

# **Loan Insurance Program**

**Fact Sheet  
Application  
Schedules  
Required Forms**

## Disclosure and Confidentiality Statement

Certain information in the Authority's possession must be available for public inspection after an application for financial assistance is received. This information includes the names of applicants, including principals; the amounts, types and general terms of financial assistance; description of projects and businesses benefiting from the assistance; the number of jobs and the amount of tax revenues projected in connection with a project; and the names of the financial institutions participating with the Authority.

Certain records of the Authority are designated confidential and will not be available to the public for inspection. This includes the disclosure of records which would constitute an invasion of an individual's privacy, such as personal tax returns or financial statements, assessments of creditworthiness or financial condition, records obtained by the Authority in connection with any monitoring or servicing on an existing project, and any records or information the release of which the Authority determines could cause a business or competitive detriment to the person to whom the information belongs or pertains.

If an applicant desires certain information remain confidential, the applicant must clearly identify what information or documents it wishes to remain confidential. The applicant must also explain, in writing, the basis for such a request. Where the applicant asserts that the basis for the confidentiality request is that release of the information could cause a business or competitive disadvantage, or loss of a competitive advantage, the applicant must provide the Authority with sufficient information to independently determine the likelihood of such a detriment. Applicants may wish to consult their attorney or the Authority's legal counsel as to the scope of public disclosure and confidentiality as it relates to the Finance Authority of Maine and the business seeking assistance.

### Please note:

**All information requested in the application must be included for the application to be complete. FAME will only process complete applications.**

The Finance Authority of Maine (FAME) helps Maine businesses access capital with a variety of programs and services. FAME's Loan Insurance Program is specifically designed to help businesses in Maine obtain needed financing.

Loan Insurance from FAME provides lenders with additional loan security to assist them in making loans they might not otherwise be able to make. If a borrower is unable to repay its outstanding debt, the Finance Authority of Maine will pay a share of any loan loss, up to 90% (100% in certain limited cases) of the insured loan amount.

FAME loan insurance is available on loans for most business purposes, including working capital.

## Loan Insurance Coverage

Under FAME's Loan Insurance Program, two types of insurance coverage are available.

- 1. Pro-Rata Insurance:** FAME can insure up to 90% of an eligible loan on a pro-rata basis with a maximum relationship exposure of \$4,250,000 (as of 1/31/07).
- 2. Leveraged Insurance:** FAME offers lenders a leveraged insurance option. Under this option, FAME insures 100% of any loss suffered by the lender up to 25% of the outstanding loan balance before liquidation, but in no event more than 25% of the original loan amount. If the proceeds of collateral, after costs of collection, equal or exceed 75% of the loan balance at the time of liquidation, the leveraged insurance option provides lenders with 100% coverage of their loss. Maximum exposure is \$1,000,000 on any one loan (\$500,000 for working capital), up to a maximum relationship exposure of \$4,250,000.

For illustrative purposes, assume a business applies for a loan of \$900,000. Assume further that the loan defaults with the full \$900,000 remaining outstanding and that the collateral is liquidated for \$750,000 with liquidation costs of \$15,000. The lender's loss is calculated as follows on a pro-rata basis and on a leveraged basis:

	<b>Pro-Rata</b>	<b>Leveraged</b>
Loan Amount	\$900,000	\$900,000
% Insured	90%	25%
Initial Insured Amount	\$810,000	\$225,000
Loan Outstanding @ Liquidation	\$900,000	\$900,000
Liquidation Recovery	<u>- \$750,000</u>	<u>- \$750,000</u>
	\$150,000	\$150,000
Liquidation Costs	<u>+ \$ 15,000</u>	<u>+ \$ 15,000</u>
Loss before Insurance	\$165,000	\$165,000
FAME Pays	\$148,500	\$165,000
Bank Loss	\$ 16,500	\$ 0
FAME Commitment Fee	1.00% \$ 8,100	1.50% \$ 3,375
FAME Annual Insurance Fee	1.00% \$ 8,100	2.00% \$ 4,500
Total Year 1	\$ 16,200	\$ 7,875
Effective cost in Basis Points year 1	1.80%	0.90%
Basis Points thereafter*	0.90%	0.50%

\*NOTE: A 0.5% renewal fee is required to extend maturity on lines of credit or ballooning term loans.

