

Introduction

The Red River Regional Council (RRRC) provides financing to new and expanding businesses within the four counties of Grand Forks, Nelson, Pembina, and Walsh located in northeastern North Dakota. Financing is provided through three loan programs including the Red River Revolving Loan Fund, the Progress Fund and Community Development Loan Fund.



Red River Revolving Loan Fund and Progress Fund

The Red River Revolving Loan Fund and Progress Fund are a blend of local funds from the US Department of Commerce Economic Development Administration. Its purpose is to provide flexible and accessible loans to for-profit businesses within the Region. Both of these programs are designed to follow a lead lender and can fund up to 50% of a project.

Who or What is Eligible?

- Must be located in the four-county region (Grand Forks, Nelson, Pembina and Walsh counties)
- For-profit business
- Cooperatives

What can funds be used for?

Uses include purchase or leasing of real estate, equipment, inventory, working capital.

Rates, Terms, Limits, and Fees

Loan sizes range from \$10,000 to \$100,000 per loan. The maximum terms are 15 years for real estate/building, 10 years for machinery and equipment, and five years for operating and working capital. Maximum loan terms include the allowable moratorium period.

Loan fees are charged to successful applicants in the following amounts:

- Loan amount from \$10,000 to \$49,999: \$350 + 1/4% of the loan amount over \$10,000
- Loan amount from \$50,000 to \$100,000: \$850 + 1% of the loan amount over \$50,000

Community Development Loan Fund (CDLF)

The Community Development Loan Fund is available to businesses located in all cities and counties within the Region (except the City of Grand Forks) for economic development infrastructure or to make loans to businesses creating or saving jobs for low and moderate income persons. Applicants are required to have their local unit of government (city or county) sponsor their application.

Who or What is Eligible?

- Must be located in the four-county region (Grand Forks, Nelson, Pembina and Walsh counties)
- For-profit businesses
- Not-for-profit businesses
- Cooperatives

What can funds be used for?

Uses include purchase or leasing of real estate, equipment, inventory, working capital.

Application Process

Regardless of the program, loan funds follow the same general process:

1. Call Maggie Suda at 701-352-3550 or Maggie@redriverrc.com for general information.
2. Complete the application form and provide other required documentation, including:
 - a. Business Plan
 - b. Three Years Financial Projections
 - c. Personal Financial Statement (for each person with greater than 20% ownership)
 - d. Bank Commitment Letter(s)
 - e. Three Years Historical Financial Statements (if available)
 - f. Three Years Income Tax Returns – Business and Individual
 - g. Credit Report Consent Form
3. Submit the application and required documentation to the RRRRC.
4. Complete application package is analyzed and evaluated for credit worthiness and qualified application packages are underwritten for credit worthiness.
5. Qualified, underwritten application packages proceed to the appropriate committee for final approval or denial.
6. Applicants provide a 15 minute presentation to the RRRRC's Economic Development Committee and address any questions from the Committee.
7. The RRRRC's Economic Development Committee provides a recommendation to the Board of Directors.
8. Applicants are notified of committee approval or denial within 48 hours of the committee's decision.
9. Successful CDLF applications must be submitted to the ND Department of Commerce Division of Community Services for final regulatory review and award to the local unit of government.

Job Development Authority Funding

The RRRRC also manages the Nelson and Pembina County Job Development Authorities (JDA's). One of the missions of the JDA's is to support business development activities within the county. The JDA's receive an annual mill levy income from the county, of which a portion is utilized to support new or expanding businesses. Commonly, the JDA funding is provided in the form of a deferred loan as match to the Bank of North Dakota's Flex PACE program – an interest rate buydown program that can reduce a bank loan interest rate up to five percentage points. Grants are provided on a limited basis.



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