

COVID-19 Portland Rapid Response Micro Loan Program

Description

The City of Portland Rapid Response Micro Loan Program (RRMP) is targeted to small businesses that had two (2) to fifteen (15) employees before the COVID-19 crisis. The RRMP provides loans up to \$10,000 to Portland businesses most impacted by COVID-19 that are in danger of closing, have laid off workers, or have had to close temporarily. Funding through this Program cannot be combined with any other City of Portland COVID-19 financing.

This program is not intended to substitute for available COVID-19 Federal and/or State commercial financing if a business is able to access them or has already received such assistance. However, if a business received no more than \$10,000 in COVID-19 Federal and/or State assistance, it is eligible to apply for City of Portland COVID-19 financing.

Funding Source

\$400,000 from unrestricted City loan funds, capped at \$250,000 for the first round of the program.

Program Financing Terms

- Loans up to \$10,000 per business with \$5,000 forgivable if meet requirement (see Employee Retention or Rehiring Section below);
- No application fee;
- Commitment fee of 0.5% of loan amount (e.g., \$50 on a \$10,000 loan);
- 0% interest rate with a 2 year term for repayment;
- Loan payments begin 6 months after loan closing.

Program Eligibility

- Business is located in Portland;
- Business had two (2) to fifteen (15) full time equivalent (FTE)* employees on its payroll just before the COVID-19 crisis. The required number of hours for a full and part-time job** is noted below under Definitions.
- Sales < \$1,000,000;
- Business began operating no later than March 15, 2020
- No more than \$10,000 in federal and state emergency loans and/or grants were received by the business

Eligible Use of Funds

Rent, utilities, inventory, payroll and any other expenses needed to maintain business operations or restart business.

Ineligible Use of Funds:

- If business is closed, funds cannot be used to pay owner;
- Refinance existing debt;

- Down payment for other financing;
- Use of grant funds for activities other than those that are noted as eligible.

Employee Retention or Rehiring: \$5,000 of loan is forgivable if at least 50% of full-time equivalent (FTE)* employees or jobs that were on the payroll just before the COVID-19 crisis are back on the payroll or remain on the payroll by the following timeframe:

- Within nine (9) months of signing a loan agreement or six (6) months after the applicable Stay at Home or other COVID-19 emergency orders have been lifted with respect to the borrower’s type of business, whichever comes first. The six month timeframe can be adjusted based on how the COVID-19 restrictions are lifted.

Review Criteria

The following criteria will be weighed, but the Portland Development Corporation (PDC), the City’s lending board, has the discretion to base its approval on other considerations as well:

- Completeness of application package (all required submittals);
- Business has been substantially impacted by COVID- 19;
- If closed, timing when business will reopen;
- How quickly jobs will be re-created or employees rehired if all employees that existed just before the COVID-19 crisis have not been retained;
- Quality of employee compensation and benefits package (for example, wages, health, vacation, sick leave);
- Personal credit score of at least 600;
- Health of business prior to COVID-19 crisis;
- Social benefit of business’ service(s) and/or product(s) or its level of giving back to the community.

Required Submittals

- City of Portland Rapid Response Micro Loan Program Application;
- Commercial Lease noting monthly or annual rate, including CAM charges for NNN leases.
- Personal financial statement from all owners of the business with 20% ownership or greater;
- 2018 and 2019 (if available) business tax returns;
- Balance Sheet for 2019;
- Profit and Loss for 2019;
- Business plan for those businesses that were established in 2019 or 2020;
- Payroll from just before the COVID-19 crisis showing number of full and part-time employees;
- Demonstrated effort(s) to access Federal and State resources that were unsuccessful except for receiving up to \$10,000 (e.g., SBA Economic Impact Disaster Loan Program, Paycheck Protection Program and FAME COVID-19 Relief Business Direct Loan

Program) or an email acceptable to staff explaining the reasons for not utilizing any of these programs.

Security for Approved Loan

- Unlimited personal guarantees from all with ownership of 20% or greater;
- UCC-1 on all business assets (ABA) regardless of lien position relative to other lien holders, if any.

Application Schedule and Process:

The Portland Development Corporation (PDC) has the authority to establish application deadlines. Expedited loan closings will be provided after completed loan application packages are received by staff and reviewed for eligibility, analyzed by an underwriter and presented to the PDC for review and approval.

Program Sunset

This program has a termination date of December 31, 2020 or when funds run out, whichever comes first.

Definitions

* Full Time Equivalent (FTE): One full-time job equals two part time jobs.

**Per the Maine Department of Economic and Community Development, the definition of a full-time job is at least 1,750 hours/year (34 hours/week) and for a part-time job at least 875 hours per year (17 hours/week) but less than 1,750 per year.