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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.



**Bank of North Dakota**

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