

Cheat Sheet on Program Guidelines

Terms & Conditions	RD - IRP	FAME - REDRLP	Caribou - Reserve
Maximum Loan Amount*	Lessor of \$250,000 or 75% of total cost of project	Maximum \$350,000; 50% of projects of \$50,000 or more, 100% of projects for projects \$50,000 or less.	\$ 50,000
Interest Rate	Prime + 0.50% set at closing fixed for 5 years	Prime + 0.50% set at closing fixed for 5 years with a floor of 5%.	Prime + 0.50% set at closing fixed for 5 years
Fees	1% Origination Fee	1% Origination Fee	1% Origination Fee
Collateral	Collateral to be required	Collateral to be required	Collateral to be required
Eligible Location	Caribou, Woodland, Washburn, Wade, Perham, Connor, Stockholm or New Sweden.	Caribou	Caribou
Purpose	Provide Gap financing for new businesses and expansion or retention of existing businesses.	Provide Gap financing for new businesses and expansion or retention of existing businesses.	Provide Gap financing for new businesses and expansion or retention of existing businesses.
Additional Terms	See Program Outline for Additional Terms & Conditions	See Program Outline for Additional Terms & Conditions	See Program Outline for Additional Terms & Conditions
	Assignment of Life Insurance	Assignment of Life Insurance	Assignment of Life Insurance
	Must be at least \$20,000 per job created or job retained.		

*CEGC has an aggregate loan limit of \$250,000 from all funds for any one borrower or affiliates.



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Loan Portfolio Overview

The Caribou Economic Growth Council (CEGC) has three loan funds to help local businesses start-up or expand. It is the purpose of this program to provide financing for business activity and community development to help create and/or retain jobs within the economic development district serviced by the CEGC.

While traditionally a gap lender, the CEGC typically is willing to take more risk on loans than traditional lending institution. This may benefit some startup companies.

For most loan funds the businesses must be located within the City of Caribou. However, the RD-IRP Loan funds can be used to benefit businesses in Caribou, Woodland, Washburn, Wade, Perham, Connor, Stockholm, or New Sweden.

Interest rates for loans from the CEGC are set at half percent above prime.

Collateral will depend on the loan requested. Generally, any assets purchased with the loan proceeds will be taken as collateral.

On the following pages are more information on the various loan funds that the CEGC has. If you have questions, please do not hesitate to contact us.

If you are interested in applying for a loan with the CEGC call them at 493-5962 to help determine eligibility. If determined eligible an employee of the Business Finance Department at the Northern Maine Development Commission will help you with the application and any additional information about your business and the ownership and management of the business needed to process your loan.

We look forward to helping you and your business Grow In Caribou!



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CEGC RESERVE FUND

PROGRAM OUTLINE

PURPOSE: The purpose of this loan fund is to help stimulate economic development by providing gap financing for the start up of new businesses and expansion or retention of existing businesses located within the corporate boundaries of the City of Caribou, creating employment opportunities and/or saving existing jobs.

CRITERIA AND CONDITIONS:

To be eligible for assistance under this program the following criteria must be met:

1. Eligible businesses must be located within the corporate boundaries of the City of Caribou; with emphasis for location into established business and industrial parks.
2. The CRF program will be used for new businesses or existing businesses' planning expansion based on the following criteria:
 - a. Probability of successfully creating new job opportunities
 - b. Contribution to the local tax base
 - c. Amount of private sector investment leveraged, including equity, retained earnings and debt.
3. The CRF loan must be used only to fill a financing gap.
4. The maximum amount of funds to be lent to any one borrower from this fund is \$50,000.
5. Applicant must provide assurance that the project can only proceed with the injection of CRF monies.
6. Applicant must provide demonstrated management ability and experience in the proposed venture with the ability to repay the proposed financing.

INTEREST RATE: The interest rate will be computed at half a percent above Prime. Set at closing and fixed for 5 years. This rate is subject to change according to economic and financial conditions. If you have any questions please call the Caribou Economic Growth Council.

FEES AND CHARGES: CEGC will charge a one-time origination fee equal to one (1%) per cent of the loan, due and payable at time of closing. The borrower will, also, pay legal fees and other out of pocket expenses incurred by CEGC in the closing of the loan.

LOAN LIMITS: CEGC has an aggregate loan limit of \$250,000.00 from all funds for any one borrower or affiliates.

COLLATERAL: All Loans will be collateralized. The business and owners should be prepared to dedicate all and any asset available to secure the loan requested. Subordinated (2nd and 3rd) positions are possible based on collateral values.

APPLICATION PROCESS:

First, call the Caribou Economic Growth Council at 207-493-5962, to determine if your business is or will be eligible. If determined eligible an employee of the Business Finance Department of the Northern Maine Development Commission will help you with the application and any additional information about your business and the ownership and management of the business needed to process your loan.

