



BND Lending Programs

Andrew Tweet, Business Banker

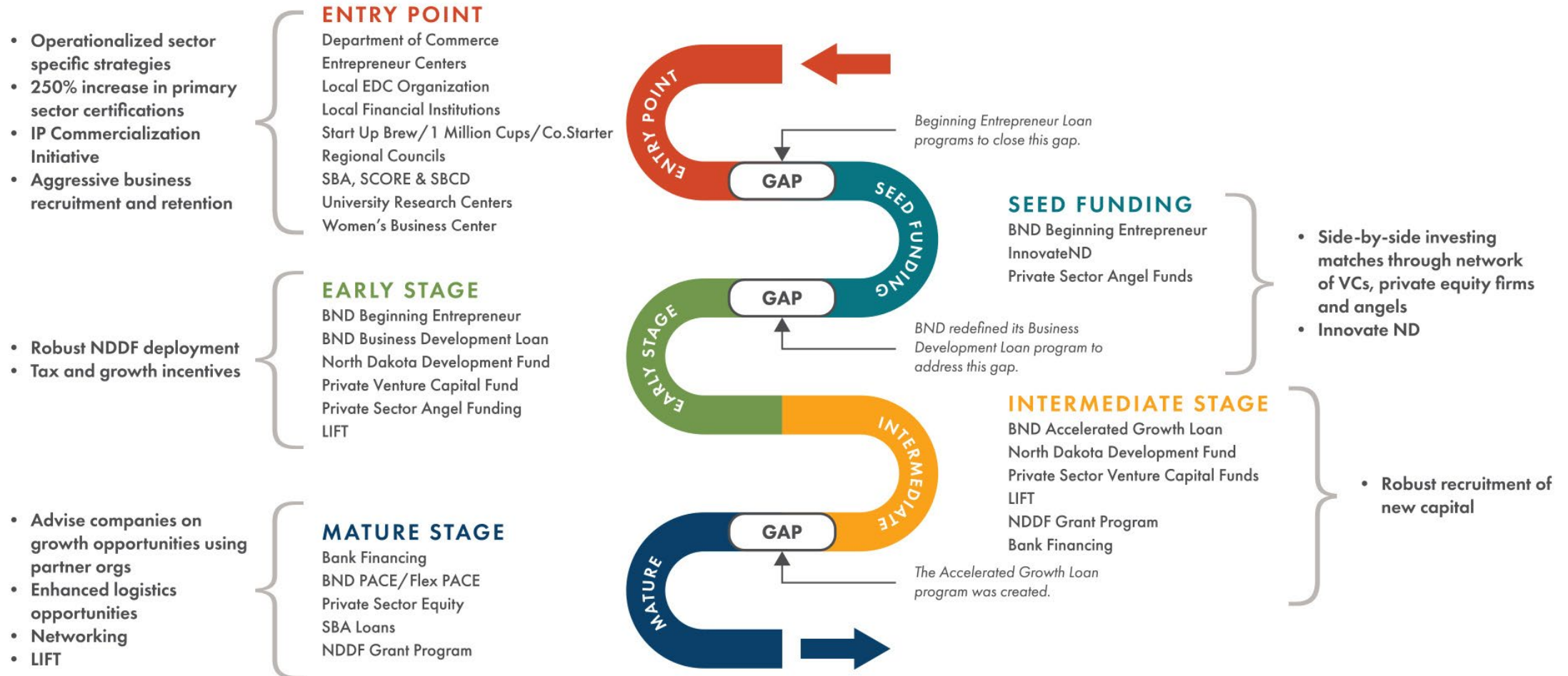
Bank of North Dakota



Our relationship today

- Local financial institutions are the conduit through which state assistance is distributed
- Business owners and ag producers bring their loan needs to you
- You determine if BND programs can assist them
- BND does not contact your customer. You maintain the relationship
- BND programs give financial institutions of all sizes a more equal playing field to serve their customers
- Loan programs are for North Dakota-based entities only

