
FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C. 20429

AMENDMENT NO. 1 TO
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
(IRS Employer Identification
No.)

27 Pearl Street
Portland, Maine
(Address of principal executive
offices)

04101
(Zip Code)

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 (see General Instruction A.2. below):

- 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
<u>Voting Common Stock, \$1.00 par value</u>	<u>NBN</u>	<u>The NASDAQ Stock Market LLC</u>

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). 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 7.01 Regulation FD

Pursuant to the Loan Purchase and Sale Agreement (the “Loan Sale Agreement”) disclosed in Item 8.01 below, Northeast Bank (the “Bank”) has agreed to sell to The Loan Source, Inc. (“Loan Source”) all loans originated by the Bank under the current round of the Small Business Administration’s (“SBA”) Paycheck Protection Program (“PPP”). From January 11, 2021 through February 26, 2021, the Bank has received SBA approval for \$1.84 billion of PPP loans, of which \$1.65 billion have been funded. After amortizing previously unamortized PPP loan origination fees and other costs, the Bank expects to realize a pre-tax gain of approximately \$26.0 million, or an after-tax gain of approximately \$18.2 million, in the current fiscal quarter on the sale of the \$1.65 billion of funded PPP loans.

Pursuant to the Bank’s previously disclosed Correspondent Agreement (“Correspondent Agreement”) with Loan Source and ACAP SME, LLC (“ACAP”), the Bank will continue to act as correspondent for Loan Source in connection with Loan Source’s pledge of PPP loans to the Federal Reserve Bank of Minneapolis under the Paycheck Protection Program Liquidity Facility (“PPPLF”) and ACAP will continue to act as loan service provider for the PPP loans pledged by Loan Source. Under the Correspondent Agreement, the Bank receives correspondent fee income in the amount of 50% of the net servicing income earned on the loans pledged by Loan Source. Through February 26, 2021, Loan Source had purchased \$4.72 billion in principal amount of PPP loans, which will increase by the \$1.65 billion purchased from the Bank and any additional PPP loans sold to Loan Source as discussed above.

From January 11, 2021 through February 26, 2021, the Bank had received SBA approval for \$1.84 billion of PPP loans, of which \$1.65 billion have been originated and funded. The amount of preliminary approvals and the amount of loans originated can differ for multiple reasons, which include, but are not limited to, approved applications not yet funded, applications withdrawn, applications submitted to multiple institutions, or loans repaid by the borrowers. The Bank intends to continue to originate PPP loans, and to sell such PPP loans to Loan Source under the terms of the Loan Sale Agreement, until the PPPLF is closed. However, the Bank does not expect the volume of PPP loan originations to continue at the same rate of PPP loan originations previously closed.

Item 8.01 Other Events

On March 2, 2021, the Bank entered into the Loan Sale Agreement with Loan Source. Pursuant to the terms of the Loan Sale Agreement, the Bank will sell all PPP loans that it originates to Loan Source (the “Sold Loans”). The Bank will receive correspondent fee income on the Sold Loans until such time as the Sold Loans are forgiven or repaid. In accordance with the Loan Sale Agreement, the Bank will pay agent fees to referral sources out of the fees paid to it by the SBA for originating PPP loans, and then the Bank and Loan Source will split the remaining fees evenly, net of any expenses due.

Sold Loans has made subject to certain representations, warranties and covenants set forth in the Loan Sale Agreement.

The description above is qualified in its entirety by reference to the full text of the Loan Sale Agreement, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated by reference into this Item 8.01.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

**Exhibit
Number**

Description

10.1

Loan Purchase and Sale Agreement, dated March 2, 2021, by and between Northeast Bank and The Loan Source, Inc.

99.1

Press release dated March 4, 2021

SIGNATURE

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

Northeast Bank

By: /s/ Jean-Pierre Lapointe

Jean-Pierre Lapointe

Chief Financial Officer

Date: March 4, 2021

LOAN PURCHASE AND SALE AGREEMENT

This **LOAN PURCHASE AND SALE AGREEMENT** (as amended, restated, supplemented or otherwise modified from time to time, and including all exhibits attached hereto, the “*Agreement*”), dated as of March 2, 2021, is between Northeast Bank, a Maine Banking Corporation (the “*Seller*”) and The Loan Source Inc., a Delaware corporation (the “*Purchaser*”).

RECITALS

WHEREAS, Purchaser is a lender authorized to underwrite, originate and fund loans, as well as service, manage and liquidate (collectively, “*Servicing*”) the subsequently resulting loan portfolios, under the Paycheck Protection Program (the “*PPP*”) established by Section 1102 of Division A, Title I of the Coronavirus Aid Relief and Economic Security Act enacted March 27, 2020 (as amended from time to time, the “*CARES Act*”), which program modifies Section 7(a) of the Small Business Act 15 U.S.C. 636(a);

WHEREAS, Seller is a lender authorized to underwrite, originate and fund loans, as well as service, manage and liquidate the subsequently resulting loan portfolios under the PPP;

WHEREAS, Seller desires to sell to Purchaser, and Purchaser desires to purchase and assume from Seller, all of Seller’s right, title and interest in all loans originated by Seller under the PPP’s second round, as authorized by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act enacted on December 27, 2020 (the “*Economic Aid Act*”) (each, a “*Loan*” and collectively, the “*Loans*”) and the other related Property (as defined herein), without recourse to Seller and to assume any and all Servicing responsibilities with respect to the Transferred Loans and on the terms set forth herein, and Seller agrees to Transfer without recourse to Purchaser such Transferred Loans and other Property; and

WHEREAS, the Parties mutually intend for this Agreement to set forth the terms and conditions governing Seller’s Transfer to Purchaser of the Transferred Loans and the other related Property contemplated hereunder.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto, intending to be legally bound, agree as follows:

ARTICLE ONE

CERTAIN DEFINITIONS

Section 1.01. Definitions. As used in this Agreement, the following terms shall, unless the context otherwise requires, have the following meanings:

“*Acknowledgement*” has the meaning specified in Section 4.01(b).

“*Affiliate*” means with reference to any Person or entity, another Person controlled by, under the control of or under common control with that Person.

“*Agreement*” has the meaning given to such term in the Preamble.

“*Applicable Laws*” means all federal, state and local laws, statutes, rules, regulations, court orders and decrees, administrative orders and decrees, guidance from any Regulatory Authority over a Party or other binding guidance and other legal requirements of any and every conceivable type applicable to a relevant Person, and all requirements of any Regulatory Authority having jurisdiction over such Person, as any such laws, statutes, regulations, orders or requirements may be amended and in effect from time to time.