LOCATION: ONLY BUSINESSES LOCATED IN CARIBOU ARE ELIGIBLE



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RD - IRP

RURAL DEVELOPMENT INTERMEDIARY RELENDING PROGRAM

PROGRAM OUTLINE

PURPOSE

It is the purpose of this program to provide financing for business activity and community development to help create and/or retain jobs within the economic development district serviced by the Caribou Economic Growth Council. It is important to concentrate on readjustment of existing businesses as well as creating new opportunities for startup businesses.

ELIGIBILITY

To be eligible for financial assistance under this program the borrower must meet the following criteria:

1. Loans to borrowers must not exceed the lesser of \$250,000.00 or 75% of the total cost of the borrower's project for which the loan is being made and have a minimum borrower equity injection of 10%
2. Must be a citizen of the United States or reside in the US after being legally admitted for permanent residence or if an organization, at least 51% of the business must be owned by US citizens.
3. Must be located in a rural area.
4. Must be unable to finance the proposed project from its own resources or through commercial credit or other Federal, State or local programs at reasonable rates and terms.
5. Must, along with its principal officers (including their immediate family) hold no legal or financial interest or influence in the intermediary. Also, the CEGC and its principal officers (including immediate family) must hold no legal or financial interest or influence in the ultimate recipient. However, this (paragraph) shall not prevent an intermediary that is organized as a cooperative from making a loan to one of its members.
6. Must be located in Caribou, Woodland, Washburn, Wade, Perham, Connor, Stockholm, or New Sweden.

USES

Loans to Borrowers must be for the establishment of new businesses, the expansion of existing businesses, creation of employment opportunities, saving of existing jobs, or community development projects. Such loans may include but are not limited to:

- a) Business and industrial acquisitions when the loan will keep the business from closing, prevent the loss of employment opportunities, or provide expanded job opportunities.
- b) Business construction, conversion, enlargement, repair, modernization or development.
- c) Purchase and development of land, easements, rights-of-way, buildings, facilities, leases, or materials.
- d) Purchase of equipment, leasehold improvements, machinery or supplies
- e) Pollution control and abatement.
- f) Transportation services.
- g) Start up operating costs and working capital.
- h) Feasibility studies.
- i) Debt refinancing.
 - 1. A complete review will be made by CEGC to determine whether the loan will restructure debts on a schedule that will allow the borrower to operate successfully and pay off the loan rather than merely take over an unsound loan. The CEGC will obtain the borrower's complete debt schedule which should agree with the borrower's latest balance sheet.
 - 2. Refinancing debts may be allowed only when it is determined by the CEGC that the project is viable and refinancing is necessary to create new or save existing jobs or create or continue a needed service.
- j) Hotels, motels, tourist homes, bed and breakfast establishments, convention centers, and other tourist and recreational facilities except those prohibited by §4274.319.
- k) Educational Institutions

INELIGIBLE USES

RD/RDA IRP Program loans cannot be used for the following purposes:

- 1. For distribution or payment to the owner, partners, shareholders, or beneficiaries of the Borrower or members of their families when such persons will retain any portion of their equity in the Borrower.
- 2. Charitable institutions that would not have revenue from sales or fees to support the operation and repay the loan, churches, organizations affiliated with or sponsored by churches, and fraternal organizations.
- 3. For assistance to government employees, active duty military personnel, or principals or employees of the CEGC who are directors, officers or have major ownership (20 percent or more) in the Borrower.
- 4. For a loan to a Borrower which has applied or received a loan from another lender (intermediary) funded by the RD/IRP program provides prior written approval for such loan.
- 5. For agricultural production
- 6. For the transfer of ownership unless the loan will keep the business from closing, or prevent the loss of employment opportunities in the area, or provide expanded job opportunities.
- 7. For community antenna television services or facilities.

8. For any illegal activity.
9. For any otherwise eligible project that is in violation of either a Federal, State or local environmental protection law or regulation or an enforceable land use restriction unless the financial assistance given will result in curing or removing the violation.
10. Lending and investment institutions and insurance companies.
11. Golf courses, race tracks, or gambling facilities.
12. Delinquent debt to the Federal Government.

LOAN SIZE

The goal of the program is to help as many businesses as possible while creating/retaining the highest number of jobs possible. All other sources of financing, allowing for terms, collateral requirements and cost, will be proposed when available to reduce the amount needed of this fund before consideration of financing is made. The maximum loan amount to anyone borrower for IRP funds, which would include CEGC funds or any other IRP lender will not exceed \$250,000, subject to availability of funds, or seventy-five (75%) percent of the total project cost (preferred maximum twenty-five (25%) percent or \$20,000 per job created or retained.)

LOAN LIMITS

CEGC has an aggregate loan limit of \$250,000.00 from all funds for any one borrower or affiliates.

COLLATERAL REQUIREMENTS

Collateral will depend on the loan requested. Generally, any assets purchased with the loan proceeds will be taken as collateral. The collateral adequacy will be given proper analysis and consideration. Real property serving as security for loans to Borrowers will be appraised by a qualified appraiser. For all other types of property, a valuation shall be made using any recognized, standard technique for the type of property involved (including standard reference manuals), and this valuation shall be described in the loan file.

