

## Bank of North Dakota Flex PACE Program

Flex PACE allows communities the ability to provide assistance to businesses that do not meet the primary sector definition of PACE.

The borrower can be any person or entity whose business is located in the state of North Dakota. This may be an individual, corporation, limited liability company, partnership, association or any combination of these if there is common ownership.

The community in which the business is located will determine if the objectives of the business meet the needs of the community and to what extent they will provide the matching portion of the buydown funds required to access this program.

Proceeds may be used to purchase real property, equipment and certain working capital requirements.

A fixed or variable interest rate may be used in the loan participation. The interest rate to the borrower may be as much as 5% below the rate on the promissory note, but not less than 5% below Prime with a floor of 1%.

BND will evaluate all requests in the same manner as it does with a commercial bank participation. BND's participation must be 50 percent to 80 percent.

The Flex PACE Fund combines the resources of the local community and the PACE Fund to buy down the interest rate on the loan.

**Community percentage:** Garrison's community percentage factor is 70%. This factor determines the amount of the PACE Fund's participation in the funding of the interest rate buydown. It is based on the community's taxable sales and purchases, employment, taxable valuation and population.

**Buydown funding:** Flex PACE provides interest rate buydowns up to these maximums: \$200,000 per project for businesses, \$300,000 per project for child care, and \$500,000 per project for affordable housing. The maximum buydown is \$500,000 per biennium per borrower.

The buydown is matched by GAIA at 70%. The interest rate to the borrower may be as much as 5% below the rate on the promissory note, but not less than 5% below Prime with a floor of 1%.

**Community buydown funding:** The funds may come from a local development corporation, contributions, community funds or other community sources in the form of a grant or a loan. The community's portion of the buydown cannot be funded in any way, directly or indirectly, by the borrower or any individual or organization that has financial interest in the borrower.

If the community provides its share of the interest rate buydown as loan, interest may accrue. Repayment of principal or interest on the loan from the community shall not commence until the Flex PACE interest buydown has been fully expended.

**Community match requirements:** The community may meet its matching requirement through direct cash, loans, equity, investments, land, property or infrastructure, and any combination of these. Property tax exemptions or payments in lieu of property taxes are not eligible as payments.

**Transfer of funds:** A trustee shall be appointed to act as the transfer agent for the buydown. Both the community and the PACE Fund will provide funds to the trustee to cover the interest rate buydown.

**Contact Mike Youngs at Garrison State Bank for more details: 701-463-2262**