ECONOMIC DEVELOPMENT ROAD MAP



BUSINESS LOANS

	Beginning Entrepreneur Loan Guarantee	Business Development Loan	PACE Program	Flex PACE Program	Accelerated Growth Loan Program	Match Program	Bank Participation Loan	Value-added Guarantee Loan Program
Business Stage	Start-up Business	Start-up Business Established Business	Start-up Business Established Business	Start-up Business Established Business	Established Business	Established Business	Start-up Business Established Business	Start-up Business Established Business
Purpose	A ND business owned by a ND resident(s) may use this for start-up costs, working capital or to purchase real property or equipment.	A new or existing ND business with a higher degree of risk than normally acceptable to a lending institution may use this for working capital, refinancing or to purchase real property or equipment.	A ND primary sector business may use this to purchase real property, equipment or term working capital.	A ND business that meets a community need may use this to purchase real property or equipment, permanent financing of costs associated with establishing or expanding a licensed child care or affordable housing project.	A ND business with a record of proven operations, experienced management and the ability to generate cash flow, but has limited assets for normal financing may use this to purchase real property, remodel or expand an existing owner-occupied business, purchase or lease equipment, working capital or refinancing.	Large-scale economic diversification for a ND business with considerable financial strength and long-term investment grade rating. See website for options if company does not have investment grade rating.	A ND business may use this for real property, working capital, equipment or refinancing.	A business located in North Dakota may use this for value-added agriculture and energy products that add value to ND commodities.
Loan Amount and Participation Requirements	Lead lender required. Maximum \$500,000. Guarantee percentage is based on loan amount. Up to \$150,000: 85% \$150,001-\$300,000: 75% \$300,001-\$500,000: 50%	Lead lender required. BND maximum: \$1,000,000 or 90% of total, whichever is less.	Lead lender required. Loan amount negotiable. BND minimum participation: 50% of total loan. Community buydown funding required.	Lead lender required. Loan amount negotiable. BND minimum participation: 50% of total loan. Community buydown funding required.	Lead lender required. BND maximum: \$3,000,000 or nine times (9x) the monthly recurring revenue, whichever is greater.	Lead lender required.	Lead lender required.	Lead lender required. Guarantee percentage is up to 30% of the loan. BND minimum participation: 50% of total loan
Interest Rate and Fees	Lead lender: Rate must be acceptable to BND Fees: Guarantee fee 0.50% per year or a one-time fee of 2.00% of the guaranteed portion.	Lead lender: Rate must be acceptable to BND BND: Variable is Prime less .50% adjusted at least annually. Fixed is FHLB Rate + 2.25%, not to exceed five years. Fees: Origination fee up to 1.00%	Rate must be acceptable to BND. Rate reduced by up to 5.00% below yield rate and not less than 5.00% below Prime with floor of 1.00%. Fees: \$250 minimum origination fee.	Rate must be acceptable to BND. Rate reduced by up to 5.00% below yield rate and not less than 5.00% below Prime with floor of 1.00%. Fees: \$250 minimum origination fee.	Lead lender: Rate must be acceptable to BND BND: Variable is Prime + 2.00%, adjusted at least annually Fees: Lead lender may charge origination fee of up to 1.00% of total loan and add up to 0.50% servicing fee.	BND: Fixed US Treasury rate + 0.25%; Lead bank may charge a service fee. Fees: Lead lender service fee negotiated between BND and lead lender.	Origination fee and lead lender service fee negotiated between BND and lead lender.	Rate must be acceptable to BND. Fees: 1% loan guarantee fee; .50% ongoing service fee
Collateral	Negotiable	First security interest on acceptable business assets.	First security interest on acceptable business assets.	First security interest on acceptable business assets.	First security interest on acceptable business assets.	First security interest on acceptable business assets.	First security interest on acceptable business assets.	First security interest on acceptable business assets.
Loan Terms and Eligibility	Guarantee term may not exceed five years. Interest only payments allowed for up to one year. Net worth may not exceed \$500,000.	Standard underwriting terms	A ND primary sector business as defined by NDCC 1-01-49 and certified by the ND Dept of Commerce Division of Economic Development. Maximum buydown of \$500,000 per borrower, per biennium. Standard underwriting terms	Maximum buydown per project, per biennium: Business: \$200,000 Child care: \$300,000 Affordable Housing: \$500,000 Standard underwriting terms	Maximum term: 10 years	Equal principal payments over life of the loan. Corporate guarantee may be required.	Standard underwriting terms	Guarantee term may not exceed 15 years.
How to Apply	Local lender contacts BND.	Local lender contacts BND.	Local lender contacts BND.	Local lender contacts BND.	Local lender contacts BND.	Local lender contacts BND.	Local lender contacts BND.	Local lender contacts BND.

PACE Program

The PACE Fund helps North Dakota communities expand their economic bases by creating new jobs. The borrower must be a primary sector business as defined by NDCC 1-01-49 and certified by the North Dakota Department of Commerce Division of Economic Development and Finance.

The business must create new wealth, defined as revenues generated through the sale of products or services to customers outside of North Dakota or customers in North Dakota if the products or services were previously unavailable or difficult to obtain from a business in the state.

BND buydown is based on either the business investment or the number of jobs created.

	BND Buydown	Jobs Created		Minimum Investment
Tier One	\$100,000	2-5	or	\$750,000 - \$1,200,000
Tier Two	\$200,000	6-10	or	\$1,200,001 - \$2,200,000
Tier Three	\$300,000	11-15	or	\$2,200,001 - \$3,500,000
Tier Four	\$400,000	16-20	or	\$3,500,001 - \$4,500,000
Tier Five	\$500,000	20+	or	\$4,500,001 +

Flex PACE Program

The Flex PACE Fund supports **community-based economic growth** with the community determining its needs. The community may access Flex PACE to provide **assistance to businesses that do not meet the primary sector requirements of PACE**. Options are also available for child care facilities and affordable housing.

The program provides an interest rate buydown up to \$200,000 for businesses, \$300,000 for child care and \$500,000 for affordable housing.

Community requirements for PACE and Flex PACE

- Community buydown funding may provide its share through a local development corporation contribution, community fund, a grant or a loan.
- Community match must be met through direct cash, loans, equity, investments, land, property, infrastructure or any combination of these. The community portion cannot be funded by the borrower or any individual/organization that has financial interest in the borrower.

Business Financing Continuum

These loan programs are options for different stages in the life of a business.

	Start-up Business	Established Business
Accelerated Growth	✗	✓
Bank Participation	✓	✓
Beginning Entrepreneur	✓	✗
Business Development	✓	✓
Flex PACE	✓	✓
Match	✗	✓
PACE	✓	✓
Value-Added Guarantee Loan	✓	✓
Venture Capital	✓	✓



Beginning Entrepreneur Loan Guarantee

- Legislative loan program, assists with business startup financing by providing financial institution with guaranty of a loan not to exceed \$500,000
- May be used for purchase or improvements of real property, equipment or personal property; working capital needs; business start up expenses including accounting, legal and business planning; refinance or consolidate debt if it doesn't exceed 20% of the total loan guarantee
- Lead lender rate determined between lender and BND. With BND consent, beginning entrepreneur may receive a one-year period of interest-only payments at the beginning of loan term
- Up to five-year guarantee

Loan amount	Max guaranty percentage
Up to \$150,000	85%
\$150,001-\$300,000	75%
\$300,001-\$500,000	50%



Business Development Loan

- Assists new and existing businesses to obtain loans that have a higher degree of risk than would normally be acceptable to a lending institution
- Used to establish or purchase a new or existing business, finance the acquisition of real property, remodel or expand an existing business, purchase or lease equipment, provide working capital, refinance an existing loan
- Max loan participation is \$1 million or 90% of total, whichever is less.
- Rates
 - Lead lender rate determined between lender and BND.
 - BND variable rate is .50% below Prime, adjusted monthly or quarterly. Fixed rate is 2.25% above the FHLB of Des Moines Advanced Rate with a rate lock not to exceed five years.