“*Assignment*” means the form of Assignment attached hereto as Exhibit B.

“*Borrower*” means, with respect to any Loan, collectively, each obligor or obligors of the payment obligation for such Loan (including any co-borrower, co-maker, cosigner or guarantor).

“*Business Day*” means any day other than (i) a Saturday, (ii) a Sunday, or (iii) any day that is a legal holiday under the laws of the State of New York.

“*CARES Act*” has the meaning given to such term in the Recitals.

“*Closing*” means the consummation of the Transfer of certain Loans listed on a Transferred Loan Tape attached to a Settlement Statement executed by Seller and Purchaser and the payment of the Transferred Loan Purchase Price by Purchaser to Seller in respect of each Transferred Loan listed on such Settlement Statement, each as contemplated by and in accordance with the terms of this Agreement and the other Purchase Documents.

“*Closing Date*” means the date on which a Closing occurs.

“*Correspondent Account*” shall have the meaning set forth in the Correspondent Agreement.

“*Correspondent Agreement*” means that certain Paycheck Protection Program Liquidity Facility Correspondent Agreement dated June 10, 2020 by and among The Loan Source, Inc., a Delaware corporation, ACAP SME, LLC, a Delaware limited liability company, and Northeast Bank, a banking corporation organized under the laws of the State of Maine.

“*Custodial Agreement*” means the Custodial and Escrow Agreement between Purchaser, Seller and “*Custodian*” (as defined in the Custodial Agreement) by which the Property will be placed and held in escrow until the Closing Date.

“*Custodial Delivery Certificate*” has the meaning given to such term in the Custodial Agreement.

“*Economic Aid Act*” has the meaning set forth in the Recitals.

“*Effective Rule*” means all interim final rules, regulations, guidance, guidelines or final rules published by SBA or other Regulatory Authority having jurisdiction over any aspect of the PPP, in effect from time to time.

“*Federal Reserve*” means the United States Federal Reserve Bank of Minneapolis.

“*Flexibility Act*” means the Paycheck Protection Program Flexibility Act of 2020 enacted on June 5, 2020.

“*Frequently Asked Questions*” means all Frequently Asked Questions published by SBA or the U.S. Treasury Department related to PPP.

“*Governing Law*” has the meaning specified in Section 6.07.

“*KYC/AML/BSA Laws*” means collectively, (i) the Bank Secrecy Act of 1970, as supplemented by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act, and any rules and regulations promulgated thereunder applicable to Seller; (ii) Office of Foreign Asset Control (“*OFAC*”) rules and regulations regarding the blocking of assets and the prohibition of transactions involving persons or countries designated by OFAC; and (iii) any other Applicable Laws relating to customer identification, anti-money laundering or preventing the financing of terrorism, each as amended.

“*Loan*” has the meaning given to such term in the Recitals.

“*Loan Documents*” means, with respect to any Transferred Loan, the Note, loan agreement and other documents including, without limitation, PPP Application Documents, all documentation required by PPP Loan Program Requirements, to comply with KYC/AML/BSA Laws, and instruments executed and delivered, and electronic records created, in connection with the origination, funding, acquisition and ownership of each such Loan.

“*Loan Guaranty Agreement*” means a SBA Form 750, SBA Form 3506, or SBA Form 3507, as applicable, executed by an approved lender under the SBA’s PPP Loan Program Requirements or Section 7(a) of the Small Business Act (15 U.S.C. 636(a)).

“*Material Adverse Change*” means, with respect to any Person, any adverse change in the business, financial condition, operations, or properties of such Person that would substantially prevent or impair the Person’s ability to perform any of its obligations under this Agreement (which impairment cannot timely be cured, to the extent a cure period is applicable).

“*Material Adverse Effect*” means (a) with respect to a Party, (i) a Material Adverse Change with respect to such Party, or any of its Affiliates taken as a whole; or (ii) an adverse effect upon the legality, validity, binding effect or enforceability of this Agreement against such Party, or (b) with respect to a Transferred Loan, a material adverse effect upon the legality, validity, binding effect, collectability or enforceability of such Transferred Loan.

“*Non-Public Personal Information*” has the meaning ascribed to such term under the Gramm-Leach-Bliley Act of 1999 (Public Law 106-102, 113 Stat. 1338), as amended from time to time and regulations promulgated thereunder.

“*Note*” means the promissory note evidencing the outstanding obligation under each Loan.

“*Note Tranche*” has the meaning specified in Section 5.01(a).

“*Party*” means either of Seller or Purchaser, and “*Parties*” means both Seller and Purchaser.

“*Payments*” has the meaning specified in Section 2.05.

“*Person*” means any individual, corporation (including a business trust), partnership, joint venture, association, bank, limited liability company, joint-stock company, estate, trust, unincorporated organization, government or any agency or political subdivision thereof, or any other entity.

“*PPP*” has the meaning given to such term in the Recitals.

“*PPP Application Documents*” means the PPP Borrower Application (SBA Form 2483 or SBA Form 2483 SD) and the PPP Lender Application (SBA Form 2484 or SBA Form 2484 SD), as each may be amended or updated from time to time.

“*PPP Loan Program Requirements*” means all PPP requirements and SBA guidelines under the CARES Act, the Flexibility Act, Economic Aid Act, section 7(a)(36) of the Small Business Act, any rules or guidance that has been issued by SBA implementing the PPP, including any Effective Rule and Frequently Asked Questions, or any other applicable SBA loan requirements, as defined in 13 CFR § 120.10, et.seq., as amended or supplemented as of the Closing Date.

“*PPPLF*” has the meaning specified in Section 4.02(c).

“*PPPLF Confirmation*” has the meaning specified in Section 4.02(c).

“*PPPLF Funds*” has the meaning specified in Section 6.01(a).

“*Proceeding*” means any suit in equity, action at law or other judicial or administrative proceeding.

“*Property*” has the meaning specified in Section 2.01.

“*Purchase Documents*” means this Agreement and the Settlement Statement, together with such other documents deemed necessary by the Parties in order to effectuate the Transfers as contemplated by this Agreement.

“*Purchaser*” has the meaning given to such term in the Preamble.

“*Purchaser Indemnified Party*” has the meaning specified in Section 6.01(c).

