



Updated 9/01/2020



COVID-19 PACE Recovery Program (CPR)

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 March 13, 2020.
- The local lender determines if the applicant's business has incurred economic injury as a result of the COVID-19 pandemic.
- Receipt of Payroll Protection Program funds does not affect eligibility.
- Agriculture producers **are not eligible** for COVID-19 PACE Recovery Program (CPR). Producers should work with their local lender to access the BND Ag Disaster Relief Program. Agriculture producers are now eligible for the Small Business Administration, Economic Injury Disaster Loan (EIDL) program.

Use of Proceeds

Proceeds may be used to:

- Support working capital needs of a business in the state of North Dakota
- Term out COVID-19-related bridge loans or credit card debt originated on or after March 13, 2020. This amount may not exceed 20% of the maximum loan amount.

Loan funds may NOT be used:

- For capital purchases or business expansion
- To refinance any existing debt
- For the relocation of the business
- For operating expenses outside of the state of North Dakota

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.

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.
- Hard costs associated with documentation preparation can be charged; however, origination fees should not be charged.

Collateral

BND must share in collateral with the lead lender, and on a pro-rata 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. The requirements for a community match, job creation or minimum investment do not apply.
- When separate borrowers with common ownership amounts of 51% or more apply for multiple loans, these borrowers must be labeled as and considered to have common ownership. The maximum buy down on all loans for entities designated as common ownership is \$500,000.

Loan Terms

- Monthly principal and interest payments based on UP TO a 10-year amortization with a 5-year balloon.
- At the discretion of the originating lender, payments may be interest only or fully deferred for six months.
- Principal and interest payments to begin after six months or August 1, 2021, whichever comes first, based on 10-year amortization with a 5-year balloon.
- Loan proceeds must be advanced no later than Dec. 31, 2020.

Lending Criteria

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

How to Apply

All applications must be submitted by a local lender. **Applications submitted by a business owner WILL NOT be accepted.** Please contact your local lender to initiate the loan application with Bank of North Dakota.

Program Use Examples

- Company A, that employs 10 FTE's or less is requesting a loan for \$20,000. The appropriate program is the SELF program as the loan can be unsecured.
- Company B, that employs 10 FTE's or less is requesting a loan for \$48,000 to be secured by assets other than real estate. The appropriate program is the SELF program.
- Company C, that employs 10 FTE's or less is requesting a loan for \$48,000 to be secured by real estate. The appropriate program is the CPR program.
- Company D is owned by four individuals who own 25% each. Company E is owned by four individuals who own 25% each; however, one of the individuals with 25% ownership in Company D also owns 25% of company E.