PACE Program (Partnership Assisting Community Expansion)

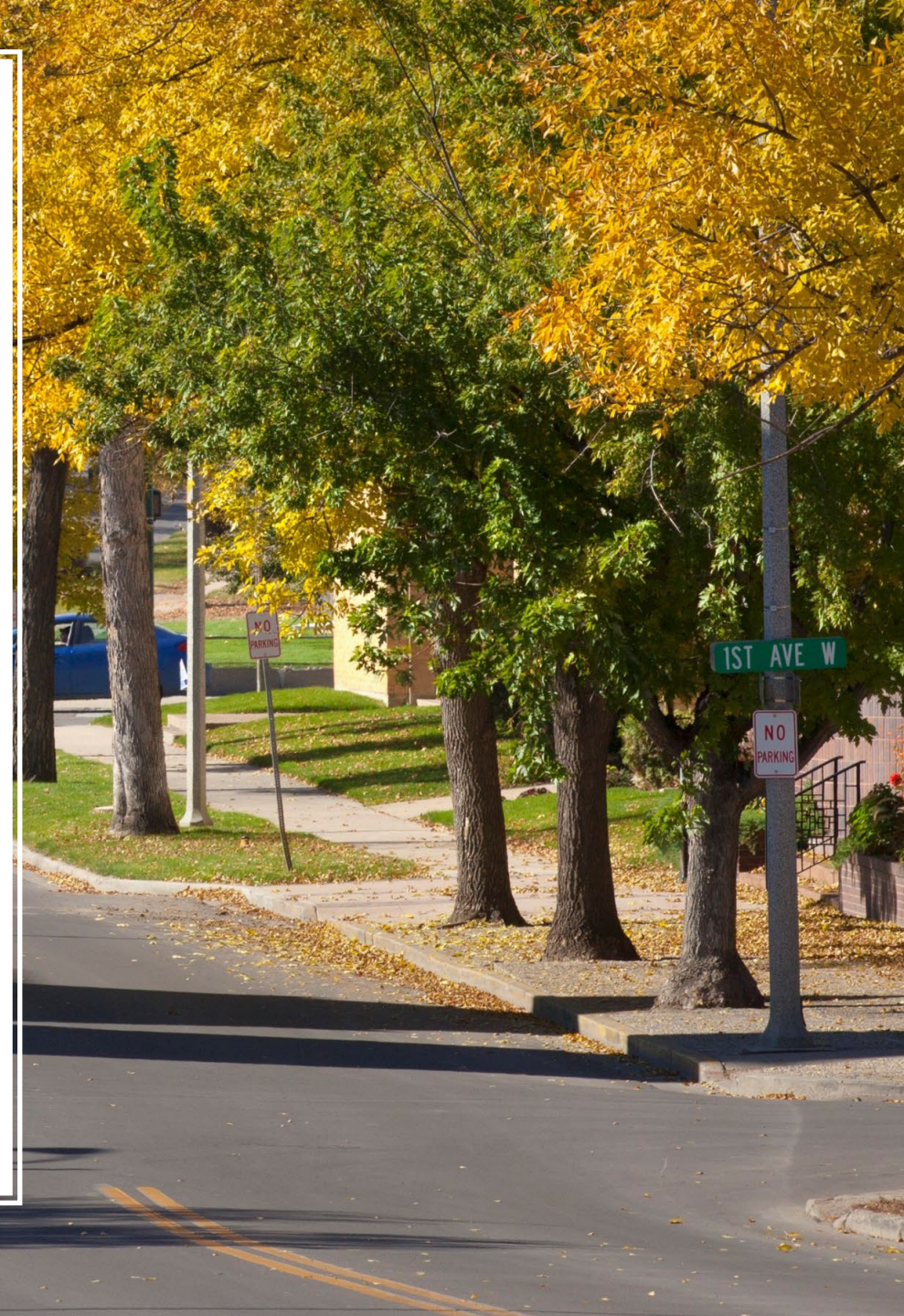
- Helps communities expand their economic base by assisting Primary Sector businesses that make an investment or create jobs in the community
- Used to purchase real property, equipment and certain working capital requirements. Cannot be used to refinance existing debt or relocation within North Dakota.
- Buydown requirements

	BND Buydown	Jobs Created		Minimum Investment
Tier One	\$100,000	2-5	or	\$750,000 - \$1,200,000
Tier Two	\$200,000	6-10	or	\$1,200,001 - \$2,200,000
Tier Three	\$300,000	11-15	or	\$2,200,001 - \$3,500,000
Tier Four	\$400,000	16-20	or	\$3,500,001- \$4,500,000
Tier Five	\$500,000	20+	or	\$4,500,001 +

- Community percentage factor assigned to the 200 largest communities. This determines the amount of the PACE Fund's participation (65-85%) in the funding of the interest rate buydown; based on community's taxable sales and purchases, employment, taxable valuation and population.
- Buydown funding: Max interest rate buydown of \$500,000 per biennium. Max buydown through any combination of PACE, Flex PACE and Flex PACE for Affordable Housing is \$500,000 per biennium per borrower. Buydown is matched by the community at the designated participation level listed under Community Percentage Factor.
- Community buydown funding may come from a local development corporation, contributions, community funds or other community sources in the form of a grant or loan
- Community match may be through direct cash, loans, equity, investments, land, property or infrastructure, or any combination of these
- Rate determined between lender and BND.
 - Interest rate may be as much as 5% below the rate on the promissory note, not less than 5% below Prime with a floor of 1%
 - Rate and terms based on current market conditions at the time of loan origination

Flex PACE

- Helps communities expand their economic base by assisting businesses that do not meet the Primary Sector definition of PACE
- Used to purchase real property, equipment and certain working capital requirements.
- Buydown requirements
 - Community percentage is assigned to the 200 largest ND communities. This determines the amount of the PACE Fund's participation (65-85%) in the funding of the interest rate buydown. Based on community's taxable sales and purchases, employment, taxable valuation and population.
 - Buydown funding up to these maximums: \$200,000 per project for business, \$300,000 per project for childcare, \$500,000 per project for affordable housing. Max buydown is \$500,000 per biennium per borrower
 - Community buydown funding may come from local development corporation, contributions, community funds or other community sources like grant or loan.
 - Community match may be through direct cash, loans, equity, investments, land, property or infrastructure, or any combination of these
- Rate determined between lender and BND.
 - Interest rate may be as much as 5% below the rate on the promissory note, not less than 5% below Prime with a floor of 1%.
 - Rate and terms based on current market conditions at the time of loan origination.



