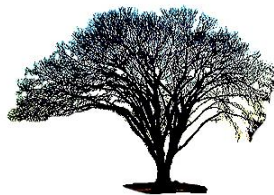


# KENNEBUNK DEVELOPMENT INC.



## PROGRAM GUIDELINES

### COVID-19 EMERGENCY LOAN FUND (CELF) KENNEBUNK DEVELOPMENT MICROLOAN FUND (KDMF)

**A. Background:** The Town of Kennebunk Development Corporation has allocated funds for the establishment of a Covid-19 Emergency Loan Fund (CELF) to provide financing to operating businesses with less than 10 employees locate in the Town of Kennebunk. The Kennebunk Development MicroLoan Fund (KDMF) is amended to include the following:

**B. Eligibility:**

1. Eligible Areas: Businesses located in the Town of Kennebunk.
2. Eligible Businesses: Any existing business with less than 10 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 and licensed by the Town of Kennebunk.
  - b. Applicant must not be in more than 6 months in arrears on any personal property or real estate taxes owed to the Town of Kennebunk.
  - c. Applicant must provide the following:
    - Narrative explaining how Covid-19 has impacted the business and why you need funding;
    - Last year's tax return;
    - 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 KDMF:
  - 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 curb-side pickup, etc.
  - b. Fixtures, furniture, and equipment related to Covid-19;
  - c. Working capital including payroll expenses and rent.
  - 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 KDMF:
  - a. Real Estate acquisition;
  - b. Refinancing of existing debt;
  - c. Sweat equity – payment for the applicant’s own labor; and,

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

1. All applications and all required supporting documents must be submitted by June 30, 2020 to Southern Maine Finance Agency (SMFA) in order to be considered for the CELF Loan. Incomplete applications will be considered Ineligible for a CELF Loan.
2. Complete applications will be reviewed and evaluated based on the criteria matrix establish by the KDC.
3. Blind Criteria Matrixes for each completed application will be submitted to the KDC by July 8, 2020 for approval based on the scoring matrix established by the KDC.
4. All loans approved under the CELF Amendment will have the following terms and conditions:
  - a. Maximum loan amount shall be \$5,000.
  - b. All loans shall bear an interest rate of 2.5%.
  - c. Applicant will pay a \$100 Origination Fee at closing.
  - d. Loans will have a term of Five (5) years or Sixty (60) months;
  - e. For a period of Two years (2) or Twenty-four months (24) from the date of loan

- closing all payments shall be deferred;
- f. Interest shall accrue during the Deferment Period;
  - g. Payments will be based on an amortization schedule to amortize the loan balance to 50% of original note at maturity.
  - h. 50% of the original loan amount will be forgiven at Loan Maturity contingent upon the following conditions:
    - i. Business has remained open during the previous Five Years;
    - ii. The Business is current on it's municipal taxes;
    - iii. The Loan has been paid as agreed during the preceding Thirty-Six (36) months prior the Loan Maturity Date; and,
    - iv. The Loan is current.
- 5. If the 50% Loan is not forgiven at maturity, payments of Principal and Interest shall be required to continue until the loan balance is paid in full;
  - 6. 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 Town of Kennebunk, sell the business or cease operations prior to the full amortization of the loan.
  - 7. Borrower must submit annual financial statements & tax returns over the term of the loan.

**D. Program Administration:** The KDMF shall be administered by SMFA in accordance with the KDMF guidelines approved by the Kennebunk Development Corporation and in accordance with these Guidelines. SMFA shall perform functions such as loan origination, servicing and management. All loans under these Guidelines shall be submitted with a recommendation to the Kennebunk Development Corporation for review and approval. As compensation for the foregoing, SMFA shall retain the Origination Fee and 10% of loan repayments.

**E. Amendments:** The KDMF shall Sunset on December 31, 2020 unless extended or renewed by the Town of Kennebunk Development Corporation consistent with the central purpose of the KDMF pursuant to Paragraph A herein as amended by the Kennebunk Development Corporation on June 1, 2020.