## The Application Process

The application process for loan insurance begins when a business or individual applies to a lender for financing. If the lender wants to provide financing, but cannot because risks associated with the credit are beyond the lender's risk parameters, the lender can request loan insurance from the Finance Authority of Maine.

An application form signed by the lender must be submitted to FAME with the lender analysis of the financing proposal and all appropriate schedules and attachments.

## Decision Timeframe

**Upon receipt of a complete application package, which must include a signed commitment letter from the lender that has been executed by the borrower and any guarantors, FAME will review the loan application and prepare a recommendation for consideration.**

Typically, the consideration of and a decision on a request for loan insurance requires five to seven business days from receipt of a complete application package. **NOTE:** Requests in conjunction with FAME exposures to any one relationship of \$1,000,000 or greater require FAME Board approvals which may lengthen consideration turnaround. For specific time frames and application deadlines, lenders should contact FAME as soon as possible during the credit review process.

When loan insurance requests are approved, FAME issues a loan insurance authorization letter to the lender. When the terms of the authorization letter have been fulfilled and appropriate fees paid, FAME will activate the loan insurance.

## Decision Factors

In reviewing requests under the Loan Insurance Program, FAME considers a number of factors including (without limitation): the borrower's ability to repay the proposed financing as well as other existing and proposed debt; the public benefit offered by the project including job creation and retention; the availability and resources of personal and affiliate guarantees; the amount and source of equity contributed to the project; the strength of the market or industry; the availability of collateral to support the proposed financing; and the lender's ability to appropriately service the loan.

For a more complete explanation of the Authority's credit policies, please request a copy of the Authority's most current Loan Insurance Credit Policy.

**Questions: Please call FAME at 1-800-228-3734**

Finance Authority of Maine, 5 Community Drive, PO Box 949, Augusta, Maine 04332-0949

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## A. Lender/Loan Information

Financial Institution: \_\_\_\_\_

Account Officer: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-mail: \_\_\_\_\_

Underwriter Name (if different than Account Officer): \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-mail: \_\_\_\_\_

Is this a new lending relationship with your Institution? Yes \_\_\_\_\_ No \_\_\_\_\_

If you answered NO, is a primary purpose of this loan to restructure existing debt? Yes \_\_\_\_\_ No \_\_\_\_\_

If the primary purpose of this loan is to restructure existing debt currently held by the lender, please describe the benefits to the borrower as well as the public benefits to be derived from insuring a risk the lender has already incurred:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Loan Amount	Loan Type (term, line, etc.)	Pro-Rata or Leveraged	% to be Insured	Term/ Amortization	Interest Rate	Purpose



# Application (continued)

## B. Borrower Information

Borrower Name: \_\_\_\_\_

Borrower Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-mail: \_\_\_\_\_

Business Name (if different from above): \_\_\_\_\_

Business Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-mail: \_\_\_\_\_

Contact Person & Title: \_\_\_\_\_

Business Description: \_\_\_\_\_

Business Type:  Proprietorship  Partnership  S-Corp  C-Corp  LLC  LLP  Other (describe) \_\_\_\_\_

Federal Tax ID Number: \_\_\_\_\_ Date Established in Maine: \_\_\_\_\_

State of Organization: \_\_\_\_\_ Number of jobs this financing will create: \_\_\_\_\_ retain: \_\_\_\_\_

Is there any legal action currently pending or threatened against the applicant(s) or guarantor(s)? If yes, please explain.

\_\_\_\_\_

Business Principals. List all Partners or Stockholders and their ownership percentage. (Attach additional sheets as necessary.)

Name & Title	Address	Social Security #	Telephone	Ownership %

An application form signed by the lender must be returned to FAME with the borrower's business and marketing plan, the lender analysis of the financing proposal, and all appropriate schedules and attachments. To the extent the following information and schedules are contained in the borrower's business plan, FAME does not require the borrower to recreate that information in a form specific to FAME. Please contact FAME if you have questions regarding these schedules and attachments or any other questions relating to a request for loan insurance.

### Credit/Debt Authorization (only required if credit reports are not submitted by the lender):

By signature below, the authorized representative of the borrower and each proposed guarantor of the loan to be insured by FAME, grants FAME permission to order consumer credit report(s) on the borrower(s) and each proposed guarantor.