Flex PACE for Affordable Housing

- Provides an interest buydown for new, affordable multi-family housing units as well as non-residential childcare projects, new or expanding which are licensed in ND
- Used for permanent financing of affordable multi-family housing units, or new or expanding on-residential childcare projects
 - BND may also be involved in the construction financing if the lead lender chooses, but interest buydown applies only to the permanent financing
- Buydown funding up to these maximums: \$300,000 per project for childcare, \$500,000 per project for affordable housing
 - A maximum of \$25,000 of interest buy down is available per new unit committed to affordable housing
- Rate determined between lender and BND
 - Interest rate may be as much as 5% below the rate on the promissory note, not less than 5% below Prime with a floor of 1%
 - Rate and terms based on current market conditions at the time of loan origination



Accelerated Growth Loan

- Established business with a history proven operations; and
 - Demonstrates 15% growth over the next three years; or
 - Has consistent monthly revenues above \$50,000
- Limited assets for traditional financing
- Used to finance acquisition of real property, remodel or expand an existing business if owner-occupied, purchase equipment, provide working capital, refinance an existing loan with a maximum amount that may not exceed 30% of the new loan.
- Lead lender must maintain at least 10% of the loan. BND max loan amount is \$3 million or 9x the monthly recurring revenue, whichever is greater.
- Rates
 - Lead lender rate determined between lender and BND.
 - BND variable rate 2.00% above Prime, adjusted annually or more frequently at BND's discretion.



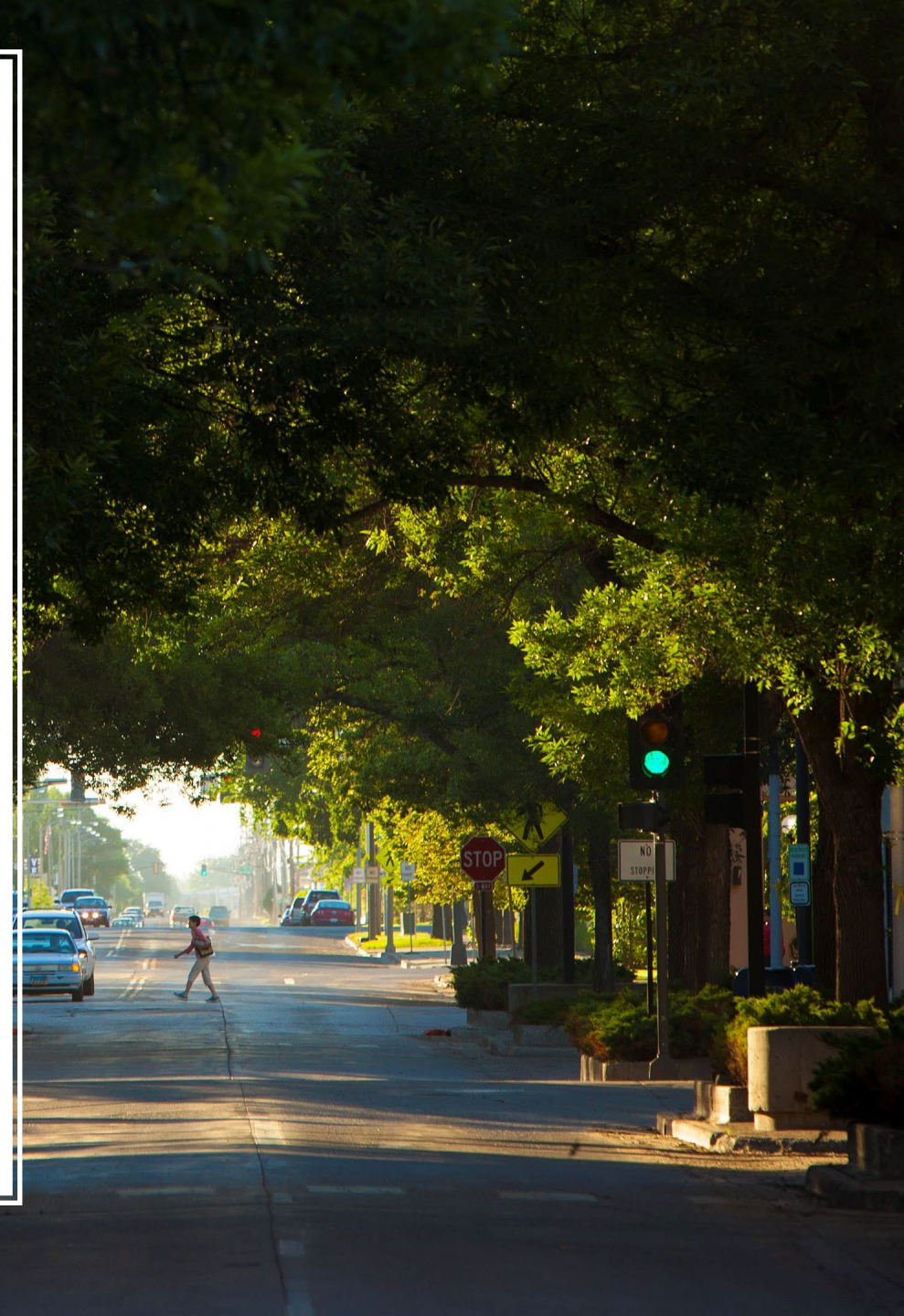


Match Program

- Provides a low-cost alternative to financially strong company
 - Company must demonstrate considerable financial strength as demonstrated by long-term investment grade rating; or
 - Provide a letter of credit from financial institution; or
 - Pledge Fed Book entry securities; or
 - Guarantee from a Federal guaranty agency
- Use of proceeds
 - To support large-scale economic diversification projects
- Maximum loan amount based on funding availability
- The term of the loan will vary depending on loan purpose with a maximum of 20 years.
- Rates
 - Lead lender rate determined between lender and BND.
 - BND fixed US Treasury rate + 0.25%; Lead lender may charge a service fee.

Bank Participation Loan

- Assists a financial institution with a borrower whose financing needs have outgrown the legal lending or exposures limits of the originating lender.
- Broad range of uses
 - Business and industrial acquisitions; or
 - Construction to permanent, expansion, repair and modernization; or
 - Purchase land, buildings, equipment; or
 - Start-up and working capital; or
 - Refinance existing loan; or
 - Any reasonable business purpose
- Rates, loan amounts and terms based on current market conditions.