It has been the policy, and will continue with this program, to require the borrower to provide key person life insurance for the amount of the loan. Additionally, the need for personal assets to be pledged will be a consideration on a case by case basis. We believe that the business owners must demonstrate a commitment to the business in order to show a strong desire to reach its goals and objectives.

APPLICATION

First, call the Caribou Economic Growth Council at 207-493-5962. If determined eligible an employee of the Business Finance Department at the Northern Maine Development Commission will help you with the application and any additional information about your business and the ownership and management of the business needed to process your loan.

INTEREST RATE

The interest rate will be computed at half a percent above Prime. Set at closing and fixed for 5 years. This rate is subject to change according to economic and financial conditions. If you have any questions please call the Caribou Economic Growth Council.

TERM

The term of the loan is 5 years. Most loans will have a balloon payment.

FEES AND CHARGES

CEGC will charge a one-time origination fee equal to one (1%) per cent of the IRP loan, due and payable at time of closing. The borrower will, also, pay legal fees and other out of pocket expenses incurred by CEGC in the closing of the loan.

Federal Requirement

The CEGC is required to obtain applicant data in regards to race, ethnicity and gender for statistical purposes only.



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FAME
REGIONAL ECONOMIC DEVELOPMENT
REVOLVING LOAN PROGRAM
(REDRLF)

PROGRAM OUTLINE

LOCATION: ONLY BUSINESSES LOCATED IN CARIBOU ARE ELIGIBLE

LOAN AMOUNT: Maximum loan \$350,000.00

REDRLF funds can finance up to:

50% of projects of \$50,000.00 or more.

EXAMPLE	(1)
Total Project	\$100,000.00
Amount from other sources	\$ 50,000.00
Maximum REDRLF	\$ 50,000.00

100% of total project cost, for projects less than \$50,000.

EXAMPLE	(3)
Total Project	\$ 40,000.00
Amount from other sources	\$ 0.00
Maximum REDRLF	\$ 40,000.00

ELIGIBLE REQUIREMENTS:

1. Must have 100 or fewer employees; or \$10,000,000.00 or less in annual sales
2. Unable to obtain financing from other public or private sources including personal resources of the owners of the business.
3. **Must commit all reasonably available resources to the project; must have commitment from other lenders; and demonstrate a reasonable likelihood that the loan can be repaid.**

4. Loans over \$150,000.00 must be submitted to FAME for approval.
5. Funds cannot be used for distribution or for the benefit of owner or related entity.
6. Applicants must be one of the following types:
 - A. Manufacturing technologies, such as value added wood products, specialty fabricated metal and electronic products, precision manufacturing and use of composites or advanced materials;
 - B. Technologies, such as advanced information systems. Advanced telecommunications, energy and environmental products and services;
 - C. Value-added natural resource enterprises and biological natural resources technologies, such as aqua-culture, marine technology, agriculture, forestry products and biotechnology;
 - D. A business converting from defense dependencies;
 - E. A business significantly engaged in exports of goods or services to locations outside the state;
 - F. A business that dedicates significant resources to research and development activities; and
 - G. Other businesses with Fifteen (15) or fewer employees.
 - H. Quality Child Care Project
 - I. A business significantly engaged in commercial and/or mixed –use real estate and/or community facilities real estate development, where at least 51% of the square footage is used for commercial activities ; and
 - J. A business significantly engaged in serving tourists, such as in the area of outdoor recreation, culture and heritage and hospitality.

PRIORITIES: for eligible borrowers and projects other than quality child care projects

1. Funding will help add significant value to raw materials or inventory.
2. Long term net increase for permanent quality jobs that may **include ownership and self-employment** and meet local or regional needs.
3. Retention of jobs in jeopardy of being lost.

SPECIAL RULES FOR QUALITY CHILD CARE PROJECTS:

Not more than \$15,000 of loan program proceeds shall be used for lead abatement.

INTEREST RATE: The interest rate will be computed at half a percent below Prime, with a floor or minimum of 5%. Set at closing and fixed for 5 years. This rate is subject to change according to economic and financial conditions. If you have any questions please call the Caribou Economic Growth Council.

Rates for Child Care under this program must bear a rate no greater than 5 %, not including administrative costs and fees. This may vary. Please ask your loan officer about these rates.

TERM: The term of the loan will be 5 years. Most loans will have a balloon payment.

FEES AND CHARGES: CEGC will charge a one-time origination fee equal to one (1%) per cent of the FAME loan, due and payable at time of closing. The borrower will, also, pay legal fees and other out of pocket expenses incurred by CEGC in the closing of the loan.

LOAN LIMITS: CEGC has an aggregate loan limit of \$250,000.00 established for any one borrower or affiliates.

COLLATERAL: All Loans will be collateralized. The business and owners should be prepared to dedicate all and any asset available to secure the loan requested. Subordinated (2nd and 3rd) positions are possible based on collateral values.

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