

Lending FAQs

CEI Lending and Business Services

Q: Does CEI make personal or consumer loans (for cars, houses, etc.)?

- No. CEI focuses our lending on businesses (start-up and existing).

Q: I've been denied a loan from a bank or credit union. Can I apply for a loan from CEI?

- Yes! The primary reason to borrow from CEI is if you cannot get a loan from a conventional lender such as a bank or credit union. There are many reasons a bank might not be willing or able to lend, such as an impacted personal credit score, limited assets available as collateral, the stage of the business (e.g., start-ups), or the business sector (e.g., child care). Please note that, in most cases, you do not need to have a letter of declination (a "no") from a bank to apply to CEI.

Q: What are some other reasons I would want to borrow from CEI?

- CEI is a mission-based lender that prioritizes working with businesses that support environmental sustainability and promote equity in our communities. CEI also provides a variety of free services to the public, even if you are not a borrower with us, such as business advising, personal credit assistance, workforce development, and sector expertise in specific industries (including farming, fishing, aquaculture, renewable energy, and child care) that can help you strengthen or grow your business.

Q: Do you offer workforce-related support to borrowers at CEI?

- Yes! The CEI Workforce Solutions teams offers services, at no cost, to help our borrowers find, train, and retain employees for their business. We do this via our "Good Jobs" advising, which provides business owners and/or managers with personalized recommendations on human resource/employment matters that improve their financial performance, retain employee talent, and grow their business through a focus on increasing job quality. We also connect borrowers with employment and training service providers that help individuals out of the workforce and/or people with barriers to employment obtain jobs and succeed at work.

Q: Does CEI have specific resources for women-led* businesses?

- Yes! The CEI Women's Business Centers offer free courses, cohorts, workshops, and events that encourage peer-to-peer learning and community building, as well as free one-on-one business advising. We have three regional teams serving female* entrepreneurs across Maine with a physical location in Portland and offices in Farmington and Machias.

**CEI aligns with the definition of women and female that explicitly includes not only cis women, but also trans women and femme/feminine-identifying genderqueer and non-binary individuals.*

Q: Does CEI offer loan products or business services to asylum seekers, immigrants, or non-English speakers?

- Yes! CEI's StartSmart program offers one-on-one business advice to immigrants, refugees, and asylum seekers and any of our business advisors and lenders will work with non-English speakers. For loans, a work permit is typically required. Upon request, we will provide an interpreter for in-person or zoom meetings at no additional cost. Please let us know in your initial outreach if we can provide this service to you.

Q: Does CEI provide language services, such as translated materials and interpreters, during the application process?

- Yes! CEI provides both our standard business loan application, as well as our Wicked Fast loan application, in five languages: Arabic, French, Spanish, Somali, and Portuguese. We can also provide an interpreter for in-person or zoom meetings at no additional cost. Please let us know in your initial outreach if we can provide this service to you.

Q: I have a general loan inquiry - who should I contact?

- Please reach out to our Loan Group Administrator at 207-504-5882.

CEI Loans – Rates and Terms

Q: What are CEI's maximum loan amounts?

- CEI provides both business loans and microloans to qualifying borrowers. Microloans are available for up to \$50,000 for existing and start-up businesses. Business loans are available for up to \$1 million for existing businesses. CEI also offers a specialized microloan product, [Wicked Fast Loans](#), which offers a streamlined application process and fixed interest rate.

Q: What are CEI's interest rates?

- CEI's current interest rates range from 5-8%. Rates are subject to change.

Q: How is the length of the loan term determined?

- Loan terms vary depending on funding usage, such as 3-5 years for permanent working capital or 7-10 years for an equipment loan. Most CEI loan terms are in the 5–7-year range due to our own funding source requirements. However, we adjust the amortization period to better match the financing need and cash flow of the business. An example of this would be a 5-year loan on a 10-year payment structure, which lowers the monthly principal payments. This requires a balloon payment at the 5-year maturity. If the borrower is in good standing, CEI will work with borrower on refinance options at that time, including simply terming out (extending) the loan.

