

FEDERAL DEPOSIT INSURANCE CORPORATION

Washington, D.C. 20429

Form 8-K Current Report

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 2, 2021

NORTHEAST BANK

(Exact name of registrant as specified in its charter)

Maine
(State or other jurisdiction of incorporation)

01-0029040
(I.R.S. Employer Identification No.)

27 Pearl Street
Portland, Maine 04101
(Address, including zip code, of principal executive office)

Registrant's telephone number, including area code: (207) 786-3245

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Voting Common Stock, \$1.00 par value	NBN	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On March 2, 2021, Northeast Bank entered into a first amendment (the “Amendment”) to the Paycheck Protection Program Liquidity Facility Correspondent Agreement, dated as of June 12, 2020, by and among Northeast Bank, The Loan Source, Inc. and ACAP SME, LLC (the “Correspondent Agreement”). The Amendment, among other things, amends the compensation terms among the parties in connection with certain loans made pursuant to the Small Business Administration’s Paycheck Protection Program that are the subject of the Correspondent Agreement.

The description above is qualified in its entirety by reference to the full text of the Amendment, which is filed as an exhibit to this current report on Form 8-K and are incorporated by reference into this Item 1.01.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit**Number Description**

- | | |
|------|--|
| 10.1 | First Amendment to Paycheck Protection Program Liquidity Facility Correspondent Agreement, dated March 2, 2021, by and among Northeast Bank, The Loan Source, Inc. and ACAP SME, LLC |
|------|--|

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NORTHEAST BANK

By: /s/ Richard Wayne
Name: Richard Wayne
Title: President and Chief Executive Officer

Date: March 3, 2021

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	First Amendment to Paycheck Protection Program Liquidity Facility Correspondent Agreement, dated March 2, 2021, by and among Northeast Bank, The Loan Source, Inc. and ACAP SME, LLC

FIRST AMENDMENT TO PAYCHECK PROTECTION PROGRAM LIQUIDITY FACILITY CORRESPONDENT AGREEMENT

This FIRST AMENDMENT TO PAYCHECK PROTECTION PROGRAM LIQUIDITY FACILITY CORRESPONDENT AGREEMENT (this “Amendment”), dated as of March 2, 2021, is entered into by and among The Loan Source, Inc., a Delaware corporation (“Loan Source”), ACAP SME, LLC, a Delaware limited liability company (“Servicer”), and Northeast Bank, Portland, Maine (“Bank”), a banking corporation organized under the laws of the State of Maine. For the purposes of this Amendment, Loan Source, Servicer, and Bank may sometimes be referred to herein collectively as the “Parties” and individually as a “Party”.

W I T N E S S E T H

WHEREAS, the Parties entered into that certain Paycheck Protection Program Liquidity Facility Correspondent Agreement, dated June 12, 2020, (the “Correspondent Agreement”); and

WHEREAS, the Parties wish to amend the Correspondent Agreement as set forth below.

NOW, THEREFORE, in accordance with Section 22 of the Correspondent Agreement, and in consideration of the premises and the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows, notwithstanding anything to the contrary in the Correspondent Agreement:

SECTION 1. AMENDMENTS

Section 1.1 The first paragraph of the recitals of the Correspondent Agreement is hereby amended and restated as follows:

“WHEREAS, Loan Source intends to purchase loans originated by eligible lenders pursuant to the U.S. Small Business Administration’s (“SBA’s”) “Paycheck Protection Program” established by Section 1102 of Division A, Title I of the Coronavirus Aid Relief and Economic Security Act enacted March 27, 2020 (“CARES Act”), which program modifies Section 7(a) of the Small Business Act, 15 U.S.C. § 636(a) (such loans, “PPP Loans”, regardless of whether such loans are ultimately determined by the SBA to have been made in compliance with the SBA’s “Paycheck Protection Program”);”

Section 1.2 Section 1 (Definitions) of the Correspondent Agreement is hereby amended to add the following defined term:

“New Bank PPP Loan” means a Bank PPP Loan originated after December 27, 2020.

