



Financial Resources in Response to COVID-19-related closures and economic disruption

Business Information Sheet #1 – Individuals and Employees

We strongly encourage businesses and consumers to contact your lending institution first. Many lenders are restructuring, delaying payments, etc. to help during this time.

Helping individuals and the self-employed through short term loans.

The State of Maine has established a limited Loan Guarantee Fund through Emergency Legislation for helping individuals who have experienced financial distress.

What it is:

Working with Maine's financial institutions like banks and credit unions, the Financial Authority of Maine (FAME) will guarantee loans to individuals made by banks and credit unions. The financial institution makes the loan but FAME (backed by the State of Maine) takes on the obligation to repay the loan if the individual who borrowed the money cannot do so. This allows the bank or credit union to process loan requests more quickly, provides for no-interest loans, and means the financial institution cannot turn down a request based on the credit-worthiness of the person applying for the loan. The program is designed as a short-term solution for cash flow distress due to COVID-19-related circumstances and funds are limited.

Who it is for:

Anyone living in Maine who is an employee, self-employed person, sole proprietor, "1099" worker, or other individual who has experienced a **loss of income** due to circumstances related to the novel corona virus known as COVID-19.

When funds will be available:

Under this program, banks and credit unions may begin making loans to individuals with the expectation of the loan guarantee right away. The fund sunsets on December 31, 2020.

How much an individual can borrow:

An individual who meets eligibility criteria may apply for up to 3 loans (once a month for up to three months), each equal to their monthly after-tax pay, up to \$5,000, minus unemployment benefits received. For sole proprietors or self-employed people, the eligible amount is based upon the most recent monthly after-tax revenues, up to \$5,000.

Where and How to apply:

- (1) contact your financial institution to find out if they are participating in this Loan Guarantee Program;
- (2) be prepared to demonstrate need by providing the following two pieces of documentation:

- A pay stub or bank statement indicating earned income in any 3 months prior to March 1, 2020; AND
- A sworn affidavit from you stating:
 - You are currently living in the State of Maine; AND
 - You have experienced a reduction in income likely due to circumstances related to the novel corona virus known as COVID-19; AND
 - You are not receiving a loan from any other financial institution through this program; AND
 - The amount per week of unemployment compensation benefits you have received, if any, during the period of March 15, 2020 - December 31, 2020; AND the amount per week of unemployment compensation you are eligible to receive, if any, during the period of March 15, 2020 - December 31, 2020.

Why:

This program is designed to ease both the financial and psychological distress of anyone living in Maine who are experiencing loss of income and have no ability to absorb this loss. Individuals who have access to other sources of support are encouraged to use those instead and to only access this program if needed, to keep funds available for other Mainers who need the help, as funds are limited.

The Fine Print:

- The good news: Loans made under this program are interest-free during the 90-days after receiving disbursement of the loan (the grace period) and the 180 days following this grace period. In other words, from the time a loan is disbursed to an individual in need, the individual has nine months interest-free to repay the loan.
- The bad news: After that nine months, the lending institution may charge interest or fees in accordance with the financial institution's lending policy and the terms of the loan agreement.
- The good news: no payments are due during the 90-day grace period.
- The bad news: you must repay the loan in full not later than 180 days after the end of the 90-day grace period by making at least 3 and no more than 6 equal installment payments.
- The good news: there is no penalty or fee for pre-payment or early payment of the loan.

Unemployment:

Recent legislation was passed to support workers and businesses impacted by COVID-19 by enhancing Maine's existing unemployment insurance program. If a worker is unsure if they would be eligible for unemployment insurance, the Maine Department of Labor recommends that the worker apply.

More information on Unemployment Insurance can be found here: <https://www.maine.gov/unemployment/>
Claims can be filed on-line or by phone at <https://reemploye.maine.gov/accessme/faces/login/login.xhtml>

1-800-593-7660

Still have questions?

We are happy to field questions through Business Answers at **1-800-872-3838** or via email at business.answers@maine.gov.