Q: How is the interest calculated on my loan?

- Actual interest on your loan accrues daily. The interest is calculated by taking the current principal balance and multiplying by the interest rate on your loan, and then dividing by 360, which is the Daily Accrual Factor or Per Diem. This Daily Accrual Factor is multiplied by the exact number of days between payments received. Your loan documents will include a Loan Request Summary page, which spells out how your interest is calculated. Additionally, your loan officer

at the loan closing will address the annual percentage rate (APR) on the Loan Request Summary page and the interest rate quoted in your commitment letter.

$$((\text{Current Principal Balance} \times \text{Interest Rate})/360) \times \text{Days Between Payments} = \text{Interest Amount}$$

Q: Does CEI have a non-interest-bearing loan option?

- Yes! CEI offers a fee-for-service product that was designed for those who, for religious reasons, don't pay or accept interest. Both our traditional interest-bearing loans and our fee-for-service loans have the same cost for borrowers and are open to all. Please contact John Scribner, the Director of StartSmart, to discuss this product in more detail: John.Scribner@ceimaine.org

Business Fit and Eligibility

Q: CEI is a nonprofit, mission-based organization. What types of loans are a good fit?

- CEI's loans need to meet some aspect of our focus on shared prosperity, environmentally sustainable enterprises, and good jobs. This includes, but is not limited to:
 - Businesses that provide services to people/communities with low-incomes or are owned by individuals with low incomes.
 - Businesses owned by those left out of or underserved by conventional lending such as BIPOC individuals, immigrants, refugees, non-English speakers, and/or women.
 - Businesses that are working to reduce their environmental impact, such as renewable energy developers, sustainable farms, or aquaculture enterprises.
 - Businesses that create "Good Jobs," which include living wages, employee benefits, and other job-quality attributes.

Q: In what U.S. states does CEI offer small business financing?

- We focus our lending and business advising activity primarily in Maine, however, we can provide financing out-of-state in collaboration with other financial entities. We have particular interest in serving rural communities.

Q: Does CEI require a minimum credit score to apply for a loan?

- Credit score is just one indicator among many that CEI evaluates when considering a loan request. For borrowers with a credit score below 600, CEI provides free financial development services to help borrowers build credit or repair impacted credit. CEI understands that credit scores are an imperfect measure of one's financial status, so we work hard to understand the specific items on a credit report and the reasons they might be there.

Q: Can I refinance personal loans as well as business loans?

- CEI does allow refinancing of both personal and business loans into any new proposed loan request, so long as the proposed use of funds is related to the business applying for

financing. The proposed use of funds should be clearly stated in the sources & uses section of the application. The request will be evaluated based on traditional loan underwriting guidelines, including collateral analysis.

Q: What kind of insurance will I need?

- You will need insurance on both your business assets and any personal property pledged as collateral. If you are not already in business and/or do not already have Business Liability and Business Property Insurance (on your business's assets), you will want to reach out to insurance agencies to obtain quotes for annual premiums. If you are pledging a boat, house, or vehicle as collateral for your loan request, you will want to reach out to insurance agents to obtain quotes for auto, home, or vessel coverage, if not already in place. You do not need to commit to purchasing insurance coverage unless your loan request is approved. In most cases, CEI requires evidence of insurance coverage on business assets for at least the amount of the loan, with additional evidence of insurance coverage for additional collateral pledged beyond business assets.

Q: Does CEI lend to sole proprietors?

- Yes, CEI lends to all types of commercial businesses including sole proprietors, LLCs, co-ops, partnerships, corporations, and others. We do not make consumer loans.

Applying for a Loan

Q: I'm interested in applying for a loan – where do I start?

