



Rural Development
Finance Corporation
GROWING COMMUNITIES

PACE & FLEX PACE* Community Loan Program Guidelines

The PACE & FLEX PACE Community Loan Program is used to help local development groups expand their capacity to participate in the Bank of North Dakota (BND) Partners Assisting Community Expansion (PACE) and Flex PACE programs.

Any local development group or political subdivision located in North Dakota communities 10,000* or under in population or projects that have a rural or cooperative focus may apply to for the RDFC PACE & FLEX PACE Loan Program for projects that demonstrate the capacity to use the capital productively and consistent with the RDFC mission.

**Communities contiguous to communities with a population greater than 10,000 are ineligible for RDFC financing.*

A primary objective of this loan fund is to assist communities with expanding their ability to utilize the PACE and Flex Pace programs in buying down interest rates for permanent financing so their local businesses can start, grow, expand and make strategic improvements.

Loan prioritization criteria:

- Suitability of project type in relation to alternative funding and financing sources, impact, and alignment with RDFC's rural development mission
- Level of local and external funding leveraged
- Applicant investment
- Cooperative involvement or benefit to cooperative members
- Job creation, workforce recruitment or retention outcomes

Projects that score highly under this framework will receive priority consideration for funding.

To access a Bank of North Dakota PACE/Flex PACE loan, a community is required to participate in the funding of the interest rate buydown at a rate determined by BND. The RDFC loan funds can be used to help the community meet their required community participation. RDFC will loan up to 50% of the participation requirement for projects approved by BND.

Interest rate: 2%

Origination fee: 1%

Repayment: Payments shall start 6 months after the last interest payment on PACE or Flex PACE loan (example 5-year loan, 1st principal payment would be due 5.5 years from loan date).

- Up to \$3,000 loan shall be repaid in one principal and interest payment
- Over \$3,000 to \$7,500 loan shall be repaid in two, equal annual principal and interest installments
- Over \$7,500 loan shall be repaid in three, equal annual principal and interest installments.
- Other terms may be considered based on the local terms and the bank loan terms.

Security: Unsecured credit with no collateral requirement.

Loan amount: Maximum loan amount is under the Board's discretion. Loans cannot exceed 50% of the local portion of the buy down.

Eligibility: Any local development group located in North Dakota; project must be in a community with a population of 10,000 or less or a cooperative with a significant benefit for rural people.

Application must contain:

- Completed application form
- Requires a Letter of Commitment from a local lead lender to finance project using PACE or Flex Pace funds.
- Letter from the local development group committing to local interest buydown share
- Applicant's current financial statement and annual revenue sources.
- After approval - an attorney's opinion verifying the applicant has the legal authority to incur debt.

Review process:

- The lead bank shall perform all due diligence and upon their willingness to lend funds for the project by using the Bank of North Dakota PACE or Flex Pace program, application can then be made to RDFC.
- Applications will be reviewed by the board of directors with a meeting date to be set once the application is received.
- Notification of whether the loan has been approved will be made within 30 days of receiving a complete application.
- Approved projects will receive a written notification of terms and conditions.

Leveraging External Funds

Priority will be given to applications that significantly leverage RDFC dollars with additional funding from sources such as traditional financial institutions, community and county economic development organizations, regional councils, as well as state and federal agencies.

Applicants should secure or demonstrate strong potential for supplementary financing, or alternatively document attempts to obtain additional funding sources. Key evaluation factors include the degree of leverage, partner commitments, and alignment with community and rural development goals. This policy aims to maximize RDFC loan impacts with regard to the number of communities and initiatives served.

NOTE: Upon loan approval – the loan must be closed within 180 days. After that period, the board may reaffirm the offer or the offer may expire.

Email completed applications to: RDFC@ndarec.com

Contact: Ellen Huber
Executive Director
Office (701) 663-6444
Email: ehuber@ndarec.com

The Bank of North Dakota PACE – Flex PACE loan program consists of an interest buy down by as many as 5 percentage points and to as low as 1% depending on the current prime interest rate. A community's required local share is 25-35% with the majority of the buydown to be provided by the Bank of North Dakota. Community match rates vary. Verify your percentage on the Bank of North Dakota website or by contacting your area's BND commercial lender to verify your community's percentage.

Updates approved by the board June 6, 2025

This institution is an equal opportunity provider and employer.