

Covid Pace Recovery II (CPR 2) Proposed BND Interest Rate Buy Down Program

Purpose

This program is intended to assist in the financial recovery of North Dakota businesses impacted by the Covid-19 pandemic. The program will provide a buydown on interest paid on certain debt from April 1, 2020 to September 30, 2020.

Methodology for Buydown Distribution

- Applications will be received from October 1 to October 30, 2020.
- On November 2, 2020 all eligible applications will be ranked by Bank of North Dakota from highest to lowest percentage loss in gross revenues from April 1, 2020 to September 30, 2020 as compared to the gross revenues from April 1, 2019 to September 30, 2019.
- BND will provide buydown to those applicants with the largest losses first and continue down the rankings until the up to \$50,000,000 (proposed) is exhausted. It is possible not all applicants will receive buydown.

Eligibility:

- The applicant must be a North Dakota business or have a physical location in the state.
- The applicant must currently be operating and was in operation prior to March 13, 2020.
- The applicant was current on all term debt, working capital loans and operating lines of credit as of March 13, 2020.
- To be eligible an applicant must have sustained a minimum loss of 20% of gross revenue.
- A chartered financial institution will certify to BND that the applicant's business has incurred the minimum economic injury as a result of the Covid-19 Pandemic.

Determining Eligible Amount

The formula for determining the eligible amount is:

1. Determine total gross revenues for the time period of April 1 to September 30, 2019.
2. Determine gross revenues for the time period of April 1 to September 30, 2020.
3. Subtract 2020 Gross Revenues from 2019 Gross Revenues.
4. Divide the Loss in Revenues by the Gross 2019 Revenues for year-over-year percentage loss.
5. Determine total interest expense paid and /or accrued from April 1, 2020 to September 30, 2020 which is the eligible amount.

Use of Proceeds

- Proceeds shall be used to buy down interest paid and / or accrued by a qualifying business from April 1, 2020 to September 30, 2020 on term debt, working capital loans and operating lines of credit.
- The maximum amount of buy down is \$50,000.
- Interest paid and/or accrued on shareholder or owner debt is excluded from eligibility.
- Funds cannot be used to cover related entity interest obligations.
- 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 \$50,000.

How to Apply

- BND will offer this buy down program by partnering with local lenders. The originating lender must complete the application and certify a business is eligible to participate in the program.