“*Records*” means, with respect to any Loan and solely to the extent any such records are in possession of Seller, and collected by Seller in connection with the Loan, any and all PPP Applications, Non-Public Personal Information of the related Borrower, contact information of the related Borrower, copies of all information received by Seller to verify information,

including but not limited to, all documentation required by the PPP Loan Program Requirements for the purposes of the PPP or KYC/AML/BSA Laws, disclosure statements, Servicing and other records, correspondence or other documentation or information relating to or regarding such Loan (including computer tapes, magnetic files, and information in any other format).

“Regulatory Authority” means any federal, state or local government, or regulatory agency or other governmental agency, department, court, commission, board, bureau, intermediary, carrier or instrumentality or political subdivision thereof, or any entity or officer exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case, having jurisdiction over a Person.

“Rejected Note” has the meaning given to such item in Section 6.01(c).

“SBA” means the U.S. Small Business Administration.

“SBA Lender Fees” means a fee earned through the Closing Date by Seller and paid by SBA for originating a Loan to a Borrower which is based on a percentage of the original principal amount of the Loan as provided in the PPP Loan Program Requirements.

“Seller” has the meaning given to such term in the Preamble.

“Seller Indemnified Party” has the meaning specified in Section 7.01(a).

“Servicing” has the meaning set forth in the Recitals.

“Settlement Statement” means an executable settlement statement applicable to a given Closing, attaching the Transferred Loan Tape and setting out the final Transferred Loan Purchase Price, as agreed upon by the Parties, in form and substance satisfactory to the Parties.

“Transfer” means the sale, transfer, assignment and conveyance of one or more of the Transferred Loans and related Property, as applicable, such that Purchaser becomes the sole lender of record with respect to each such Transferred Loan. The terms *“Transfers”* and *“Transferred”* have meanings correlative to the foregoing.

“Transferred Loan” means each Loan listed in the Transferred Loan Tape which is Transferred to Purchaser on a Closing Date, and *“Transferred Loans”* refers to all such Loans.

“Transferred Loan Amount” means the outstanding principal balance of each Transferred Loan on of a Closing Date.

“Transferred Loan Purchase Price” means the purchase price provided for the Transferred Loans listed on the Transferred Loan Tape delivered on a Closing Date.

“Transferred Loan Tape” means the excel spreadsheet delivered to Purchaser as an exhibit to the Settlement Statement on a Closing Date, which includes, in respect of each Transferred Loan to be Transferred to Purchaser in connection with such Closing, the following information: Obligation /Loan Number, SBA Loan Number, Borrower Name, "Original Par Amount", Current Outstanding Principal Balance, Maturity Date, Interest Next Due Date,

Principal Next Due Date, Borrower EIN/SSN, Borrower's Address, Note Date, Lender Client before PPP, Primary Contact Name, Primary Contact Email and Transferred Loan Purchase Price.

“*Transfer Notice*” has the meaning specified in Section 2.02.

Section 1.02. Interpretation.

(a) References to words such as “this Agreement,” “herein,” “hereof” and the like shall refer to this Agreement as a whole and not to any particular part, Article or Section within such Agreement. References in an agreement to “Article,” “Section,” “Exhibit,” “subsection” or another subdivision or to an attachment are, unless otherwise specified, to an article, section, exhibit, schedule, subsection or other subdivision of or an attachment to such agreement. The term “or” means “and/or” and the term “including” means “including without limitation.”

(b) The definitions contained in this Agreement are equally applicable to both the singular and plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms.

(c) Unless the context otherwise requires, any agreement or statute defined or referred to in this Agreement means such agreement or statute as from time to time amended, modified, supplemented or replaced, including (in the case of agreements) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and includes (in the case of agreements) references to all attachments thereto and instruments incorporated therein and (in the case of statutes) any rules and regulations promulgated thereunder and any judicial and administrative interpretations thereof.

(d) References to a Person are also to its permitted successors and assigns.

(e) References to deposits, transfers and payments of any amounts refer to deposits, transfers or payments of such amounts in immediately available funds; and the term “proceeds” has the meaning ascribed to such term in the UCC.

(f) The fact that any Party provides approval or consent shall not mean or otherwise be construed to mean that: (i) either Party has performed any due diligence with respect to the requested or required approval or consent, as applicable; (ii) either Party agrees that the item or information for which the other Party seeks approval or consent complies with any Applicable Laws; (iii) either Party has assumed the other Party’s obligations to comply with all Applicable Laws arising from or related to any requested or required approval or consent; or (iv) except as otherwise expressly set forth in such approval or consent, either Party’s approval or consent impairs in any way the other Party’s rights or remedies under this Agreement.

ARTICLE TWO

TRANSFER OF LOANS

Section 2.01. Agreement to Transfer. Pursuant to the terms and conditions of this Agreement, in consideration of Purchaser's payment of the Transferred Loan Purchase Price as contemplated herein, Seller hereby agrees to transfer, assign and otherwise convey to Purchaser, without recourse, and Purchaser hereby agrees to acquire from Seller, all right, title and interest of Seller in, to and under the following, whether now owned or existing or hereafter acquired or arising, on each Closing Date:

(a) the Transferred Loans identified by the parties to be Transferred on such Closing Date;

(b) the related Loan Documents, the related Records for each of the Transferred Loans Transferred on such Closing Date;

(c) all proceeds from the Transferred Loans Transferred on such Closing Date (including without limitation any monthly payments and any prepayments), all unpaid periodic interest and finance charges due or which may become due with respect thereto, all fees (including late payment fees) applicable to such Transferred Loans for such Closing Date, and all other fees, charges and other amounts that may be assessed against the Borrower or otherwise may be due and payable thereunder, in each case received or receivable on or after the applicable Closing Date; provided, however, all SBA Lender Fees, whether paid prior to or after the applicable Closing Date, shall at all times remain the property of Seller, and as between Purchaser and Seller, Seller shall have the right to receive and retain such SBA Lender Fees. If Purchaser inadvertently receives any SBA Lender Fee after the Closing Date, it shall hold such SBA Lender Fee in trust for Seller and shall promptly turn over such SBA Lender Fee to Seller as instructed in writing by Seller;

(d) all other rights (including, without limitation, Servicing rights), interests (whether whole, fractional or otherwise), benefits, proceeds, remedies and claims arising from or relating to the Transferred Loans;

(e) to the extent applicable, all collateral for the Transferred Loans, including all investment property, goods, instruments, chattel paper, money, documents, deposit accounts, supporting obligations, general intangibles or accounts (as each term is defined in the UCC); and

(f) all income and proceeds of the foregoing on and after the Closing Date.

