



**Loan and Grant Policies**  
**Adopted November 14, 2007**

**Grants**

Grants can be provided in two circumstances:

1. Non-profit organizations with projects that enhance community as determined by the Board through its mission; and
2. Feasibility studies:
  - a. The JDA recommends a minimum of 25% financial commitment by the individual/business for feasibility studies unless extenuating circumstances deem otherwise as warranted on an individual basis by the JDA.
  - b. If the business is developed outside the county, the feasibility study dollars become a loan with terms similar to other JDA loans.
  - c. If the business is developed within the county, the feasibility study dollars remain a grant and the JDA requests a copy of the final feasibility report.

**Loans**

Loans can be provide to businesses within the county.

Requirements for a business to apply for a loan include:

1. JDA loan application completed.
2. Additional documentation to include listing of a lead bank that is supporting other loans for property.
3. Copies of lead bank application and references.<sup>1</sup>
4. Photos of building, equipment, etc.<sup>2</sup>
5. Presentation to the JDA Board during bi-monthly meeting.
6. A site visit will be conducted prior to approval of JDA loan.

Requirements for a business after loan has been approved include:

1. Proof adequate insurance on property with JDA listed as additional insured or loss payee on policy.
2. A personal guarantee.
3. UCC forms files for equipment (if applicable).
4. Real estate lien if JDA is funding real estate.
5. Annual financial statements on the anniversary of the loan or more often as deemed necessary by the JDA.

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- 1 Applicant must supply the JDA with copies of the lead bank application and references. It cannot be supplied from the bank due to privacy acts.
  - 2 If new building project, photos can be added to the JDA loan file after building completion.

## **Loan Terms**

### Interest buy-down loans

- Bank of North Dakota – PACE Program – terms of this loan will be the same as those provided by the Bank of North Dakota for each respective loan
- Other interest buy-down loans
  - a. 0% interest during the time period that bank loan is in force, and
  - b. 2% interest will be charged when lead bank loan is paid off until JDA interest buy-down loan is paid off, and
  - c. Payment schedule will be set for interest buy-down repayment the same as the original lead bank loan unless requested otherwise.

### **Direct JDA Loans**

- Interest rate ½ of lead bank rate – no less than 4%
- Length of loan will vary dependent upon request of borrower.

### **Loan Collection Policy**

- If a loan becomes past due by one month, the JDA will send a letter to the borrower with request for payment.
- If a loan becomes past due by 90 days, the JDA will request financial statements from the borrower and take further legal action as necessary.