\_\_\_\_\_  
Borrower/Authorized Representative Signature & Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Owner /Guarantor Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Owner/Guarantor Signature

\_\_\_\_\_  
Date

**Questions: Please call FAME at 1-800-228-3734**

The lender must provide the following schedules with its request for loan insurance.

## 1. Lender Analysis:

- Management experience and capabilities of the principals
- Financial trends
- Financial position
- Repayment ability with appropriate debt service schedules
- Collateral analysis
- Assessment of support provided by borrower and guarantor(s)
- An explanation of credit factors that make the insurance necessary
- Analysis of borrower projections and assumptions
- If possible, please provide a comparison to industry averages
- Competition

## 2. Borrower Information:

- A. Historical Financial Statements.** Please provide copies of financial statements for the prior three years of business operation. At a minimum, historical financial information should include: the business balance sheet, income statement, cash flow statement, accountant opinion, notes and assumptions. Accountant Reviewed or Audited statements are preferred. However, other statements may be acceptable at FAME's discretion, in which case copies of Federal Income Tax Returns will also be required. Interim financial statements are required if the most recent annual financial statements are not within 90 days of the application date.
- B. Personal Financial Statements.** Please provide copies of the past two year's personal Federal Income Tax Returns on each principal owner (20% or more ownership, or 5% or more ownership and receive substantial income from the borrower) and guarantors, plus each principal owner's and guarantor's personal financial statement. Financial statements should be dated within 90 days of the date the application is submitted to FAME for consideration.
- C. Affiliate Financial Statements.** Please provide a list of all affiliates and subsidiaries of the borrowers, guarantors, and owners. This schedule must include names, addresses, business descriptions, as well as the respective annual financial statements for the past three years and the most recent interim financial statements.
- D. Projections.** Please provide projected financial statements for a minimum of one year, including balance sheets, income statements and cash flow statements as well as the underlying assumptions behind these projections. A projected monthly cash flow statement must be provided for revolving lines of credit. A projected monthly cash flow statement and a monthly balance sheet projection must be included for asset based working capital lines.
- E. Owners & Stockholders.** Please provide a detailed list of all owners and stockholders. This schedule should include names, addresses, telephone numbers, and percentage ownership interest for all owners and stockholders of the borrower.
- F. Personal/Corporate Guarantees.** Please identify the personal and corporate guarantees that are available to support this loan as well as the security available to support these guarantees. FAME typically requires the guarantee of any individual or entity having a 20% or greater ownership interest, and any individual having a 5% or greater ownership interest and receiving substantial income from the business.
- G. Management.** Please provide an organizational chart for the business and its affiliates, highlighting key positions and functions. Please provide resumes of officers, major stockholders and senior management. Please describe the respective expertise of each of these individuals in business planning and in managing the business operation.
- H. Cost Basis.** Please provide a detailed cost breakdown of the project costs. Where possible, this breakdown should be supported by construction contracts, purchase options, purchase and sale contracts, and/or appraisals, as available.
- I. Sources & Uses of Funds.** Please provide copies of all accepted commitment letters from all project funding sources, including senior debt, subordinated debt, and equity investors. Please detail the uses of all funds. If commitments have not yet been obtained, please provide expected sources, repayment terms and collateral positions (if any).
- K. Appraisals.** The Finance Authority of Maine may require appraisals as a condition of its insurance commitment. If a current appraisal is available, please include it with the loan insurance package.
- L. Current Obligations.** Please provide a detailed list of the borrower's outstanding loans and financial obligations and their repayment terms.