The foregoing clauses (a) through (f) are collectively referred to as the "*Property*."

The Borrowers will be notified by Purchaser in connection with the Transfer of the Property to Purchaser.

Section 2.02. Transfer Notice. In advance of each Closing, Seller shall provide to SBA's Office of Credit Risk Management a written notice of the Transfer of the Transferred

Loans to Purchaser (the “*Transfer Notice*”) in conformity with the provisions of SBA Procedural Notice 5000-20024, Guidance on Whole Loan Sales of Paycheck Protection Program Loans, effective May 2020 and Purchaser shall take the actions set forth in Article Five hereof.

Section 2.03. Treatment of Transfer.

(a) The Parties intend that each Transfer of Property hereunder be an absolute transfer, assignment and conveyance and will not account for or treat the transactions contemplated by this Agreement in any manner other than as the absolute transfer, sale, assignment and conveyance of such Property by Seller to Purchaser.

(b) Each of the Parties hereto hereby agrees that any Property purported to be Transferred by Seller to Purchaser hereunder shall be deemed to no longer be the property, assets or rights of Seller. It is the intent of the Parties hereto that (i) to the fullest extent permitted by Applicable Law, none of Seller or its creditors or, in any insolvency proceeding with respect to Seller or Seller’s property, a bankruptcy trustee, receiver, debtor, debtor in possession or similar Person shall have any rights, legal or equitable, whatsoever to reacquire, reclaim, recover, repudiate, disaffirm, redeem or re-characterize as property of Seller any Property purported to be transferred hereunder by Seller to Purchaser and (ii) in the event of a bankruptcy, receivership or other insolvency proceeding with respect to Seller or Seller’s property, such property, assets and rights shall not be deemed to be part of Seller’s property, assets, rights or estate.

(c) Each of the Parties hereto hereby agrees that the transactions described hereunder are and will be undertaken in good faith by the respective Parties for each Party’s bona fide business purposes.

Section 2.04. Assumption of Obligations; Transfer of Servicing. In connection with the sale to Purchaser of the Transferred Loans, and on the terms and subject to the conditions contained in this Agreement, on each Closing Date, Seller shall transfer and assign to Purchaser, and Purchaser shall assume, pay for, perform and discharge from and after such Closing Date, all obligations of Seller under the Loan Documents, including the Servicing and administration of the Transferred Loans, and the collection of all payments due under the Transferred Loans, and any all Servicing fees associated therewith such that, except as otherwise provided herein, Seller shall have no further obligations (including any Servicing or administrative responsibilities) with respect to the Transferred Loans. All payments from any Borrower or third party relating to a Transferred Loan, whether principal, interest, fees, servicing fees and reimbursements of costs (collectively, the “*Payments*”), made prior to the Closing Date, as herein defined, will belong to Seller. All such Payments made after the Closing Date will belong to Purchaser. Purchaser shall be responsible to SBA with regard to all servicing actions, including requests to SBA for advance purchases and loan forgiveness, pursuant to the PPP Loan Program Requirements and Applicable Laws.

ARTICLE THREE
REPRESENTATIONS AND WARRANTIES

Section 3.01. Representations and Warranties of Purchaser. Purchaser hereby represents and warrants to Seller, as of the date of this Agreement and as of each Closing Date that:

(a) *Organization and Good Standing.* Purchaser is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization.

(b) *Power and Authority.* Purchaser has full power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement.

(c) *Due Qualification.* Purchaser is duly qualified to do business and is duly qualified and in good standing in all jurisdictions where it is required to be qualified in order to conduct business of the type conducted by Purchaser and has obtained all required licenses and approvals, if any, in all jurisdictions in which the ownership or lease of property or the conduct of its business requires such qualifications except those jurisdictions in which failure to be so qualified would not have a Material Adverse Effect on the business or operations of Purchaser or Purchaser's performance hereunder.

(d) *Approved Lender.* Purchaser has executed a Loan Guaranty Agreement with SBA and is authorized to originate and service PPP loans and Purchaser has complied with all PPP Loan Program Requirements and Applicable Laws in order to purchase the Loans from Seller as described herein.

(e) *Due Authorization, etc.* The execution, delivery and performance by Purchaser of this Agreement (i) have been duly authorized by all necessary action by or on behalf of Purchaser, (ii) do not require any approval or consent of any governmental agency or authority, (iii) do not and will not conflict with any provision of its organizational documents, (iv) do not and will not conflict with or result in a breach which would constitute a material default under any material agreement binding upon or applicable to it or such of its property which is material to it, and (v) do not and will not conflict with in any material respect any Applicable Laws applicable to it.

(f) *No Judgments.* There are no judgments, Proceedings or investigations pending against Purchaser or, to Purchaser's knowledge, threatened against Purchaser, before any Regulatory Authority having jurisdiction over Purchaser or its properties: (i) asserting the invalidity of this Agreement; or (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement.

(g) *Solvency.* Purchaser's acquiring the Property from Seller is not being consummated with any intent to hinder, delay or defraud any of Purchaser's creditors. Purchaser was solvent immediately prior to the consummation of the transactions contemplated by this Agreement on the date hereof, and will remain solvent immediately following the consummation of the transactions contemplated by this Agreement.

(h) *No Litigation.* There is no litigation or administrative proceeding before any Regulatory Authority presently pending or, to the knowledge of Purchaser, threatened in writing against Purchaser, which would reasonably be expected to have a Material Adverse Effect on Purchaser's ability to perform its obligations under this Agreement.

(i) *Compliance with Applicable Laws.* Purchaser is (i) in compliance with all Applicable Laws, and (ii) is not in violation of any order of any Regulatory Authority or other board or tribunal, except, in the case of both (i) and (ii), where noncompliance is not reasonably expected to materially and adversely affect the Transferred Loans or Purchaser's ability to consummate the transactions contemplated hereby.

(j) *Enforceability.* This Agreement is the legal, valid and binding obligation of Purchaser enforceable in accordance with its terms except as the same may be limited by insolvency, bankruptcy, reorganization or other laws relating to or affecting the enforcement of creditors' rights generally or by general principles of equity.

(k) *No Conflict.* The execution and delivery of this Agreement, the performance of the transactions contemplated hereby and thereby and the fulfillment of the terms hereof and thereof do not and will not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under, any Applicable Law applicable to Purchaser or any indenture, contract, agreement, mortgage, deed of trust, or other material instrument to which Purchaser is a party or by which it or any of its properties are bound.

