



FLEX PACE PROGRAM

Purpose

Flex PACE allows communities the ability to provide assistance to businesses that do not meet the primary sector definition of PACE. In addition to this program, specific Flex PACE options have been developed for child care facilities and affordable housing projects. No job creation is required for any Flex PACE Program options.

Eligibility

The borrower can be any person or entity whose business is located in the state of North Dakota. 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.

Use of proceeds

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

Interest rate and fees

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 rate with a floor of 1%.

Fees: \$250 minimum origination fee

Flex PACE Program Example

Loan Amount: \$500,000.00
Bank Yield Rate: 6%
Borrower's Rate: 1%
Amortization: 240 months
Payment Frequency: Monthly
Accrual Method: Act/360
Community Percentage Factor: 65%

	Without Buydown	With Buydown
Year 1	\$43,289.28	\$18,240.94
Year 2	\$43,289.28	\$18,863.84
Year 3	\$43,289.28	\$19,659.43
Year 4	\$43,289.28	\$20,437.99
Year 5	\$43,289.28	\$21,265.19

Buydown requirements

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: A community percentage factor is assigned to the 200 largest communities within the state. This factor determines the amount of the PACE Fund's participation (65-85 percent) 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 for businesses, \$300,000 for child care, and \$500,000 for affordable housing. The buydown is matched by the community at the designated participation level listed under Community Percentage Factor. 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.

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 make payment to the trustee to cover the interest rate buydown.

Loan Terms

- Working capital: 1-5 years
- Equipment: 5-7 years
- Real estate: Up to 20 years

To apply

Bank of North Dakota offers this loan by partnering with local lenders. To apply, contact your lender.