

NDDF Non-Primary Sector Application Guide

Eligibility

To qualify, the applicant must:

- Be a North Dakota business
- Not qualify for Primary Sector Certification
- Be located in:
 - A city with a population under 10,000; OR
 - More than 5 mile outside city limits
- Have fewer than 100 employees
- Partner with a lead lender providing at least 60% of total project cost
- Contribute a minimum of 10% equity

Eligibility as a non-primary sector applicant is intended to provide gap financing for rural non-primary sector projects that would not otherwise proceed.

The Funds principal mission is to provide flexible financing to catalyze the development and expansion of businesses in the state of North Dakota.

- The Fund is a flexible financing tool within the state of North Dakota.
- The Fund takes a disciplined approach to making informed underwriting decisions.
- The applicant(s) must have a realistic financial commitment at stake.
- The Fund is a team player in community economic development projects.
- Economic development starts at the local level. The community must be involved and supportive.
- The Fund connects entrepreneurs, investors, and the community with resources for assistance.
- The Fund favors projects that have the greatest potential for private financing and community development.
- Any project considered for this financing must be feasible and have a reasonable chance of succeeding.
- The project must demonstrate a meaningful economic impact to the community, region, and/or state.

Application Checklist

When reviewing applications, the NDDF will confirm the following:

1. Company registered and in good standing with the Secretary of State
2. Trade name registered (if applicable) and in good standing with the Secretary of State
3. Liens on business assets
4. Status of current outstanding debt
5. Ownership structure of business
6. Credit history of company owners with greater than 20% ownership (if individuals) and loan guarantors
7. No evidence of potential conflict of interest with NDDF staff, board members, or other organizations the company does business with

8. Letter of community support

The applicant should provide the following (if applicable):

Summary of anticipated economic impact
Signed Accountability Information Release – NDDF
Articles of Incorporation or Articles of Organization
Operating Agreement and/or Bylaws
Partnership agreement
Secretary of State Certificate
Secretary of State Trade Name Certificate (if applicable)
Company capitalization table
Current debtor information and evidence of funding commitments
EIN confirmation from IRS
3 years of company financial statements
3 years of company tax information
Company financial projections
3 years of personal tax returns and personal financial statements for guarantors
Evidence of hazard insurance
Business plan - see check list below
Itemized list of collateral and legal description of land if Real Estate offered as collateral
Detailed sources and uses of funds including where funds will be spent (In/Out of state use)
Detailed 24-month employment plan
Copy of driver’s license of guarantors and signatories
Resumes for individuals in key management positions

Applications and supporting documents should be submitted via email to brlopp@nd.gov

Applications are reviewed on a first-come, first-serve basis.

Business Plan Checklist

Executive Summary - should concisely describe the key elements of the business plan.

- Business location and plan description.
- Discussion of the product, market, and competition.
- Expertise of the management team (attach resumes).
- Summary of historical and financial projections.
- Amount of financial assistance requested.
- Form of and purpose for the financial assistance.
- Complete uses and sources of funds.
- Business goals and objectives.

The Company

- A general description of the business, including the product or service.
- Historic development of the business, including such items as:
 - Name, date and place (state) of formation, and legal structure (e.g., proprietorship, partnership, corporation).
 - Significant changes (include dates) in ownership, structure, new products or lines, acquisitions.
 - Subsidiaries and percentage of ownership, including minority interests.
 - Principals and the roles they played in the formation of the company.

North Dakota Impact

- General description of the project, the purpose for which it is undertaken, projected job creation over next two years, and salary/wage rates for all employees.
- Other – why should ND invest in you?

Financial

- A funding request detailing the desired financing, including uses and sources of funds. If phased financing, describe phases, projected timing and detailed uses and sources of funds.
- Amount to be raised from debt and amount from equity.
- Exit or growth plans. (Relate this to future value and liquidity of investments.)
- Company historical financial statements and tax returns for the previous three Years.
- Three years projected financial statements (years one and two should be monthly; year three quarterly). Projections should include profit and loss, balance sheet and cashflow statements. Include key assumptions made in the proformas and how these assumptions reflect industry performance. Three years projected capital expenditures including leases and acquisitions.
- An aging of accounts receivable and an aging of accounts payable.
- Personal financial statements and three years of tax returns of principal(s).
- Financial model with details on assumptions.
- Details on past financing rounds
- Plans for future financing

Management

- Organizational chart.
 - Key individuals (including supervisory personnel having special value to the organization):
 - Responsibilities
- Personnel resumes (describing skills and experience as they relate to activities of the business).
- Present salaries (including other compensation such as stock options and bonuses).
- Other employees:
 - Number of employees at year end, total payroll expenses for each of previous three years (breakdown by wages, benefits).
 - Method of compensation
 - Departmental/divisional breakdown of work force.
 - Planned staff additions.

Ownership

- Names, addresses and business affiliations of principal members.

- Degree to which members are involved in management.
- Principal non-management members.
- Names of board directors, areas of expertise, and the role of the board when business is operational.