SBA Guaranteed Loan Purchase

- BND participates in an SBA-guaranteed loan by purchasing the guaranteed portion of the promissory note
- Use of proceeds
 - Start-up costs and working capital requirements
 - To purchase or refinance real property and equipment
 - Expand existing facilities
- No maximum loan amount. BND may purchase up to 100% of the guaranteed portion.
- Interest rate may be fixed or variable
 - Rate based on corresponding FHLB Advance Rate plus 1% net to BND.
 - Lead lender may add acceptable service fee.

USDA Guaranteed Loan Purchase

- BND participates in a government guaranteed loan by purchasing the guaranteed portion of the promissory note
- Interest rate variable or fixed and set by BND at time of funding
- No maximum loan amount. BND may purchase up to 100% of the guaranteed portion.
- Interest rate may be fixed or variable
 - Rate based on corresponding FHLB Advance Rate plus 1% net to BND.
 - Lead lender may add acceptable service fee

Value-added Loan Guarantee

- Assists ND-based companies that want to invest in value-added agriculture and energy products that add value to North Dakota commodities
- Value-added agriculture is defined as a change made to a primary agriculture product (crops and livestock) that increases the product's value, thereby creating new economic activity in one of three ways:
 - Process activities that create value for the product and/or introduce the product to new markets
 - Diversification and/or modification of primary agriculture product
 - Pre-production modifications that increase yield, quality and uses
 - Does not include farm production of crops and livestock, biotechnology and research and development activities focused on increasing primary agricultural production, human capital investments, agritourism, seed production or transportation
- Value-added energy is a change made to hydrocarbons produced in ND that increase the product's value, thereby creating new economic activity and jobs in one of three ways:
 - Process activities that create value for hydrocarbons or by-products and/or introduce the product to a new market
 - Modifications of hydrocarbons or by-products that result in increased production, quality or uses
 - Pre-production modifications that increase production of hydrocarbons through drilling or mining activities
- Maximum guarantee amount: \$25,000,000
- Participation requirements:
 - BND must take 50-80% of the total loan amount.
- Fees: 1% loan guarantee fee; .50% ongoing service fee.



Infrastructure Financing

	BND Infrastructure Revolving Loan Fund	Legacy Infrastructure Loan Fund	SWC Cost-Share	DEQ/PFA Drinking Water SRF	DEQ/PFA Clean Water SRF	PFA Capital Financing Program
Airport Infrastructure	✓	✓				✓
Communications Infrastructure	✓	✓				✓
Conveyance Projects		✓	✓			✓
Electricity Transmission Infrastructure	✓	✓				✓
Emergency Services Facilities	✓	✓				✓
Essential Political Subdivision Buildings	✓	✓				✓
Flood Control		✓	✓			✓
General Water Management		✓	✓			✓
Natural Gas Transmission Infrastructure	✓	✓				✓
Road & Bridge Infrastructure	✓	✓				✓
Sanitary Sewer Infrastructure	✓	✓			✓	✓
Storm Water Infrastructure	✓	✓			✓	✓
Wastewater Treatment Plants	✓	✓			✓	✓
Water Storage Systems	✓	✓	✓	✓		✓
Water Supply/Rural Water Supply		✓	✓	✓		✓
Water Treatment Plants	✓	✓	✓	✓		✓



Disaster Response Loans – Commercial Loans

- Respond to negative economic impact due to event i.e. weather-related, pandemic, flooding
- BND process
 - Listen to local financial institutions, economic developers and legislators regarding community needs
 - Determine if federal programs will address need
 - If not, create loan program to meet needs. Local financial institution serves as the conduit for the loan program, maintaining the relationship with their customers. If federal programs will meet needs, facilitate communication about those programs.
- Timeline: BND responds quickly
- Examples:
 - 1% home loans after Minot/Bismarck area flooding in 2011
 - COVID- Business recovery loans at 3.75%; 1% business loans to support working capital needs, recurring expenses and replenish inventory

