

PROGRAM GUIDELINES AMENDMENT
COVID-19 EMERGENCY LOAN FUND (CELF)
UNDER THE
SACO ECONOMIC DEVELOPMENT FUND (SEDF)

A. Background: The City of Saco has allocated funds for the establishment of a Covid-19 Emergency Loan Fund (CELF) to provide financing to operating businesses or non-profit organizations with less than 500 employees locate in the City of Saco. The Saco Economic Development Fund (SEDF) is amended to include the following:

B. Eligibility:

1. Eligible Areas: Businesses or non-profit organizations located in the City of Saco.
2. Eligible Businesses: Any existing business or non-profit with less than 500 employees in operation prior to January 1, 2020 and located within the eligible area defined above and meeting other requirements as follows:
 - a. Applicant must provide proof of ownership and Good Standing in Maine.
 - b. Applicant must not be in arrears on any personal property or real estate taxes owed to the City of Saco.
 - c. Applicant must demonstrate the availability of any matching funds required to complete the “project” as approved.
 - d. Applicant must meet the underwriting requirements of the program and otherwise comply with program procedures and requirements as established by the Program Administrator, Southern Maine Finance Agency (SMFA) including:

- Narrative explaining how Covid-19 has impacted the business or non-profit organization;
 - Last 3 years tax returns;
 - Most recent Interim Financial Statement; and,
 - Personal Financial Statement for any owner with 25% or greater interest in the applicant.
- e. Applicant must secure all required permits and approvals as required by local, state, and federal jurisdictions.
3. Eligible Uses: The following are eligible use of loan proceeds pursuant to the CELF:
- a. Physical improvements and renovations including leasehold improvements both interior and/or exterior required to meet “social distancing” guidelines and requirements to protect employees and patron including curbside pickup, etc.
 - b. Fixtures, furniture, and equipment related to Covid-19;
 - c. Working capital including payroll expenses.
 - d. Machinery and equipment.
 - e. Related professional services including architectural, engineering, marketing, advertising, and other fees and costs related to Covid-19 guidelines and requirements.
4. Ineligible Uses: The following are ineligible uses of loan proceeds under the CELF:
- a. Real estate acquisition;
 - b. Refinancing of existing debt;
 - c. Sweat equity – payment for the applicant’s own labor; and,
 - d. Reimbursement of any project costs incurred prior to the approval of the CELF loan.

C. Financial Terms and Conditions: The CELF shall provide loan financing subject to the following terms and conditions:

1. Maximum loan amount shall be \$10,000. All loans shall bear an interest rate of PRIME RATE as published in the Wall Street Journal prior to closing (currently at 3.25%) or a reduced rate as established by SMFA.
2. Applicant must match CELF at minimum of \$1 to \$1.
3. All loans approved under the Covid-19 Emergency Loan Fund Amendment will have the following terms and conditions:
 - a. Loans will have a term of five and one-half (5 1/2) years or sixty-six (66) months;
 - b. For a period of six (6) months from the date of closing all payments shall be deferred;
 - c. At the end of six (6) months from the date of closing, payments of principal and interest, in an amount equal to one hundred dollars (\$100.00), or pro-rata based upon loan amount, shall be required for a period of fifty-nine (59) months;
 - d. At sixty-six (66) months from the loan closing or the sixtieth (60th) payment, the loan will mature with a balloon payment due for the outstanding principal balance, accrued interest and fees;
 - e. Five thousand dollars on loan amounts of \$10,000, or fifty percent (50%) on loan amounts of less than \$10,000, will be forgiven at loan maturity contingent upon the following conditions:
 - Business or non-profit organization has remained open during the previous five years;
 - The loan has been paid as agreed during the preceding sixty (60) months; and,
 - The loan is current.

- f. If the five thousand dollars, or 50% of the loan amounts of less than \$10,000 is not forgiven at maturity, payments of principal and interest shall be required to amortize the loan balance over the remaining term of five (5) years;
 - g. Owners with 25% or greater interest in an applicant shall guaranty the Loan; and,
 - h. Loans shall be secured by real and/or personal property.
- 4. The applicant shall comply with all other terms and conditions as may be established by the SMFA.
 - 5. The loan agreement shall contain a provision which stipulates that the CELF loan is immediately due and payable in full should the business relocate outside the City of Saco prior to the full amortization of the loan.
 - 6. Borrowers shall pay a commitment fee of \$100.
 - 7. Borrower must submit annual financial statements & tax returns over the term of the loan.
 - 8. The applicant shall comply with all other terms and conditions as may be established by the SMFA.

D. Lending Limit: Credit Concentration in any one borrower or related borrowers will be limited to 30% of SEDF loan assets. The Board of Directors may approve any exceptions to this limit upon the recommendation of the Loan Committee and staff.

E. Program Administration: The CELF shall be administered by SMFA in accordance with the SEDF guidelines approved by the Saco Economic Development Commission and in accordance with these Amended Guidelines. SMFA shall perform functions such as loan origination, servicing and management. All loans under these Amended Guidelines shall be submitted

with a recommendation to the City of Saco's Planning and Economic Development Director and staff for review and approval. As compensation for the foregoing, SMFA shall retain a loan application fee of \$100.00 charged to each applicant. The SMFA shall also retain all interest income earned annually.

F. Amendments: The CELF Amendment shall sunset on December 31, 2020 unless extended or renewed by the City of Saco Economic Development Commission consistent with the central purpose of the CELF Amendment pursuant to Paragraph A herein as amended by the Saco Economic Development Commission on April 13, 2020.