(l) *Independent Evaluation.* Except for the express representations and warranties of Seller in this Agreement, Purchaser's decision to purchase the Loans and assume the liabilities for the Loans provided in Section 2.06 of this Agreement is based upon Purchaser's own independent evaluation of the information made available by or on behalf of Seller, and Purchaser's independent evaluation of the Loan Documents and Records which Purchaser acknowledges and agrees that Seller has made available to Purchaser and that Purchaser has been given the opportunity to inspect prior to the date of this Agreement..

(m) *Loan Forgiveness.* Purchaser hereby acknowledges and agrees that Seller makes no representation or warranty whatsoever with regard to any Borrower's eligibility or Borrower's ability to receive forgiveness of any portion of a Transferred Loan under Applicable Law or the PPP Loan Program Requirements or the amount of forgiveness granted on any Transferred Loan under Applicable Law or the PPP Loan Program Requirements.

(n) *No Third Party Fees.* To the knowledge of Purchaser, no Person is entitled to receive any fee or compensation in connection with the transactions contemplated in this Agreement other than as set forth on Exhibit A hereto.

The representations and warranties set forth in this Section 3.01 shall survive the Transfer of Property to Purchaser and the termination of this Agreement. Upon discovery by Purchaser of a breach of any of the foregoing representations and warranties, Purchaser shall give prompt written notice thereof to Seller.

Section 3.02. Representations and Warranties of Seller. Seller hereby represents and warrants to Purchaser, as of the date of this Agreement and as of each Closing Date that:

(a) *Organization and Good Standing.* Seller is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization.

(b) *Power and Authority.* Seller has full power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement.

(c) *Due Qualification.* Seller is duly qualified to do business and is duly qualified and in good standing in all jurisdictions where it is required to be qualified in order to conduct business of the type conducted by Seller and has obtained all required licenses and approvals, if any, in all jurisdictions in which the ownership or lease of property or the conduct of its business requires such qualifications except those jurisdictions in which failure to be so qualified would not have a Material Adverse Effect on the business or operations of Seller or Seller's execution and delivery of this Agreement or Seller's performance hereunder.

(d) *Due Authorization, etc.* The execution, delivery and performance by Seller of this Agreement (i) have been duly authorized by all necessary action by or on behalf of Seller, (ii) other than notice to SBA, do not require any approval or consent of any governmental agency or authority, (iii) do not and will not conflict with any provision of its organizational documents, (iv) do not and will not conflict with or result in a breach which would constitute a material default under any material agreement binding upon or applicable to it or such of its property which is material to it, and (v) do not and will not conflict with in any material respect any laws specifically applicable to Seller's operations.

(e) *Enforceability.* This Agreement is the legal, valid and binding obligation of Seller enforceable in accordance with its terms except as the same may be limited by insolvency, bankruptcy, reorganization or other laws relating to or affecting the enforcement of creditors' rights generally or by general principles of equity.

(f) *No Judgments.* There are no judgments, Proceedings or investigations pending against Seller or, to Seller's knowledge, threatened against Seller, before any Regulatory Authority having jurisdiction over Seller or its properties: (i) asserting the invalidity of this Agreement; or (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement.

(g) *Solvency.* The Transfer of the Property by Seller to Purchaser is not being made with any intent to hinder, delay or defraud any of Seller's creditors. Seller was solvent immediately prior to the consummation of the transactions contemplated by this Agreement on the date hereof, and will remain solvent immediately following the consummation of the transactions contemplated by this Agreement.

(h) *Seller's Records.* This Agreement and all related documents describe the conveyance of the Transferred Loans and the other related Property by Seller to Purchaser in exchange for payment therefor as an irrevocable and absolute conveyance from Seller to Purchaser and evidence the clear intention by Seller to effectuate such conveyance. Financial statements of Seller, if any, will reflect the foregoing.

(i) *No Litigation.* There is no litigation or administrative proceeding before any Regulatory Authority presently pending or, to the knowledge of Seller, threatened in writing against Seller, which would reasonably be expected to have a Material Adverse Effect on Seller's ability to perform its obligations under this Agreement.

(j) *KYC/AML/BSA Laws.* Seller has established, maintains and, with respect to each Transferred Loan, has implemented, policies and procedures reasonably designed to ensure its ongoing compliance with applicable KYC/AML/BSA laws, in a manner consistent with the requirements of lenders pursuant to PPP Loan Program Requirements.

(k) *PPP Compliance.* Seller has executed a Loan Guaranty Agreement with SBA and is authorized to originate and service PPP loans.

(l) *Transferred Loan Information.* The Transferred Loan Tape, as delivered by Seller to the Custodian pursuant to the Custodial Agreement on such Closing Date, is in all respects materially accurate and complete.

(n) *No Third Party Fees.* To the knowledge of Seller, no Person is entitled to receive any fee or compensation in connection with the transactions contemplated in this Agreement other than as set forth on Exhibit A hereto.

ARTICLE FOUR

CONDITIONS PRECEDENT; CLOSING

Section 4.01. Conditions Precedent to Each Closing. At each Closing, the Closing and the obligations of the Parties hereunder are subject to the following conditions:

(a) *Purchase Documents.* Purchaser and Seller shall have received a duly executed copy of the Purchase Documents (other than the Assignment), to be held by the Parties in escrow until mutual release on the applicable Closing Date in accordance with the terms of this Agreement and the Custodial Agreement, all in connection with the Transferred Loans that are the subject of such Closing;

(b) *Delivery of Property and Assignment.* Seller shall have delivered to the Custodian, to be held in escrow until release on the applicable Closing Date in accordance with the terms of this Agreement and the Custodial Agreement, (i) the Assignment applicable to such Closing, duly executed by Seller, (ii) the Loan Documents, and (iii) all related Records in connection with the Transferred Loans that are the subject of such Closing; and Purchaser shall have delivered to the Custodian, to be held in escrow until release on the applicable Closing Date in accordance with the terms of this Agreement and the Custodial Agreement, the Assignment applicable to such Closing, duly executed by Purchaser;

(c) *Acknowledgement of SBA.* Seller shall have delivered to SBA the requisite Transfer Notice and received an Acknowledgement of PPP Loan Sale from SBA ("*Acknowledgement*"); and

(d) *Pledge to PPPLF.* Purchaser shall have delivered the necessary documentation to the Federal Reserve in order to pledge to the PPPLF the Transferred Loans that are the subject of such Closing, and shall have received confirmation from the Federal Reserve (“*PPPLF Confirmation*”) that each such Transferred Loan in the subject Note Tranche qualifies to be pledged to the Paycheck Protection Program Liquidity Facility (“*PPPLF*”) as provided in Section 5.01.