- CEI strives to be a relationship-based lender. We like to get to know our clients before they apply, support them through the application process and stay with them during the term of the loan. We are also available for follow-on funding needs if they arise. We recommend having at least one conversation with a member of CEI's lending team or a CEI business advisor prior to application to assess readiness and approach. This conversation may indicate that additional work - for instance, completing a business plan - will be necessary prior to application. To contact CEI's Lending team, email loanapplications@ceimaine.org or call 207-504-5882. Some options for business advising include the [Maine SBDC at CEI](#), [CEI's Women's Business Center](#) and [CEI's StartSmart](#) program for immigrants and refugees.

Q: How do I apply for a loan?

- Applications can be found on our website: <https://www.ceimaine.org/financing/>. For assistance with a business plan, cash flow projections, or the application process, a list of business advisors can be found at: <https://www.ceimaine.org/advising/>. Questions may also be emailed to the Lending team at loanapplications@ceimaine.org.

Q: I'm thinking of applying for a loan, what other professional services should I be talking to?

- The type of business will determine what additional services you should seek. Most businesses will find valuable support from a third-party business advisor ([CEI](#), [SBDC](#), and

[SCORE](#) are options for free services), an attorney and an accountant. Many businesses benefit from a payroll service and/or a bookkeeper and will need a qualified insurance agent for liability and property coverage. There are many types of insurance depending on your business and the collateral pledged to support your loan.

Q: What documents will I need to complete my loan application?

- Each loan application comes with checklist of required items on the last page.

Q: How can I submit my loan application online?

- Currently, scanned or electronic applications and materials may be emailed to loanapplications@ceimaine.org or via a secure external client share. Reach out to loanapplications@ceimaine.org to request a secure link. While it is not possible to apply through an online portal, we hope to have that capacity in 2023.

Q: How much does it cost to apply for a loan?

- There is no fee to apply for a loan with CEI. We charge an origination fee when the borrower accepts the commitment letter. This fee covers CEI's overhead expenses, such as the labor costs incurred during the process of underwriting the loan application. It is important to note that this fee is only for approved loans who have accepted our commitment terms.

Q: Does CEI require borrowers to provide owner equity or cash down to secure a loan?

- No. CEI does not typically require owner's equity to secure a loan, but there may be instances where we request that the borrower contribute their own funds to the project. This is a question you can ask your loan officer during the application process.

Q: Why does CEI require a business plan and cash flow projections?

- CEI requires a business plan to fully understand the scope of the business, how the capital will be used, and long-term goals of the business. The business plan helps CEI assess the expertise and experience of the business owner(s) and outlays the capacity of the employees to bring the projections to fruition. The employment plan (including projected or actual wages and benefits) is a crucial element of our mission to create good jobs, which should be addressed in the business plan. Cash flow projections allow CEI to get a sense of how capital will be spent and paid back over the life of the loan. If you need assistance with your business plan or cash flow projections, you can get the help you need by contacting the [Maine Small Business Development Center](#), [Women's Business Center at CEI](#), [StartSmart](#), or the [Service Core of Retired Executives](#). There is no charge for these business counseling services.

Q: Why does CEI ask for my personal information, such as gender, race, and income level? Do my answers affect my ability to get a loan?

- Your answers to these demographic questions will not impact your ability to get a loan, and you may decline to answer them during the application process. We ask them because many of CEI's funders require us to report certain demographic information of our borrowers. In addition, we use this information internally to measure the social and economic impact of

our work. We only report externally in aggregate (e.g., number of jobs created, number of low-income clients counseled, number of women-owned businesses financed, etc.), and we never share your personal identifying information without your written consent.

Q: Who can I provide as my letter of reference?

- Letters of reference can be from individuals with whom you have interacted in your business, academic, or community networks. These references should provide examples that speak to your skills and strengths.

Q: What is a guarantor and why might I need one in order to get a loan from CEI?

- A guarantor is a person who guarantees to pay for someone else's debt if they cannot make payments on their loan. The guarantor pledges their own assets if a situation arises in which the original borrower cannot pay back the loan. Typically, guarantors are required for people or businesses with poor or limited credit history, insufficient collateral, or lack of equity.

Q: What is collateral?

