fees: Origination fee up to 1.00%	Rate must be acceptable to BND. Rate reduced by up to 5.00% below yield rate and not less than 5.00% below Prime with floor of 1.00%. Fees: \$250 minimum origination fee.	Rate must be acceptable to BND. Rate reduced by up to 5.00% below yield rate and not less than 5.00% below Prime with floor of 1.00%. Fees: \$250 minimum origination fee.	Lead lender: Rate must be acceptable to BND BND: Variable is Prime + 2.00%, adjusted at least annually Fees: Lead lender may charge origination fee of up to 1.00% of total loan and add up to 0.50% servicing fee.	BND: Fixed US Treasury rate + 0.25%; Lead bank may charge a service fee. Fees: Lead lender service fee negotiated between BND and lead lender.	Origination fee and lead lender service fee negotiated between BND and lead lender.	Rate must be acceptable to BND. Fees: 1% loan guarantee fee; .50% ongoing service fee
Collateral	Negotiable	First security interest on acceptable business assets.	First security interest on acceptable business assets.	First security interest on acceptable business assets.	First security interest on acceptable business assets.	First security interest on acceptable business assets.	First security interest on acceptable business assets.	First security interest on acceptable business assets.
Loan Terms and Eligibility	Guarantee term may not exceed five years. Interest only payments allowed for up to one year. Net worth may not exceed \$500,000.	Standard underwriting terms	A ND primary sector business as defined by NDCC 1-01-49 and certified by the ND Dept of Commerce Division of Economic Development. Maximum buydown of \$500,000 per borrower, per biennium. Standard underwriting terms	Maximum buydown per project, per biennium: Business: \$200,000 Child care: \$300,000 Affordable Housing: \$500,000 Standard underwriting terms	Maximum term: 10 years	Equal principal payments over life of the loan. Corporate guarantee may be required.	Standard underwriting terms	Guarantee term may not exceed 15 years.
How to Apply	Local lender contacts BND.	Local lender contacts BND.	Local lender contacts BND.	Local lender contacts BND.	Local lender contacts BND.	Local lender contacts BND.	Local lender contacts BND.	Local lender contacts BND.

Business Programs

Flex PACE

- Used to purchase real property, equipment and certain working capital requirements. Cannot be used to refinance existing debt.
- State and local partnership that helps communities expand their economic base
- Interest Rate Buydown Program
 - A portion of the buydown comes from the community and a portion comes from BND. BND's portion of the total buydown ranges from 65%-85%. Community percentage is assigned to the 200 largest ND communities. Based on community's taxable sales and purchases, employment, taxable valuation and population.
 - **Community Portion:** Community buydown funding may come from local development corporation, contributions, community funds or other community sources. Community match may be through direct cash, loans, equity, investments, land, property or infrastructure, or any combination of these.
 - **BND Portion:** Buydown funding up to these maximums: \$200,000 per project for business, \$300,000 per project for childcare, \$500,000 per project for affordable housing. Max buydown is \$500,000 per biennium per borrower
- Rate determined between Lead Lender and BND.
 - Interest rate buydown may be as much as 5% below the rate on the promissory note, not less than 5% below Prime with a floor of 1%.
 - Rate and terms based on current market conditions at the time of loan origination.



Flex PACE for Affordable Housing

- Provides interest buydown for new, affordable multi-family housing units as well as non-residential childcare projects, new or expanding which are licensed in ND.
 - Benefit is received during permanent financing. BND may also be involved in the construction financing if the Lead lender chooses, but interest buydown only applies to the permanent financing.
- Works like regular Flex Pace but with different buydown limits (a portion of the buydown is from the community and a portion is from the state)
 - Buydown funding up to these maximums: \$300,000 per project for childcare, \$500,000 per project for affordable housing
 - A maximum of \$25,000 of interest buydown is available per new unit committed to affordable housing
- Rate determined between Lead Lender and BND
 - Interest rate buydown may be as much as 5% below the rate on the promissory note, not less than 5% below Prime with a floor of 1%
 - Rate and terms based on current market conditions at the time of loan origination



Rural-Workforce Initiative to Support Housing (R-WISH)

- Helps rural communities with construction of market rate housing for workforce when a company is locating or expanding in a community of 20,000 and under in population
- \$10 million pilot program
- Eligibility
 - The community must be experiencing a period of rapid growth due to a new company locating in the community or a local company expanding by more than 10 full time employees
 - Project must show evidence of supporting an acceptable level of local financial institution market rate financing with market rental rates.
 - BND must be a participant in the local financial institution financing.
- Rate and term



- Use of proceeds: New or rehabilitation of multi-family and 1-4 family housing
- Maximum R-WISH loan amount is the lesser of:
 - 20% of the project costs;
 - Matching contribution from the company; or
 - Maximum of \$3.5 million
- The company that is expanding in the community must contribute to the project costs, which may include:
 - Direct equity to the project
 - An in-kind contribution of product or labor
- The community must support the project through one or more of the following:
 - Direct funding from a local development corporation
 - In-kind contributions such as land, property or infrastructure
 - Future dedicated tax programs
 - Community share of the interest buydown



Questions?

