MTAF 3.0 Loan Repayments and Partial Forgiveness Formulas and Examples

Base Case

- MTAF Amount Borrowed: $1,000,000
- Current Maine-based, full-time w-2 employee count at application / contract: 10
- Projected number of new Maine-based, w-2 full-time hires through 2030 (as specified in MTAF Application and Loan Agreement): 10
- 2025 Total annual payroll and benefit expense to ME-based w-2 employees: $800,000
- 2025 Average annual payroll and benefit expense per ME-based FTE = $80,000
- MTAF Project start date: 1/1/2026
- MTAF Project end date: 12/31/2026
- MTAF Loan Repayment Term: 1/1/2027 – 12/31/2031
- Monthly payment first 48 months: $10,416.67
- Total principal paid off 1/1/2027 – 12/31/2030: $500,000
- Total principal remaining to be repaid, as of 1/1/2031: $500,000

In Q1-2031, MTI will review all quarterly financial updates and MTAF project updates to confirm final amount of loan forgiveness, based on the formulas agreed upon in the MTAF Loan Agreement. Here are a few example scenarios:

Case #1 – Company achieves full amount of potential loan forgiveness

To receive the maximum loan forgiveness of 50% ($500,000), borrower must demonstrate the following, as of 12/31/2030:
Total Maine-based w-2 full-time employee count ≥ 20 (100% of projected hires + baseline);
To be counted towards loan forgiveness formula, a hire must have been on payroll for at least 12 months.
Current average payroll and benefit expense per Maine-based w-2 employees ≥ $80,000 (100% of baseline)
Status of MTAF project: at least 80% complete, with any revisions satisfactory to MTI

IF impact metrics are not 100% achieved, partial forgiveness will be determined as demonstrated in the following examples:

Case #2 – 50% forecasted job growth

As of 12/31/2030, total ME-based w-2 FTE = 15 (50% of projected impact) with satisfactory payroll and project % would qualify for $250,000 loan-forgiveness – and the remaining $250,000 principal would be due to MTI on 12/31/2031; borrowers can request additional time to repay the remaining funds, at MTI's discretion.

<u>Case #3 – 20% forecasted job growth</u>

As of 12/31/2030, total Maine-based w-2 FTE = 12 (20% of projected impact) with satisfactory payroll and project % would qualify for $100,000 loan-forgiveness – and the remaining $400,000 principal would be due to MTI on 12/31/2031; borrowers can request additional time to repay the remaining funds, at MTI's discretion.

<u>Case #4 – Reduced average payroll and benefit expenses but met job growth projections.</u>

As of 12/31/2030:
Total ME-based W-2 FTE = 20 (100% of projected impact)
Average ME-based payroll and benefit expense = $60,000 (20% less than baseline)
Potential loan forgiveness amount would be reduced by 20%
Total loan forgiveness granted = $400,000 (80% of the $500,000 principal remaining)
Principal remaining to be repaid to MTI would be $100,000 due to MTI on 12/31/2031; borrowers can request additional time to repay the remaining funds, at MTI's discretion.

<u>Case #5 – Project significantly incomplete as of Jan 2031 but job growth and average payroll and benefits meet or exceed forecasted amount.</u>

As of 12/31/2030:
Total Maine based W-2 FTE = 20 (100% of projected impact)
Average ME-based payroll and benefit expense grew to $92,000 (15% increase).
The project has been stalled or abandoned and is at 50% of completion and there has been no formal forbearance requested from MTI during the period 2026-2030.
The potential loan forgiveness amount would be reduced by 30% (because 50% is 30% below the minimum level of performance expected)
Total loan forgiveness granted = $350,000 (70% of $500,000)
Principal remaining to be repaid to MTI would be $150,000 due to MTI on 12/31/2031; borrowers can request additional time to repay the remaining funds, at MTI's discretion.

<u>Case #6 – Sale of the company to new entity 3 years after taking the loan from MTI</u>

Borrower plans to sell to a new corporate entity on 12/31/2029, 3 years into their MTAF loan repayment period. At time of company sale, total ME-based W-2 FTE = 14 (40% of projected impact) with satisfactory payroll and project % ***To be counted towards loan forgiveness formula, a hire must have been on payroll for at least 12 months.***
The selling company has earned 40% of potential loan forgiveness: $200,000
The selling company has repaid $375,000 principal over 3 years (2027 – 2029)
Principal remaining to be repaid to MTI = $425,000
The selling entity can repay the remaining $425,000 at the time of settlement OR work with MTI and the new purchasing entity to transfer the debt to the purchasing entity, which will be required to assume the terms of the MTAF Loan Agreement repayment schedules and formulas to earn any additional loan forgiveness, and repay any remaining MTAF loan balance over time, as noted in above examples, at MTI's discretion.