

FOR IMMEDIATE RELEASE

March 19, 2020

CONTACTS: BILL NORBERT (FAME)

(207) 620-3540

wnorbert@famemaine.com

**FAME TO PARTNER WITH SBA AND MAINE LENDERS TO
PROVIDE SPECIAL FINANCING FOR MAINE BUSINESSES
AFFECTED BY COVID-19**

*Special loans and loan insurance available for eligible
Maine small businesses affected by COVID-19*

AUGUSTA — The Finance Authority of Maine (FAME) is partnering with the U.S. Small Business Administration (SBA) and local Maine lenders to offer special, limited-time loans and loan insurance to eligible Maine businesses affected by COVID-19.

FAME and participating lenders will make special terms available to Maine-based businesses that have experienced interruption or hardship due to COVID-19. Various benefits include: loans up to \$50,000 offered at reduced interest rates; interest-only payments; up to 75% pro-rata loan insurance on loans up to \$100,000; interim financing in conjunction with the SBA wherein FAME makes loan proceeds available while approved SBA borrowers await federal funding.

As it has in the past, FAME is partnering with the U.S. Small Business Administration (SBA) to provide interim loan funding since, following approval from the SBA, additional documentation from the borrower may be required prior to full disbursement of the SBA loan. To allow access to those funds immediately, FAME will provide an interim loan to be paid-off with the SBA loan funds. Governor Janet Mills recently announced that the SBA has approved Maine’s application for loans to help eligible businesses impacted by COVID-19. SBA’s Economic Injury Disaster Loans will offer up to \$2 million in assistance for a small business. These loans can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing. To learn more about the process for accessing this lending, please visit: <https://www.sba.gov/about-sba/sba-newsroom/press-releases-media-advisories/sba-provide-disaster-assistance-loans-small-businesses-impacted-coronavirus-covid-19>

“The **SBA** wants to thank Governor Mills and her team at the Department of Economic and Community Development for their hard work, and immediately reaching out to small businesses in Maine to quantify the impact and gather the required documentation allowing SBA to issue this Economic Impact Disaster Declaration. We’d also like to recognize the quick action of the Finance Authority of Maine in immediately reaching out to partner with the SBA to ensure funds get into the hands of small businesses as quickly as possible” said **New England Regional Administrator Wendell Davis**, “Maine small businesses can now access and apply for Economic Impact Disaster Loans

at www.sba.gov/disaster. Our toll-free line has been established to answer questions at 1-800-659-2955.”

Additionally, the Legislature recently enacted emergency legislation related to COVID-19, and it includes a new consumer loan guarantee program, the **COVID-19 Relief Consumer Loan Program**, to be administered by FAME in partnership with Maine lending institutions. It will provide a limited number of no-to low-interest consumer loans through a loan guarantee program involving Maine’s banks, credit unions, and FAME. Interested borrowers **should first contact their local bank or credit union** to see if the lender is offering this program and to apply. Loans of up to \$5,000 (minus any unemployment benefits received by borrower) may be available and up to three loans to any one borrower can be applied for, one per each 30-day period.

The FAME COVID-19 business response programs are outlined in greater detail at FAME’s website, www.FAMEmaine.com, and in general below:

- **COVID-19 Relief Loan Insurance for Lenders:** In partnership with lending institutions, FAME will approve ANY Online Assistance (OLA) loan submitted electronically and deemed “COVID-19” at a 50% insurance rate. Some will be eligible using our current standards (and be assessed decreased fees) for 75% coverage. Lending partners will share the risk with FAME and may obtain approval for their loan in an expedited manner. Interested borrowers **should contact their local bank or credit union first** to see if the lender is offering this program and to apply. See www.FAMEmaine.com for further details.
- **COVID-19 Relief Interim SBA Finance Loan Program:** The SBA has initiated their disaster relief loan into “designated” disaster areas, and Maine recently has been designated as such an area. FAME will provide interim direct loan funding up to \$100,000 since, following approval from the SBA, additional documentation from the borrower may be required prior to full disbursement of the SBA loan. FAME will obtain an assignment of the loan proceeds from the SBA and pre-fund the loan so the money is available to Maine businesses sooner. See www.FAMEmaine.com for further details.
- **COVID-19 Relief Business Direct Loan Program:** To be utilized when a borrower cannot obtain a loan or OLA from a lending partner. Offers loans up to \$50,000 and a decreased interest rate and decreased fee schedule for Maine-based businesses that experience interruption or hardship due to COVID-19. See www.FAMEmaine.com for further details.

“FAME exists to take increased risk for public benefit. During this extraordinary time, we are pleased to step-up in partnership with the SBA, DECD, and our lending partners to provide some relief to affected Maine businesses,” stated **Bruce Wagner, FAME Chief Executive Officer**.

Funds for the above programs will be limited. FAME anticipates setting aside up to \$10 million of its reserves for the loan insurance program and up to \$5 million for the direct loan program. FAME estimates that the above programs could help to provide **\$15 million in economic support for approximately 300 small to mid-sized businesses in the state.** FAME will make every effort to work with borrowers on special accommodations for their loans, especially during this challenging time.

“We are continuing our work to find ways that we can support both Maine businesses and Maine workers during this challenging time,” **said Department of Economic and Community Development Commissioner Heather Johnson.** “DECD and the Administration are committed to finding solutions and to partnering with FAME and other entities that can offer support to ensure that there are resources available for businesses impacted by the changes in the market as a result of the Coronavirus. I am grateful to the FAME staff and board members for being able to quickly provide these important services to Maine’s businesses.”

FAME’s **Commercial Loan Insurance Program** insures a portion of a loan to a business made by a participating financial institution or investment firm. For a business, it may mean the difference between obtaining a loan or never getting the opportunity to start a business.

The **FAME Direct Loan** offers reduced interest rate loans to businesses that may not have been able to secure financing through traditional lenders. This program helps new or existing business with flexible gap financing directly from FAME.

Chris Pinkham, President of the Maine Bankers Association, stated: “This new lending program announced by FAME compliments other services currently available at your bank. We hope all businesses or consumers will reach out to their local financial institution if they are facing financial challenges as a result of illness and/or business interruption. Maine banks are prepared to assist consumers and businesses as we all work through these unprecedented times.”

Todd Mason, President & CEO of the Maine Credit Union League, stated: “Maine credit unions recognize the financial toll the coronavirus pandemic is having on our state’s small businesses. These local companies and their employees are the backbone of Maine’s economy, and we offer our full support for programs that provide much-needed assistance during this challenging time. It is in everyone’s best interest to ensure our state’s small business community has the resources it needs to continue contributing to Maine’s economy and keep hardworking Mainers on their payroll.”

FAME CEO Bruce Wagner added: “The health and welfare of our associates, customers, and the state as a whole are of the utmost importance to us. Thankfully, over the past two years FAME has been reviewing and updating our business continuity plans to ensure our programs continue to operate smoothly in a situation such as this. Additionally, over the past several years, we have taken steps to invest in technology and systems that allow us

to care for our employees and customers in a way that enables us to remain in operation and provide financial solutions to Maine’s students and businesses.”

The Finance Authority of Maine (FAME) is a quasi-independent state agency that provides innovative financial solutions to help Maine citizens pursue business and educational opportunities. FAME helps to lead the creation of good paying jobs for Maine citizens by working at the nexus between economic and workforce development. To learn more about FAME, please visit www.famemaine.com

###