

**NORTHERN MAINE DEVELOPMENT COMMISSION
SOUTHERN AROOSTOOK REGIONAL ECONOMIC
DEVELOPMENT LOAN FUND
(SA-RED LOAN FUND)**

Promoting economic growth in southern Aroostook County

**REGIONAL ECONOMIC DEVELOPMENT REVOLVING LOAN
FUND**

PROGRAM OUTLINE

LOAN AMOUNT: Maximum loan \$200,000.00, **Quality Child Care Projects**
\$100,000.00

REDRLF funds can finance up to 50% of a project cost provided the loan does not exceed \$50,000.00

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

or 1/3 of project funds provided the loan does not exceed \$200,000.00:

EXAMPLE	(2)
Total Project	\$270,000.00
Amount from other sources	\$180,000.00
Maximum REDRLF	\$ 90,000.00

TERMS:

APPLICATION FEE \$100.00

ORIGINATION FEE OF 1% OF THE LOAN AMOUNT

INTEREST RATE OF PRIME ADJUSTED ANNUALLY

MAXIMUM TERM IS 20 YEARS (TERM DEPENDS ON ABILITY TO REPAY AND USE OF FUNDS)

ELIGIBLE REQUIREMENTS:

1. Must have 50 or fewer employees; or \$5,000,000.00 or less in annual sales
2. Unable to obtain financing from other public or private sources including use of owner's assets to obtain loan elsewhere.

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 \$100,000.00 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. Advanced manufacturing technologies, such as value added wood products and specialty fabricated metal and electronic products;
 - B. Advanced information systems technologies, such as telecommunications and environmental products and services;
 - C. Advanced biological and natural resources technologies, such as aquaculture, agriculture 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 five (5) or fewer employees.
 - H. Quality Care Project

PRIORITIES: for eligible borrowers other than quality child care projects

1. Value added 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 \$5,000 of loan program proceeds shall be used for lead abatement.

INTEREST RATE: The interest rate will be computed at Prime, with a floor or minimum of 5% and a cap or maximum of 9%, with the rate adjusted on the anniversary date of each loan. This rate is subject to change according to economic and financial conditions. Please call a member of the Business Finance Department to determine the

current rate. **Rates for Child Care under this program will not be any less than 6% when added and no greater than prime.** This may vary. Please ask your loan officer about these rates.

FEES AND CHARGES: At time of application the borrower will pay for the estimated cost of a credit check and out of pocket costs anticipated for processing the application. NMDC will charge a one-time origination fee equal to one (1%) per cent of the IRP loan, due and payable at time of commitment. The borrower will, also, pay legal fees and other out of pocket expenses incurred by NMDC in the closing of the loan.

LOAN LIMITS: NMDC has an aggregate loan limit of \$500,000.00 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.

NOTE: ONLY BUSINESSES LOCATED IN THE TOWNS OF HOULTON, LITTLETON, LUDLOW, MERRILL AND SMYRNA ARE ELIGIBLE UNLESS APPROVED BY COMMUNITY MANAGERS AND FAME.

APPLICATION PROCESS:

First, call a member of the Business Finance Department to determine if your business is or will be eligible. If determined eligible a member of the Business Finance Department 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.