Section 4.02. Closing. At each Closing:

(a) *Payment of Transferred Loan Purchase Price.* Custodian on behalf of Purchaser shall disburse the applicable Transferred Loan Purchase Price to Seller; and

(b) *Release of Property.* Custodian on behalf of Seller shall release from escrow and deliver the applicable Property to Purchaser.

ARTICLE FIVE

OTHER PROVISIONS

Section 5.01. Note Tranches/PPPLF Pledge.

(a) In advance of each Closing, upon receipt of the Transferred Loan Tape and related Loan Documents for such Closing into the custody of the Custodian under the Custodial Agreement, Purchaser shall separate and bundle the corresponding Notes by maturity date (each a “*Note Tranche*” and collectively, the “*Note Tranches*”). Upon receipt of the Acknowledgment, Purchaser shall pledge each Note Tranche to the Federal Reserve in exchange for advances of funds under the PPPLF (the “*PPPLF Funds*”) equal to the outstanding principal balance for such Transferred Loan in the Note Tranche.

(b) Upon approval of the Note Tranche by the Federal Reserve, the Closing Date for the Transferred Loans shall occur no later than three (3) Business Days after receipt of all PPPLF Funds for the Note Tranche into the Correspondent Account, and the Transferred Loan Purchase Price for such Transferred Loans shall be disbursed in accordance with Section 2.05 and the Custodial Agreement.

(c) If Notes within the Note Tranche do not qualify to be pledged to the PPPLF for any reason which Purchaser determines in its sole discretion cannot be resolved in a commercially reasonable manner, then Purchaser will notify Seller in writing which Notes within a Note Tranche have been rejected and removed from the Note Tranche (each a “*Rejected Note*” and collectively, the “*Rejected Notes*”). If Purchaser cannot include such Rejected Note in a different Note Tranche, then each Loan related to each such Rejected Note shall be removed from the Transferred Loan Tape, the Purchaser shall notify the SBA that the Rejected Note was not Transferred to Purchaser and Seller remains the lender of record, and the Property related to such Rejected Note or Rejected Notes in the custody of the Custodian shall be returned to Seller. For the avoidance of doubt, Purchaser agrees to purchase each Loan placed by Seller into custody of the Custodian during the term of this Agreement, subject only to the provisions of this Section 5.01(c).

Section 5.02. Compliance with Other Agreements. Purchaser hereby covenants and agrees that it will comply with all obligations of Purchaser set forth in each other PPP-related agreement to which Purchaser is a party, including any and all restrictions on Purchaser's marketing of products or services to Borrowers. Purchaser acknowledges and agrees that the foregoing covenant is a material term of this Agreement upon which Seller is relying in entering the transactions contemplated herein.

Section 5.03. Term; Termination. This Agreement shall take effect on the date first set forth above and shall continue until the earlier of (i) thirty (30) days following the termination of the PPPLF or (ii) September 30, 2021, unless terminated sooner in accordance with the following sentence. In the event that Purchaser is rendered unable to consummate the transactions contemplated in this Agreement as a result of a failure to obtain one or more required Federal Reserve or SBA approvals, acknowledgements, or non-disapprovals, following the best efforts of Purchaser to obtain the same, this Agreement shall terminate and be of no further force or effect. Upon expiration or termination of this Agreement pursuant to this Section 5.03, the rights and obligations of each of the Parties hereunder shall terminate, except for (a) any rights and obligations of the Parties that are expressly designated to survive the termination of the Agreement and (b) any other rights and obligations of the Parties that come into being or effect upon the termination of the Agreement, and all Property placed in escrow shall be returned to Seller in accordance with the terms of the Custodial Agreement. Each Party agrees to execute such documents and instruments, and take such other actions, as is reasonably necessary or advisable to give effect to the terms of this Section 5.03.

Section 5.04. Amendment. This Agreement may be amended from time to time only in writing by Seller and Purchaser.

Section 5.05. Waivers. No failure or delay on the part of any Party in exercising any power, right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or remedy preclude any other or further exercise thereof or the exercise of any other power, right or remedy.

Section 5.06. Notices. All notices and other communications hereunder will be in writing and will be deemed to have been duly given when delivered in person, by facsimile or email, by express or overnight mail delivered by a nationally recognized air courier (delivery charges prepaid), or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties as follows:

Notices and other communications to Seller shall be sent to:

Northeast Bank
200 Berkeley Street
Boston, MA 02116
Email: bfenwick@northeastbank.com
Attention: Brian Fenwick, Managing Director

With a copy to:

Northeast Bank
200 Berkeley Street
Boston, MA 02116
Email: rwayne@northeastbank.com
Attention: Richard Wayne, President & Chief Executive Officer

Notices and other communications to Purchaser shall be sent to:

The Loan Source Inc.
353 E. 83rd Street,
Suite 3H,
New York, NY 10028
Email: skravitz123@theloansource.us
Attention: Steven D. Kravitz, President

With a copy to:

Starfield & Smith, P.C.
1300 Virginia Drive, Suite 325
Fort Washington, PA 19034
Attn: Kimberly A. Rayer, Esq.
E-mail: kraye@starfieldsmith.com

Section 5.07. Survival. The respective representations and warranties by Seller and Purchaser set forth in or made pursuant to this Agreement shall remain in full force and effect and will survive the Transfer of Property for the time periods set forth herein.

Section 5.08. Governing Law. This Agreement shall be governed by and interpreted pursuant to the laws of the State of New York, excluding any conflict-of-laws rule or principle that might refer the governance or the construction of this Agreement to the law of another jurisdiction (the “*Governing Law*”). In the event that this Agreement conflicts with any other contract or agreement between the Parties, now or in the future, this Agreement shall control with respect to any of the Transferred Loans.

Section 5.09. Jurisdiction. Each Party hereto irrevocably submits to the nonexclusive *jurisdiction* of the United States District Court for the Southern District of New York and the state courts of the State of New York for the purposes of any suit, action or other Proceeding arising out of this Agreement. Each Party hereto irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or Proceeding in New York and the state courts located in the borough of Manhattan and hereby irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or Proceeding brought in such court has been brought in an inconvenient forum.

