



City of Auburn, Maine

Business & Community

Development

Glen E. Holmes, Director

60 Court Street | Auburn, Maine 04210

www.auburnmaine.gov | 207.333.6601

ARPA BUSINESS LOAN PROGRAM

PROGRAM GOAL

The objective of the ARPA Business Loan Program is to increase opportunities for current and future business owners in the City of Auburn area to integrate into the community. Utilizing ARPA funds as a funding pool will further City Council goals. The intent in these guidelines is to meet the requirements of ARAP. Anything found inconsistent with the ARPA requirements shall be null and void and the more stringent rule shall apply.

PARTICIPANT ELIGIBILITY

1. The Loan will be used for a start-up business or to increase an already established business.
2. The applicant may be for a sole proprietorship, limited liability company, corporation, or partnership who will operate a business in Auburn.
3. Only one loan per entity / applicant.
4. Total financing package shall include adequate funds to complete purchase and or make necessary improvements.
5. Applicant must provide a statement describing the impact COVID-19 has had on the business or individual requiring this financial assistance.

LOAN TERMS

1. The maximum loan amount is \$150,000.
2. The interest rate is based on the Prime rate published on date of approval

3. The maximum loan term is 10 (ten) years for equipment 5 (five) years for inventory and 7 (seven) years for working capital.
4. Once established, the business must remain housed within the City of Auburn for the duration of the loan. The loan is due and payable within 60 days of any business closing or relocating outside the City of Auburn.

ELIGIBLE ACTIVITIES

1. To purchase equipment or inventory
2. Working capital

APPROVAL PROCESS

Community Development staff

The Community Development Office has the sole responsibility to review applications and supporting documentation and will present the request to the Department Director for approval based on underwriting and achieving Participant Eligibility.

LOAN CONSIDERATIONS

Applications under the ARPA Business Loan Program will be analyzed to determine risk according to typical lending considerations. In approving or denying loan request, the community Development Director shall be guided by the following loan considerations:

1. Ability to repay
2. Credit History
3. Collateral
4. Cash contribution
5. Business plan
6. Previous experience

This section shall set forth the procedures for administering the program.

a. Applications

1) Priority - Applications will be processed on a first come, first served basis. CDO shall establish a priority processing list based on the receipt date of a complete application.

2) Application - An application may be obtained from the Community Development Office. An application shall be complete and accompanied by the identified documents including but not limited to the following:

- Proof of funds other than the Cities.
- Three years Tax Returns of the business
- Three years Tax Returns from each individual controlling greater than 19% of the business
- Business Documents showing form of the organization
- Resume for all principal owners and employees
- Business Plan showing 12-month cashflow

An incomplete application will be returned to the applicant.

3) Acceptance - Applicant(s) will be notified of acceptance through a written Commitment Letter.

Program guidelines approved:

Phil Crowell, City Manager

Date