

CHAPTER 6-09.14
PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION

6-09.14-01. Definitions.

In this chapter, unless the context or subject matter otherwise requires:

1. "Business" means a corporation, limited liability company, partnership, individual, or association involved in manufacturing, processing, value-added processing, and targeted industries as defined by the Bank of North Dakota.
2. "Community" means the city or county in which an eligible business is located, or a local development corporation, community organization, or any other group whose interest is in the economic growth of the area.
3. "Partnership in assisting community expansion fund" or "fund" means a fund established to buy down the interest rate on loans to businesses under this chapter.

6-09.14-02. Fund - Continuing appropriation - Administration.

A partnership in assisting community expansion fund is hereby established from a transfer of earnings from the Bank of North Dakota. This is a revolving fund, and all moneys transferred into the fund, interest on fund moneys, and payments to the fund are hereby appropriated for the purposes of this chapter. This fund is not subject to section 54-44.1-11. The Bank of North Dakota shall administer the fund. The fund must be audited annually pursuant to section 6-09-29, and the cost of the audit must be paid from the fund.

6-09.14-03. Fund - Purpose - Interest rate buydown.

Moneys in the partnership in assisting community expansion fund must be used for the purpose of buying down the interest rate on loans made by a lead financial institution in participation with the Bank of North Dakota. The Bank of North Dakota's participation may not exceed eighty percent nor be less than fifty percent of the total loans. If the loan is approved by the lenders and there is evidence of the community's commitment and ability to fund its portion of the buydown, the fund's participation in the buydown must automatically be approved. The community's contribution of direct cash, loans, equity investments, land, property, or infrastructure may count toward the community's funding of its portion of the buydown.

6-09.14-04. Fund moneys - Eligible uses.

1. The fund moneys may be used to participate in an interest rate buydown on a loan to a new or expanding business for the following eligible uses:
 - a. Purchase of real property and equipment.
 - b. Expansion of facilities.
 - c. Working capital.
 - d. Inventory.The loan funds cannot be used to refinance any existing debt or for the relocation of the business within North Dakota.
2. The community shall determine the amount of the interest rate buydown and apply to the Bank of North Dakota for participation from the partnership in assisting community expansion fund. The funds for the community's portion of the buydown may come from a local development corporation, contributions, community funds, future dedicated tax programs, or any other community source.
3. The fund participation portion in the buydown must be determined by the Bank of North Dakota based on economic conditions in the city or county in which the business is located.
4. The maximum amount from the fund in the interest rate buydown may not exceed five hundred thousand dollars per loan. The fund participation must be limited to the amount required to buy down the interest to five hundred basis points below the national prime interest rate.
5. The Bank of North Dakota shall adopt rules to implement this chapter.