AGRICULTURE LOANS

	Beginning Farmer Chattel Loan	Family Farm Loan	Farm Operating Loan	Ag PACE	Envest	Farm and Ranch Participation Loan	Livestock Waste Management System Loan	Biofuels PACE Loan
Purpose	ND resident who has not farmed/ranchd more than 15 years may use this to purchase equipment or livestock.	ND farmer or rancher with farming experience may use this to purchase or refinance ag real estate, farm equipment or livestock; restructure operating debt carryover.	ND farmer or rancher who owns/operates a farm or ranch may use this to cover operating expenses for the current operating year.	ND farmer or rancher, with a qualified business integrated into the farm operation to supplement farm income, may use proceeds for irrigation equipment on new irrigated acreage, shares in startup or expansion of processing plants of ND-grown products, capital improvements for livestock retention and dairy operations, subsurface field tiling.	ND resident who owns no more than 25% of ag processing plant intended for ND products or equity shares in ND feedlot or dairy operation that feeds a byproduct of an ethanol or biodiesel facility may purchase shares of an ag processing plant, desirable for plant to be located in ND; however there are exceptions if it benefits ND economy.	ND farm or ranch operation may use this to fund all ag-related activities including the financing of real estate, equipment, livestock and operating expenses.	ND livestock producer, approved by ND Dept. of Health to install a waste management system, may use this to fund materials and/or services for the design or construction required to renovate or relocate an animal feeding operation of 1,000 head or less.	ND livestock operation that feeds a byproduct of a ND ethanol or biodiesel facility or ND operation producing ethanol, biodiesel or green diesel may use this to purchase or construct real property, expand facilities, purchase or install equipment including a biogas system.
Loan Amount and Participation Requirements	Lead lender required. Lifetime cap: \$750,000 (Originating lender and BND) BND participation: 50-80% of total	Lead lender required. BND participation: Maximum 90% of total, or \$750,000, whichever is less	Lead lender required. BND participation: Maximum 65% of total, or \$750,000, whichever is less	Lead lender required. Total loan amount may not exceed cost of the project. BND participation: 50-80% of total	Lead lender required. Total loan amount may not exceed the cost of shares. BND participation: Maximum 70% of total	Lead lender required. Negotiable	Lead lender required. Up to \$100,000 BND participation: 100% of total	Lead lender required. BND participation: 50-80% of total Maximum for ethanol, biodiesel or green diesel production: \$500,000. Maximum for value-added livestock is \$250,000.
Interest Rate and Fees	Lead lender: Not to exceed BND base + 2.00% on variable or 3.50% over FHLB advance rate on fixed. Yield Rate reduced by up to 4.00% with a floor of 1.00%. BND: Fixed at BND base less 1% with a max rate of 6.00% for 5 years; remaining 2 years adjusted annually at BND base less 1.00%.	Lead lender: Not to exceed BND base + 2.00% on variable or 3.50% over FHLB advance rate on fixed. BND: Variable at BND base less 1.00% or fixed at BND base rate for up to 10 years and then rate floats at BND base for the remaining term. The interest rate will never exceed 11.00%.	Lead lender: Not to exceed BND base + 2.00% BND: Variable at BND base less 1.00%	Lead lender: Rate must be acceptable to BND; fixed or variable. Maximum service fee: 0.25%. Subsurface field tiling: Yield rate reduced by up to 2.00% and not less than 1.00%. All other projects: Yield rate reduced by up to 4.00% and not less than 1.00%. Fee: \$250 minimum BND origination fee	Lead lender: Not to exceed BND base + 2.00%. BND: Variable at BND base less 1.00%. Feedlot/dairy: Yield rate reduced by up to 4.00% and not less than 1.00%.	Rate must be acceptable to BND. Fees: Commitment, origination and service fees may be charged.	Fixed rate: 5.00% with lead lender receiving 0.25%. Fees: \$250 minimum BND origination fee	Lead lender: Rate must be acceptable to BND; fixed or variable. Yield rate reduced by up to 5.00%; not less than 5.00% below prime rate with a floor of 1.00%. Fee: \$250 minimum BND origination fee
Collateral	First lien on chattels; not to exceed 80% of ag collateral value	First real estate mortgage and assignment of rents First lien position on equipment and livestock.	Lien on crops, livestock or equipment Pledge of FSA payments and assignment of crop insurance required when available	Adequate collateral required	Adequate collateral required	Adequate collateral required	Adequate collateral required	Ethanol, biodiesel or green diesel: 40-50% equity Value-added livestock operations: 40% equity
Loan Terms and Eligibility	Maximum: 7 years Net worth may not exceed \$1,500,000 Principal occupation is or will be the production of an ag commodity	Farm equipment or livestock: up to 7 years; 75% LTV Real estate: up to 30 years; 75% LTV Restructure operating debt: up to 5 years; 85% LTV Net worth may not exceed \$1,500,000	Maximum: 1 year Lead lender must share a minimum 35% of loan. Debt-to-asset ratio must exceed 50% or net worth of less than \$1,500,000	Buydown lifetime cap per project or biennium: \$20,000 If net worth less than \$1,500,000, borrower can access up to \$60,000 for lifetime cap with separate projects/biennium. Maximum: Equipment: 5-7 years Real estate: up to 25 years Subsurface field tiling: \$50,000 lifetime cap Subsurface field tiling: Equipment or second real estate mortgage: 10 years First real estate mortgage: 25-year amortization, 10-year balloon	5-7 years Principal payments may be deferred up to two years; but interest must be paid annually. Feedlot/dairy: Buydown lifetime cap of \$20,000* *Not eligible for Ag PACE buydown for investment on the same project.	Real estate: 15-25 years Equipment/Livestock: 5-7 years	May not exceed 10 years.	Ethanol, biodiesel or green diesel facility: Equipment: 5-7 years Real estate: 12-15 years Livestock operation: Equipment: 5-7 years Real estate: up to 15 years Maximum buydown: \$250,000

