


We are closed Monday, October 14, for employee training. The Bank will resume all business on Tuesday, October 15, 2024, at 8 a.m. X

 An official website of the State of North Dakota



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Biofuels PACE Program provides interest buydown on loans to biodiesel, ethanol or green diesel production facilities and livestock operations. The program is used to reduce the interest rate on loans which have been approved by a local lender and BND. There is no community match required for the interest buydown.

How to apply

BND offers this loan by partnering with local lenders. To apply, contact your lender.

If you have any questions, [contact us](#) or call (701) 328-5795.

Forms

[Bank Participation Loan Application \(PDF\)](#)

[Loan Renewal Application for Existing Participations \(PDF\)](#)

To ensure proper functionality, BND forms MUST be downloaded and then opened with your system's PDF application. **[Click here](#)** for download instructions.

If you are not able to access a PDF, please **[contact us](#)** for assistance.

Eligibility

In order to qualify, the facility must be located in North Dakota.

Ethanol production criteria

- Facility must produce agriculturally-derived denatured ethanol
- Fuel must be suitable for blending with a petroleum product for use in internal combustion engines

Biodiesel production criteria

- Facility must produce biodegradable, combustible liquid fuel derived from vegetable oil or animal fat
- Fuel must be suitable for blending with diesel fuel for use in internal combustion engines

Green diesel production criteria

- Facility must produce fuel derived from non-fossil renewable resources
- Fuel must be suitable for blending with diesel fuel for use in internal combustion diesel engines

Value-added livestock operations criteria

- Value-added operations include a producer that engages in dairy and milking or feeding of animals or poultry which enhances the value before sale into the marketplace.

Use of proceeds

Funds may be used for:

- Purchase or construct real property
- Expand facilities
- Purchase or install equipment including a biodigester system

Biofuels PACE recipients are not eligible for regular PACE funds for the same project. Loan funds may not be used to refinance any existing debt or for relocation within the state.

Loan amount/limit

The total loan amount may not exceed the cost of the project.

Interest rate and fees**Interest rate:**

A fixed or variable interest rate may be used in the loan participation. The interest rate to the borrower may be as much as 5.00% below rate on the promissory note, but not less than 5.00% below Prime rate with a floor of 1.00%.

Fees:

\$250 minimum origination fee.

Lending criteria

BND uses its typical credit standards in reviewing the loan. These standards include loan size and type of project.

Equity requirements:

- Ethanol, biodiesel or green diesel: 40-50% equity
- Value-added livestock operations: 40% equity

Collateral

Adequate collateral will be required.

Additional requirements

Appraisal requirements evaluated on a case-by-case basis.

Participation requirements

BND is required to take at least 50%, and not more than 80%, of the total loan. Borrower must work with a local lender to submit the loan application. Lead lender is responsible for servicing the loan.

Buydown requirements

Maximum buydown amount for ethanol production, biodiesel production and green diesel production is \$500,000. When utilized for value-added livestock operations, the maximum buydown is \$250,000 to any single livestock operation.

Loan terms

Ethanol, biodiesel or green diesel facility

- Equipment: 5-7 years
- Real estate: Up to 20 years

Value-added livestock operation

- Equipment: 5-7 years
- Real estate: 12-15 years

Default by the borrower

If the borrower is in default under the loan agreements, the interest rate on the loan changes from the borrowing rate to the yield rate. The borrower shall accrue interest at the yield rate and all interest buydown is suspended until the loan is brought current.



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