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Small Employer Loan Fund (SELF)

Purpose

This program assists local financial institutions and certified development corporations (CDCs) 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 borrower is defined as an individual, corporation, limited liability company, partnership, association or any combination of these if there is common ownership.

- The local lender determines if the applicant's business has incurred economic injury as a result of the COVID-19 pandemic.
- **As of March 13, 2020, the borrower must have:**
 - Had a physical presence in North Dakota
 - Been current on financial obligations
 - Along with any guarantors, showed the capacity or historical ability to service debt
 - Had an employee count of 10 or less full-time equivalents (FTE)
 - An owner with at least 20% ownership, or a guarantor had a pre-pandemic minimum credit score of 650.
- Receipt of Payroll Protection Program funds does not affect eligibility.
- Agriculture producers **are not eligible** for Small Employer Loan Fund (SELF). 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, recurring expenses and replenish inventory. The purpose of restart inventory is to restock to a quantity that enables a business to operate at pre-pandemic levels.
- 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 to:

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

Loan Limit / Amount

- 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.
- A shared lien on all business assets is required for loans over \$25,000. If there is adequate equity in the business assets, it is acceptable for the SELF loan to be in a junior position; otherwise, all other debt of the lead lender which shares an interest in the business assets shall be pro-rata.
- A SELF loan may not be secured with real estate.
- If the loan request is greater than \$25,000 and the collateral is real estate, the loan request will be referred to the CPR Program.

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.
- All loans require unlimited personal guarantees.

How to Apply

All applications must be submitted by a lender at your local financial institution. **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. The originating lender must complete the SELF application and is not required to submit a credit presentation.