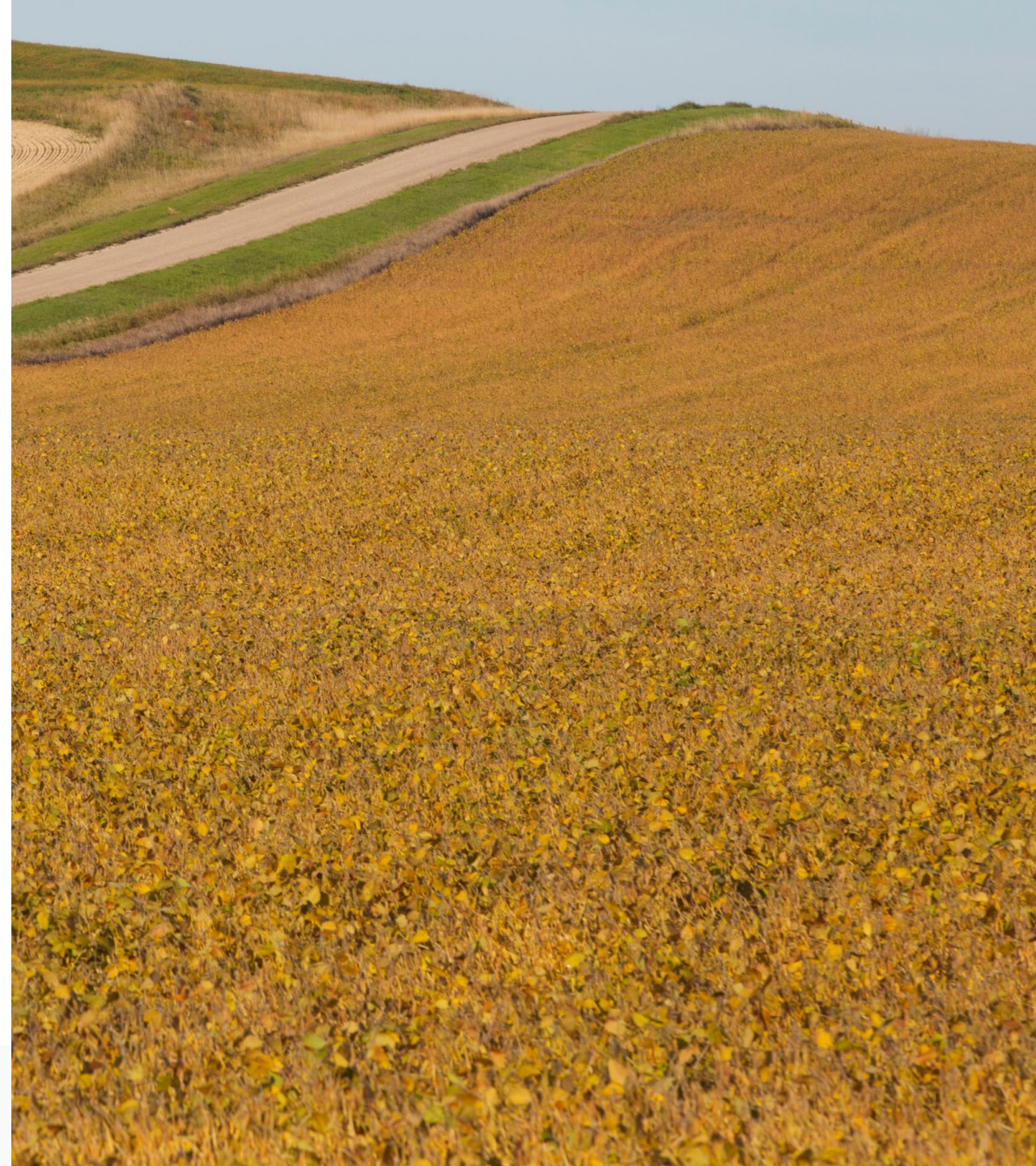
Agriculture Programs

DIRECT & GUARANTEE LENDING PROGRAMS

	Beginning Farmer Real Estate Loan	Established Farmer Real Estate	FSA Guaranteed Loan Purchase Program	Farm Real Estate Loan Guarantee Program	Ag Commodity Export Enhancement Program
Purpose	ND resident, whose principal occupation is production of an ag commodity on a family farm, may use this to purchase agricultural real estate.	A ND resident may use this for agricultural purposes.	BND may purchase the guaranteed portion of a loan with a FSA guaranty.	ND resident may purchase or restructure farm real estate loans.	ND ag exporter of bulk ag commodities and food-grade, value-added ag products may use this to insure the exporter or BND against the nonpayment risks of foreign buyer.
Loan Amount and Participation Requirements	Lifetime cap: \$750,000	Maximum: \$3,000,000	FSA-guaranteed portion of the loan.	Maximum total of this loan type: \$400,000 BND maximum guarantee: 80%	Minimum transaction: \$200,000 BND direct or participation
Interest Rates and Fees	First five years: Fixed at 1.00% below BND Base Rate with maximum of 6.00%. Years 6-10: Variable at 1.00% below BND Base Rate effective at the time of the rate change, adjusting annually on the anniversary date. Years 10+: Float at BND's Base Rate. -OR- Years 1-10: Fixed at BND Base less 1.00%; Years 10+: Float at BND's Base Rate	Market rate: Fixed or variable. Variable adjustments limited to 6.00% increase over original rate. Fees: \$500 origination fee	BND: Fixed or variable rates. Lead lender: Must comply with FSA policy. Fees: Lead lender may charge origination and servicing fees; \$250 minimum BND origination fee.	Rate not to exceed BND base + 2.00% on variable or 3.50% over FHLB advance rate on fixed. Fees: 0.50% per year or one-time fee of 1.50% of the guaranteed portion.	Floating interest rate based on fixed spread over a variable rate index. Fees: Facility fee, trade broker fees and policy premium
Collateral	First mortgage and assignment of rents on farm real estate; not to exceed 75% of appraised value.	First mortgage and assignment of rents on farm real estate; not to exceed 65% of appraised value	Assignment of FSA guarantee	First mortgage on farm real estate; not to exceed 80% of appraised value.	Ex-Im insurance policy
Loan Terms and Eligibility	Maximum: 30 years Net worth may not exceed \$1,500,000 Must not have owned any substantial farmland greater than 30% of the average county farm size.	Maximum: 25 years	Based on FSA loan guarantee terms	Maximum guarantee term: 5 years	Maximum: 1 year Eligible receivables limited to 180 day maximum Ex-Im Bank determines eligibility.
How to Apply	Contact BND	Contact BND	Local lender contacts BND	Local lender contacts BND	Contact BND

Beginning Farmer Real Estate Loan

- Farmer applies directly to BND
 - Purchase agricultural real estate
 - Applicant requirements
 - Net worth may not exceed \$1,500,000
 - Principal occupation must be the production of an agriculture commodity or family farm
 - May not have previously owned any substantial farmland greater than 30% of the average farm size in the county where the parcel is located
 - Max loan may not exceed \$1,200,000 lifetime cap per borrow
 - Rates
 - Years 1-5: Fixed at 1.00% below BND Base Rate with maximum of 6.00%. Years 6-10: Variable at 1.00% below BND Base Rate effective at the time of the rate change, adjusting annually on the anniversary date. Years 10+: Variable at BND Base Rate.
- OR
- Years 1-10 Fixed at BND Base Rate less 1.00%; Years 10+ Variable at BND Base Rate



Established Farmer Real Estate Loan

- Loan application directly to BND
- Farmer or rancher may use proceeds for agricultural purposes
- Maximum loan amount is \$6,000,000
- Interest rate is market rate and may be fixed or variable. Variable rate adjustments are limited to a 6% increase over the original rate during the term of the loan.



Beginning Farmer Chattel Loan

- Assists beginning ranchers with the purchase of equipment and livestock.
- Cannot have ranched or farmed for more than 15 years. Eligibility determined by totaling the number of years the applicant has received federal farm program payments.
- Net worth not to exceed \$1,500,000.
- Applicant's principal occupation is or will be production of an ag commodity.
- Lifetime cap of \$750,000 (BND and Lead combined) per borrower.
- Rates
 - **Originating lender** rate not to exceed BND base (WSPR) + 2.00% on variable or 3.50% over FHLB advance rate on fixed. Yield Rate reduced by up to 4.00% with a floor of 1.00%.
 - **BND's** interest rate fixed at 1.00% below BND base rate (WSPR) for the first five years with a maximum interest rate of 6.00% per year. Rate is adjusted annually for the remaining two years at 1.00% below BND base rate.