- Collateral is personal or business assets pledged to a lender until a loan is repaid. This collateral could take the form of real estate, inventory, accounts receivable, machinery, furniture, equipment, or other assets. If the borrower defaults on the loan, the lender has the legal right to take ownership of the collateral and sell it to pay off the loan.

Q: What is considered "working capital?"

- CEI working capital are loan funds used for operational expenses and non-asset purchases, including overhead costs such as rent, utility expenses or payroll. Other examples of working capital include marketing, advertising, or inventory expenses. Purchases of facilities, land, equipment, or vehicles are asset purchases and are not considered working capital. Working capital bridges the gap until your company can generate sufficient cash flow on its own.

Q: What qualifies as a seasonal job vs. a part-time job?

- When we work with a business, we use the employer's definition rather than our own. As a general rule-of-thumb: full-time employees work more than 32 hours per week, part-time employees work less than 32 hours per week. Seasonal employees work less than 26 weeks per year.

Loan Approval and Closing

Q: How will I know if my loan application has been approved?

- You will be contacted by your loan officer and a formal approval will come in the form of a commitment letter that will arrive via mail or email. The terms of the commitment letter are good for 10 days. During this time, the borrower is encouraged to review the commitment letter in detail and raise any questions and/or concerns with their loan officer.

Q: How long will it take to receive funds after I have applied for a loan?

- The time between applying and receiving funds can vary depending on the complexity and completeness of your loan application and business. A Wicked Fast Loan typically closes within 7 days, while a standard business loan can take up to 3-6 weeks. To expedite the process, please make sure your application package is complete by using the provided checklist on the last page of the loan application. Loan funds are disbursed at or within 24 hours of the loan closing.

Q: What fees will be collected at my loan closing?

- Once your loan is approved you will receive a commitment letter and a copy of the fee schedule. Most of these fees will not apply to all borrowers. There is an origination fee that is equal to 2% of the amount of the loan. 50% of this origination fee is due at the time you return the signed commitment letter. The borrower is also responsible for: fees for credit reports, title search, vehicle transfer fees, flood determination, UCC recording fee and Mortgage recording fees (usually in the \$50-\$200 range unless an attorney is required). The Borrower is responsible for all 3rd party charges, such as credit reports, which are necessary to properly document the loan and perfect CEI's collateral. It is important to note that all 3rd party fees are transferred directly to the client, and CEI does not charge any add-on servicing fees to the 3rd party charge. Prior to the commitment letter, you will be able to speak to your loan officer and discuss the fees for your individual loan.

Loan Payments and Account Status

Q: Other than my loan payments, what other documents might CEI require during the life of the loan?

- Typically, CEI will expect delivery of insurance renewals and updated financial statements (e.g., Business Tax Returns, Year End Balance Sheet, Year End Income Statement, Personal Tax Returns, and Personal Financial Statements) on an annual basis. Depending on the loan/business, CEI may require more frequent financial reporting. The required documents will be indicated in your commitment letter, business loan agreement and welcome letter, should you close a loan with us.

Q: How do I see my account information?

- Please reach out to CEI's Loan Services team, they would be happy to provide you with the payment history on your loan. You can email ccorrespondence@ceimaine.org or call 207-504-5894.

Q: Who do I contact with questions regarding my loan payments?

- Please reach out to CEI's Loan Services team with any question as relates to loan payments: ccorrespondence@ceimaine.org or call 207-504-5894.

Q: Can I make loan payment online?

- Yes, you can make a payment through the following online portal: [Make a Loan Payment | CEI \(ceimaine.org\)](#)

Q: What is the ACH payment option and how do I set one up?

- ACH Payment is automatic withdrawal from your bank account on a monthly basis by CEI. There is a 10-day turnaround time to set up ACH. To use ACH to make payments, the borrower will need to complete an ACH form.

Q: Who do I reach out to if my business has been affected by COVID or another unexpected event?

- Your loan officer would be your primary contact for concerns related to business impacts due to COVID or other unexpected events. Your loan officer can discuss potential options and related programs that might be available given the specific nature of the request.