Section 5.10. Force Majeure. If any Party reasonably anticipates being unable or is rendered unable, wholly or in part, by an extreme and unexpected force outside the control of

such Party (including, but not limited to, an act of God, legislative enactments, strikes, lock-outs, riots, acts of war, epidemics (other than the effects of COVID-19 reasonably contemplated as of the date hereof), fire, communication line or power failure, nuclear accident, earthquakes or other disasters) to carry out its obligations under this Agreement, that Party shall give to the other Party in a commercially reasonable amount of time written notice to that effect, the expected duration of the inability to perform and assurances that all available means will be employed to continue and/or restore performance. Upon receipt of the written notice, the affected obligations of the Party giving the notice shall be suspended as long as such Party is reasonably unable to perform and such Party shall have no liability to the other for failure to perform and suspended obligation during the period or suspension; however, the other Party may at its option terminate this Agreement.

Section 5.11. Counterparts. This Agreement may be executed in facsimile or pdf and in two or more counterparts (and by different parties on separate counterparts) each of which shall be an original, but all of which together shall constitute one and the same instrument.

Section 5.12. Successors and Assigns. This Agreement will inure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns and no other Person will have any right or obligation hereunder. No Party to this Agreement shall assign its rights or obligations under this Agreement without the prior written consent of the other Party hereto (which shall not be unreasonably withheld), and any attempt to assign this Agreement without such permission shall be null, void and without effect provided, however, that either Party may assign this Agreement and its rights and obligations hereunder without the other Party's consent in connection with the transfer or sale of all or substantially all of the business of such Party, whether by merger, sale of stock, sale of assets or otherwise, and the rights and obligations of the Parties under this Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the Parties.

Section 5.13. Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall for any reason whatsoever be held invalid, then such covenants, agreements, provisions, or terms shall be deemed severable from the remaining covenants, agreements, provisions, or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement.

ARTICLE SIX

INDEMNITY

Section 6.01. Indemnification.

(a) Seller shall indemnify and hold harmless Purchaser and its Affiliates, directors, officers, and employees (each, a "*Seller Indemnified Party*") from and against any claims, losses, damages, liabilities, costs and expenses (including, but not limited to, reasonable and documented attorneys' fees incurred in connection with the defense of any actual or threatened action, proceeding or claim, or any investigations with respect thereto) (collectively, "*Losses*") to the extent that such Losses arise out of, and are imposed upon any such Seller Indemnified Party by reason of, (i) any breach by Seller of any covenant,

agreement, representation or warranty of Seller contained in this Agreement; (ii) Seller's gross negligence, fraud or willful misconduct in the performance of its duties under this Agreement; or (iii) any fees, expenses, or costs incurred prior to the Closing Date related to the Transferred Loans, including without limitation, any Agent fees, broker, lender service provider or other third party fees, except as otherwise provided for herein.

(b) Notwithstanding Section 6.01(a) above, Seller shall have no obligation to do any of the following: (i) except for acts or omissions that constitute fraud, gross negligence or willful misconduct of Seller or its employees, indemnify any Seller Indemnified Party for any punitive damages or for any actual or lost profits of such Seller Indemnified Party, regardless of whether Seller knew or was aware of such possible Losses, or (ii) indemnify or hold harmless a Seller Indemnified Party from and against any Losses to the extent such Losses result from the negligence or willful misconduct of or material breach of this Agreement by any potential Seller Indemnified Party.

(c) Purchaser shall indemnify and hold harmless Seller and its Affiliates, directors, officers, and employees (each, a "*Purchaser Indemnified Party*") from and against any Losses to the extent that such Losses arise out of, and are imposed upon any such Purchaser Indemnified Party by reason of, (i) any breach by Purchaser of any covenant, agreement, representation or warranty of Purchaser contained in this Agreement; (ii) Purchaser's gross negligence, fraud or willful misconduct in the performance of its duties under this Agreement; (iii) any fees, expenses, or costs incurred on or after the Closing Date related to the Transferred Loans, including without limitation, any Agent fees, broker, lender service provider or other third party fees, except as otherwise provided for herein; or (iv) Purchaser's obligations arising in connection with Purchaser's pledge of any Note Tranche or any individual Loan or Note, whether pursuant to the PPPLF or otherwise.

(d) Notwithstanding Section 6.01(c) above, Purchaser shall have no obligation to do any of the following: (i) except for acts or omissions that constitute fraud, gross negligence or willful misconduct of Purchaser or its employees, indemnify any Purchaser Indemnified Party for any punitive damages or for any actual or lost profits of such Purchaser Indemnified Party, regardless of whether Purchaser knew or was aware of such possible Losses, or (ii) indemnify or hold harmless a Purchaser Indemnified Party from and against any Losses to the extent such Losses result from the negligence or willful misconduct of or material breach of this Agreement by any potential Purchaser Indemnified Party.

Section 6.02 Notice of Claims; Survival. An Indemnified Party shall be responsible for making any claim for indemnity pursuant to this Section 6 by providing written notice to the other Party describing any claim for indemnity pursuant to this Section 6 within sixty (60) days after the date on which it has or received notice of or otherwise has actual knowledge of the applicable breach to the extent that such breach is not otherwise known to the other Party. The rights and obligations set forth in this Article Six shall survive termination or expiration of this Agreement.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective officers as of the date set forth above.

NORTHEAST BANK

By: /S/ Richard Wayne
Name: Richard Wayne
Title: President & Chief Executive Officer

THE LOAN SOURCE INC.

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

EXHIBIT A

Third Party Fees

EXHIBIT B
FORM OF
ASSIGNMENT AND CONVEYANCE

This Assignment and Conveyance ("Assignment") dated _____, 2021 is made by Northeast Bank, as seller ("Seller") to The Loan Source, Inc., as purchaser ("Purchaser") pursuant to that certain Loan Purchase and Sale Agreement dated as of _____, 2021 by and between Seller and Purchaser (as amended, the "Purchase Agreement"). Capitalized terms not defined herein shall have the meanings given to them in the Purchase Agreement.