Section 1.3 Section 5.3 of the Correspondent Agreement is hereby restated and amended in its entirety as follows:

“5.3 Notwithstanding any provision of the Servicing Agreement, Servicer shall be reimbursed on a monthly basis for costs incurred by Servicer to service each Purchased PPP Loan in accordance with Section 8, subject to the following:

(a) Prior to the decision by the SBA on whether to make a PPP Loan forgiveness reimbursement on a Purchased PPP Loan, reimbursement for costs incurred by Servicer in connection with each application for forgiveness with respect to such Purchased PPP Loan shall be capped at the lesser of (x) \$120.00 or (y) the actual costs associated with the forgiveness application; and

(b) With respect to a Purchased PPP Loan for which:

(i) the SBA has made a PPP Loan forgiveness reimbursement payment;

(ii) the SBA has determined not to make a PPP Loan forgiveness payment; or

(iii) no application for forgiveness has been made during the loan forgiveness period;

the monthly reimbursement for servicing costs associated with ongoing servicing for such Purchased PPP Loan with a residual balance shall be capped at the lesser of (x) a monthly reimbursement amount calculated at a rate of fifteen (15) basis points per annum on the balance of the loan at the beginning of the month for which servicing costs are being reimbursed or (y) the actual costs associated with servicing such Purchased PPP Loan.”

Section 1.4 Section 5.4 of the Correspondent Agreement is hereby restated and amended in its entirety as follows:

“5.4 Unless required to be paid directly to the Reserve Bank pursuant to the terms of the PPPLF Letter Agreement, any payments made pursuant to a Purchased PPP Loan, whether such payment is made by a Borrower, the SBA, or other person, and including, but not limited to, payments made pursuant to a New Bank PPP Loan that has been removed from a PPPLF collateral pool as a result of not being eligible to be pledged to the PPPLF (a “Collection”), shall be deposited, in accordance with instructions provided by Servicer, which shall be irrevocable, into an account at Bank in the name of Loan Source (each, a “Collection Account”), which will be established pursuant to a separate agreement between Bank and Escrow Agent.”

Section 1.5 Section 8.5 of the Correspondent Agreement is hereby restated and amended in its entirety as follows:

“8.5 The Disbursement Instructions will be calculated using the following priority of payments with respect to Purchased PPP Loans pledged to the PPPLF, except with respect to Collections related to Sourced Bank PPP Loans pledged to the PPPLF, which will be

disbursed in the manner described in Schedule 8.1, and except with respect to Collections related to New Bank PPP Loans pledged to the PPPLF, which will be disbursed in the manner described in Schedule 8.2:

(a) First, to the Reserve Bank to pay any and all amounts due to the Reserve Bank with respect to the PPPLF (which, for the avoidance of doubt, does not include amounts due to the Reserve Bank as a result of any loan pledged to the PPPLF being removed from a PPPLF collateral pool as a result of not being eligible to be pledged to the PPPLF);

(b) Second, in the discretion of Bank, to an account at Bank established to hold in reserve such amounts as Bank reasonably deems necessary to pay amounts that will become due to the Reserve Bank in the future under the PPPLF;

(c) Third, to Escrow Agent for further benefit of Servicer in accordance with Section 5.3; and

(d) Fourth, the remainder to be paid in equal amounts to Bank for its own account, on the one hand, and Escrow Agent, on the other hand, to be distributed to Servicer and Loan Source pursuant to the Escrow Agreement.”

Section 1.6 New Section 10.1(g) is hereby added to the Correspondent Agreement as follows:

“(g) shall not sell, transfer, assign or otherwise convey any Purchased PPP Loan that was not purchased from Bank without Bank’s prior written consent, which consent may be withheld, conditioned or delayed in Bank’s sole and absolute discretion.”

Section 1.7 New Section 10.1(h) is hereby added to the Correspondent Agreement as follows:

“(h) shall not sell, transfer, assign or otherwise convey any Purchased PPP Loan that was purchased from Bank without Bank’s prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed.”

Section 1.8 New Section 10.1(i) is hereby added to the Correspondent Agreement as follows:

“(i) shall pay Bank, in U.S. dollars and within ten (10) Business Days of such sale, transfer, assignment or conveyance, one half of any premium above the outstanding principal amount that Loan Source receives as consideration for a sale, transfer, assignment or conveyance of a Purchased PPP Loan.”

Section 1.9 Schedule 8.1 of the Correspondent Agreement is hereby deleted in its entirety and replaced by Schedule 8.1 to this Amendment.

Section 1.10 Schedule 8.2 of this Amendment is hereby added in its entirety as new Schedule 8.2 of the Correspondent Agreement.