- M. Employment Plan.** Please complete the enclosed FAME Employment Plan if the business currently employs more than 10 employees.
- N. Application for Department of Environmental Protection Assessment.** If total FAME exposure with applicant exceeds \$999,999 (or in such other instances where FAME determines an assessment of the Maine Department of Environmental Protection is advisable), the borrower must complete and forward the attached application to the Maine Department of Environmental Protection along with a copy of the Environmental Questionnaire (see O. below). A copy of the application must also be included with the loan insurance request. Before loan closing, FAME must receive a copy of the assessment of the Maine Department of Environmental Protection.
- O. Environmental Questionnaire.** Please complete the lender's Environmental Questionnaire and include a copy of that questionnaire with the request for loan insurance. Depending upon the information contained in the Environmental Questionnaire, a professional Environmental Phase I Site Assessment may be required. If an assessment is already available, please provide a copy with the loan insurance package.
- P. Litigation.** Please provide a summary description of all current legal proceedings, bankruptcies, consent decrees, orders, investigations or suits against the applicant, any affiliates, guarantors, or any principals with 20% or more ownership, which are currently pending or threatened or which concluded within the past five years.
- Q. Business Filings.** Please provide a Certificate of Good Standing from the state where the borrower and any corporate guarantor is organized. If the applicant is not a corporation, please provide evidence of any required filings, and if not organized in Maine, please provide evidence of authority to do business in Maine.
- R. Impact Analysis.** Please describe the impact this financing will have on the borrower, its employees, as well as the community where this project is located. Please include public benefits such as new jobs, effect on local and state tax base, new markets for Maine made products, innovative technology, etc.

- 2. Lender's Commitment Letter.** Please provide a signed copy of the lender's commitment letter that has been executed by the borrower and the guarantor(s). The lender's commitment letter should include the rate and term of the proposed financing and the type of loan insurance being requested (pro-rata or leveraged). This information should be clearly outlined for each credit facility the lender is proposing for the borrower.
- 3. Loan Servicing Plan.** Please provide information regarding the lender's loan servicing plan. The loan servicing plan should include: financial review schedule, site visitation schedules, etc. In the case of requests for insurance on loans secured predominantly by inventory and accounts receivable, the loan servicing plan must include a detailed explanation of the lender's asset-based lending program.
- 4. Application Fee.** If the request requires FAME exposure of \$1,000,000 or more, a 1% application fee is required with the completed application. This fee will be refunded in the event of a denial by FAME. FAME will also retain the application fee in the event the Authority offers the lender an authorization for loan insurance, but the lender or the borrower fails or chooses not to meet any condition precedent to the implementation of the loan insurance offered. If insurance is approved and accepted, this fee will be applied to the commitment fee.
- 5. Credit Reports.** If credit reports are not submitted on borrower(s) and guarantor(s) with application, each must submit a signed authorization from borrower(s) and guarantor(s) authorizing FAME to run credit reports

## Lender Certification

I certify on behalf of my financial institution that 1) I have read FAME's disclosure and confidentiality statement and have provided a copy of same to the borrower; 2) my financial institution has exercised its normal due diligence in processing this loan and believes all information provided by the borrower is true, accurate and complete; 3) I have read the fact sheet describing the eligibility requirements for the loan insurance and certify that, based on my analysis of the information provided by the applicant, the loan is eligible for the insurance requested. Lender further certifies that it would not make the loan without FAME insurance.

\_\_\_\_\_  
Signature of Authorized Officer of Lender

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

**Questions: Please call FAME at 1-800-228-3734**

Finance Authority of Maine, 5 Community Drive, PO Box 949, Augusta, Maine 04332-0949

In accordance with 10 MRSA Section 979, the Finance Authority of Maine requires that all **applicants with more than ten (10) employees** who receive financial assistance, describe any potential employment opportunities which may assist recipients of Aid to Families with Dependent Children (AFDC). The information below must be provided as part of this process. This form will be released to a representative for the State's Employment & Training Programs, who may contact the company about any training or openings.

## Applicant Information

1. Borrower Name: \_\_\_\_\_  
Contact Person: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-Mail: \_\_\_\_\_
2. If the project being financed is occurring at a site other than the address listed above, please provide that address:  
Borrower Name: \_\_\_\_\_  
Contact Person: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-Mail: \_\_\_\_\_
3. Please provide the name of the company representative who should be contacted to follow up on employment & training issues:  
Contact Person: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-Mail: \_\_\_\_\_

## Business Description

1. Please describe the type of business being financed:

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2. Please describe the principal products and services of this business:

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**Employment Information**

1.		# Jobs Created in Next 12 Months	# Jobs Retained	% Healthcare Insurance Premium (if any) Paid by Company
Annual Salary:	<\$17,500	_____	_____	_____
	\$17,500 - \$35,000	_____	_____	_____
	\$35,000+	_____	_____	_____

2. Please identify the percentage of current employees in the various job categories listed:

Office \_\_\_\_\_ Sales \_\_\_\_\_ Technical \_\_\_\_\_ Professional \_\_\_\_\_ Managerial \_\_\_\_\_ Production \_\_\_\_\_

**Training Information**

1. Are there areas of training that would benefit your business and your employees? If so, please describe:

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2. What types of training does the company provide its employees?