WHEREAS, pursuant to the terms of the Purchase Agreement, the parties desire to document the sale, assignment, transfer and conveyance of the Property by Seller to Purchaser in consideration for the Transferred Loans Purchase Price.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Conveyance of Transferred Loans. Effective as of the date hereof, Seller does hereby sell, transfer, assign, set over and otherwise convey to Purchaser, without recourse, but subject to the terms of the Purchase Agreement, all right, title and interest of Seller, whether now existing or hereafter arising, in, to and under the Property related to each of the Transferred Loans set forth on the Transferred Loan Tape attached hereto and made a part hereof as Schedule I.
2. Acceptance of Assignment; Assumption. Effective as of the date hereof, subject to the terms and conditions set forth in the Purchase Agreement, Purchaser hereby accepts all of Seller's right, title and interest in, to and under the assets comprising the Property and assumes, and shall pay, perform and discharge when due, all obligations in respect of the Property, including the Servicing of the Transferred Loans.
3. Counterparts. This Assignment may be executed in two or more counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.
4. Governing Law. THIS ASSIGNMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

[Remainder of page intentionally left blank. Signature pages follow]

IN WITNESS WHEREOF, the undersigned have caused this Assignment to be duly executed and delivered by their respective duly authorized officers on the day and year first above written.

Seller:

Northeast Bank, as Seller

By: _____

Name: Richard Wayne

Title: President & Chief Executive Officer

Acknowledged and Agreed:

Purchaser:

The Loan Source, Inc.

By: _____

Name: Steven D. Kravitz

Title: President

[Signature page to Assignment]

Schedule I to Assignment and Conveyance

Transferred Loans Tape

See attached.

FOR IMMEDIATE RELEASE



For More Information:

Jean-Pierre Lapointe, Chief Financial Officer
Northeast Bank, 27 Pearl Street, Portland, ME 04101
207.786.3245 ext. 3220
www.northeastbank.com

Northeast Bank Announces Sale of Paycheck Protection Program Loans

Portland, ME (March 4, 2021) – Northeast Bank (the “Bank”) (NASDAQ: NBN), a Maine-based full-service bank, announced today that it has entered into a Loan Purchase and Sale Agreement (the “Loan Sale Agreement”) with The Loan Source, Inc. (“Loan Source”) to sell to Loan Source all loans originated by the Bank under the current round of the Small Business Administration’s (“SBA”) Paycheck Protection Program (“PPP”). From January 11, 2021 through February 26, 2021, the Bank had received SBA approval for \$1.84 billion of PPP loans, of which \$1.65 billion have been funded. After amortizing previously unamortized PPP loan origination fees and other costs, the Bank expects to realize a pre-tax gain of approximately \$26.0 million, or an after-tax gain of approximately \$18.2 million, in the current fiscal quarter on the sale of the \$1.65 billion of funded PPP loans.

Pursuant to the Bank’s previously disclosed Correspondent Agreement (“Correspondent Agreement”) with Loan Source and ACAP SME, LLC (“ACAP”), the Bank will continue to act as correspondent for Loan Source in connection with Loan Source’s pledge of PPP loans to the Federal Reserve Bank of Minneapolis under the Paycheck Protection Program Liquidity Facility (“PPPLF”) and ACAP will continue to act as loan service provider for the PPP loans pledged by Loan Source. Under the Correspondent Agreement, the Bank receives correspondent fee income in the amount of 50% of the net servicing income earned on the loans pledged by Loan Source. Through February 26, 2021, Loan Source had purchased \$4.72 billion in principal amount of PPP loans, which will increase by the \$1.65 billion to be purchased from the Bank and any additional PPP loans sold to Loan Source as discussed above.

The Bank continues to originate PPP loans, which it will sell to Loan Source along with the remaining SBA approved and unfunded PPP loans under the terms of the Loan Sale Agreement until the PPPLF is closed. However, the Bank does not expect the volume of PPP loan originations to continue at the same rate of PPP loan originations previously closed.

“At the end of Round 1 of the PPP program in August 2020, we, along with our loan service provider, ACAP, anticipated that Congress would recognize the need for and enact legislation to provide additional PPP funds,” said Rick Wayne, President and Chief Executive Officer. “During the period from the end of Round 1 until Economic Aid Act was passed on December 27, 2020, we made significant investments in marketing to generate more leads and technology to assist in our thorough underwriting process. These investments have paid off well. On February 28, 2021, the SBA reported that Northeast Bank was the eleventh largest Round 2 PPP lender in dollar volume.” Mr. Wayne continued, “We are proud to continue to assist so many small businesses and employees around the country.”

About Northeast Bank

Northeast Bank (NASDAQ: NBN) is a full-service bank headquartered in Portland, Maine. We offer personal and business banking services to the Maine market via nine branches. Our National Lending Division purchases and originates commercial loans on a nationwide basis. ableBanking, a division of Northeast Bank, offers online savings products to consumers nationwide. Information regarding Northeast Bank can be found at www.northeastbank.com.

Forward-Looking Statements

Statements in this press release that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Although the Bank believes that these forward-looking statements are based on reasonable estimates and assumptions, they are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors. You should not place undue reliance on our forward-looking statements. You should exercise caution in interpreting and relying on forward-looking statements because they are subject to significant risks, uncertainties and other factors which are, in some cases, beyond the Bank's control. The Bank's actual results could differ materially from those projected in the forward-looking statements as a result of, among other factors, the negative impacts and disruptions of the COVID-19 pandemic and measures taken to contain its spread on our employees, customers, business operations, credit quality, financial position, liquidity and results of operations; the length and extent of the economic contraction resulting from the COVID-19 pandemic; continued deterioration in employment levels, general business and economic conditions on a national basis and in the local markets in which the Bank operates, including changes which adversely affect borrowers' ability to service and repay our loans; changes in customer behavior due to changing political, business and economic conditions or legislative or regulatory initiatives; turbulence in the capital and debt markets; changes in interest rates and real estate values; increases in loan defaults and charge-off rates; decreases in the value of securities and other assets, adequacy of loan loss reserves, or deposit levels necessitating increased borrowing to fund loans and investments; changing government regulation; competitive pressures from other financial institutions; operational risks including, but not limited to, cybersecurity incidents, fraud, natural disasters and future pandemics; the risk that the Bank may not be successful in the implementation of its business strategy; the risk that intangibles recorded in the Bank's financial statements will become impaired; changes in assumptions used in making such forward-looking statements; and the other risks and uncertainties detailed in the Bank's Annual Report on Form 10-K and updated by our Quarterly Reports on Form 10-Q and other filings submitted to the Federal Deposit Insurance Corporation. These statements speak only as of the date of this release and the Bank does not undertake any obligation to update or revise any of these forward-looking statements to reflect events or circumstances occurring after the date of this communication or to reflect the occurrence of unanticipated events.