SECTION 2. MISCELLANEOUS

Section 2.1 Capitalized terms used but not otherwise defined herein will have the meanings ascribed to them in the Correspondent Agreement.

Section 2.2 Each reference in this Amendment or in the Correspondent Agreement to “the Agreement”, “this Agreement”, “hereof”, “hereunder”, “herein” or words of like import referring to the Correspondent Agreement shall refer to the Correspondent Agreement as modified by this Amendment. The Correspondent Agreement and this Amendment shall be taken together as a single agreement reflecting the terms of the Correspondent Agreement as modified by this Amendment.

Section 2.3 Except as expressly modified by this Amendment, the Correspondent Agreement and all of the terms and conditions contained therein shall remain unchanged and in full force and effect, and the Correspondent Agreement and all of the terms and conditions contained therein (as modified by this Amendment) are hereby reaffirmed, ratified and approved in all respects.

Section 2.4 In the case of any conflict between this Amendment and the Correspondent Agreement in relation to any matters expressly addressed by this Amendment, this Amendment shall control.

Section 2.5 This Amendment may be executed in any number of counterparts, each of which when executed and delivered will constitute an original and all such counterparts together constituting one single agreement.

Section 2.6 The provisions of Section 27 (Survival) of the Correspondent Agreement shall apply *mutatis mutandis* to this Amendment.

[Signature page follows]

IN WITNESS WHEREOF, each of the parties has caused this Amendment to be executed and delivered on its behalf by its officers thereunto duly authorized, all at or on the date and year first above written.

THE LOAN SOURCE, INC.

By: /S/ Steven Kravitz
Name: Steven Kravitz
Title: President

ACAP SME, LLC

By: /S/ Luke LaHaie
Name: Luke LaHaie
Title: President & CIO

NORTHEAST BANK

By: /S/ Richard Wayne
Name: Richard Wayne
Title: President and CEO

SCHEDULE 8.1

BANK PPP LOAN COLLECTIONS PAYMENT PRIORITY

The Disbursement Instructions will be calculated using the following priority of payments with respect to Collections related to Sourced Bank PPP Loans:

(a) First, to the Reserve Bank to pay any and all amounts due to the Reserve Bank with respect to the PPPLF (which, for the avoidance of doubt, does not include amounts due to the Reserve Bank as a result of any loan pledged to the PPPLF being removed from a PPPLF collateral pool as a result of not being eligible to be pledged to the PPPLF);

(b) Second, in the discretion of Bank, to an account at Bank established to hold in reserve such amounts as Bank reasonably deems necessary to pay amounts that will become due to the Reserve Bank in the future under the PPPLF; and

(c) Third, the remainder to be paid to Bank for its own account.

SCHEDULE 8.2

BANK PPP LOAN COLLECTIONS PAYMENT PRIORITY

The Disbursement Instructions will be calculated using the following priority of payments with respect to Collections related to New Bank PPP Loans:

(a) First, to the Reserve Bank to pay any and all amounts due to the Reserve Bank with respect to the PPPLF (which, for the avoidance of doubt, does not include amounts due to the Reserve Bank as a result of any loan pledged to the PPPLF being removed from a PPPLF collateral pool as a result of not being eligible to be pledged to the PPPLF);

(b) Second, in the discretion of Bank, to an account at Bank established to hold in reserve such amounts as Bank reasonably deems necessary to pay amounts that will become due to the Reserve Bank in the future under the PPPLF;

(c) Third, in the discretion of Loan Source, to an account at Bank established to hold in reserve such amounts as Loan Source deems necessary to pay amounts that may become due to the Reserve Bank in the future as a result of New Bank PPP Loans pledged to the PPPLF being removed from a PPPLF collateral pool as a result of not being fully guaranteed as to principal and interest by the SBA;

(d) Fourth, to Loan Source as reimbursement for amounts due from Loan Source to the Reserve Bank as a result of any New Bank PPP Loan pledged to the PPPLF being removed from a PPPLF collateral pool as a result of not being fully guaranteed as to principal and interest by the SBA;

(e) Fifth, to Escrow Agent for further benefit of Servicer in accordance with Section 5.3; and

(f) Sixth, the remainder to be paid in equal amounts to Bank for its own account, on the one hand, and Escrow Agent, on the other hand, to be distributed to Servicer and Loan Source pursuant to the Escrow Agreement.