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3. What types of wage assistance or training assistance could the State of Maine provide that would benefit your business?

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4. What is your projected employment plan at this time?

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I certify that the above information, and all the information provided to the lender relating to the loan being insured by the Authority is true, accurate and complete.

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date

For additional information, or assistance in completing this form, please contact FAME.

**Questions: Please call FAME at 1-800-228-3734**

Finance Authority of Maine, 5 Community Drive, PO Box 949, Augusta, Maine 04332-0949



# Application for Department of Environmental Protection Assessment

## Notice of Project Intent

Must be to the Maine Department of Environmental Protection, #17 State House Station, Augusta, Maine 04333

## Applicant Information

- Borrower name: \_\_\_\_\_  
Contact person: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-Mail: \_\_\_\_\_
- If the project being financed is occurring at a site other than the address listed above, please provide that address:  
Borrower name: \_\_\_\_\_  
Contact person: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-Mail: \_\_\_\_\_
- Business Type:  Proprietorship  Partnership  S-Corp  C-Corp  LLC  LLP  Other (describe) \_\_\_\_\_
- If the applicant is a Maine entity, please submit a copy of the Certificate of Good Standing from the Maine Secretary of State. Certificate submitted? Yes \_\_\_\_\_ No \_\_\_\_\_
- If the applicant is not organized in Maine, please identify the state of organization: \_\_\_\_\_
- If the applicant is not a Maine entity, is it registered with the Secretary of State? Yes \_\_\_\_\_ No \_\_\_\_\_
- If the applicant is commonly known by a name other than its legal name, please provide that name:  
\_\_\_\_\_

## Project Description

Please describe in general terms the project in question. Please use additional space as necessary.

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## Environmental Information

1. Will the project under consideration produce an industrial liquid effluent? Yes \_\_\_\_\_ No \_\_\_\_\_
2. Will the project under consideration produce an industrial air emission? Yes \_\_\_\_\_ No \_\_\_\_\_
3. Will the project under consideration involve the storage of more than 500 barrels of petroleum products and/or the handling and transfer of oil products in areas adjacent to tidal waters or the estuaries of tributaries? Yes \_\_\_\_\_ No \_\_\_\_\_
4. Will the project under consideration exceed 20 acres, or, if adding to the site conditions in existence since 1970, will such an addition cause the cumulative size of the project site to exceed 20 acres? Yes \_\_\_\_\_ No \_\_\_\_\_
5. Will the project under consideration involve the construction of a new structure(s) occupying a ground area in excess of 60,000 square feet, or, if adding to an existing structure, which has been constructed since 1970, will the addition cause the cumulative ground area of the structures to exceed 60,000 square feet? Yes \_\_\_\_\_ No \_\_\_\_\_
6. Will the project under consideration involve the excavation of natural resources of: 1) three acres (this includes the cumulative area of all excavation since 1970) or, 2) 1,000 cubic yards per year? Yes \_\_\_\_\_ No \_\_\_\_\_
7. Will the project under consideration result in the generation, treatment, storage, or disposal of any hazardous waste as defined in Chapter 850 of the regulations of the Maine Department of Environmental Protection? Yes \_\_\_\_\_ No \_\_\_\_\_

**Note:** If you answered **YES** to any of the questions in the Environmental Information, the project developers should contact the Maine Department of Environmental Protection as soon as possible to discuss the proposed project.

## Certification

I certify that I am authorized to submit this application and I am familiar with the information contained in it and to the best of my knowledge and belief such information is true, complete, and accurate.

Applicant/Borrower (please print): \_\_\_\_\_

Applicant signature: \_\_\_\_\_

Title (print): \_\_\_\_\_ Date: \_\_\_\_\_

Business address: \_\_\_\_\_

State: \_\_\_\_\_ Zip: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-Mail: \_\_\_\_\_

**Questions: Please call FAME at 1-800-228-3734**

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