Family Farm Loan

- Allows a farmer to purchase or refinance land, equipment or livestock or to restructure operating debt. Net worth not to exceed \$1,500,000.
- Proceeds may be used for
 - Purchase or refinancing agricultural real estate
 - Permanent improvements to agricultural real estate
 - Purchase or refinance farm equipment
 - Purchase or refinance livestock
 - Restructure of operating debt carryover
- BND participation amount is limited to the lesser of \$750,000 or 90% of the total loan amount.
- Rates
 - **Originating lender** interest rate may not exceed BND's Base Rate plus 2.00% on variable and 3.50% over the corresponding FHLB Advance Rate for fixed loans.
 - **BND's** variable rate current base rate less 1.00% or fixed at BND's current base rate for up to 10 years. The rate during the remaining term of the loan is variable at the BND Base Rate in effect at that time but will never exceed 11.00%.



Farm Operating Loan

- Assists farmers and ranchers with current operating year costs of an existing farm or ranch. Loan may not be used for payment of delinquent debt, interest payment, principal payment or capital expenditure.
- BND participated share is limited to the lesser of \$750,000 or 65% of the total loan amount.
- Debt-to-asset ratio must exceed 50% or net worth of less than \$1,500,000.
- Rates
 - **Originating lender** interest rate is variable at BND Base Rate but may not exceed BND Base Rate plus 2.00%.
 - **BND** interest rate variable at 1.00% below BND Base Rate.





Ag PACE Loan

- Provides interest buydown to farmers or ranchers investing in nontraditional agriculture activities to supplement farm income
- Proceeds may be used to
 - Finance subsurface field tiling projects
 - Purchase irrigation equipment or new irrigated acreage
 - Finance activities used to supplement farm income
 - Shares in the startup or expansion of plants processing North Dakota-grown products
 - Capital improvements for retention of livestock or for dairy operations
 - Equity shares in a condominium grain storage entity
- Max loan amount may not exceed cost of the project
- Fixed or variable interest rate
- General guidelines
 - Total buydown per borrower may not exceed \$50,000 per project or biennium.
 - Buydown funds up to \$100,000 over the lifetime of the borrower are available if applied for on separate projects or in separate biennium. Applicant must have net worth of less than \$1,500,000 to receive buydown of more than \$50,000.
 - Buydown of up to 4% below the yield rate with a minimum rate of 1%
- Ag PACE Production Enhancement – Subsurface field tiling or Irrigation
 - Total lifetime buydown per borrower may not exceed \$50,000. Buydown of up to 2% below the yield rate with a minimum rate of 1%
 - Additional funding from the State Water Commission per Borrower per irrigation project is also available

Invest

- Purchase shares in an ag processing plant that processes ND products or to purchase equity shares in a ND feedlot or dairy operation that feeds a byproduct of an ethanol or biodiesel facility
- Maximum loan amount is negotiable. BND will participate in up to 70% of the total loan amount.
- Rates
 - **Originating lender** interest rate may not exceed BND Base Rate plus 2.00%.
 - **BND** interest rate on BND's portion is variable at BND Base Rate less 1.00%.



Biofuels PACE



- Interest buydown on loans to biodiesel, ethanol or green diesel production facilities and livestock operations
- Proceeds may be used to
 - Purchase or construct real property
 - Expand facilities
 - Purchase or install equipment including a biodigester system
- Maximum buydown amount for ethanol, biodiesel and green diesel production is \$500,000.
- Maximum buydown for value-added livestock operations is \$250,000.
*Value-added operations include a producer that engages in dairy and milking or feeding of animals or poultry.
- Rate
 - Fixed or variable. Yield rate reduced by up to 5.00%; not less than 5.00% below WSP Rate with a floor of 1.00%.

Farm and Ranch Participation Loan

- Broad range of uses include but are not limited to
 - Construction, conversion, expansion, repair and update of farm improvements
 - Purchase of real estate or livestock
 - Purchase, repair and update equipment
 - Operating needs
 - Refinance an existing loan
 - For any other reasonable agricultural purpose
- Maximum loan amount is negotiable
- Interest rate is set in accordance with the current market rate for similar loans. Factors such as risk, liquidity, collateral, equity position, repayment and the term of the loan will be taken into consideration.





Ag Diversification & Development Fund (ADD)

- Supports new or expanding value-added – agriculture businesses that demonstrate financial feasibility, enhance profitability for farmers and ranchers, and create jobs and grow North Dakota's economy
- Project types may include but are not limited to:
 - Food production and processing facilities
 - Feed or pet food processing facilities
 - Commodity processing facilities
 - Agriculture product manufacturer
 - Animal product facilities
- Proceeds can be used to purchase or lease equipment, establish or expand a value-added agriculture business
- Grant amounts determined by ADD Committee, but total grants may not exceed 10% or \$2.5 million
- Max interest rate buydown is \$500,000 and can't exceed 4.00%, which may be used to reduce the borrower's interest rate on loans made by originating lender and BND, subject to a minimum rate of 1.00% to the borrower

FSA Guaranteed Loan Purchase Program

- Provides low-interest rate loans to farmers with bank financing that includes a loan guarantee from a federal government program. BND participates by purchasing the guaranteed portion of the promissory note.
- Maximum loan amount is the FSA-guaranteed portion of the loan
- BND purchases the loan guarantee at a fixed or variable rate which is established at the time of funding
 - Established at the time of funding based upon the FHLB Advance Rate plus 1.00%
 - Originating Lender may add a reasonable service fee to BND's net rate





Disaster Response Loans – Ag Loans

- Respond to negative economic impact due to event, i.e., weather-related, pandemic, flooding
- BND process
 - Listen to local financial institutions, economic developers and legislators regarding community needs
 - Determine if federal programs will address need
 - If not, create loan program to meet needs. Local financial institution serves as the conduit for the loan program, maintaining the relationship with their customers. If federal programs will meet needs, facilitate communication about those programs.
- Timeline: BND responds quickly
- Examples:
 - Ag-related disaster relief: 3.75% loans for farmers and ranchers with operating shortfall in 2019

Questions?