

# Town of Unity Economic Development Loan Program

The purpose of this loan program is to provide short term financing for new and existing businesses located in Unity that cannot obtain sufficient financing from commercial lenders, will make a meaningful contribution to the town's economic base, and provide evidence of ability to repay the loan.

## Program Terms:

- Low-interest loans of 3-5% interest rate (depending upon level of risk) with flexible payment terms tailored to needs of the business.
- Maximum term of 5 years.
- Loans of \$2,500 (minimum) to \$15,000 (maximum).
- No refinancing of current debt will be considered (including injection of personal funds).
- Some form of collateral will be required to secure repayment.

## Eligibility:

In order to be able to apply for the loan fund, the current or potential business must:

1. Be located in Unity, Maine.
2. Have a current business plan including the activity for which loan funds are sought. The plan must include market analysis, revenue/expense projections and overall financial plan of which the requested loan is a portion (resources for assistance can be provided).
3. Provide three years of federal tax returns including the business history (if any) and those of the person guaranteeing repayment of the loan.
4. Provide 2 letters of recommendation and 3 credit references.
5. Assemble a detailed budget of how and when the potential loan funds will be used.
6. Provide either a letter of rejection from a lending institution with an explanation of reasons for rejection or a letter of support from a lender for a collaboration loan.
7. Authorize the Town to request credit reports.
8. The business will be required to obtain all permits and licenses prior to the closing of the loan.

## Program Administration:

Loan applications will be considered three times/year. The due dates for applications are January 1, April 1 and October 1. The committee will review all complete applications within 30 days of the deadline. The review will include an interview with the applicant (if necessary) and a timeline for additional information if needed. The loan committee will score all applications according to the criteria below. When all applications are reviewed and scored, the committee will decide as to when and if a business is funded. Funding will be determined by a combination of score of the applicant, ability to repay the loan and availability of funds in the TIF loan account.

## Scoring Criteria:

Each application will be scored by the loan committee. There is a maximum score of 25 and the applicant must achieve a minimum of 15 points to be considered for a loan. The committee will assign a score from 0-5 to each of the following checkpoints.

- Completeness and accuracy of the business plan.
- Direct economic impact of proposed activity to the town and its residents.
- Does the business promote other business in town (e.g. bring more foot traffic to town, provide services other business require or help assist other local businesses thrive)?
- Ability to repay the loan.
- Potential for job growth in the community.

## Application Materials and For More Information:

Application materials are available at the Town Office or on the Town web site [www.unityme.org](http://www.unityme.org). If questions remain after reviewing material, one may address them to [RLF@unityme.org](mailto:RLF@unityme.org).