



FAME BUSINESS WEBINAR SERIES

COVID-19 Relief Loan Programs for Maine Lenders

Presenter: Jennifer Cummings, Director of Business Programs

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Questions about the COVID-19 Relief [Lender Insurance](#) Program

Q: Are liens on guarantor homes required for COVID-19 insurance approval?

A: No, we will take your discretion on that in the OLA system.

Q: Did you just say principal guarantees are not required?

A: Principal Guarantees are required.

Q: Does a borrower apply for OLA loan through Fame or their bank?

A: The lender uses the Online Answer platform to submit an insurance request to FAME. The borrower gets the loan directly from the lender. FAME has a contract with the lending institution that allows the lender to utilize our Online Answer Portal as well as benefit from our traditional application process as well.

Q: What is the best way to value business assets (ABA) without current appraisal? Sometimes the balance sheet does not reflect current market value of ABA.

A: An appraisal is always preferential, however if not available we would encourage a balance sheet asset valuation. If neither of those are accurate, we would suggest you obtain a value using the best method you are able.

Q: Will we be sent these slides?

A: We will post all slides and the Questions and Answers on the website. We will make it ready as soon as possible this afternoon and inform you that it is there.

Q: On an existing FAME-insured loan, how are the increase requests handled if the increase is under \$80,000—is that regular OLA?

A: For existing loans, this is done outside the COVID-19 programs.

Questions about the COVID-19 Relief [Business Direct Loan](#) and [Interim SBA Finance Loan](#) Programs

Q: Are these 2 (business) new programs funded at \$5 million total, or \$5 million each?

A: The COVID – 19 Relief Interim SBA Finance Loan Program and the COVID -19 Relief Business Direct Loan Program have \$5 million allocated to them in totality.

Q: (What is the) rate on direct loan?

A: The interest rate on the COVID 019 Relief Business Direct Loan Program is Wall Street Journal Prime minus 1%, fixed at commitment.

Q: Is the COVID-19 Relief Interim SBA Finance Loan Program applied for with Lender?

A: The COVID – 19 Relief Interim SBA Finance Loan Program is applied for directly through FAME. See resources and info for this loan and others here.

Q: For the Business Direct Loan Program, do borrowers need to be declined by the Bank first before applying?

A: Yes. We are asking applicants during the application process. There is wording within the promissory note that indicates they have exhausted all other sources of funding.

Q: How are paper applications that are going through FAME being effective in regards to how long it will take to get them processed?

A: We are working on the applications on a first-come, first-served basis. Please make sure applications are complete—this helps us expedite the process. If you currently have submitted a loan request through our traditional application process it is being done prior to the COVID-19 requests, as long as the package is complete.

Q: What is credit criteria for any of these loans?

A: {Assuming question is about the non-consumer loans} FAME does not solely look at credit score, but looks at the loan package in its entirety to determine credit eligibility.

Q: For the Direct Business Program, will FAME lend to business currently closed / experiencing significant revenue decreases (i.e. restaurant or B&B)?

A: If we are talking about the COVID-19 Direct Loan program, and the reason for closure is impact of COVID-19, then yes, they could be eligible for this program.

Questions about the COVID-19 Relief [Consumer Loan](#) Program

Q: Will FAME provide templates for the affidavits required? When will this program begin? I don't see where lenders can log the loans.

A: Yes, FAME has provided the documentation. Please see the COVID-19 Relief Loan Programs section on this [page](#). There are links to the [affidavit](#) and [Lender Submission Form](#). The program is currently up and running, so long as your lending institution wishes to participate.

Q: Are self-employed individuals (i.e. salon owners) eligible for the COVID -19 Relief Consumer Loan Program?

A: Yes.

Q: This consumer program is the one that most people are confused about—the business ones seem to be easier to flip on for banks. No one is really promoting this yet. And there are many banks I reached out to who say they are not doing it. Can you start to provide a list of participating banks and credit unions? We're really worried about self-employed who can't do SBA loans and can't do unemployment. If banks don't want to do this, could you let your REDLP microlenders do it? (We are one.)

A: At this time, no lenders have confirmed participation in this program. As part of its response to the COVID-19 pandemic, the Legislature recently passed emergency legislation to assist Mainers with no-to low-interest consumer loans through **a loan guaranty program involving FAME and Maine's banks and credit unions**. It's a relatively new program and we are working hard to inform Maine lenders about it. The law as written, does not allow for the program to be administered by anyone other than FAME.

Self- employed borrowers are eligible for FAME programs, COVID -19 related or not.

Q: What is the lender guarantee on relief consumer loan program?

A: {REVISED POST WEBINAR} Technically —all qualified loans made by all participating lenders are guaranteed by the “Loan Guarantee Fund” administered by FAME but held by the Treasurer. That fund was appropriated \$500,000 at the time the law passed. The program does not state what percentage of a given loan is guaranteed. If a loan defaults, and a claim is made to FAME, FAME would instruct the Treasurer to pay the full amount of the lender's loss (100% of lost principal) SO LONG AS FUNDS IN THE LOAN GUARANTEE FUND REMAIN. Accordingly, only the first \$500,000 of claims could be paid with currently appropriated funds. Additional funds could be appropriated at a later time. The program, even if not limited by funding, provides that claims are no longer honored after 10% of all loans made result in claims. Thus, regardless of funding, if \$5,000,000 of total loans were made, and \$500,000 of claims were made, the program ceases and remaining guarantees are terminated. This seems to indicate the legislature intended to provide a loan claim reserve fund of 10% of loans made, but they did not create any cap on lending. We are working with the Maine Bankers Association and the Maine Credit Union League, as well as the Mills administration, to try to resolve some of the programs flawed provisions, and will provide updates when available,

Q: Are the consumer loans totaling \$5,000 or up to \$15,000

A: Up to three, \$5,000 loans per person, for a total of \$15,000.

See further information on the COVID-19 Relief Consumer Loan Program [page](#), including the [fact sheet](#) for the consumer program.

Q: Can you include the questions (in your webinar resources)?

A: Yes, we will include the questions and answers in the final Q&A document that will be posted on the website.

Q: On the Consumer product, is the FAME refund on defaulted loans on a first-come, first-served basis? If a bank gives up to \$15,000 to a borrower and they default, how do we know if we will have a guarantee if other defaults came in before us and the \$500,000 is exceeded?

A: {REVISED POST WEBINAR}

Q1: Yes, The loan defaults will be processed on a first-come, first-served basis.

Q2: Currently the \$500,000 is the pool of funds available for claim payments would represent a guaranty pool of 10% on \$5 million in loans. The claims will be processed on a first-come, first-served basis at 100% insurance. However, once the \$500,000 of guaranty funds are exhausted or the loan portfolio reaches a 10% default rate, no further claims would be processed or paid. The legislature could decide to provide more funds for the reserve at some point in the future, and could revise program to improve its utility and ability to be implemented.

Q: Can the affidavit be docu-signed?

A: Theoretically, but by our understanding, it would still need to be notarized, so we are uncertain how this would work other than in person.