

# Small Employer Loan Fund **(SELF)**

## **Purpose**

This program assists local financial institutions and certified development corporations (CDC's) 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 local lender determines if the applicant's business has incurred economic injury as a result of the COVID-19 pandemic.
- As of February 15, 2020, the business must:
  - Have established a physical presence in North Dakota
  - Been current on financial obligations
  - Have capacity or history of showing it can service debt before February 15, 2020.
- Borrowers or any owner with at least a 20% share of the business must have a minimum personal credit score of 650.

## **Use of Proceeds**

Proceeds shall be used to support working capital needs, recurring expenses and replenish inventory.

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 loan amount is up to \$50,000
- 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
- Collateral is required for loans over \$25,000
- All loans require unlimited personal guarantees

## 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.

## How to Apply

BND offers this loan by partnering with local lenders.

