

Town of Freeport  
COVID-19 EMERGENCY SMALL BUSINESS LOAN  
STAFF PROPOSAL

The Town will provide \$50,000 in seed funding initially, and will match up to \$50,000 in additional donations or grant funds, for a total initial commitment of \$150,000

Any Freeport small businesses with less than 50 employees will be eligible to apply.

Before applying for the Freeport COVID-19 emergency small business loan program, businesses must apply for all other relevant state and federal relief programs.

Loaned funds are to be used only for rent, mortgage, or utility payments for the business' primary Freeport location.

Loans will be in an amount up to \$5,000. Repayment will begin 6 months from the date of issuance and will be 18 monthly payments, ending 24 months from the date of issuance.

Interest will be 0% over the first 24 months. An interest rate of 3% will be applied to any amounts outstanding after 24 months.

If full repayment is made within 24 months, the business will be eligible for partial loan forgiveness. Loan forgiveness will be proportionally calculated based on the amount of qualifying non-Town funding (such as donations and grants) received by the program, for a maximum of 33% of the total loan amount. For example, if the program is fully funded with \$100,000 of Town money and \$50,000 of non-Town donations and grants, one-third of the amount of loans issued will be eligible for forgiveness. Loan forgiveness is not guaranteed, and is based on factors outside of the Town's control, so applicants should base all financial decisions on the assumption that no loan forgiveness will be offered.

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OUTSTANDING ITEMS FOR DELIBERATION / DISCUSSION BY TOWN COUNCIL

- 1) Is this loan program available to non-profits? If so, what type?
- 2) Application form – in development - draft to be presented to Town Council on 05/19
- 3) Evaluation criteria – in development - draft to be presented to Town Council on 05/19